



PEL 105

Annual Report

Licence Year 7

9 October 2011 to 8 October 2012

Cooper / Eromanga Basins

South Australia

CONTENTS

Page No.

1	Introduction	3
2	Permit Summary.....	3
3	Regulated Activities.....	5
4	Compliance Issues.....	5
	4.1 Licence and Regulatory Compliance.....	5
	4.2 Management System Audits.....	6
	4.3 Report and Data Submissions	6
	4.4 Incidents	7
	4.5 Threat Prevention.....	7
	4.6 Future Work Program.....	7
5	Expenditure Statement	8
	APPENDIX 1: Statement of Expenditure.....	9
	Table 1 Original Work Commitments for PEL 105 by Licence Year	4
	Table 2 Work Program and Work Completed Licence Year	4
	Table 3 List of Reports and Data Submissions for the Current Reporting Period.....	6

1 Introduction

Petroleum Exploration Licence 105 (PEL 105) was granted on 24 April 2003. The Licence is located on the onshore Cooper/Eromanga Basin, South Australia.

The Annual Report for PEL 105 details the work conducted for the period 9 October 2011 to 8 October 2012. This Annual Report has been prepared in accordance with the requirements of section 33 of the Petroleum and Geothermal Energy Regulations 2000.

2 Permit Summary

PEL 105 was originally awarded for an initial five year term on 24 April 2003 to:

- Amity Oil Limited 33.4%
- Dan A. Hughes 33.3%
- Tri-C Resources NL 33.3%

Austin Exploration Ltd farmed in to PEL 105 in 2006 and in December 2007 gained 100% interest following the withdrawal of all other parties. Adelaide Energy Limited entered into an agreement with Austin in 2007 and in 2010 earned 50% interest in the licence.

A notation of change of company name to Adelaide Energy Pty Ltd was register on 12 September 2012. The current registered interests in PEL 105 as at 8 October 2012 are:

- Austin Exploration Limited 50%
- Adelaide Energy Pty Ltd 50%

The licence has been suspended on several occasions under section 90 and section 76(a) of the *Petroleum and Geothermal Energy Act 2000 (the Act)*. On 15 June 2012, approval was granted to suspend and extend the licence for a further 12 months for the period 9 July 2012 to 8 July 2013. As a result, the licence term is to expire on 8 July 2013.

The work requirements for Licence Year 5 were also revised on 15 June 2012 to include the drilling of one well. The current licence dates and work commitments as at 8 October 2012 are shown in Table 1.

Table 1: Original Work Commitments for PEL 105 by Licence Year

Licence Year	Licence Dates	Minimum Work Program
Year 1	24 Apr 2003- 23 Apr 2004	G & G Studies
Year 2	24 Apr 2004 – 23 Oct 2006	Drill one well
Year 3	24 Oct 2006 – 23 Oct 2007	G & G Studies
Year 4	24 Oct 2007 – 8 Oct 2009	93 km ² seismic acquisition
Year 5	9 Oct 2009 – 8 Jul 2013	Drill one well

Table 2 below details the minimum work program and the work completed by the Joint Venture.

Table 2: Work Program and Work Completed by Licence Year

Licence Year	Minimum Work Program	Work Completed
1	G & G Studies	G & G Studies
2	Drill one well	Beeville-1 drilled
3	G & G Studies	G & G Studies
4	93 km ² seismic acquisition	93 km ² seismic acquisition
5	Drill one well	No wells drilled as at October 2012 due to flooding / access issues

G & G Studies – 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.”

No regulated activities were undertaken in PEL 105 during the reporting period.

4 Compliance Issues

4.1 Licence and Regulatory Compliance

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.”

Regulatory Non-Compliance

The Annual Report for Year 6 of the licence was not submitted within two months of the end of the licence year.

There have been no other incidents of non-compliance with the Act or Regulations in PEL 105 for the reporting period.

Licence Non-Compliance

There have been no incidents of non-compliance with the Conditions of the Licence for PEL 105 for the reporting period.

Compliance with Statements of Environmental Objectives

There have been no incidents of non-compliance with the relevant Statements of Environmental Objectives in PEL 105 for the reporting period.

4.2 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 have, or will be taken”.

There were no management system audits undertaken during the reporting period that were specific to exploration activities on PEL 105.

4.3 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 in relation to PEL 105 for the reporting period is provided in Table 4.

Table 3: List of Reports and Data Submissions for the Reporting Period

<i>Description of Report / Data</i>	<i>Date Due</i>	<i>Date Submitted</i>	<i>Compliant / Non-Compliant</i>
Annual Report for Year 6 of PEL 105	8 Dec 2011	19 July 2012	<i>Non-compliant*</i>

**Late submission of Annual Report.*

4.4 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 in PEL 105 during the reporting period.

4.5 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 presents, 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 to the proposed exploration activities for PEL 105, other than the disruptive influence of occasional flooding of the Cooper Creek and the Coongie Lakes area or abnormally high rainfalls in the basin itself.

Flooding events in the headwaters of the Cooper Creek are closely monitored by satellite surveillance to predict well in advance the time of their arrival in the PEL 105 area.

4.6 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”.

Future work in PEL 105 will focus on meeting work program commitments.

5 Expenditure Statement

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)”.

An Expenditure Summary for the Licence for the period 9 October 2011 to 8 October 2012 is presented as Appendix 1.