

Open Letter from AGL Energy Limited to the people of the Gloucester and Hunter regions.

Setting the record straight on AGL Energy Limited's flowback water procedures.

Recently you may have seen news reports raising concerns about AGL Energy Limited's (AGL) arrangements for the proper disposal of flowback water from our Waukivory Pilot at the Gloucester Gas Project.

We understand your concern for the safety of local water resources and we take our responsibility to protect water very seriously. So, please allow me a few moments of your time to set the record straight.

The water in question, 'flowback' water, is retrieved from a gas well after being used in the hydraulic fracturing of a coal seam. It is mostly water, with some sand and very small amounts of highly diluted additives from our hydraulic fracturing fluid. The quality of this water is monitored frequently and the monitoring results are reported to the NSW Environment Protection Authority (EPA) and published on our website.

AGL is required to transport this flowback water to an appropriately licensed facility. After reviewing our options, AGL engaged Transpacific to lawfully treat and dispose of this water under its licence with the EPA for wastewater treatment and disposal.

The Transpacific facility is the closest wastewater treatment provider to the Waukivory Pilot, which means that traffic movements and distances are minimised.

As far as AGL is aware, there is no justification for claims that AGL's flowback water was inappropriately disposed of and we are now providing details of these arrangements to the EPA for review.

It's also important to understand that there was no "\$30,000 fine" involved. It is our understanding that Transpacific was being levied a trade waste charge under the normal terms of its trade wastewater agreement with Hunter Water.

Transpacific has advised us that it has suspended taking our flowback water while it is clarifying operational issues with Hunter Water. We have engaged Worth Recycling, a Sydney-based resource recovery and waste treatment company. Worth Recycling, which has Environment Protection Licences with the EPA, will transport and treat AGL's water and then recycle it for industrial purposes.

I would like to assure you that at no stage has flowback water been "dumped" into the Hunter Water sewerage system. Rather, it has been treated at a facility licensed by the EPA, and as far as AGL is aware, lawfully disposed of.

Finally, I assure you that all of our actions in relation to the Waukivory Pilot Program have been, and will continue to be, undertaken in accordance with our approvals and with the highest respect for the community and the environment. For further information please visit our online community, www.yoursayagl.com.au.

Yours sincerely,



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action.®

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