



To the Gloucester community

Deferral of exploration drilling program

On 8 December, AGL announced a deferral of the drilling exploration program near Forbesdale to enable further community consultation to take place.

AGL has undertaken to defer the program until:

- An independently peer reviewed hydrogeological study of the Stage 1 area has been completed and the results made public;
- The results of the judicial review into the Stage 1 consent are handed down.

The drilling program, which has all necessary environmental approvals in place, will commence once these actions have taken place. In line with the current approvals and NSW Government moratorium, the program was not intended to involve the fracturing of any wells nor gas production or flow testing.

As stated in our very first column, we are acutely aware of the sensitivities around the drilling and water issues. We know we have to work hard to earn community trust. As part of

rebuilding this trust we have agreed to provide independent peer review of the Stage 1 hydrogeological study as stated above. We have also agreed that the nomination and appointment of this peer reviewer will be done through the Gloucester Community Consultative Committee.

In the meantime other exploration work on the Gloucester Gas Project will continue, including seismic and helimag surveys, ground water monitoring and irrigation trials.

Timetable for Seismic Surveys

Our seismic survey work was scheduled to begin in December. The current wet weather has delayed the expected start time to January 2012. Further information will be provided directly to landowners and an update in our January column.

Helimag Surveys

We are developing a community consultation program for the helicopter surveys that we are planning to undertake in late March 2012. We expect that part of this consultation will include several meetings across the Gloucester basin

where our project team will meet with community groups to explain what is involved in this survey work. More details of this consultation will appear in our next column scheduled for 18 January 2012. We encourage you to contact us if you have a specific venue that you would like us to include for your local community.

The helicopter surveys are a standard part of helping assess the geological formations using a magnetometer. Attached to the helicopter is a long white instrument known as a magnetometer. It is a passive instrument that only receives information, capturing data relating to differences in magnetic fields which represent rock types and thickness.

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