



Mr Tim Donnan  
Environmental Officer  
Eastern Star gas Limited  
GPO Box 4526  
Sydney NSW 2001

Dear Mr Donnan,

**PAL2: Approval to conduct the Narrabri Coal Seam Gas Lateral Program, Lateral Production Pilot A, involving coal seam methane exploration well(s) Bibblewindi 18H, 12,13,14,19H,15,16,17.**

In accordance with Condition 2 of PAL2 granted under the provisions of the *Petroleum (Onshore) Act 1991*, the titleholder is hereby granted approval to conduct the activity; of drilling, installation of horizontal in seam wells, operation of CSG production pilot, management of CSG production water, subject to the conditions set out below. These conditions relate specifically to this approval. The conditions are in addition to those previously attached to PAL2 and prevail to the extent of any inconsistency. A breach of these conditions is an offence under the *Petroleum (Onshore) Act 1991*.

## CONDITIONS

### General conditions

1. The works must be carried out at the location(s) and in accordance with the methods contained in:
  - REF 2008 Narrabri Coal Seam Gas Lateral Program, Lateral Production Pilot A amended 25 July 2008.
2. All produced formation water must be collected and stored in a secure manner which prevents leakage and contamination of soil, surface water and groundwater. The transfer of produced formation water to and management of produced formation water at the Bibblewindi water management facility is to be in general accordance with the current Department of Primary Industries' approval dated 11 April 2007 (copy attached).
3. The titleholder must prepare a revised water management plan to address all pilot production gathering system activities within PAL2 and present that water management plan to the satisfaction of the Director Environmental Sustainability Branch within 30 days of the date of this approval.
4. The titleholder must collect all gas produced at the Lateral Production Pilot A for consumption in situ (surface and subsurface equipment) or for transportation via a gathering system to Wilga Park Power Station for consumption.
5. The titleholder must prepare and present for approval by the Director General a Petroleum Operations Plan, to address all production pilot

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activities and production operations within PAL2, in accordance with Condition 2 of PAL2, by the 1<sup>st</sup> January 2009.

Notwithstanding this approval, the Minister's consent is required before the titleholder can exercise any of the rights conferred by the PAL2 within land in the exempted area Bibblewindi State Forest, as specified under s.70 of the *Petroleum (Onshore) Act 1991*. The titleholder must provide to DPI Titles Branch a letter of application for s. 70 consent, together with concurrence agreement from the controlling body (NSW State Forests) of the exempted area.

Should you wish to discuss any details of this approval, please contact Greg Summerhayes directly on (02) 4931 6705.

Yours Sincerely,



Michael McFadyen  
Manager Environmental Operations,  
Department of Primary Industries

DATE: 12 AUG 2008