

# Santos

## PEL114 Annual Report

Year 2

This report has been prepared in accordance with the requirements of the Petroleum Act 2000 and Petroleum Regulations 2000 and covers all of the operations conducted in PEL 114 by Santos Ltd for the period 22 May, 2004 to 21 July, 2005. This Report was provided to PIRSA on 20 September 2005

## **PEL114 Year 2 Annual Report**

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# 2004 ANNUAL REPORT

## 1. Introduction

This report covers the activities conducted in Petroleum Exploration Licence # 114 (PEL 114) in the period 2004-2005. PEL 114 is located in the South Australian section of the Cooper and Eromanga Basins (SACB) and is held 100% and operated by Santos Ltd. The Licence became effective on 22 May 2003 and expires on 21 July 2008.

During this Year 2 reporting period (22 May 2004 - 21 July 2005) the activity in PEL 114 was the drilling of four wells (Derrilyn-1, Teringie-1, Ren-1 and Stimpee-1).

In accordance with the reporting requirements of Regulation 33, this report also provides a performance assessment with regard to the requirements of the *Petroleum Act 2000*, the *Petroleum Regulations 2000*, and licences and objectives under the *Statement of Environmental Objectives* (SEO).

## 2. Executive Summary

There were no serious or reportable incidents or accidents, according to the definitions of the Petroleum Act or Regulations, which resulted in injury or illness to any member of the general public associated with the activities conducted in PEL 114.

A request submitted to PIRSA on 6 Jan 2005, seeking approval for a Temporary Suspension of the licence from 21 January 2005 to 20 March 2005 inclusive, was approved by PIRSA on 14 Jan 2005. As a result of this suspension, Year 2 ends on 21 July 2005 and the anniversary date of this permit will now occur on 22 July of each year.

More recently (28 July 2005) approval was sought, from PIRSA for a short extension of time to spud the last commitment well (Stimpee-1) by mid August. This request was subsequently approved on 4 August 2005.

During this Year 2 reporting period, a Final Interpretation Report on the NE Murteree Horst 3D Seismic Survey was submitted to PIRSA in April 2005 along with five well proposals, three submitted in May and two in August 2005. Three wells were spudded during the reporting period, with two being cased and suspended, and one plugged and abandoned. A fourth commitment well was due to spud at end July.

### **3. Summary of Regulated Activities**

The *Regulated Activities* conducted by Santos Ltd while exploring for petroleum within PEL 114 were:

- Access road / track construction to four well locations,
- Well lease and campsite construction for four wells,
- Borrow pit construction.

### **4. Compliance**

The activities covered by this report are administered under the Petroleum Act (2000) and the Petroleum Regulations (2000) and the Statement of Environmental Objectives (SEO's) covering Seismic operations in the Cooper Basin (1998).

The SEO covering Seismic exploration activities is under review. Public comment has been sought and comments received are being considered. While this review and update has continued, the original SEO document continued to be used.

There was good compliance with the requirements of the Petroleum Act (2000) and Regulations (2000) and the SEO. There were no areas where non-compliance with the relevant legislation or SEOs was identified.

The Final Interpretation Report for the PEL 114/SACB PPL'S CS03 Seismic Survey has recently been submitted to PIRSA.

### **5. Incidents**

The Petroleum Act (2000) defines all *Serious Incidents* that are required to be reported promptly to PIRSA. There were no incidents resulting in any injury to any member of the public and there were no *Serious or Reportable Safety or Environmental Incidents* recorded during this reporting period in PEL 114.

### **6. Management System Audits**

No audits were conducted during the reportable period. However, on completion of the NE Murteree Horst 3D Seismic Survey restoration work was carried out on:

- Damaged sections of the Merty Merty track,
- Campsite areas,
- Seismic lines crossing the Strzelecki Track.

It is planned to revisit the survey area and view the state of rehabilitation in October 2005 during acquisition of the McKinlay 3D Seismic Survey.

## **7. Risk Assessment**

As part of the original application to PIRSA to conduct the drill the four wells, Santos included an *Emergency Response Plan* (ERP) together with a *Statement of Environmental Objectives* (SEO) and an *Environmental Impact Report* (EIR). These outlined the risks and threats anticipated as a result of the drilling operations and identified measures to prevent their occurrence. Additionally the drilling contractor abides by a site-specific safety and environmental plan that is used in conjunction with the Santos ERP.

## **8. Threats**

There were no serious threats identified due to the drilling activities conducted in this Licence area during the reportable period.

## **9. Emergency Response**

An *Emergency Response Plan* (ERP) and *Environmental Plan* were developed for activities conducted in South Australia, including PEL 114. In the event of an incident, the SACBJV resources would be mobilised to assist.

## **10. Seismic Exploration Activities**

During this reporting period the remaining processing of the NE Murteree Horst 3D Seismic Survey, conducted in Year 1, was completed and a Final Interpretation Report for the survey was submitted to PIRSA on 14 April 2005.

### **Cultural Heritage Clearance**

Nil.

### **Future Seismic Activities – Year 3**

The 60 sq.km McKinlay 3D Seismic Survey is planned to commence in October 2005. A part of this survey will enter PEL114.

## **11. Drilling and Well Operations**

Three wells were drilled during the reporting period, with Derrilyn-1 and Teringie-1 cased and suspended, and Ren-1 plugged and abandoned. The fourth commitment well, Stimpee-1, was due to spud at the end of July, in accordance with PIRSA correspondence of 4 August 2005.

Activity dates were:

a) Environmental Clearance of Well Lease:

*Teringie-1*: 1 May 2005  
*Ren-1*: 1 May 2005  
*Stimpee-1*: 31 May 2005

b) Well Lease Preparation:

*Teringie-1*: 5 May 2005  
*Ren-1*: 2 May 2005  
*Stimpee-1*: 2 May 2005

c) Drilling:

*Derrilyn-1* spudded 16 May 2004; released 2 June 2004  
*Teringie-1* spudded 29 June 2004; released 12 July 2004  
*Ren-1* spudded 17 July 2005; released 28 July 2005  
*Stimpee-1* spudded 30 July 2005; released 10 August 2005

### **Cultural Heritage Clearance**

Pre-clearance of the *Teringie*, *Ren* and *Stimpee* drilling projects was conducted by Australian Heritage Services Pty. Ltd. in May 2005 in conjunction with representatives of the Yandruwandha/Yawarrawarrka Native Title Claimant Group.

### **Future Activities – Year 3**

During Year 3, it is planned to undertake G&G Studies and drill 5 wells in PEL 114.

## **12. Production and Processing Operations**

Application for a production licence for the *Derrilyn* discovery was approved by PIRSA as PPL 206 on 19 August 2004. For production data on this well see the Annual Report for that PPL.

### **Future Activities – Year 3**

It is anticipated that separate applications for Petroleum Production Licences will be made for the *Teringie* and *Stimpee* discoveries. Further production activities will be dependant upon the success of the planned Year 3 drilling activity.

**13. Statement of Proposed Expenditure**

During Year 3, the proposed expenditure associated with exploration in PEL 114 is as follows:

**a) Seismic Exploration**

No further acquisition expenditure is anticipated.

**b) Drilling and Well Operations**

It is planned that five wells will be drilled in PEL 114 during Year 3

**c) Production and Processing Operations**

No production operations are planned in PEL 114. Production from successful wells in the permit will be carried out in subsequent Petroleum Production Licenses.

**14. Performance Measured Against SEO**

See Appendix 3.

**15. Appendices & References**

Appendices

1. Financial Summary
2. List of Reports (Reg 33 (2) e)
3. Performance Measured Against SEO

**APPENDIX 2**  
**List of Reports and Data**

#	Report Title	Comment
1	NE Murteree Horst 3D Seismic Acquisition Report	Submitted to PIRSA May 2004
2	Well Completion Report – Derrilyn-1	Submitted to PIRSA November 2004
3	2005 PEL 114 – NE Murteree Horst 3D Final Interpretation Report	Submitted to PIRSA April 2005
4	Well Proposal – Ren-1	Submitted to PIRSA May 2005
5	Well Proposal – Stimpee-1	Submitted to PIRSA May 2005
6	Well Proposal – Teringie-1	Submitted to PIRSA June 2005
7	Well Proposal – Stimpee-2	Submitted to PIRSA August 2005



**APPENDIX 3  
Performance Measured Against SEO**

**CREW PERFORMANCE MEASURED AGAINST THE S.E.O.**

<b>Objective</b>	<b>Assessment Criteria</b>	<b>2004-5 Performance against Objectives</b>
<p>1. Monitor and manage those activities that have, or are likely to have, temporary impacts on biological diversity, cultural components of the environment, underground water resources (confined and unconfined aquifers) and surface waters or other land users, and facilitate rehabilitation so as to minimise such impacts if they occur.</p>	<p>1.1 to minimise clearing and/or other impacts on native vegetation and wildlife habitats.</p> <p>1.2 minimise impact on other land users.</p> <p>1.3 to discourage third party use of sites, following the completion of operations.</p> <p>1.4 to minimise adverse impacts on soil.</p> <p>1.5 to minimise adverse impact on surface drainage.</p> <p>1.6 to minimise adverse impact on underground water resources.</p> <p>1.7 to minimise impact of operations.</p> <p>1.8 to minimise pollution, litter or remnant equipment at survey sites.</p>	<p>Compliant. No impacts identified.</p> <p>None other land users identified.</p> <p>No third party use identified</p> <p>Compliant.</p> <p>Compliant.</p> <p>Compliant: Derrilyn-1, Teringie-1, Stimpee-1 all cased. P&amp;A plugs in Ren-1 compliant.</p> <p>Compliant.</p> <p>Compliant.</p>

<p>2. Avoid undertaking any activities which have, or are likely to have, long-term significant adverse impact(s) on biological diversity, cultural components of the environment, underground water resources (confined and unconfined aquifers), surface waters and other land uses.</p>	<p>2.1 to avoid disturbance to cultural heritage sites.</p>	<p>Compliant.</p>
	<p>2.2 to avoid activities that have long term impacts on areas of high biological diversity or wilderness value, or have social or scientific significance.</p>	<p>No impact identified. Compliant.</p>
	<p>2.3 to avoid disturbance to rare and endangered fauna and flora.</p>	<p>Compliant.</p>
	<p>2.4 to avoid the introduction and spread of exotic species.</p>	<p>Compliant.</p>
	<p>2.5 to minimise the risk of initiation and/or propagation of wildfire.</p>	<p>Compliant.</p>