



**PEL 110  
Cooper/Eromanga Basin  
South Australia**

**Annual Report  
Permit Year 2**

**6th February 2004 to 5th February 2005**

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## 1 Introduction

Petroleum Exploration Licence No. 110 is situated on the northern margin of the Cooper/Eromanga Basin, South Australia. The second year of the licence covers the period 6th February 2004 to 5th February 2005.

This report details the work performed by the Joint Venture during this second year of the licence, in accordance with the requirements of Section 33 of the Petroleum Regulations 2002.

## 2 Permit Summary

The working interests in PEL 110 at the end of this reporting period were:

<b>Beach Petroleum Ltd (Operator)</b>	<b>37.5%</b>
<b>Magellan Petroleum (NT) Pty Ltd</b>	<b>37.5%</b>
<b>Cooper Energy NL</b>	<b>25.0%</b>

The agreed work commitments for PEL 110 are summarised as follows:

<b>Licence Year</b>	<b>Minimum Work Program</b>	<b>Actual Work</b>
Year 1 (5/02/03-4/02/04)	One well; 152km seismic; 75 km reprocessed seismic; surface geochemical survey.	One well ; 164km seismic; 321km reprocess seismic; surface geochemical survey.
Year 2 (5/02/04-4/02/05)	Geological and Geophysical studies	Geological and Geophysical studies
Year 3 (5/02/05-4/02/06)	One well	
Year 4 (5/02/06-4/02/07)	83km 2D seismic; 100km reprocessed seismic	
Year 5 (5/02/07-4/02/08)	One well	

\* At the end of Year 2, the JV had exceeded the agreed work commitment by 12 km of new seismic acquisition and 246km of reprocessed seismic.

### 3 Exploration Activity

#### 1.1 Drilling.

No drilling was undertaken during the permit year. A Well Completion Report for Semaphore-1 (drilled in the previous permit year) was submitted on 30/4/04.

#### 1.2 Seismic Data Acquisition

No new seismic was acquired during the permit term.

#### 1.3 Seismic Data Processing/ Reprocessing

No new processed or re-processed seismic data was obtained during the reporting period. The processed 'Albus' seismic data and some re-processed existing data had been received late in the previous permit year.

#### 1.4 Geological and Geophysical Studies.

Technical studies during this second year of the permit term were directed toward interpretation of seismic, drilling and surface geochemical data obtained during the previous year.

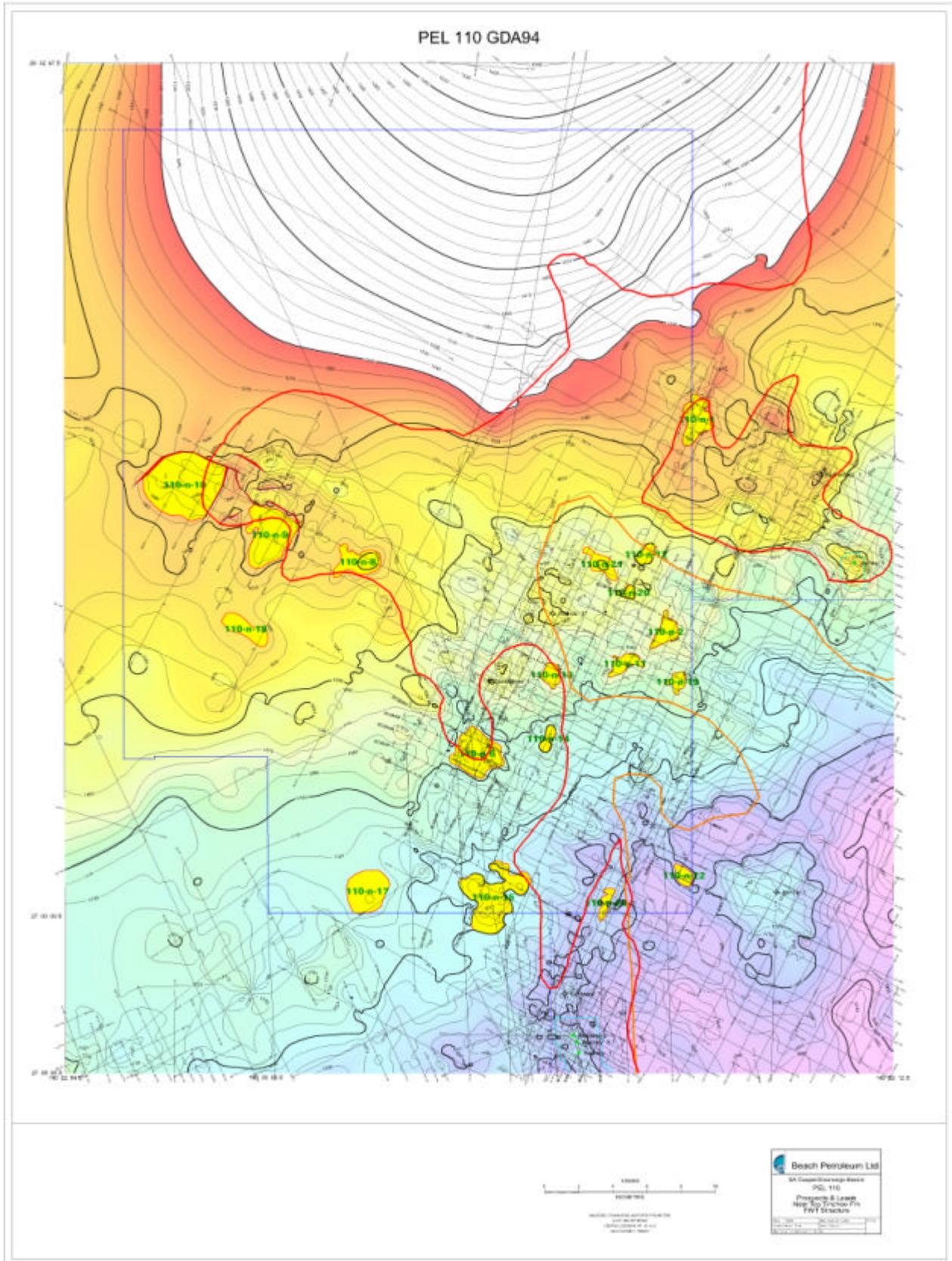
Drilling: The Semaphore-1 result was integrated into the Albus seismic survey mapping data. Of most concern to ongoing exploration within PEL-110 is the apparent lack of charge into this region. Without a charge encouragement, the JV will become increasingly reticent about exploring further north within the permit.

Seismic: The 2003 seismic acquisition and processing program was designed to mature several existing structural leads and to infill the regional seismic grid. Interpretation of the data was conducted during the reporting period, resulting in the upgrading of the 110-6 lead to prospect status, and its subsequent adoption as the JV's drilling candidate for 2005 (proposed as Red Banks-1).

Surface Geochemistry: The results of a surface geochemical study (conducted in November 2003) were obtained during the permit year, and the report submitted to PIRSA. Beach interprets the results as inconclusive, since there is doubt about the applicability of the chemical signatures used for the oil end-member(s). Furthermore, the exploration traverses show substantial variation that does not appear to be structurally conformable, as would be expected for conventionally reservoired hydrocarbons. Beach may revisit the results following the drilling Red Banks-1.

**FIGURE 1**

PEL-110 showing prospects and leads following integration of the Albus seismic survey data. Structural interpretation is for Tinchoo Fm horizon.



## 4 Administration

### 4.1 Regulatory Compliance

A Compliance Report is attached which details the operator's compliance with the 2000 Petroleum Act, its Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the permit term.

### 4.2 Data submissions.

A list of the items submitted during the report period is contained in the table below.

**Table 1**  
**PEL 110**  
**Annual Report**  
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**6th February 2004 to 5<sup>th</sup> February 2005**

#### **List of Reports Submitted**

<b><u>Title</u></b>	<b>Date Submitted to PIRSA</b>
Semaphore-1 Well Completion Report	30-Apr-04
Geochemical Surveys in (PEL 92 and) PEL 110, Cooper/Eromanga Basin, South Australia	3-Aug-04
2003 Albus Seismic Survey Operations Report	8-Oct-04

### 4.3 Planned Exploration Program for Year 3

The Joint Venture has committed to drill the Red Banks-1 exploration well to test a structural prospect about 5km south of Semaphore-1 (prospect '110-6' in Figure 1). Preparations are well advanced at the time of compiling this report, and the relevant proposals and notices will be submitted by early April. The well is expected to spud in late May 2005.

## **5 Expenditure statement**

A licence expenditure summary for the period 6th February 2004 to 5<sup>th</sup> February 2005 is presented as Table 2.

### **Table 2**

**PEL 110  
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6th February 2004 to 5<sup>th</sup> February 2005**

*Commercial in Confidence*

**ANNUAL**  
**COMPLIANCE**  
**REPORT**

**FOR**

***PEL 110 - YEAR 2***

***( FEBRUARY 2004 - FEBRUARY 2005 )***

**COOPER BASIN, SOUTH AUSTRALIA**



## **Introduction**

Pursuant to Regulation 33 (2) of the 2000 Petroleum Act, Beach Petroleum, as operator of PEL 110 in the Cooper Basin, South Australia, herewith submits its report on compliance with :

- the Petroleum Act,
- its Regulations,
- the PEL License conditions, and
- the various Statements of Environmental Objectives ( SEOs) to which Beach Petroleum was committed in conducting its work commitments for Year 2 of the Licence.

## **Petroleum 2000 Act and PEL 110 Licence Conditions**

There were no instances of non-compliance with either the 2000 Petroleum Act or the terms of the Licence during Year 2 of PEL 110.

No wells were drilled on PEL 110 during Year 2 of the Licence, as there were no commitments for any wells in the work program.

Similarly, there were no seismic field operations conducted in PEL 110 during Year 2 of the Licence, as there was no requirement for any new acquisition under the work commitments for Year 2.

## **Regulations of the 2000 Petroleum Act**

- **Drilling**

The Well completion Report for the Semaphore-1 well, drilled during Year 1, was submitted to PIRSA prior to the due date of 2<sup>nd</sup> May 2004.

- **Seismic**

The Operations Report for Albus Seismic Survey, recorded during Year 1, was submitted on 15<sup>th</sup> October, 2004, two weeks after the due date.

The Interpretation Report for the Albus Survey is due in March 2005, during Year 3 of the Licence.

## **Statements of Environmental Objectives**

No field activities were undertaken during Year 2 of the PEL 110 Licence. Accordingly there were no instances of non-compliance with the objectives of any SEOs.