

Sydney Gas Signs Agreement With AJ Lucas



Andy Lukas - New CEO of Sydney Gas

A 'Heads of Agreement' transaction has been structured to create an alignment of interests between Sydney Gas and AJ Lucas.

AJ Lucas will make available drilling and technical resources as required by Sydney Gas to accelerate the development of its coal seam gas assets.

The Heads of Agreement calls for detailed documentation to be negotiated and signed by the end of January 2008. A meeting of Sydney Gas shareholders will be held in March 2008 to approve key elements of the arrangement.

Further to the Heads of Agreement, subject to the placement of Sydney Gas shares, Andy Lukas will resign as company technical director with AJ Lucas and take up the position of Chief Executive Officer, Sydney Gas.

Lukas has over 30 years experience in the pipeline and drilling industry across the USA and South East Asia, and has been instrumental in developing AJ Lucas to its present position as the largest coal seam degasification company in Australia. He is recognised as Australia's leading authority on HDD and SIS technologies, which are expected to be widely adopted in developing Sydney Gas' gas assets.

The Hunter gas project is currently in the planning and appraisal stage with the drilling of coreholes and seismic acquisition programs being the current focus of its exploration activity in the area. ■