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AGL Gloucester Gas Project Fact Sheet

Overview

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

The Gloucester Gas Project 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

Australians rely on gas to keep warm, cook their meals and run their businesses. AGL is developing the Gloucester Gas Project to help meet the state's gas needs by developing the state's natural resources. In addition, the project will economically benefit the community by creating additional employment and contracting opportunities, and injecting significant revenue to the local area.

Coal seam gas is natural gas, also known as methane, held in coal seams beneath the earth's surface. It is widely considered to be the cleanest and most environmentally acceptable fossil fuel.

Background

In December of 2008, AGL acquired PEL 285 from AJ Lucas Group Limited and Molopo Australia Limited. AGL has since been sole operator of the Project, which as of June 2011 has Proved and



▲ Drilling at the Waukivory pilot well was recently completed.

About us

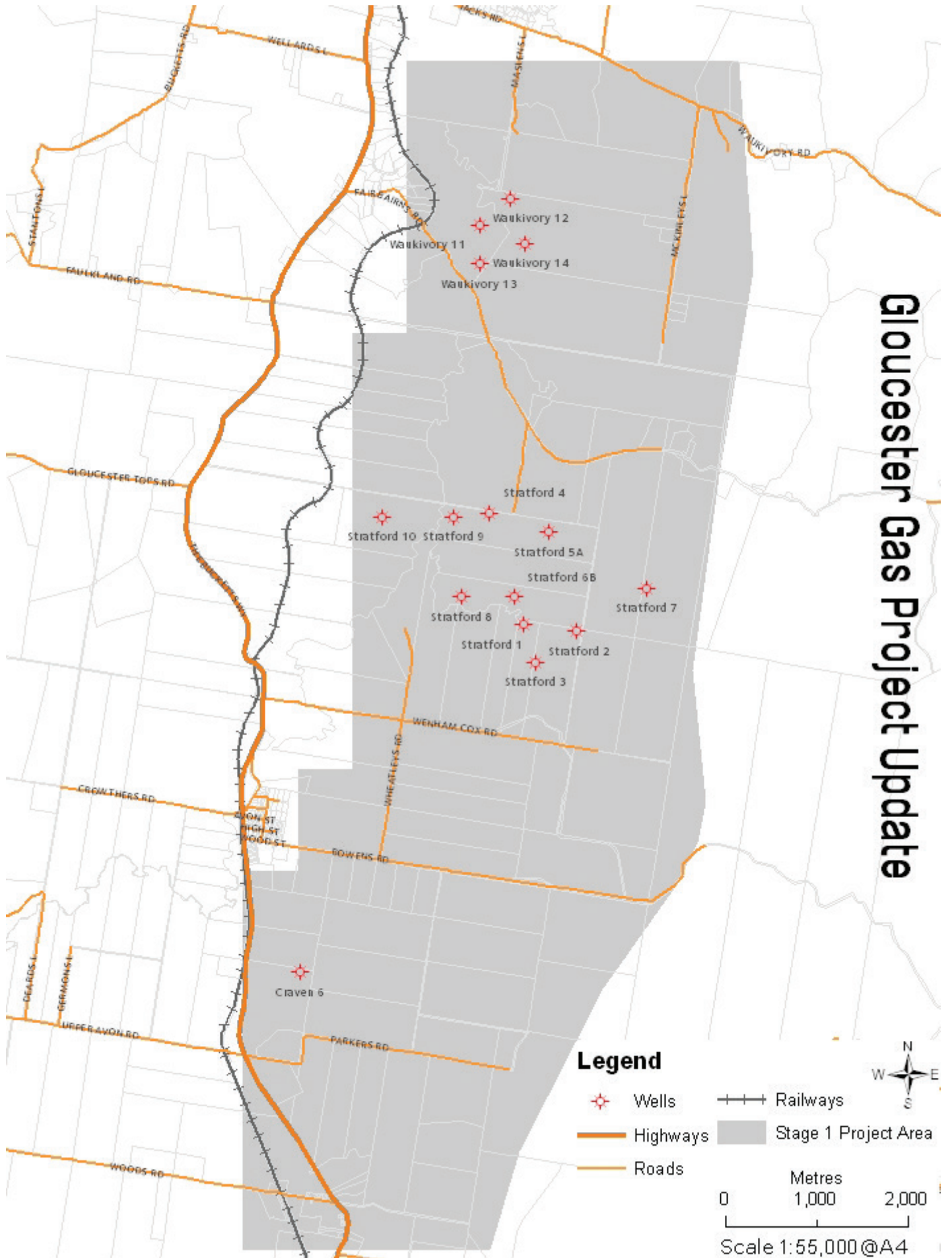
Formed in 1837, AGL Energy Ltd is Australia's largest renewable energy company, selling gas, electricity and energy related services to more than 3.4 million customers across NSW, SA, VIC, and QLD.

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.

For more Information

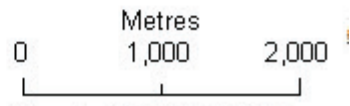
If you would like to know about how we are meeting and exceeding our regulatory requirements, our groundwater studies or anything else about our operations in Gloucester please contact the Gloucester Gas Project team.

Gloucester Gas Project Update



Legend

- Wells
- Railways
- Highways
- Roads
- Stage 1 Project Area



Scale 1:55,000 @A4

^Map of project area

Probable (2P) reserves of 669 PJ.

The Project was declared by the Minister for Planning in May 2008 as a Major Project under the Environmental Planning and Assessment Act 1979 (EP&A Act). Community consultation has been undertaken since the commencement of the Environmental Assessment (EA) process in 2008, to ensure community views were considered in the development of the Project.

As part of the Major Project approval process, the Project submitted an EA to the Department of Planning in 2010. This EA assessed ecological, archaeological, landforms, water courses, infrastructure, noise, visual amenity and land use. All project development plans seek to minimise impact to its surroundings.

In February 2011, the independent NSW Planning Assessment Commission (PAC) approved both the Gloucester Gas Project Concept Plan (which covers the entirety of the project) and the concurrent Stage 1 gas field development area application.

This approval was challenged in the Land and Environment Court in 2011. A decision upholding the approvals granted under Part 3A of the EP&A Act for the Project's overall Concept Plan and Stage 1 approval was handed down in August 2012.

The Commonwealth Department of Sustainability, Environment, Water, Population and Communities approved Stage 1 of the Gloucester Gas Project under the Environment Protection and Biodiversity Conservation Act 1999 (Cth) (EPBC Act) on 11 February 2013.

What's next?

AGL will continue to explore within PEL285 as a part of its exploration licence, including drilling additional exploration wells, coreholes, undertaking further seismic studies and an aeromagnetic survey of the Gloucester Basin.

All exploration activities are regulated by the NSW Government under the Petroleum (Onshore) Act. Most activities require the submission and approval of a Review of Environmental Factors (REF) prior to commencement.

Planning has started to assess options for power generation up to a 15MW to be developed as part of the project.

In late 2012, AGL lodged the necessary petroleum production lease application under the Petroleum (Onshore) Act 1991 for Stage 1 of the Gloucester Gas Project, as well as a pipeline licence application under the Pipelines Act 1967.



▲ Gloucester

Construction for the central processing facility and the Stratford to Hexham pipeline is expected to commence in 2014.

It is anticipated that the wells required to supply this gas will be drilled in the Stage 1 gas field development area from 2015 onwards.

AGL expects to have the project operational and delivering gas to customers in the Hunter and Central Coast by the end of 2016.

Engaging the community

Feedback from the local community plays an important role in our planning and decision-making. The Gloucester Gas Project Community Consultative Committee (GCCC) is one way AGL consults with the community on our plans. The aim of the GCCC is to provide a forum to identify and discuss issues of concern to both the community and AGL. From these discussions, key priorities are established and processes developed to address the concerns raised. Minutes from previous GCCC meetings are available on the project website.

Community support at the local level is important to the success of the business. AGL works hard to earn the trust of the community. AGL also provides information to the community via community updates in the local media, newsletters and information sessions. These activities are an integral part of AGL's community engagement, which is guided by the Project's Community Engagement Plan, which has been developed in consultation with the GCCC.

AGL endeavours to keep the GCCC members informed about the activities of our operations and the possible effects and address concerns, such as:

Land Access

AGL recognises that some of our work may have an effect on the land and neighbouring businesses.



AGL's Tiedman Property at Gloucester

At AGL, we will continue to work with affected landowners from the start, to identify areas of potential concern and ensure that our activities can coexist with the way the land is used now. AGL is also committed to keeping our landowners, neighbours, CCC and other key stakeholders, informed of activities as they occur.

Before any activities can commence, AGL must have an access agreement in place with the landowner. This agreement outlines exactly what work may occur on the land and the compensation arrangements.

Water

AGL understands that both surface and groundwater resource protection is a key concern for many in the Gloucester community. AGL believes it is critical to protect water resources as part of the sustainable development of coal seam gas.

The coal seams at Gloucester that AGL is targeting are below the shallow aquifers of the Gloucester Basin, and separated by numerous layers of rock.

The drilling that is done by AGL is performed by experienced drillers in accordance with international and Australian standards - this ensures that only targeted coals are accessed and the shallow aquifers are isolated. The gas wells are cased in steel which is pressure cemented to the surrounding rock, sealing off the aquifers in the overlying sediments. As a precautionary measure, to ensure there are no local impacts, AGL monitors water levels and qualities in special purpose monitoring bores and piezometers surrounding its operations.

In addition AGL, has undertaken Phase 2 of the Gloucester Groundwater study which is designed to help regulators and the community better understand the groundwater systems across in the project area and what affects, if any, there might be on shallow groundwater and surface water from natural gas exploration. This was independently peer reviewed in 2012 and the findings of this review and its recommendations have been incorporated into AGL's ongoing water program.

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