

27 February 2008

## **CASINO TO IPSWICH GAS PIPELINE DECLARED A MAJOR PROJECT**

Metgasco (ASX:MEL) advises the following operations and infrastructure development initiatives:

### **Casino to Ipswich Gas Pipeline Development**

Metgasco (ASX:MEL) is pleased to advise that the New South Wales Minister for Planning has now declared the Casino to Ipswich Gas Pipeline to be a Major Project.

Metgasco is developing the 145km high pressure, interstate gas transmission pipeline to supply gas from its coal seam gas project near Casino in Northern NSW to the South East Queensland energy market.

The New South Wales Minister for Planning's declaration means that the Department of Planning will assume control of planning and development consent for the portion of this project that will be within New South Wales state borders under the State Environmental Planning Policy (Major Projects) 2005 legislation. This approach will streamline and expedite the environmental assessment and approvals process for this project. The Director General's requirements for the environmental assessment of this project have been received and this work is now underway.

In addition, the Company has lodged a referral application to the Commonwealth Department of Environment, Water, Heritage and the Arts for this project to be assessed under the Environmental Protection and Biodiversity Conservation Act. The Company has recently been advised that this project will be considered a "controlled action" for the purposes of this Act. The Commonwealth and the New South Wales Government are co-ordinating their required assessment criteria.

Approvals will also be required from the Queensland Government for that portion of the project that will be within Queensland state borders. The Company has provided an Initial Advice Statement to the Queensland Department of Infrastructure. Following advice from this Department to Metgasco, the Company has recently lodged an Application to Survey License with the Queensland Department of Mines and Energy and an Application for an Environmental Authority with the Queensland Environmental Protection Authority.

### **Operations Report**

The Company continues to flare gas produced from pilot wells. Workover operations at Riflebird-P11 were completed and pumping operations have recommenced. Installation of surface infrastructure was completed at Riflebird-P12 during the week and pumps are currently being installed.

Ensign Rig 50 mobilised to re-enter Corella-E6 where it drilled through a volcanic zone where gas shows were observed during the core drilling program. This volcanic zone was tested without response. In reaming the I/J coal sequence in preparation for permeability and stress testing, significant gas shows were observed. The Company now considers that

the I/J coal sequence is the source of gas kicks previously observed during drilling. Ensign 50 is currently mobilising off-site.

Permeability and stress testing at Corella-E8 and Riflebird-E2 is currently underway.

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