

MEDIA RELEASE

CAMDEN GAS PROJECT DRILLING AND PRODUCTION UPDATES

7 June 2007

Sydney Gas Ltd is pleased to advise that the Camden Joint Venture's active drilling campaign is continuing as planned. The joint venture is proficiently rolling out its production wells and coreholes in the Camden Gas Development area.

Following the drilling and production updates of 23 April 2007, the Camden Joint Venture:

- a) Completed the drilling of EM27 (vertical well) on 22 May after reaching a total measured depth of approximately 694m and intersected the Bulli seam at depth of 633m;
- b) Completed the drilling of EM24 (deviated well) on 3 May after reaching a total measured depth of approximately 791m and intersected the Bulli seam at a depth of 727m; and
- c) Completed the drilling of RB12 (deviated well) on 29 May after reaching a total measured depth of approximately 633m and intersected the Bulli seam at a depth of 579m.

As planned, the well fracture stimulation program commenced on 14 May 2007 and as of 28 May 2007 completed fraccing of EM23, EM24, EM25, EM 27, EM33 and RB08. All of these six wells will be put to production following the completion of the dewatering process.

The Chairman of Sydney Gas, Dr John Saunders, said that, "The Joint Venture plans to drill five coreholes to assist in proving up additional gas reserves in Stages 3 and 5 of the Camden Gas Project".

So far two coreholes, Currans Hill 1 in the Stage 3 area and Badgerys Creek 1 in the Stage 5 area have been completed after reaching a total depth of 1,069 metres and 955 metres respectively. Rig 28 completed the drilling of Badgerys Creek 1 and is scheduled to complete the corehole drilling in the Hunter area at the end of this month and return back to the Camden Gas Project area to complete three additional coreholes.

Following the corehole drilling, a reservoir characterisation study will be conducted over the coal seams to determine their gas content, gas composition and gas saturation values for delineating "high production fairway" with a view to optimise future production drilling locations.

As at 6 June 2007, more than 14 TJ/day of gas is being produced through the Camden Plant. This is a 16% increase compared with 6 June 2006.

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

For further information please contact:

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