

GAS WATCH 39.

QUESTION PUT TO HB GAG:

IS THERE A FUND TO COMPENSATE FOR LOSSES CAUSED BY DRILLING THROUGH AQUIFERS & WATER TABLES?

In anticipation of any damage being caused by Coal Seam Gas exploration, the Government has required Sydney Gas to provide security in the amount of \$35,000 in respect of PEL 4 and \$199,500 in respect of PEL 267.

PEL 267 is the PEL which covers the vast majority of the Broke and Bulga area. A copy of the PEL 267 area is inserted at the end of this article for those of you who have forgotten just what area is covered by it.

We assume that the difference in amount of the security required represents the difference in risk, ie, that the risk of damage in our area is greater than the risks in PEL 4. This is a question we have recently posed to the Department and we are awaiting an answer. As soon as the answer arrives we will convey it to you.

In view of the possibility, no matter how remote, of diminution in or contamination of our water supply, this security appears to be miniscule compared to the damage which may be possible.

Coupled with this insignificant security, it appears that Sydney Gas may well not be in a position, in the event of there being any significant or catastrophic damage to water supply, to be able to augment this security with its own funds. Whilst we don't know what ability Sydney Gas may have to pay substantial damages (or whether insurance is carried for this over and above a public risk policy), Business Week did report on 2nd August, 2008 that:
"Year over year, Sydney Gas, Ltd. has seen revenues fall from A\$9.8M to A\$9.1M. This along with an increase in income tax expense has led to a reduction in the bottom line from a loss of A\$8.5M to an even larger loss of A\$24.7M."

<http://investing.businessweek.com/businessweek/research/stocks/financials/financials.asp?symbol=SGL.AX>

Suffice to say that in the event of any significant damage to or loss of our water supply, no amount of cash can restore it.

**DON'T RISK OUR WATER!
DON'T LET SYDNEY GAS ONTO YOUR LAND.
CONSIDER YOUR NEIGHBOUR.**

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