

# Media Release

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APPROVED FOR RELEASE

## CSM Energy tests CMM well production enhancement technology

### Key points:

- ➔ CSM Energy (CSME) has signed an MOU with Radial Drilling Services, Inc (TX-USA) (RDS) for the supply of specialist drilling technology;
- ➔ In a staged approach, CSME is going to test well enhancement techniques (radial drilling) designed for stimulating and enhancing coal mine methane (CMM) well production in single or multiple seams;
- ➔ Radial drilling typically comprises four laterals per well bore, per coal seam;
- ➔ Stage 1: will involve two field tests in early 2009;
- ➔ Stage 2: assuming the tests are successful, CSME will finance a new build unit for surface application (surface-to-seam);
- ➔ Stage 3: CSME will finance a second new build unit for in-seam application (in-mine);
- ➔ CSME will have exclusive rights in Australia to the proprietary radial drilling technology in coal mine tenements, giving CSME a technology and a cost advantage.

*"We look forward to working with RDS and testing the technology in Australian coals. Over 400 RDS radial drilling wells have been successfully drilled world-wide in conventional oil and gas fields, and we believe that the RDS technology can provide CSME with a competitive and technological advantage over conventional techniques to enhance CMM production and lower production costs", Mr Duncan van der Merwe, the MD of CSME said of the MOU.*

Commenting on the MOU, the Head of AsiaPacific of RDS, Mr Ian Hatchell added *"We look forward to working with CSME in applying RDS technology to Australian coals. The application of radial drilling technology has been proven to enhance production rates of oil and gas wells/fields with an average increase in well production of more than 150% and increased recoverable reserves. It outperforms conventional stimulation methods at a lower cost, taking less time and with better production results".*

### About CSM Energy

CSM Energy is a project developer offering "gas to market – one stop shop" solutions to Australian coal mines who want to lower their carbon footprint, recover and commercialise their coal seam gas. Through the G<sub>2</sub>M<sup>®</sup> Alliance (alliance between CSM Energy and AGL Energy), CSM Energy offers the people, expertise, equipment, finance and best channel to market for the gas. CSM Energy has an overriding commitment to health, safety, environment and community responsibility.

### About Radial Drilling Services, Inc (RDS)

RDS's corporate HQ is Texas, USA. RDS's main activity is in the performance of radial drilling services which are contracted directly to the oil and gas industry with the provision of radial drilling systems including technical and operating personnel.

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