

MEDIA RELEASE

CAMDEN GAS PROJECT SURFACE TO IN-SEAM (SIS) DRILLING PROGRAM UPDATE

18 December 2006

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture has successfully completed the drilling of a new lateral of approximately 757m for the second SIS well Glenlee 15 (GL15) at Camden on 6 December 2006 after reaching a total length of approximately 1,914m (MD) through the Upper Permian Bulli seam. The new lateral was drilled to reduce the overall cost per GJ and optimise the productivity of the nearby area as well as potentially removing the need to drill an additional vertical well in the vicinity.

The main branch of the well GL15 had previously been completed on 1 December 2006 after reaching a total length of approximately 2,032m with approximately 1,161m drilled horizontally through the Bulli coal seam. Both SIS wells GL14 and GL15 were drilled from the same surface location where a previous vertical well, GL10 is located. The well site GL10 has now been cleared for work-over operations and to install the completion string for GL15.

GL15 has been drilled to test the horizontal production performance of the Bulli seam; nearby vertical wells have already demonstrated good production potential. Average thickness of the Bulli seam is approximately 4m. (A higher flow rate and hence higher ultimate recovery is expected from a SIS well compared to a vertical well due to a larger drainage area to be swept by a SIS well.)

Both SIS wells GL14 and GL15 together with earlier drilled directional wells LB11, GL16, GL12 and GL13 will be dewatered and production tested before being tied into the gas gathering system to produce to the Rosalind Park Gas Plant. The Joint Venture is planning to drill additional SIS wells with a view to accelerate production during this financial year.

AGL Energy Ltd is the operator of the Camden Gas Project in a 50-50 joint venture with Sydney Gas Ltd.

For further information please contact:

Sydney Gas Ltd
Dr Philip Moore
Managing Director
(02) 9253 5555