

Heytesbury Underground Gas Storage (HUGS) Project

Project Status Update

March 2023

About the Project

Lochard Energy's HUGS Project is the proposed development of the depleted Heytesbury reservoirs for underground gas storage and is currently in the planning phase.

If the HUGS Project proceeds, it will expand the storage capacity of the Iona Gas Storage Facility (Iona), providing additional security of supply and reliability to the growing demands for energy storage in the eastern Australian energy market.

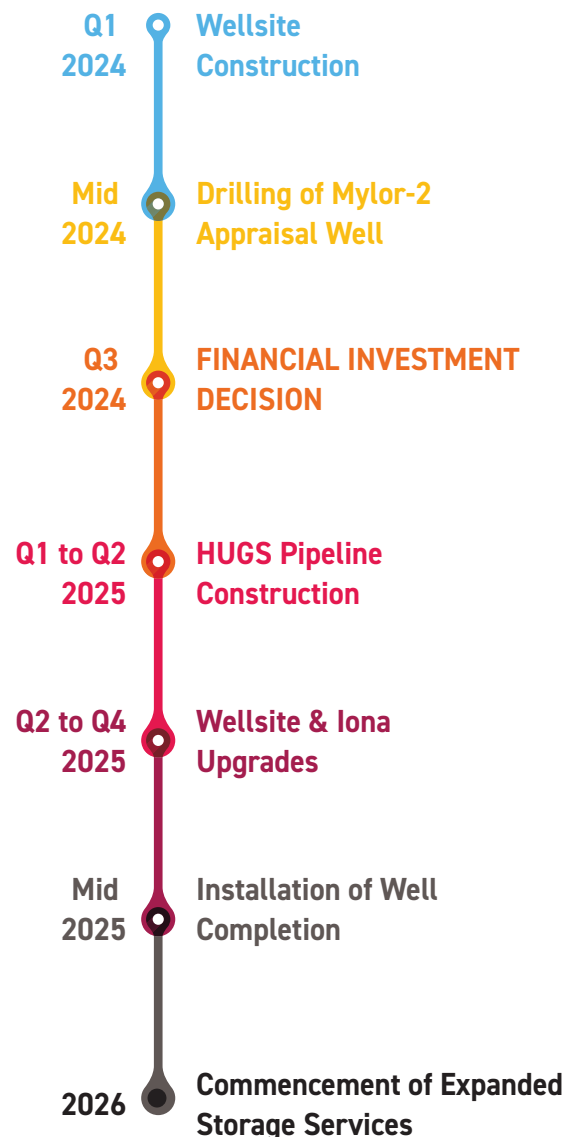
Project Concept

The preferred concept which has now been selected will involve:

- The drilling of a new gas storage well into the Mylor field (a depleted underground gas reservoir). This will be done in two stages: drilling of an initial appraisal well, followed by a second stage of rig work approximately 12 months later, to install additional equipment required to operate the well (known as a well completion).
- Construction of a new remote wellsite which will be remotely controlled and monitored from Iona.
- Construction of a new 5km underground gas pipeline (the HUGS Pipeline), linking the new wellsite to Iona's existing gathering line network at North Paaratte Production Station.
- Minor upgrades to the existing sites of North Paaratte Production Station, North Paaratte wellsite and Iona.

Indicative Timeline

The indicative timeline for the project includes the following key activities and is dependant on receiving the necessary regulatory approvals and sufficient market demand for the expanded storage capacity.



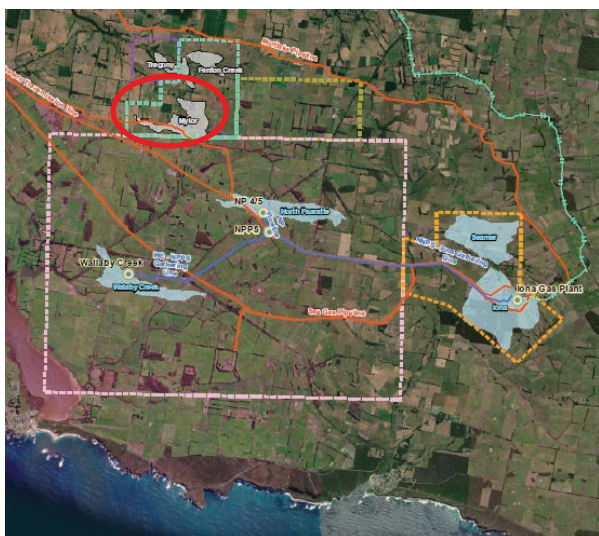
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Mylor Field

After undertaking rigorous studies, the Mylor Field has been selected as the preferred location for the new gas storage well. It is located in Petroleum Production License 4 (PPL-4) and is northwest of Iona's existing storage fields (refer to the map below).



The Mylor field was previously developed between 1999 and 2005 as part of the Heytesbury Gas Project, operated by Santos. The Mylor-1 well remains in the field, and a new Mylor-2 appraisal well will be drilled to better access the storage capacity of the Mylor field. The HUGS Project is expected to expand the gas storage capacity of Iona with enough gas to supply 118,000 average households per year.

Approvals

The HUGS Project is subject to planning and regulatory approvals prior to commencement of site works and operation of the new expanded storage services.

The drilling and operation of a new gas storage well requires approvals under the Petroleum Act and associated Petroleum Regulations. In addition, the HUGS Pipeline will also require approvals under the Pipelines Act and associated regulations before construction and operation can commence.

Aboriginal Cultural Heritage

Lochard Energy acknowledges the Eastern Maar People who are the Traditional Custodians of the land on which the HUGS Project is proposed.

Lochard respects the Eastern Maar People's historical and ongoing connection to land and sea country through cultural and spiritual sites, language and ceremony. Lochard pays respect to Eastern Maar Elders past, present and emerging.

Following desktop due diligence studies, it has been determined that it is necessary for Lochard Energy to develop a Cultural Heritage Management Plan (CHMP) covering site works and that a Complex Assessment is required.

The CHMP will detail the proposed construction methodologies required to avoid or minimise impacts from construction and ongoing operation on sensitive cultural heritage areas.

To develop this plan, a site survey and ground investigations are required along the pipeline route and at the location of the new wellsite.

The CHMP will be in place ahead of any site works.



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Health, Safety & Environmental Considerations

Lochard supports sustainable environmental practices and continually strives to ensure that it uses best practice approaches to health, safety and the environment at Iona and all of its projects.

An essential component of compliance is the identification of potential risks and impacts to the health and safety of personnel, contractors and the public, to land or property in the vicinity and to the environment (including potential effects on the amenity of the local surroundings). Actions taken to reduce these risks and impacts as much as possible are built into the overall project plans.

We have undertaken desktop and field environmental surveys as part of the planning for this project. These studies have informed the decisions regarding the route of the HUGS Pipeline to minimise environmental impact.

Ahead of development of the wellsite and drilling of the Mylor-2 Appraisal well, Lochard will need to have an Operations Plan approved by Earth Resources Regulations. This plan will also include a Well Operations Management Plan (WOMP) and an Environment Management Plan (EMP). A project specific Health, Safety, Environment Management Plan (HSEMP) which outlines HSE management expectations on aspects such as training, supervision, risk assessment and control, protective equipment and specific hazardous tasks, will also be developed.

Similarly, ahead of pipeline construction works, Lochard will need to have an approved Construction Safety Management Plan (CSMP) and Construction Environmental Plan (CEMP) prior to commencing works.

About Lochard Energy

We are trusted energy infrastructure specialists that own and operate the Iona Gas Storage Facility located in Port Campbell, in South-West Victoria.

We are experts in the safe and reliable operation of a major hazard facility, providing essential services and are committed to operational excellence, community engagement, customer outcomes and an outstanding safety culture.

Lochard Energy plays a vital role in Australia's east-coast gas market (and indirectly the electricity market) and Iona can currently address ~45% of Victoria's winter peak gas demand and has a storage capacity of 23.5PJ's.



Further Information

For further information about the HUGS Project please contact Lochard Energy:

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