

Officer Basin Energy Pty Ltd

Annual Report

Officer Basin, South Australia

Petroleum Exploration Licences 81 & 253

Licence Year 3

For the Period

25 June 2009 - 24 June 2010

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1. INTRODUCTION

Petroleum Exploration Licences (PEL) 81 and 253 were granted on 25 June 2007. The licences are located in the Officer Basin, South Australia. This report details the work conducted during Licence Year 3 of the licence (25 June 2009 – 24 June 2010 inclusive), in accordance with Regulation 33 of the Petroleum and Geothermal Energy Regulations 2000.

2. PERMIT SUMMARY

For the duration of the licence year, the licensee for PELs 81 and 253 was Officer Basin Energy Pty Ltd (OBEPL) which currently maintains 100% interest in both licences.

Current work commitments associated with PELs 81 and 253, as stated in the licence, are shown in Table 1A and 1B.

TABLE 1A PREVIOUS WORK COMMITMENTS BY LICENCE YEAR FOR PEL 81

Licence Year	Minimum Work Program
Year 1	Acquire 250 km 2D seismic, reprocess existing data, geological and geophysical studies
Year 2	Acquire 250 km 2D seismic
Year 3	Drill one well
Year 4	Acquire 250 km 2D seismic
Year 5	Drill one or two wells

TABLE 1B PREVIOUS WORK COMMITMENTS BY LICENCE YEAR FOR PEL 253

Licence Year	Minimum Work Program
Year 1	Acquire 100 km 2D seismic, geological and geophysical studies
Year 2	Acquire 100 km 2D seismic, geological and geophysical studies
Year 3	Drill one well
Year 4	Geological and geophysical studies
Year 5	Acquire 200 km 2D seismic

Licence Year 3 concluded on 24 June 2010. The following table displays the minimum work program and the actual work completed up until the end of the current licence period.

TABLE 2 FINAL WORK PROGRAM AND WORK COMPLETED (AS OF END OF CURRENT REPORTING PERIOD) BY LICENCE YEAR

PEL 81

Licence Year	Minimum Work Program	Actual Work
Year 1	<ul style="list-style-type: none"> • Acquire 250km 2D seismic; • Reprocess existing data; and • Geological and geophysical studies 	<p>~635 km in PEL 81 Mapping of at least 5 horizons across the area and definition of several large structures that require further seismic to delineate their crests</p> <p>Reprocessed 93 BMR-03</p> <p>Potential field modelling</p>
Year 2	<ul style="list-style-type: none"> • Acquire 250km 2D seismic 	<p>215 km 2D seismic Mapping of at least 5 horizons across the area and definition of several large structures.</p> <p>Reprocessed 93 BMR- 04, 05, 06</p> <p>Potential field modelling</p>
Year 3	<ul style="list-style-type: none"> • Geological and geophysical studies 	<p>Continued mapping of at least horizons and continued identification of structures</p>
Year 4	<ul style="list-style-type: none"> • Drill one well; and • Acquire 250km 2D seismic 	
Year 5	<ul style="list-style-type: none"> • Drill one or two wells 	

PEL 253

Licence Year	Minimum Work Program	Actual Work
Year 1	<ul style="list-style-type: none">• Acquire 100km 2D seismic; and• Geological and geophysical studies	~635 km in PEL 81 Mapping of at least 5 horizons across the area and definition of several large structures that require further seismic to delineate their crests Reprocessed 93 BMR-03 Potential field modelling
Year 2	<ul style="list-style-type: none">• Acquire 100km 2D seismic; and• Geological and geophysical studies	215 km 2D seismic Mapping of at least 5 horizons across the area and definition of several large structures. Reprocessed 93 BMR- 04, 05, 06 Potential field modelling
Year 3	<ul style="list-style-type: none">• Geological and geophysical studies.	Continued mapping of at least horizons and continued identification of structures
Year 4	<ul style="list-style-type: none">• Drill one well; and• Geological and geophysical Studies	
Year 5	<ul style="list-style-type: none">• Acquire 200km of 2D seismic	

A suspension of conditions and extension of licence term under licence condition 1 – PELs 81 and 253 was granted on 29 October 2009 for the period and including 25 June 2010 to 24 June 2011 and extending the expiry date of PEL 81 and 253 to 24 June 2013.

3. REGULATED ACTIVITIES

This section provides a summary of regulated activities (as defined under Regulation 33 (2) (a) of the Act):

Seismic Data Acquisition

No seismic data acquisition was commenced during Year 3 or PEL 81 or PEL 253.

A rehabilitation program is subject to ongoing discussions with PIRSA, MT and other stakeholders regarding their rehabilitation requirements.

Seismic Data Processing and Reprocessing

No new seismic processing for the area was undertaken during Year 3.

Geochemical, Gravity, Magnetic and other surveys

No geochemical, gravity, magnetic or other surveys were conducted.

Preliminary Survey Activities

No preliminary survey activities were undertaken in the current licence reporting period.

4. COMPLIANCE ISSUES

Licence and Regulatory Compliance

1. Compliance

As per Regulations 33(2)(b) the annual report must include information on compliance with the Act, regulations, the licence and any relevant Statement of Environmental Objectives.

Licence

To the best of our knowledge, OBEPL has complied with all of the licence conditions during the permit year.

Act and Regulations

During the reporting year OBEPL complied with the majority of requirements under the Petroleum Act 2000. These included:

- Activity notification requirements to undertake a high level supervision regulated activity and the conditions imposed by the Minister in that approval
- Entry to Land requirements under Part 10 of the Act to enter the land to undertake a regulated activity
- All mandatory conditions under the Act
- Payment of Annual Fees
- Record keeping and reporting obligations; and
- Preparation and submission of an Environmental Impact Report and a Statement of Environmental Objectives to undertake a regulated activity.

TABLE 3 REGULATORY NON-COMPLIANCE

Below is the list of regulatory non-compliances for the current reporting year

Date	Activity	Details of Non-Compliance	Rectification of Non-Compliance
	Late submission of this Annual Report	Due to a change in staff	Future reporting will be simplified with the implementation of the Comtrack software package

Statement of Environmental Objectives

The status of a rehabilitation program is still to be determined, in consultation with MT, PIRSA and other relevant stakeholders. Once rehabilitation has been conducted, the environmental audit report, as required under the SEO, will be submitted within two months.

Pursuant to the Maralinga Land Rights Act 1984 the “Land Access and Production Agreement for Petroleum Exploration and Production” was entered into between the Maralinga Tjarutja and OBEPL on 19 June 2007 (Agreement). The Agreement provide for the grant of the PELs and the terms upon which OBEPL may enter the land to undertake petroleum exploration and production. OBEPL confirms that it has complied with all requirements under the Agreement.

2. Actions to rectify non-compliance

Regulations 33(2)(c) requires a statement concerning any actions taken to rectify any non compliance and how recurrence of any such non-compliances is minimised in the future. For issues relevant to the SEO refer to Table 4.

Procedures have been put into place to ensure that all future Annual Reports are submitted within the timeframe set. Similarly the Weekly geophysical reports will be submitted on time using a diary based system, which will be implemented at the commencement of the surveys.

3. Management system audits

As per Regulations 33(2) (d), this annual report must include 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 permit year.

4. Reports and data submission

As per Regulation 33(2) (e), this annual report must provide a list of any relevant reports or data generated by the licensee during the licence year.

A list of all relevant reports and data for the current permit year is provided in Table 3.

TABLE 4 LIST OF REPORTING AND DATA SUBMISSIONS DURING CURRENT LICENCE REPORTING YEAR

<i>Description of report/data</i>	<i>Date due</i>	<i>Date submitted</i>	<i>Compliant / non-compliant</i>
Geophysics			
Activity notification	35 days before commencement of activities	N/A	Compliant
Geophysical progress reports	Weekly progress reports to be submitted during activity	N/A	Compliant
General			
Annual report	24.8.10	12/11/10	Non Compliant
Serious incident report	N/A	N/A	Compliant
Data			
Field data	12 months after completion of recording	N/A	Compliant

5. Incidents

As per Regulation 33(2) (f), this annual report must include information regarding any reportable incidents.

- There are no reportable incidents during the reportable year.

6. Threat prevention

As per Regulation 33(2) (g) under the Act, this annual report must include a report of any threats to facilities or activities in the licence area and any corrective action.

- There are no facilities in the two licence areas
- No threats to activities have been identified that are not already listed in the Environmental Impact Report.

7. Future Work Program

As per Regulation 33(2) (h) under the Act, this annual report must include a statement outlining proposed operations for the ensuing year.

OBEPL are planning a drilling program for the fourth permit year. Planning and procedures will be undertaken during this time.

5. EXPENDITURE STATEMENT

Pursuant to Regulation 33(3) under the Act, this annual report contains a statement of expenditure for the current reporting period (Appendix 1).