

MEDIA RELEASE

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

10 January, 2007

The Camden Joint Venture had successfully completed the drilling of two SIS wells (GL14, GL15) during November and December, 2006. Subsequently both wells have had completion strings run and are in the process of well clean-up. Initial signs are very encouraging with good flow capacity and strong pressures at both sites.

During recent days of the testing and clean-up operations, there have been intermittent periods of gas flow testing from the wells indicating gas desorption is already taking place and the first of the wells (GL14) has had initial flow rates as high as 750 - 800 Mscfd at less than 3 weeks into clean-up. By way of reference, CSM wells typically take 9 - 12 months to reach peak performance, so this is an excellent result both in terms of rate and time. The best well at Camden to date has been GL06, which is producing at 880 Mscfd. Thus already in this early test phase, GL14, is the second best well in the field, with potential for improvement following further clean-up.

The second well, GL15, is also demonstrating excellent performance; it is lifting up to 100 bwpd to surface, without external pump assistance while gas pressure is building in the annulus. We anticipate the clean-up period will continue throughout the month of January, though the wells could be ready to produce gas volumes on a consistent basis sooner if water clean-up continues at present rates.

In addition to the SIS wells, several wells from the recent deviated well programme (GL12, GL13, GL16, LB11) are going through early clean-up following recent fracture stimulations. We expect these wells to take a number of months to clean up prior to maximum gas production, which has been the characteristic historical performance at Camden. These wells as expected did show varying levels of reservoir depletion due to nearby offset well production and we expect that this will limit the rate and reserves performance of the wells to a lesser degree.

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

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