



Siobhan Barry
AGL Energy Limited
Locked Bag 1837
St Leonards NSW 2065

Dear Siobhan,

**PEL 267: Approval to drill exploration holes at
"Spring Mountain" and "Windermere"**

This approval supersedes the approval letter dated 22 January 2010. In accordance with Condition 1 of PEL 267, granted under the provisions of the Petroleum (Onshore) Act 1991, the titleholder is hereby granted approval for the two coreholes and six stratigraphic holes (8 holes) at "Spring Mountain" and "Windermere" as described in the *"Review of Environmental Factors For "Spring Mountain" and "Windermere" Gas Exploration Drilling Proposal in PEL 267 Hunter Valley NSW November 2009"*, subject to the conditions set out below. These conditions are in addition to those previously attached to PEL 267. A breach of these conditions is an offence under the *Petroleum (Onshore) Act 1991*.

ADDITIONAL CONDITIONS

General conditions

1. The works must be carried out at the location(s) and in accordance with the methods described in:
 - *"Review of Environmental Factors For "Spring Mountain" and "Windermere" Gas Exploration Drilling Proposal in PEL 267 Hunter Valley NSW November 2009" and supporting documents*
2. Work shall not commence on WD02 or WD03 holes until the Environmental Management Plan and Emergency Response Plan have been reviewed by the Department.
3. The Director, Environmental Sustainability must be informed immediately if any aspects of the works are not consistent with the activities described and presented in the Review of Environmental Factors.

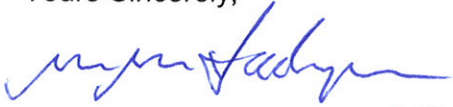
Except as amended by the following conditions.

Security

4. An additional security of \$80,000 is to be lodged with the Department prior to the commencement of the activities subject to this approval.

Should you wish to discuss any details of this approval, please contact Mrs Monique Meyer directly on 0429 168 008.

Yours Sincerely,



MICHAEL MCFADYEN 1 FEB 10
Assistant Director - Environment
Environmental Sustainability Unit