

Annual Report Petroleum Exploration Licence 90

South Australia

Commencement Date: 30 October 2002

Regulation 33 (2) (a): Regulated Activities undertaken

- Drill Acrasia #3 Development/Appraisal well.
- The drilling was completed in this licence year and was then completed as an oil producer.
- Extended Production Test Acrasia #1, #2 & #3.
- Drill Kiwi #1 Exploration well.

Regulation 33 (2) (b): Compliance with the Act, Regulations Licence conditions and relevant SEO's

Non Compliances identified were:-

- Digital wireline data for the Acrasia #3 well was not in the required LIS or DLIS format. The correct format was supplied via Baker Atlas.
- PDF's of the paper prints for Acrasia #3 were of poorer quality than the prints. Data was re-supplied at the required quality via Baker Atlas.
- The Well Completion Report for Acrasia #3 was not submitted within the required six month period following rig release. The digital version of the Composite Log in Acrasia #3 was too large a file and was re-submitted in compressed form.
- Geophysical Operations Reports including processing reports were submitted after the required six month reporting period following recording. (Regulation 35 (i) (c)) for the Candra and Maribu Seismic Surveys in PEL 90.
- An aboriginal heritage site on the road between the Rig Sprigg and Acrasia oil fields was driven over by a number of trucks. The site, prior to heavy rains in February '03 had a detour around with coloured stakes at each end indicating a no-go zone.

The oil haulage contractors and Santos, the purchaser of Acrasia oil, were notified and asked to speak to their employees about the incident. A dirt barrier was placed at either end of the site with no through road warning signs also at either end.

Preliminary and final reports were submitted to the Minister, a copy of which was sent to the legal representative of the Yandruwandha Yawarrawarrka Aboriginal Corporation.

- The Acrasia water disposal and oil storage facility has not been fenced. This has been delayed until approval of the long term production SEO and Environment Risks and Compliance Reports have been obtained. Approval will allow surface flow lines to be laid connecting the three Acrasia wells. Completion of the flow lines will be followed by completion of the fences.

A performance bond to cover PEL 90 and the rest of the Stuart licences is held by the SA Government.

The second licence year program of one exploration well was completed with the drilling of the Kiwi #1 exploration well. (Spudded 15/10/03).

Requirements of Statements of Environmental Objectives (SEO'S) for drilling and completion, production testing and extended production testing were met.

Regulation 33 (2) (c)

Following the damage to a heritage site on the road to the Acrasia field, trucking contractors used by Stuart and Santos and Santos as the purchaser of Acrasia oil were given written requests to talk to their drivers and to inform them of the obligation to avoid heritage sites. The Acrasia operators established physical barriers and warning signs to protect the site.

In relation to wireline logging data and inappropriate formats and data quality. Schlumberger, the logging company, has managed to provide data to an appropriate standard. Seismic and well reports are now being compiled by consultants employed specifically to compile and get completed in the required time frame. This practice will continue.

Regulation 33 (2) (d)

No management system audits were undertaken by Stuart during the licence year in relation to PEL 90.

Regulation 33 (2) (e): Reports Generated

Acrasia #3	Completion Program Well Completion Report
Acrasia #1	Recompletion Program
Acrasia Field	Statement of Environmental Objectives for long term production. Environmental Impact Report for long term production. Production Operations Manual. Emergency Response Plan – Production.

Kiwi #1

Drilling Program (Drilling and Completion)

- Evaluation
- Drilling engineering
- Environment Impact Report

Heritage Survey Report.
Emergency Response Plan.

Wireline Operations:

Seismic

Maribu and Candra Blocks

Geophysical Operations Report and Processing Reports were generated for each of the sub-blocks of PEL 90.

Regulation 33 (2) (f) (i)

Incidents reported to the Minister under the Act.

- A truck or trucks driving through a heritage site on the Acrasia road was reported as an incident.
- Physical dirt barriers at either end of the site were established, and warning signs were erected.
- Transport companies involved in the Acrasia operation and Santos, the purchaser of the oil, were advised of the incident and were asked to make employees aware of the importance of heritage sites.

Regulation 33 (2) (f) (ii)

- Non-compliances regarding the supply of wireline log data appear to have been solved with the introduction of another logging company.
- Late reporting of well data and seismic data has been addressed by using contractors on an "as needs" basis.
- The required size of data files has been noted and will be adhered to in the future.
- Fencing of present and future evaporation ponds at Acrasia will be completed as soon as surface oil and water flow lines are built.

Regulation 33 (2) (g)

No additional threats other than these already reported on in the SEO and EIR for long term production have been identified.

Regulation 33 (2) (h)

Operations for the third licence year.

- Drill one exploration well (Galilee #1)
- Record 100km of 2D seismic
- Identify and map additional prospects and identify their hydrocarbon potential.

Regulation 33 (3)

Annual Expenditure:- PEL 90

Commercial in Confidence