PEL 95
Cooper / Eromanga Basin
South Australia

Annual Report

Licence Year 5

First Renewal Term

30 October 2010 to 29 October 2011

Beach Energy Limited (Operator) **Strike Energy Limited**

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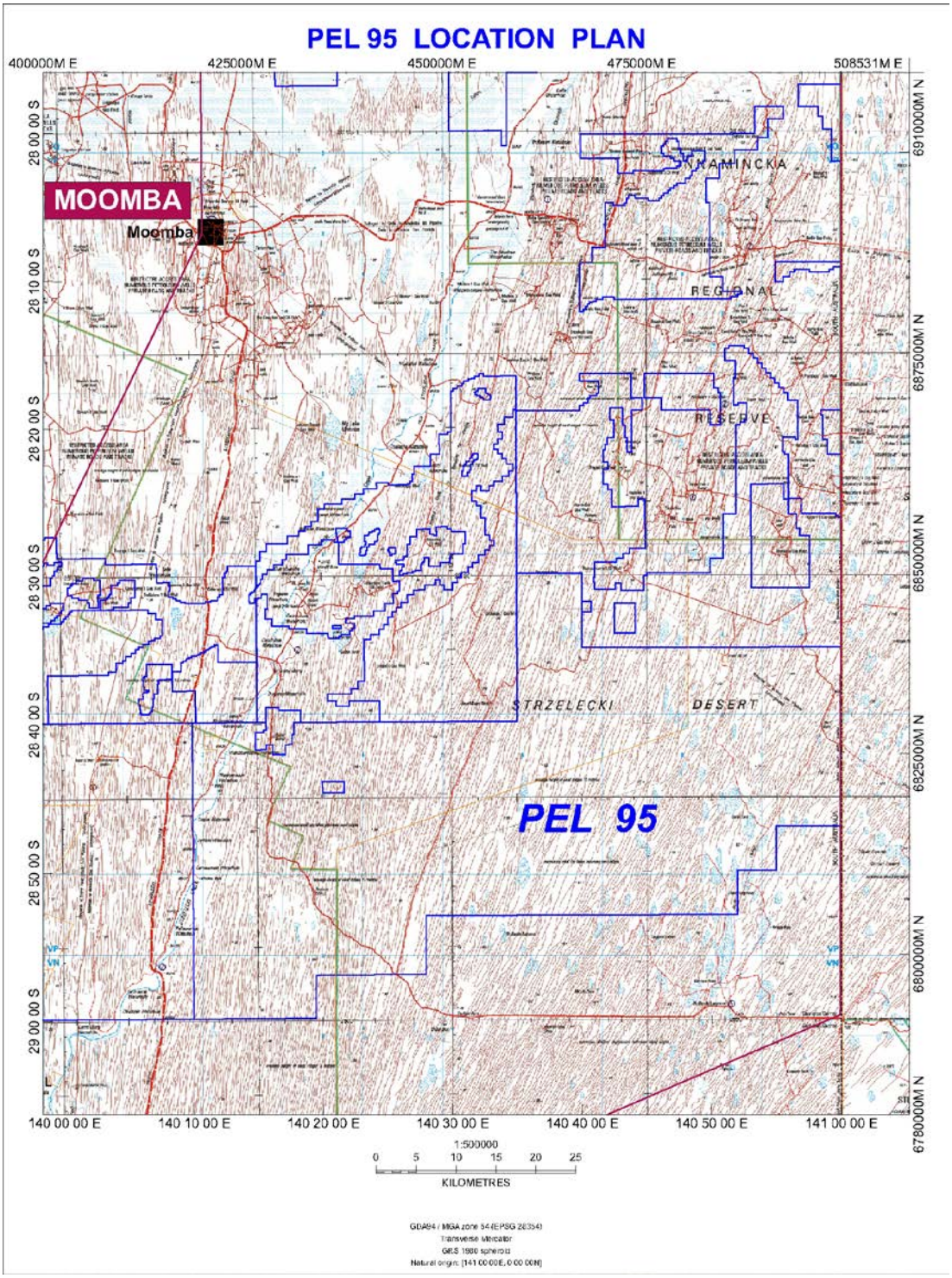
PEL 95 LOCATION PLAN
400000M E
425000M E
450000M E
475000M E
508531M E
6910000M N
6875000M N
6850000M N
6825000M N
6800000M N
6780000M N
26 00 00 S
26 10 00 S
26 20 00 S
26 30 00 S
26 40 00 S
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MOOMBA
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KAMINCKIA
REGIONAL
RESERVE
STRZELECKI
DESERT
PEL 95
140 00 00 E
140 10 00 E
140 20 00 E
140 30 00 E
140 40 00 E
140 50 00 E
141 00 00 E
1:500000
0 5 10 15 20 25
KILOMETRES
GDA94 / MGA zone 54 (EPSG 28354)
Transverse Mercator
GRS 1980 spheroid
Natural origin: [141 00 00E, 0 00 00N]

1 Introduction

Petroleum Exploration Licence (PEL) 95 was granted to Beach Petroleum NL and Magellan Petroleum (NT) Pty Ltd on 30 October 2001. The licence is located on the southern margin of the Cooper/Eromanga Basin, South Australia.

This Annual Report details the work conducted by the PEL 95 Joint Venture for the 12 months commencing 30 October 2010 which represents Licence Year 5. The Annual Report for PEL 95 has been prepared in accordance with Regulation 33 of the *Petroleum and Geothermal Energy Act 2000* (the Act).

2 Licence Summary

Licence Interest

On 30 October 2001, PEL 95 was awarded to:

- Beach Petroleum NL (Operator) 50.0%
- Magellan Petroleum (NT) Pty Ltd 50.0%

The first renewal of PEL 95 was awarded on 4 December 2006 (effective from 30 October 2006) to:

- Beach Petroleum Limited (Operator) 50.0%
- Magellan Petroleum (NT) Pty Ltd 50.0%

Changes during the Licence Period

The following changes have occurred throughout the licence period:

- 7 January 2010 - Change of name from Beach Petroleum Limited to Beach Energy Limited was entered on the public register
- 22 April 2010 - Interests in PEL 95 and PPL 210 changed to:
    - Beach Energy Limited (Operator) 50.0%
    - Strike Energy Limited 50.0%

There were no changes in licensees or interests during the current year.

Work Program Variations

The original work commitments associated with the awarding of PEL 95 are shown in Table 1.

Table 1 Original Work Program Commitments by Licence Year

Licence Year	Licence Dates	Minimum Work Program
1	30 Oct 2006 to 29 Oct 2007	Geological and Geophysical studies
2	30 Oct 2007 to 29 Oct 2008	Acquire 100km 2D seismic; Geological and Geophysical studies
3	30 Oct 2008 to 29 Oct 2009	Acquire 50km 2D seismic; Geological and Geophysical studies
4	30 Oct 2009 to 29 Oct 2010	Drill one well; Geological and Geophysical studies
5	30 Oct 2010 to 29 Oct 2011	Geological and Geophysical studies

A Work Program Variation which swapped the Year 4 and Year 5 commitments was approved by PIRSA on 28 August 2009, moving the drilling of a well from Licence Year 4 to Licence Year 5 (see Table 2). There were no work program variations applied for or granted during the current year.

Suspension / Extension

Prior to the commencement of the current licence year, a six month suspension of licence conditions and extension of licence term under section 76A of the Act was approved for the period from and including 30 October 2010 to 29 April 2011. The suspension / extension means the Permit will expire on 29 April 2012 (see Table 2).

There were no suspensions of licence conditions applied for or granted during the current year.

Table 2 Final Work Program Commitments by Licence Year (last varied 24 Sept 2010)

Licence Year	Licence Dates	Minimum Work Program
Year 1	30 Oct 2006 - 29 Oct 2007	Geological and Geophysical studies
Year 2	30 Oct 2007 - 29 Oct 2008	Acquire 100km 2D seismic; Geological and Geophysical studies
Year 3	30 Oct 2008 - 29 Oct 2009	Acquire 50km 2D seismic; Geological and Geophysical studies
Year 4	30 Oct 2009 - 29 April 2011	Geological and Geophysical studies
Year 5	30 Oct 2010 - 29 April 2012	Drill one well

Table 3 summarises the work completed by the Joint Venture as at 29 October 2011. The seismic work commitments for the first renewal term have been met with the acquisition of 167 km Scutus 2D Seismic Survey during Licence Year 1 of the permit.

Table 3 Final Work Program and Work Completed (up until 29 October 2011) by Licence Year

Licence Year	Minimum Work Program	Actual Work
Year 1	Geological and Geophysical studies	Acquired 167 km Scutus 2D seismic; 130 km 2D seismic reprocessing; Geological and Geophysical studies
Year 2	Acquire 100km 2D seismic; Geological and Geophysical studies	Geological and Geophysical studies
Year 3	Acquire 50km 2D seismic; Geological and Geophysical studies	Geological and Geophysical studies
Year 4	Geological and Geophysical studies	Geological and Geophysical studies
Year 5	Drill one well	Geological and Geophysical studies

3 Regulated Activities

Pursuant to Regulations 33(2) (a), an Annual Report must include:

"a summary of the regulated activities conducted during the licence year."

3.1 Drilling

No drilling activity took place within PEL 95 during the current year.

3.2 Seismic Data Acquisition

No seismic data acquisition took place within PEL 95 during the current year.

3.3 Seismic Data Processing/ Reprocessing

No seismic data for PEL 95 was processed or reprocessed during the current year.

3.4 Geochemical, Gravity, Magnetic and other surveys

There were no other geological, geophysical or geochemical surveys conducted within PEL 95 during the current year.

3.5 Geological and Geophysical Studies

Geological and geophysical work for the Licence Year focused on incorporating drilling results from adjacent acreage and updating the prospects and leads seriatim.

4 Compliance Issues

Pursuant to Regulations 33(2) (b) & (c), an Annual Report must include:

"a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives;" and

"a statement concerning any action to rectify non compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of recurrence of any such non-compliances."

A Compliance Report which details the Operator's compliance with the Act, the Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the Licence term is attached as Appendix 1.

4.1 Licence and Regulatory Compliance

There were no instances during the current reporting period in which the Operator of PEL 95 failed to comply with the requirements of the Act and the *Petroleum and Geothermal Energy Regulations 2000* (the Regulations).

There were no instances during the current reporting period in which the Operator of PEL 95 failed to comply with the requirements of the Licence.

4.2 Statement of Environmental Objectives (SEO) Compliance

There were no instances during the current reporting period in which the Operator of PEL 95 failed to comply with relevant SEOs.

5 Management System Audits

Pursuant to Regulation 33(2) (d) under the Act, an 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 actions that has, or will be taken".

No Management System Audits were undertaken during the current reporting period that were specific to exploration activities on PEL 95.

6 Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:

"a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year".

A list of the reports and data generated and samples submitted in relation to the operations undertaken during the current reporting period for PEL 95 is provided in Table 4.

Table 4 List of Reports, Data and Sample Submissions to PIRSA (now DMITRE)

Description of Report / Data	***Date Due***	***Date Submitted***	***Compliant / Non-compliant***
Submission of Annual Report PEL 95 (Year 4 of first renewal term)	29 December 2010	24 December 2010	***Compliant***
Submission of revised Annual Report PEL 95 (Year 4 of first renewal term)		6 January 2011	
Submission of revised Annual Report PEL 95 (Year 4 of first renewal term)		13 May 2011	

7 Incidents

Pursuant to Regulation 33(2) (f), an annual report must include:

"in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence year –

(i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and

(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 minimise the risk of recurrence of any such non-compliance

There were no reportable incidents within PEL 95 during the current year.

8 Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

"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 are no foreseeable threats associated with PEL 95.

9 Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

"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 drilling of one well is required to fulfill the Year 5 work program commitment for the Licence. The PEL 95 Joint Venture plans to drill a well targeting Permian coal seam gas in the 1st quarter of 2012.

10 Statement of Expenditure

Pursuant to Regulation 33(3) under the Act, an annual report must contain:

"An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year, showing expenditure under each of the following headings:

(a) drilling activities;
(b) seismic activities;
(c) technical evaluation and analysis;
(d) other surveys;
(e) facility construction and modification;
(f) operating and administration expenses (not already covered under another heading)".

The Expenditure Statement for the Report Period is presented as Appendix 2.

Appendix 1

Annual Compliance Report for PEL 95 - Licence Year 5 of the First Renewal Term

Introduction

Pursuant to Regulation 33 (2) of the Act, Beach Energy, as Operator of PEL 95 in the Cooper Basin, South Australia, herewith submits its report on compliance with:

- the *Petroleum and Geothermal Energy Act 2000*
- the *Petroleum and Geothermal Energy Regulations 2000*
- the PEL 95 License conditions for the First Renewal
- the various Statements of Environmental Objectives (SEOs) to which Beach Energy was committed in conducting its work commitments for Year 5

The work program undertaken during Licence Year 5 was minimal and did not include any regulated activities. There were no instances of non compliance for the Licence Year.

- ***Compliance with Petroleum and Geothermal Energy Act 2000 and PEL Conditions***

There were no instances of non-compliance with either the *Petroleum and Geothermal Energy Act* or the terms of the Licence during Year 5 of the First Renewal Term of PEL 95.

- ***Compliance with Petroleum and Geothermal Regulations 2000 and Applicable SEOs***

Drilling Operations

No drilling operations took place in PEL 95 during Licence Year 5; no wells have been drilled during the first four years of the current Licence Term. There were no instances of non-compliance with the Regulations in regard to Beach's **drilling operations** in PEL 95, nor were there any instances of non-compliance with the "Statement of Environmental Objectives for Drilling in the Cooper Basin."

Seismic Operations

There were no seismic field operations or any reprocessing of existing seismic data during Licence Year 5. There were no instances of non-compliance with the Regulations in regard to Beach's **seismic operations** in PEL 95 during Year 5 of the Licence, nor were there any instances of non-compliance with the "Statement of Environmental Objectives for Seismic Operations in the Cooper Basin."