

# MEDIA RELEASE

## HUNTER EXPLORATION UPDATE

27 June 2008

### Corehole Drilling

Sydney Gas Ltd (SGL) is pleased to advise that its Hunter exploration activities continued during the current financial quarter as planned. Following the drilling of the corehole HC05 in PEL267, corehole HC06 was spudded on 26 March 2008 which is located in Petroleum Exploration Licence 4 (PEL 4), 3.4km south-west of the town of Howes Valley and 7.8km north-west of Noisy Point.

Corehole HC06 has been drilled to a total depth of 996m and intersected coal seams within the Upper Permian Newcastle Coal Measures with net coal of 35m. The well was plugged and abandoned on 11 June 2008, following the logging of geophysical data for lithology identification. The sample cores from HC06 are currently undergoing the full desorption process to determine the gas content, gas composition and gas saturation values. This will enable the Joint Venture to ascertain the coal seam methane production potential of the respective seams in the Newcastle Coal Measures.

Subsequent to the drilling of HC06, corehole Rothanal 01 (RN01) was spudded on 13 June 2008. RN01 is located in PEL 267 approximately 15.6km south-east of Singleton in the Hunter Valley. RN01 will target the Lower Permian Greta Coal Measures with an estimated total drilling depth of 920m; the first coal is expected at 780m. RN01 reached a depth of 493m on 23 June 2008.

The SGL and AGL Joint Venture plans to drill at the initial phase, a total of 10 coreholes inclusive of two coreholes already drilled in PEL 4 (HC03 and HC06) and one corehole drilled in PEL 267 (HC05) to prove up potential 2P reserves in the Hunter region. An extended Corehole Program in both exploration permits are being planned for proving up additional 2P reserves for commercialisation. To expedite the drilling program in the Hunter Valley, a second coring rig is expected to be commissioned in mid-July 2008.

### Seismic Data Acquisition

A 2D high resolution seismic survey is planned for later in 2008, to acquire a minimum of 160km seismic data to define the geological subsurface structures and the lateral continuity of the targeted seams in the Hunter region.

Sydney Gas Ltd is the operator for exploration activities in the Hunter region in a 50-50 Joint Venture with AGL.

For further information please contact:

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