



175
YEARS
SUPPORTING
THE COMMUNITY



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action.®

AGL Gloucester Gas Project Community update.



About us.

Formed in 1837, AGL Energy Ltd is Australia's largest renewable energy company, selling gas, electricity and energy related services to about 3.5 million customers across NSW, SA, VIC, and QLD.

AGL is committed to creating a sustainable energy future for our customers, investors and communities. The company is Australia's largest private owner, operator and developer of renewable generation assets.

AGL is expanding its gas exploration and production to facilitate long term supplies for its domestic customers.

Overview

The Gloucester Gas Project is located approximately 100 kilometres north of Newcastle near Stratford and is situated within Petroleum Exploration Lease 285 (PEL285), issued under the Petroleum (Onshore) Act, 1991. The project is wholly owned and operated by AGL.

AGL is currently exploring for natural coal seam gas to support the development of its Gloucester Gas Project, which includes:

- › A concept plan area, including the Stage 1 gas field development area of up to 110 gas wells and associated infrastructure;
- › A central processing facility to treat gas and water;
- › A 15MW gas-fired electricity generating facility;
- › A gas transmission pipeline between the central processing facility and the existing gas supply network at Hexham; and
- › A delivery station at Hexham to connect the transported gas to the existing Sydney-Newcastle trunk pipeline.

Benefits

Demand for energy continues to grow across NSW, and the project will help meet the state's future energy needs with resources from within the state. The project will benefit the community, the region and the state by:

- › Supplying energy to the Sydney and Hunter regions and NSW as a whole;
- › Creating employment opportunities during both construction and operation;
- › Improving service to AGL's customers;
- › Developing NSW's natural resources in an environmentally sustainable manner;
- › Reducing greenhouse gas emissions; and
- › Decreasing reliance on gas supplies outside of NSW.

Natural gas, also known as methane, is widely considered to be the cleanest and most environmentally acceptable fossil fuel. When burned, it produces only 55% of the greenhouse gas emissions compared to the burning of coal. Furthermore, when coal is mined, the methane in the coal seams is traditionally released into the atmosphere. The capture and use of this gas is more beneficial to the environment.

Gloucester Gas Project community update.

Fast facts.

- › NSW is facing a gas supply shortage in 2017.
- › This project could meet the gas demands of more than a million Australian homes.
- › AGL is committed to developing the Gloucester Gas Project to supply the people of NSW.
- › All the gas produced from this project will be for domestic supply.
- › AGL's Camden Gas Project supplies around 5 percent of the gas needs of NSW. Gas from SA, VIC and QLD meets the remaining NSW demand.

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.

What is happening with the Gloucester Gas Project?

In February 2011, the development of the Gloucester Gas Project received NSW Government approval provided that AGL meets over 70 stringent conditions during the project's construction and operation. The Commonwealth Government has indicated that it will deliver a decision on the project's EPBC approval by January 2013.

AGL would like to inform the communities of the Gloucester region that we have recommenced the exploration drilling operations for our coal seam gas program and will continue with other exploration activities under PEL 285.

In the last 12 months, AGL have completed further hydrogeological studies and seismic surveys. Work has started on the Waukivory pilot well testing program at Forbesdale, and an aeromagnetic survey is scheduled for December 2012. This work will be undertaken to further AGL's knowledge of the geology and hydrogeology of the area.

The first gas from Gloucester could potentially be available to the homes and businesses of NSW from mid-2016.

Further information about Stage 1 is provided on AGL's Gloucester Gas Project website: agl.com.au/gloucester.

The Waukivory pilot program

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

AGL commenced site works in preparation for the Waukivory pilot program on 24 September 2012. AGL will drill four wells to assess the natural gas potential of the area and to gather additional information about the surrounding hydrogeology.

Understanding the project area's hydrogeology

AGL has undertaken water studies as part of the development of the Gloucester Gas Project since 2007, including comprehensive field investigations since 2010. Sites for groundwater and surface water monitoring have been established. This is ongoing as part of AGL's exploration activities.

The Waukivory pilot program is an important component of AGL's water studies.

The independent expert who examined AGL's surface water and groundwater studies, Dr Rick Evans, noted that the Waukivory program should proceed as soon as possible to build knowledge of the groundwater systems across the area.

New requirements on the industry

On 11 September 2012, the NSW Government announced the Strategic Regional Land Use Policy for the Upper Hunter region. The Policy includes a series of initiatives to identify and protect strategic agricultural land and water resources.

The Government has also published two new Codes of Practice for the coal seam gas industry which will be incorporated into exploration licence conditions. The codes include detailed requirements for coal seam gas exploration and production intended to minimise risks to health and the environment. The codes provide a rigorous framework for the industry to get on with the critical job of securing the state's future gas needs while addressing the community's concerns.



In response to community concerns regarding the potential impacts of coal seam gas activities on water resources, the NSW Government engaged an independent expert to undertake the Namoi Catchment Water Study to identify the risks associated with these activities. The study, released earlier this year, stresses the need for detailed, project-specific investigations, supplemented by comprehensive monitoring and appropriate operational management. This best-practice approach is being taken by AGL for the Gloucester Gas Project.

More information about our studies, including the independent review report, is available at agl.com.au/Gloucester.

Impacts of the work

Local contractors will prepare the four sites where AGL will drill the 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. 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. This work will not be carried out on Sundays.

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. 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 these 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, and crew movements.

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



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 nearly 400 local school children and 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.

Aeromag Survey

AGL proposes to conduct an aeromagnetic survey in December 2012. An aeromagnetic survey, also called an aeromag survey, is one of the exploration methods geoscientists use to map the structures that lie beneath the Earth's surface. This type of survey collects information over a large area with minimal ground activity.

Data is captured by measuring the magnetic field of a specified area from an aircraft. A magnetometer is attached to an aircraft which then flies in a grid pattern some 40-70 metres above the ground.

The magnetometer can only receive information; it does not transmit an electromagnetic field, sound waves, radiation or any other type of emission.

AGL is investigating the use of an unmanned "blimp" for the Gloucester Basin aeromag survey to minimise the noise heard by people and animals below.

Prior to the survey, AGL will carry out an initial inspection to identify elevated ground structures, such as buildings, trees or power lines. All directly affected landowners will be contacted a few days before the surveys are conducted above their land.

Weather permitting, we expect the survey to begin in December and be complete in about three to four weeks.

Before the survey begins, we will be holding a number of information sessions for those interested in learning more.

Times and dates relating to the survey will be advertised in local newspapers and posted on agl.com.au/gloucester.

Keeping the community informed

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

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 project. Minutes from the GCCC meetings are available on the AGL project website.

We also conduct community information sessions and advertise on project activities in the local media. Please check the Gloucester Gas Project website to stay informed about the upcoming exploration program.



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

