



Mr Tim Donnan
Environmental Manager
Eastern Star gas Limited
Level 7
51 Pitt Street
Sydney NSW 2000

Dear Sir,

**PAL 2: Approval to conduct 2009 Narrabri Coal Seam Gas Project:
Biblewindi Lateral Pilot :
ESP Installation & Extension of GGS to BW28H & 21H**

Reference is made to ESG application dated 17 May 2010 and Supplementary REF for the subject activity within PAL2. I&I NSW assessment of the activity was held over pending the completion and agreement between Forests NSW and ESG of an Occupation Permit for activity within the Pilliga and Biblewindi State Forests. The Occupation Permit and Schedule 3 Plan of Management has been confirmed by ESG on 25 February 2011.

I&I NSW has assessed the subject activity to be a necessary installation consistent with the Biblewindi Lateral Pilot – Shield Laterals Supplementary activity previously assessed and approved on 20 July 2009. This modified activity is undertaken within the existing disturbance footprint and is not likely to significantly affect the environment.

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 subject modification to approved activity Lateral Pilot Gas and Water Gathering System, 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 in accordance with the Schedule 3 Plan of Management of 8 October 2010 (ESG Occupation Permit with Forests NSW),
2. The works must be carried out at the location(s) and in accordance with the methods contained in:

Review of Environmental Factors – Narrabri Coal Seam Gas Project –
Biblewindi Lateral Pilot – Shield Laterals Supplementary– PAL 2,
Gunnedah Basin, New South Wales, and

Supplementary Review of Environmental Factors – 2009 Narrabri Coal
Seam Gas Project – Biblewindi Lateral Pilot – ESP Installation &
Extension of GGS to BW28H & 21H, May 2010

Security

As this is a modification to an activity to which additional security has been applied,
no further security deposit will be required.

Should you wish to discuss any details of this approval, please contact me on
02 49316705

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'G Summerhayes', with a stylized, cursive style.

**GREG SUMMERHAYES
ACTING MANAGER ENVIRONMENTAL OPERATIONS
24 March 2011**