
Response to Newspaper articles in Sydney Morning Herald, September 2010

New South Wales has a great need for cleaner energy sources to fulfil its ever-growing energy needs. The gas contained within the coals of the Sydney Basin provides a wonderful opportunity to allow professional and dedicated businesses to develop this resource for the good of the state.

Apex Energy has been - and continues to be - totally committed to working with its partners, the state government, local communities and local business to build a cleaner energy business. At all times Apex Energy has acted diligently, professionally and responsibly, to the best of our abilities, in strict accordance with all government legislation and regulation.

In response to recent media coverage in relation to the activities of Apex Energy, I wish to put the following facts on the record.

First, three inappropriate drill sites were removed from the Apex application for operational reasons. Three wells of an initial 18 were removed by Apex from its draft Part 3A application because the company had identified through consultation that the positions of these three wells were inappropriate. Two of the hole locations were in the path of proposed mine workings and therefore could not possibly produce commercial gas. The third was in a nest of geological disturbances that made drilling in this location commercially unacceptable for Apex and operationally risky for a drilling company.

Submitting a Part 3A application for these sites would clearly have been a waste of time. These three holes have been permanently withdrawn from the exploration program and will not be reinstated. **At no time did Apex join discussions with the Department of Planning and a potential business partner in relation to this matter.**

Second, the Illawarra Gas Exploration Project has been highly evident to the wider community for nine years, through consultation, notification of licenses, government advertising, media interviews, public meetings, and regular updates on the company website – www.apexenergy.com.au.

The Apex Illawarra Gas Exploration Project commenced investigations for gas potential in 2001, and has been constantly visible to the wider community, transparent in regulatory and procedural dealings, and in constant consultation with the local community and stakeholders.

For example:

- Since 2001, various exploration licenses having been awarded to Apex in the Illawarra area, and each has gone through due regulatory process with required public notification.
- The Apex corporate web site has extensive information on the project, which is constantly updated.
- The Part 3A application and approval process for drilling wells is an open and transparent process which Apex commenced in 2007. All documentation is publicly available on the NSW Department of Planning web site.



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- As part of the Part 3A process, Apex advertised the project application in the Illawarra Mercury and called for submissions from the public, which were received and responses prepared and sent.
 - Representatives of Apex have been interviewed on National radio about the project and articles have appeared in local and national press.
 - Apex has held public and technical meetings where its exploration project was discussed in detail.

Third, Apex Energy is undertaking an exploration program and has not prepared gas extraction plans for any of its exploration areas. SMH stories ignored the clear written statement by Apex that the company's goal is to pioneer alternative completion methods, on which it has already spent extensive resources.

The initial wells planned to be drilled in the Illawarra are for the purpose of geological mapping only so that the resource can be evaluated to determine gas production potential. Any choice of future production drilling techniques will be in consultation with appropriate expertise, government agencies and other project stakeholders. In addition, during Apex's Part 3A process for its Illawarra exploration project, it was required to develop a strategy to mitigate the potential risk of strata fluid cross contamination in consultation with relevant experts and government regulatory bodies. The process was detailed, thorough and entirely professional for the purpose of protecting the environment, which Apex is committed to doing.

Apex has stated in writing – and repeats - that its preferred strategy is to identify and utilise an alternative completion method to hydraulic fracturing for gas recovery. This remains Apex's current strategy for sound technical reasons and there are a number of drilling techniques and well completion methods available, which are being evaluated.

Finally, Apex has not developed a strategy for the Burragorang area and does not have a Burragorang planning application underway. Work to date has been desktop evaluation only. If Apex does develop a plan it will be in strict accord with legislated requirements and follow consultation with all stakeholders, including the Sydney Catchment Authority.

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