



Mr Howard Reed
Manager Mining
Department of Planning
GPO Box 39
SYDNEY NSW 2001

Dear Mr Reed

**Apex Gas Project Modification Project
(09-0161- MOD 1)**

I refer to your letter dated 16 December 2010 regarding Apex Energy's proposed modification to the Apex Gas exploration project.

Industry & Investment NSW (I&I NSW) technical officers have reviewed the revised Environmental Assessment (EA) for the project and provide the following comments.

RECOMMENDATIONS

1. A Surface Disturbance Notice must be submitted to Industry and Investment NSW prior to commencement of any activities on site.
2. Clearing of intact native vegetation communities should be avoided, or at least minimised.
3. Aquifers encountered in the drilling must be isolated to ensure there is no mixing of waters.
4. Boreholes when no longer required must be grouted for the full length of the hole ensuring (1) isolation of aquifers, (2) no gas is escaping, and (3) mine safety.
5. A method of determining rehabilitation success must be described in the Surface Disturbance Notice.

6. Before and after photographs are to be submitted with the Exploration Rehabilitation and Relinquishment Report (EDG 13), which will be required upon completion of the Exploration Program.

7. Apex Energy must calculate the cost of rehabilitation of each borehole and submit to the Environmental Sustainability Unit of I&I NSW for approval. No drilling activity can be undertaken until the Rehabilitation Security has been received by the Department.

Strategic completion criteria have not yet been developed, but there is a commitment to developing these in conjunction with the Sydney Management Authority. These will be included in a Vegetation Clearing and Rehabilitation Management Plan which is to be developed. This is considered an acceptable outcome.

In conclusion, it is recommended that I&I NSW supports the proposed modification to Apex Energy Exploration Project subject to the above seven conditions being met.

Should you have any enquires regarding this matter please contact Steve Cozens Senior Project Officer, Industry Coordination on (02) 8289 3932.

Yours sincerely


William Hughes
Director
Industry Coordination

18/1/11