



Department of Primary Industries

Our ref: PEP166-3-A (Loy Yang-2)

23 March, 2006

Mr Tim O'Brien
Operations Manager
Lakes Oil N.L.
500 Collins Street
Melbourne Vic 3000

1 Spring Street
GPO Box 4440 Melbourne
Victoria 3001 Australia
Telephone: (03) 9658 4000
Facsimile: (03) 9658 4400
ABN 42 579 412 233
DX 210404

Dear Mr O'Brien

Loy Yang-2 Appraisal Well in PEP 166 **Approvals for Drill Stem Tests (DSTs) and Well Suspension**

I refer to my recent verbal approvals for three DSTs and Suspension of the Loy Yang-2 appraisal well in PEP 166.

Under the provisions of the *Petroleum Act 1998*, and Part 4 of the *Petroleum Regulations 2000*

I, as the Minister's delegate under the Act, hereby confirm the approvals for Lakes Oil to conduct drill stem tests of potential hydrocarbon bearing zones in the Loy Yang-2 well and to case and suspend the well. For records, the verbal approvals were subject to the following conditions:

1. No flaring of gas was to take place without consultation on the matter with Loy Yang Power and CFA.
2. The DST tool was not to be opened before day light.
3. The well test result reports were to be submitted to the Department immediately after the tests.
4. The drawing or sketch of the suspended well bore including details of the well head, casing shoe depths, top of bottom plugs, depths of bridges set, type of mud in the hole were to be submitted to the Department once the well was suspended and capped.
5. Lakes Oil was to ensure that the well was completely dead prior to capping the well.
6. Field prints of electric logs and other well details were to be submitted to the Department immediately after each job.

Please note that any future re-entry or testing of the well will require separate approval.

Yours sincerely

TERRY MCKINLEY

Manager, Petroleum Operations, Safety and Environment

