

**RAWSON  
RESOURCES LTD**

**PEL 155**

**Otway Basin  
South Australia**

**ANNUAL REPORT  
*for*  
THIRD YEAR  
*of*  
TERM OF LICENCE**

**30<sup>th</sup> June 2005 to 29<sup>th</sup> June 2006**

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## 1.0 INTRODUCTION

Petroleum Exploration Licence No. 155 covers an area of 905 square kilometres of the onshore part of the Otway Basin in South Australia.

PEL 155 covers parts of the previous PEL 66, PEL 57 and PEL 32, which were relinquished in June 2001, February 2000 and November 2001. PEL 155 comprises part of the Tantanoola and Penola Troughs (refer to Figure 1). The block contains only two wells, which were both drilled on the Tantanoola High. The Tantanoola Trough Crayfish sequence has never been penetrated. The main gas producing area (Petroleum Production Licence 62) of the Katnook graben lies directly to the north of PEL 155.

This Report covers work undertaken by the Licencee during the third permit year, covering the period 30<sup>th</sup> June 2005 to 29<sup>th</sup> June 2006, inclusive, in accordance with the requirements of Section 33 of the Petroleum Regulations, 2002.

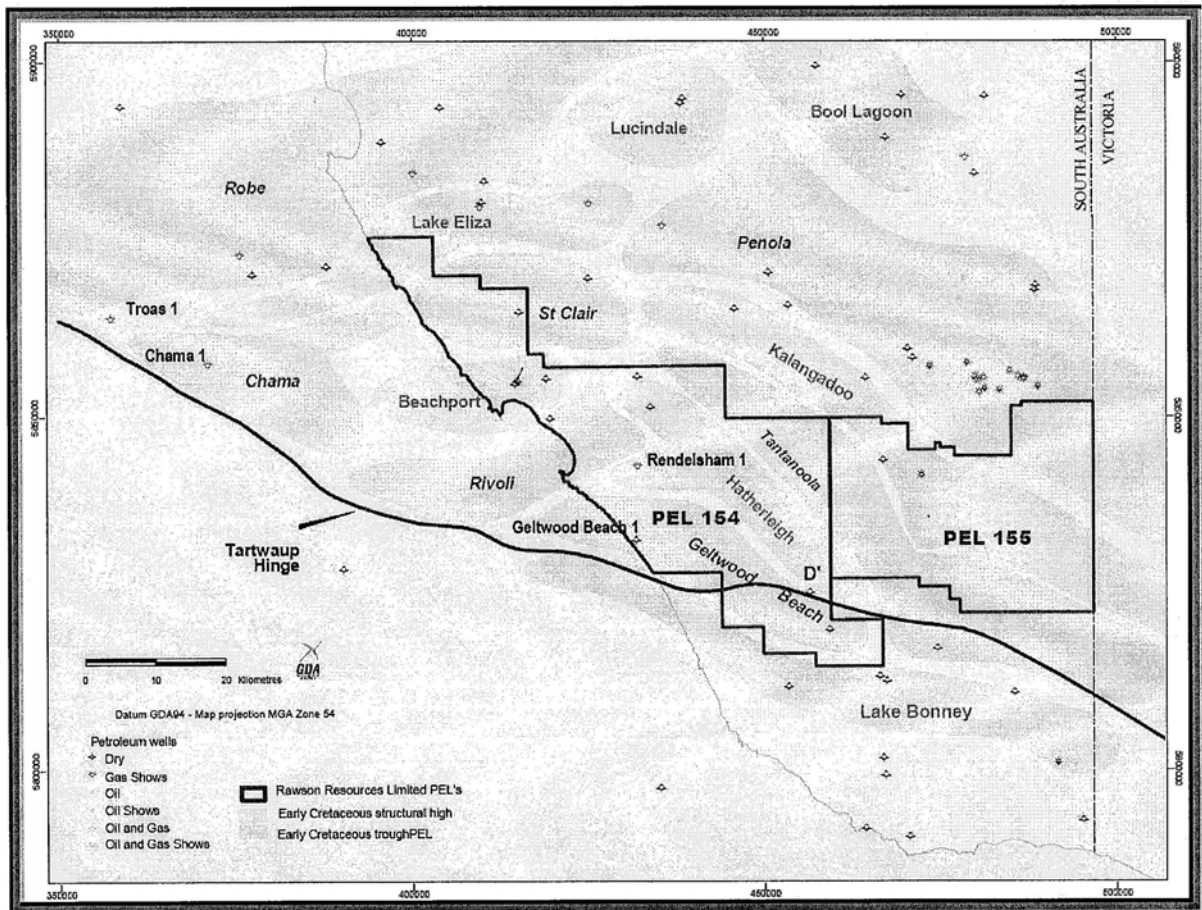


Figure 1. Location of PEL 155

## 2.0 LICENCE SUMMARY

The working interests in PEL 155 as at the end of the reporting period were:

Rawson Resources Limited: 100%.

The original minimum work requirements for PEL 155 at the date of grant (30<sup>th</sup> June 2003) were as follows:

<i>Year of Term of Licence</i>	<i>Minimum Work Requirements</i>	<i>Period</i>
One*	(i). Subsurface mapping using open file geological and geophysical data. (ii). Regional (Phase 1) soil-gas field survey over prospective leads and/or prospects	30 June 2003 - 29 June 2004
Two*	(i). Seismic attribute studies and fault geo-seal investigations for areas identified by Phase 1 soil-gas survey. (ii). Detail (phase 2) soil-gas field survey over prospective leads and/or prospects as highlighted by Phase 1 soil-gas survey.	30 June 2004 - 29 June 2005
Three*	(i). 100 km 2D seismic. (ii). 300 km seismic reprocessing. (ii). Fault seal, migration and reservoir investigations	30 June 2005 - 29 June 2006
Four	(i). One well. (ii). Review studies	30 June 2006 - 29 June 2007
Five	Renewal Studies	30 June 2007 - 29 June 2008

\* Compulsory Program

A variation of licence conditions was made on 2<sup>nd</sup> July 2004. The minimum work requirements that were consequently applied to the licence were as follows:

<b>Year of Term of Licence</b>	<b>Minimum Work Requirements</b>
One	Geological and geophysical studies.
Two	Geological and geophysical studies; Soil-gas survey.
Three	100 km 2D seismic acquisition; 300 km seismic reprocessing; Fault seal, migration and reservoir investigations.
Four	One well; Review studies.
Five	Renewal studies.

A further variation of licence conditions was made on 5<sup>th</sup> January 2006. The minimum work requirements that were applied to the licence at that time are listed in the table immediately below. These conditions applied at the end of period covered by this report.

<b>Year of Term of Licence</b>	<b>Minimum Work Requirements</b>
One	Geological and geophysical studies.
Two	Geological and geophysical studies; Soil-gas survey.
Three	Acquire a selected 100 km of existing original raw 2D seismic data; Conduct WEA reprocessing and analysis of selected seismic data.
Four	One well; Review studies.
Five	Renewal studies.

On 26<sup>th</sup> July 2006 PEL 155 was suspended for the period from and including 24<sup>th</sup> July 2006 to 23<sup>rd</sup> January 2007. No regulated activities are planned to be carried out in the Licence area during the period of the suspension. The instrument of suspension redetermined the expiry date of Licence to be 30<sup>th</sup> December 2008. The

<i>Year of Term of Licence</i>	<i>Minimum Work Requirements</i>	<i>Actual Work</i>
<b>One</b> (30 June 2003 - 29 June 2004)	Geological and geophysical studies	Completed geological and geophysical studies.
<b>Two</b> (30 June 2004 - 29 June 2005)	Geological and geophysical studies;  Soil-gas survey.	Completed geological and geophysical studies;  Completed soil-gas survey.
<b>Three</b> (30 June 2005 - 29 June 2006)	Acquire a selected 100 km of existing original raw 2D seismic data;  Conduct WEA reprocessing and analysis of selected seismic data.	Acquired approx. 171.39km (including line tails), 164.175 km full fold of existing original raw 2D seismic data;  Completed WEA reprocessing and analysis of selected seismic data.
<b>Four</b> (30 June 2006 - 30 December 2007)	One well;  Review studies	
<b>Five</b> (31 December 2007) - 30 December 2008)	Renewal Studies	

\* Compulsory Program

## **3.0 EXPLORATION ACTIVITIES**

### **3.1 Drilling**

No exploration drilling was conducted during the reporting period

### **3.2 Seismic Data Acquisition**

No new seismic data acquisition was conducted during the reporting period.

### **3.3 Seismic Reprocessing**

Selected seismic lines were processed and a number of attributes were extracted from the data, including WEA, by Apex Metalink in Houston, Texas, USA. Refer to the submitted report entitled "Apex Metalink, Inc., Rawson Resources, Block PEL 155 Seismic Processing Report; June, 2006" (*file name: Rawson PEL 155 Processing Report Final.pdf*). Although there were notable improvements in data quality compared to the originally processed seismic data, interpretive results of the extracted attributes were ambiguous with respect to extraction of direct hydrocarbon indicators over the leads investigated. It is planned to conduct additional seismic processing work during the fourth year of the term of the licence in an attempt to resolve such ambiguities

### **3.4 Geological and Geophysical Studies**

Technical studies during the period were chiefly directed towards, firstly, selecting seismic data to analyse in detail, and secondly, to add to the understanding of the petroleum systems present within the Licence based on review of wells, hydrocarbon fields, 2D seismic data and 3D seismic data both onshore and offshore in Victorian, South Australian and Federal Government jurisdiction areas.

## **4.0 ADMINISTRATION**

### **4.1 Regulatory Compliance**

The Licencee has, to the best of its knowledge, complied with all the relevant conditions under the Petroleum Act 2000 and the Petroleum Regulations 2000.

As there were no Regulated Activities conducted during the quarter, no Compliance Report (detailing the Licencee's compliance with the 2000 Petroleum Act, its Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the permit term) has been compiled.

## 4.2 Data and Report Submissions

A list of the items submitted during the report period is tabulated below:

<i>Document</i>	<i>Date Submitted</i>
PEL 155, Otway Basin, South Australia. Annual report for fourth year of term of licence, 30 <sup>th</sup> June 2005 to 29 <sup>th</sup> June 2006	30 <sup>th</sup> November 2006
Apex Metalink, Inc., Rawson Resources, Block PEL 155 Seismic Processing Report; June, 2006	30 <sup>th</sup> November 2006

## 4.3 Planned Exploration Program for Fourth Year of Term of Licence

Further processing of seismic data will continue during the fourth year of the term of the licence to extend the work conducted during the third year of the term of the licence. The work requirements for the fourth year of the Licence are the drilling of one well and the conduct of review studies. Review of existing 2D seismic data both onshore and offshore in Victorian, South Australian and Federal Government jurisdiction areas has shown that the existing 2D seismic grid is too widely spaced to delineate the fault-block compartments that typically control all the economic hydrocarbon accumulations within the basin. Furthermore, the orientation of individual fault-block boundaries has been demonstrated by a large number of workers in the basin to be critical to hydrocarbon trap integrity. Accordingly, it would be appropriate to consider acquiring new 2D or 3D seismic data within the Licence prior to drilling an exploration well to adequately define fault block geometry.

Review studies will focus on integration of any new seismic data with existing wells, hydrocarbon fields, 2D seismic data and 3D seismic data, both in and adjacent to the Licence and preparation for the selection of a drilling location.



## 5.0 EXPENDITURE STATEMENT

A summary of expenditure for the licence for the period 30<sup>th</sup> June 2005 to 29<sup>th</sup> June 2006 is presented in the following table.

**Table 1. Statement of Expenditure in for third year of term of Licence**

<b>Activity</b>	<b>Amount</b>
Drilling Activities	Commercial in Confidence
Seismic Acquisition Activities	
Seismic Processing	
Geological and Geophysical work	
Administration	
Total Expenditure	

Note: These accounts are compiled on an accruals basis but do not include amounts included in invoices yet to be received in relation to activities conducted during the third year of the term of the Licence.