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All Icon drill sites at Lydia Pilot have been prepared and are ready for the Ancon Rig's mobilisation. Completion equipment is ready and stored in Goondiwindi, awaiting the rig's arrival. The timeline diagram above gives our current best estimates of the activities up to the dewatering stage.

LP-3 and LP-3 are scheduled for completion by mid April and by late April respectively. Concurrent with the drilling phase, the design of the Storage Pond will be completed by the end of the drilling of LP-2. Completion of LP-1, the original Lydia well as a monitor is the last drilling task for Ancon Rig#1 before demobilisation takes place.

The drilling of LP-2 is of greater duration than the other wells because of the coring program undertaken in conjunction with the drilling of the well. The analysis of the core samples consists of laboratory tests of the desorption and absorption properties of the coal. While some results from this process will occur progressively, completion of the core analysis is expected in late July 2009.

As the Storage Pond design and construction is proceeding concurrently with the drilling of the Lydia Pilot, we expect to start dewatering and testing in late April after all three wells are completed. While commercial gas flows from the dewatering process have occurred in the first few months for some fields, others have taken in excess of twelve months to achieve commercial gas flows. Timing for de-watering depends on a number of variables including the permeability of the coals and the strength of the water drive in the coals. De-watering and de-pressurising the coals allows the release of methane which is trapped within the coal matrix and also present in the cleat structures of the coals. The cleats or tiny fissures in the coals allow for fluid movement of both water and gas from the coal matrix into the well bore. The water is transferred to the Storage Pond and the gas is flared or used as infield fuel.

Engineering and geological studies will continue throughout the period of testing for the Lydia Pilot.

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