



Strike Energy Limited

PEL 515

**Eromanga Basin
South Australia**

Annual Report

Licence Year 1

5 November 2012 – 4 November 2013

**Strike Energy Limited
Sydney, New South Wales
December 2013**

PEL 515
YEAR 1
ANNUAL REPORT

Table of Contents

1	INTRODUCTION	3
2	PERMIT SUMMARY	3
3	REGULATED ACTIVITIES	4
3.1	Drilling Activities	4
3.2	Geophysical Activities	4
3.3	Geotechnical and Other Studies	4
3.4	Other Activities	5
4	COMPLIANCE ISSUES	5
4.1	Licence and Regulatory Compliance	5
4.2	Rectification of Non-Compliance	5
4.3	Management System Audits	5
4.4	Report and Data Submissions	5
4.5	Safety	5
4.6	Threat Prevention	6
4.7	Licence Conditions and Future Work Program	6
5	EXPENDITURE STATEMENT	6

List of Appendices

Appendix 1	Expenditure Statement	7
------------	-----------------------------	---

List of Tables

Table 1	Licence Holders	3
Table 2	Work Requirement and work completed by licence year	4
Table 3	List of reports and data submissions during the reporting year	5

List of Figures

Figure 1	Tenement Location Map	3
----------	-----------------------------	---

1 INTRODUCTION

Petroleum Exploration Licence 515 (PEL 515) was granted on 5 November, 2012. The licence is located west of the Cooper Basin, South Australia and covers an area of approximately 3029 km². The licence is in two parts which share a common point. The two areas are informally referred to as PEL 515N and PEL 515S (Figure 1).

This report details the work conducted during Licence Year 1 of the first licence term (5th November 2012 – 4th November 2013 inclusive), in accordance with Regulation 33 of the Petroleum and Geothermal Energy Regulations 2013.

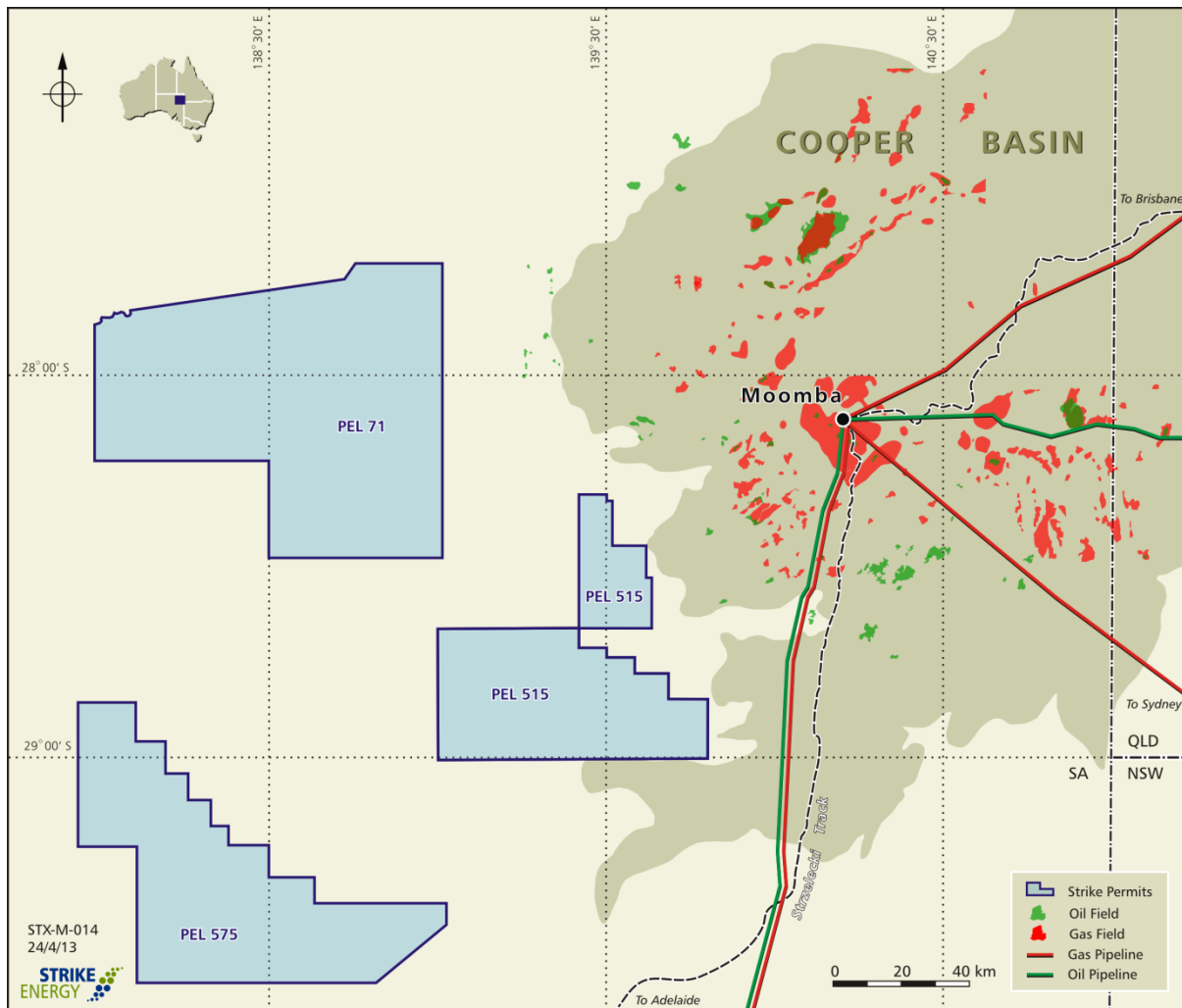


Figure 1 Tenement Location Map

2 PERMIT SUMMARY

For the duration of the licence year, licence holder for Petroleum Exploration PEL 515 was:

Table 1 Licence holder

Licence Holder	Working Interest
Strike Energy Limited (Operator)	100.00%

Table 2 displays the current minimum work requirement and the actual work completed up until the end of the reporting period. The first three years of work are guaranteed.

Table 2 Work Requirement and work completed by licence year.

Licence Year	Minimum Work Requirement	Actual Work
Year 1	150 km seismic reprocessing	Reprocessed 400.5 km 2D seismic
Year 2	Geological and Geophysical studies	
Year 3	Drill 2 wells	
Year 4	Geological and Geophysical studies	
Year 5	Drill two wells	

3 REGULATED ACTIVITIES

Section 33(3)(a): a summary of the regulated activities conducted under the licence.

3.1 Drilling Activities

No drilling operations were conducted during the reporting period.

3.2 Geophysical Activities

No geophysical field operations were conducted during the reporting period. A total of 400.5 km of vintage 2D seismic was reprocessed as PSTM data.

3.3 Geotechnical and Other Studies

The PSTM data were interpreted in October/November 2013. Mapping and gridding of the Cadna-Owie Formation seismic reflector in TWT resulted in the generation of six seismic leads in the northern section of PEL 515 and three leads in the southern portion of PEL 515.

A Geological and Geophysical study utilizing the reprocessed data and well control was then conducted. It concluded:

- The regional seismic lines over the Western Flank Oil Trend suggest that either the presence of the Permian Zero Edge or and/or a thick underlying Warburton Basin section is required for oil migration into the Eromanga Basin reservoirs.
- Migration from the Permian Zero Edge to PEL 515 is likely to be a viable migration pathway. At its closest point the Permian Zero Edge (of the Weena Trough) is located approximately one km from the southern edge of the southern part of PEL 515. The Permian Zero Edge near the Worrior Oil Field is approximately 6 km to the east of the northern part of PEL 515.
- The other alternative to sourcing oil at PEL 515 is to invoke migration from the Warburton section either at the Permian Zero Edge or migration from Warburton section immediately underlying the Permian section to the east of PEL 515. Limited well and seismic control suggests that there are no seismic reflectors indicative of layered Warburton Basin sediments beneath PEL 515.

3.4 Other Activities

No other activities were undertaken during the reporting period.

4 COMPLIANCE ISSUES

4.1 Licence and Regulatory Compliance

Section 33(3)(b): a report for the year on compliance with the Act, these regulations, the licence and any relevant statements of environmental objectives.

The Minimum Work Requirement for Year 1 of 150km of 2D seismic reprocessing was fulfilled.

No environmental incidents were reported for the reporting period.

4.2 Rectification of Non-Compliance

Section 33(3)(c): a statement concerning any action to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimize the likelihood of the recurrence of any such non-compliance.

Strike Energy is not aware of any instances of non-compliance during the reporting period.

4.3 Management System Audits

Section 33(3) (d): a summary of any management system audits undertaken during the relevant licence year, including information on any failure or deficiency identified by the audit and any corrective action that has, or will be, taken.

No management system audits were undertaken during the reporting period.

4.4 Report and Data Submissions

Section 33(3) (e): a list of reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year.

Table 3 List of reports and data submissions during the reporting year.

Description of Report / Data	Date Due	Date Submitted	Status
PEL 515 Reprocessed Seismic Data and Processing Report	4/11/2013	25/06/2013	Compliant

4.5 Safety

Section 33(3) (f): in relation to any incidents reported to the Minister under the Act and these regulations during the relevant licensing year-

Section 33(3) (f) (i) an overall assessment and analysis of the incidents, including the identification and analysis of trends that have emerged.

Section 33(3) (f) (ii) *an overall assessment of the effectiveness of any action taken to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, or to minimize the risk of recurrence of any such non-compliance.*

No reportable incidents occurred during the reporting period.

4.6 **Threat Prevention**

Section 33(2) (g): *a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably present, or may present, a hazard to facilities or activities under the licence, and a report on any corrective action that has, or will be taken.*

There were no perceived threats, and no action taken during the reporting period.

4.7 **Licence Conditions and Future Work Program**

Section 33(2) (h): *unless the relevant licence year is the last year in which the licence is to remain in force a statement outlining operations proposed for the ensuing year.*

The Year 2 Minimum Work Requirement is Geological and Geophysical studies. This work has already been completed.

There are some one line seismic leads identified from the reprocessed seismic and it is possible that the leads might be confirmed as prospects after acquisition of infill 2D seismic or acquisition of 3D Seismic in PEL 515. The remainder of Year 2 and the early part of Year 3 will be used to plan and acquire the new seismic in time to undertake drilling prior to the end of Year 3.

5 **EXPENDITURE STATEMENT**

Section 33(4): *an annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year.*

Commercial in Confidence