

Gloucester Gas Project community update

What is happening with the Gloucester Gas Project?

AGL would like to inform the communities of the Gloucester region that we will be recommencing the drilling operations for our coal seam gas exploration program at the Gloucester Gas Project near Stratford on 24 September 2012.

Work will start with the Waukivory pilot well testing program at Forbesdale, and an aeromagnetic survey scheduled for December 2012. This work will be undertaken to prepare for Stage 1 of the project. Further information about Stage 1 is provided on AGL's Gloucester Gas Project website agl.com.au/gloucester.



Celebrating 175 years

This year, AGL celebrates the 175th anniversary of the formation of The Australian Gas Light Company. As part of the celebrations, the AGL Energy Cube is visiting 12 communities in four states. A visit to Gloucester in August 2012 gave 180 local school children and around 200 local visitors a chance to learn about AGL's journey, from lighting the first gas lights in the streets of Sydney to its leadership in renewable energy today.

Meeting our commitments

The exploration drilling program was originally scheduled to commence in December 2011 but was voluntarily suspended by AGL to allow time to respond to concerns raised by the community. We undertook to suspend drilling until two commitments were met:

> An independently peer reviewed hydrogeological study of the Stage 1 area had been completed and the results made public. This study was made publicly available in May this year, and

> The Land and Environment Court released its ruling on the validity of State Government's approvals for the project. This decision was handed down on 27 August, upholding the approvals for the Stage 1 program.

Both of our commitments have now been met.

The Waukivory pilot program

From 24 September 2012, AGL will commence site works in preparation for the Waukivory pilot program.

AGL will drill four wells at Forbesdale to assess the natural gas potential of the area and to gather additional information about the surrounding hydrogeology.

The independent expert who examined AGL's surface water and

groundwater studies, Dr Rick Evans, noted that the Waukivory flow testing program should proceed as soon as possible to build knowledge of the connectivity of the different groundwater systems across the area.

Impacts of the work

Local contractors will begin to prepare the four sites where AGL will drill the four wells. The well sites are located on private property south of Jacks Road and to the north east of Fairbairns

Lane.

The preparatory work will include construction of access roads and drill pad sites. Traffic volumes on local roads will increase during this time. The extra traffic will include gravel truck movements, earth moving equipment, crew vehicles, as well as water and fuel trucks. This work is expected to take a month to complete and will be carried out between 7am and 6pm on weekdays, and between 8am and 1pm on Saturdays.

We apologise for any inconvenience the residents of Gloucester might experience as a result of the temporary increase in traffic volumes on local roads during this phase of the project.

The four wells will be drilled using a drill rig specifically designed to operate with sensitivity to the environment. We expect the drill rig will be at each of the four locations for about eight days. Drilling operations will take place 24 hours per day over this period.

There will be about 30 heavy vehicle loads associated with mobilising the drill rig, as well as approximately 10 daily deliveries of supplies, in addition to crew movements.

We will take steps to keep noise levels to a minimum during all site preparation and drilling activities. This will include noise level monitoring. If you have any complaints about noise levels, please notify us as soon as possible on 1300 886 170.

Why is AGL exploring for gas in Gloucester?

The majority of the natural gas required to meet the needs of families living in, and businesses operating in, New South Wales is supplied from interstate. Only around 5 percent of the demand is met from gas produced in New South Wales. With forecasts predicting that the State will face a shortage by 2017, additional gas resources are needed to maintain a reliable and affordable gas supply.

The Gloucester Gas Project is an important source of future supply of natural gas for New South Wales. It could meet the gas demands of more than one million Australian homes.

The first gas from Gloucester is expected

to be available from mid-2016.

Project approvals

The Gloucester Gas Project was approved by the New South Wales Government in February 2011, and is subject to AGL meeting 70 stringent conditions in relation to the construction and operation of the project.

Exploration approvals

In October 2011, the New South Wales Government granted the necessary exploration approvals for AGL's Waukivory pilot program.

Commonwealth Government approval is expected shortly.

New requirements on the industry

On 11 September 2012, the New South Wales Government announced the Strategic

Keeping the community informed

Feedback from the local community plays an important role in our planning and decisions.

The Gloucester Gas Project Community Consultative Committee (GCCC) provides a forum for both the community and AGL to identify and discuss issues of concern about the Gloucester Gas Project. Minutes from the GCCC meetings are available on the AGL project website.

We will also conduct community information sessions and provide community updates on project activities in the local media. We will regularly update the Gloucester Gas Project website to keep the community informed about the upcoming exploration program.



Regional Land Use Policy for the New South Wales Upper Hunter region. The Policy includes a series of initiatives to identify and protect strategic agricultural land and

water resources. The Government also published two new Codes of Practice for the coal seam gas industry which will be incorporated into exploration licence

conditions. They include detailed requirements on how exploration activities are to be carried out safely, minimising risk to health and the environment.

The codes provide a

rigorous framework for the industry to get on with the job of securing the state's future natural gas needs.

For more information visit agl.com.au/gloucester or call the project team on our new info number 1300 886 170.



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