



PEL 88

**COOPER/EROMANGA BASIN
South Australia**

**ANNUAL REPORT
Permit Year 2**

16 November 2002 to 15 November 2003

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1 Introduction

Petroleum Exploration Licence (PEL) 88 was granted on 16 November 2001 and the second permit year of the initial five year term therefore expired on 15 November 2003.

Cooper Energy NL entered into a Farmin Agreement, ("Agreement"), with the licensee, Liberty Petroleum Corporation ("Liberty") dated 1 November 2002. This Agreement, provided for Cooper Energy earning a 40% interest in PEL 88 and being the Operator for the farmin and subsequent joint venture work programs.

Accordingly, this report, which details the work performed during the second licence year, is being submitted by Cooper Energy in accordance with the requirements of Section 33 of the Petroleum Regulations 2000. With the completion of the Year 2 work program, Cooper Energy, as Operator, has fulfilled the Permit Conditions for the guaranteed work program for the first two years of the permit. Cooper Energy also fulfilled its farmin obligation to Liberty Petroleum to earn a 40% interest in the licence. Prior to the spud of the Year 2 commitment well, Cooper Energy farmed out 10 % of its notional interest to a subsidiary of Victoria Petroleum NL in return for a contribution to the well cost. The

documentation to effect the assignment of interest has been submitted to PIRSA for approval and registration.

2. Guaranteed Program versus Actual Work

The second Permit year provided for the drilling of one exploration well. This has been fulfilled by the drilling of Eucalyptus 1.

3 Permit Activity

3.1 Summary of Regulated Activities

The Year 2 exploration well, Eucalyptus 1, was drilled by Century Rig 3 on a prospect in the southeast of the Permit and about 14 km east of the James 1 oil discovery. The well spudded on the 20th September and was drilled to a total depth of 2626m. No hydrocarbons were encountered and the well was plugged and abandoned and the rig released on the 17th October 2003. There were no health, safety or environmental incidents associated with the drilling of the well.

Note that the water bore drilled for Eucalyptus 1 has been capped and is available for use at a later date.

3.2 Regulatory Compliance

Cooper Energy, as Operator of PEL 88, considers it is in compliance with conditions under the Petroleum Act 2000 and its Regulations for all aspects of the drilling of Eucalyptus 1. The well completion report is in the process of being compiled and will be furnished to the Minister within 6 months of rig release.

Location and elevation surveys of the well are scheduled to be done in the beginning of January 2004 and the report should be submitted by the end of that month.

Cooper Energy advises that there were delays in submission of some of the reports relevant to the previous year's seismic operations and processing, however, we understand that PIRSA is aware that these were outside Cooper Energy's control and were due to contractor and personnel constraints.

Management system audits were undertaken during the licence year, and there were no indicated failures or deficiency identified by the audit.

3.3 Data Submission

Drilling:

14 May 03 Bridging Document – Eucalyptus 1
 Drilling Application – Eucalyptus 1
 Drilling Program – Eucalyptus 1
 HS&E Manual for the Management of Drilling & Seismic
 Operations in the Cooper Basin

	Environmental Impact Report for the Drilling & Initial Production testing of Eucalyptus 1
	SEO for Initial Production Test – Eucalyptus 1
	Clearance Report – Eucalyptus 1
	Legislative Compliance Register – Eucalyptus 1
22 May 03	Letter re Access Track and Lease Pad Construction Proposed for Eucalyptus 1
20 June 03	Follow-up letter re Proposed Drilling of Eucalyptus 1
24 June 03	Received Approval for Drilling and Completion of Eucalyptus-1
Sep-Oct 03	Daily Drilling Reports, Geological Reports and Mud Logs Eucalyptus 1
30 Oct 03	Eucalyptus 1 Well Logs
30 Oct 03	Eucalyptus 1 – Initial Lease Clean Up Report
<i>Seismic:</i>	
31 Mar 03	Seismic Interpretation Report PEL 88
12 Nov 03	2002 Cooper Energy Seismic Survey Operations and Processing Report
20 Nov 03	2002 Cooper Energy Seismic Survey Environmental Monitoring Report

3.4 Proposed Operations

PIRSA has received a request, dated 18 December 2003, for a suspension of the Year 3 commitment well, and subsequently agreed by letter of 23 December 2003 to a six month permit suspension. The Joint Venture has agreed to acquire new seismic of approximately 133 km and the reprocessing of 558 km of existing seismic data in order to mature a drillable prospect to satisfy the suspended Year 3 drilling commitment.

4 Expenditure Statement

Commercial in Confidence

Peter Vytopil
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