

Galilee Energy: Glenaras gas pilot restarts

KEY POINTS

- ✦ Installed new electrical submersible pump systems
- ✦ Surface equipment simplified and upgraded
- ✦ Commissioning flow tests confirm all pumps delivering to design
- ✦ Managing dewatering of the Betts Creek beds coal seams
- ✦ Early coal seam gas desorption detected in GA02, GA04 and GA06 wells
- ✦ Gas flow tests will commence when target drawdown conditions are met

Galilee Energy Limited (ASX:GLL) ("Galilee") today announced the successful restart of the Galilee Gas Project pilot at Glenaras. AGL Energy Limited (ASX:AGK), the Joint Venture Operator, commenced commissioning activities on Tuesday 19 March 2013 at GA04 and pumped water from the coal seams in the Betts Creek beds to the holding pond. All 5 wells are performing to design and delivering stable operations with early signs of coal seam gas desorption detected in GA02, GA04 and GA06 wells. Restart of the Glenaras pilot marks the successful completion of a detailed engineering review to identify weaknesses in the original artificial lift system and implement key changes to deliver a stable, robust and reliable system.

Commissioning activities commenced at GA04 (the central well in the 5 spot pilot) when the electrical submersible pump started to lift water from the coal seams in the Betts Creek beds to surface. A 24-hour pump flow test confirmed design performance objectives have been met. On successful completion of the GA04 flow test, GA06 was started on 21 March followed by GA02 and GA03 on 22 March and finally GA03 on 23 March. Early gas desorption from the coal seams has been detected in GA02, GA04 and GA06 with rising well pressures. Water from the coal seams is stored in the 357 ML (mega litres) holding pond built for the pilot on Glenaras Station. The Glenaras pilot is located in the Galilee Basin central Queensland, approximately 65kms NE of Longreach (see figure 1).

The Glenaras pilot was restarted with the following goals:

Key pilot objectives

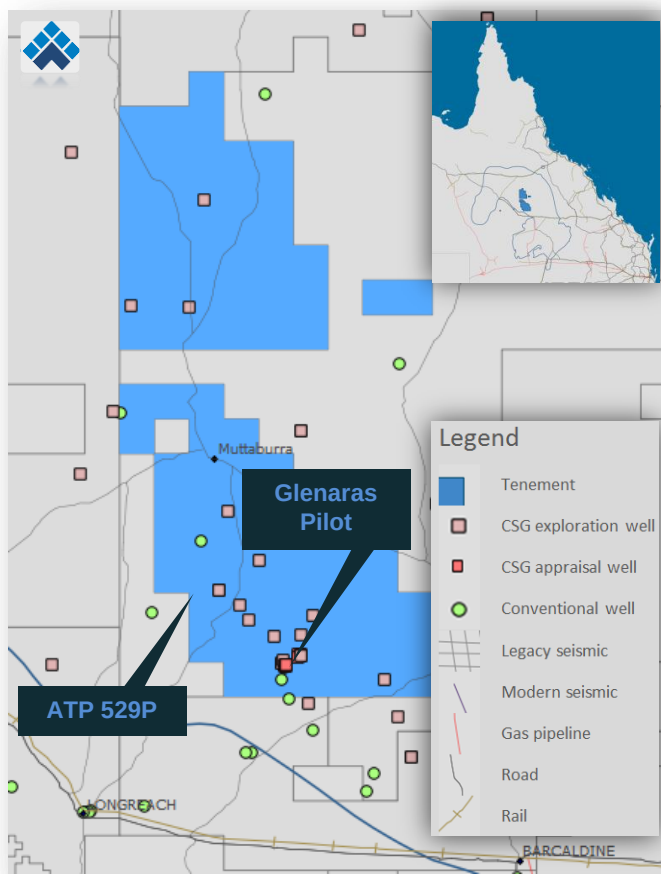
Scorecard

- ✦ Deliver a stable artificial lift system
- ✦ Demonstrate a commercial gas flow rate
- ✦ Evaluate the pilot performance
- ✦ Establish first reserves in the Galilee Basin



Forward plans for the pilot are to continue the managed dewatering of the coal seams on all 5 wells and when target conditions are met commence gas flow tests.





Key information

Tenement	ATP 529P
Operator	AGL Energy Limited (AGK)
Ownership	GLL 50% : AGL Energy 50%
Area	3,953 km ²
Status	Granted
Expiry date	30 November 2016
Later work due date	30 November 2016
Commitment	1 x Pilot 5 x Exploration wells Acquire 250km 2D Seismic
Status	Appraisal
Resource	1Tcf 3C (100%)

Prospectivity

- Coal Seam Gas: Galilee Basin sub bituminous to bituminous Late Permian Betts Creek beds coals.
- Eromanga Basin Post-Permian Toolebuc shale gas/oil.
- Conventional Oil and Gas accumulation are considered to be high risk.

Figure 1: Galilee Gas Project ATP 529P

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About Galilee

Galilee Energy Limited (ASX: **GLL**) is an emerging energy company with coal seam gas interests in Australia.

Galilee holds two highly prospective coal seam gas and hydrocarbon tenements in the Galilee Basin in central Queensland through subsidiary, Galilee Resources. The tenements, ATP 529P and 799P, cover approximately 7,000 km².

The Galilee Gas Project, ATP 529P, is held in a 50/50 joint venture with AGL Energy Limited (AGL, ASX: **AGK**) under which AGL is the operator. ATP 799P is wholly owned and operated by Galilee. In June 2011 the joint venture announced its first Contingent Resource estimate of 259 petajoules (PJ) of 2C and 1,090 PJ of 3C Resources (technically recoverable) from 450km² of ATP 529P, centred on the Glenaras pilot. The pilot has restarted and is undergoing flow testing, having produced 1,170 mscf in May 2012.

Galilee has an experienced board and management with collective track records in growing junior resource companies. It is pursuing growth through hydrocarbon development opportunities.

