

Petroleum Exploration Licence 186

Annual Report 2005

Neo Oil Pty Limited

March 2006

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APPENDIX 1 ROBE GRAVITY SURVEY
Prepared by Haines Surveys Pty Ltd for Neo Oil Pty Ltd
January – February 2006

APPENDIX 2 GRAVITY DATA IN PEL 186,
SOUTHEAST SOUTH AUSTRALIA
Prepared by Stewart Geophysical Consultants Pty Ltd
for Neo Oil Pty Ltd
February 2006

1. Introduction

PEL 186 was granted to Neo Oil Pty Ltd (“Neo”) on 28 January 2005, covering an area of 1421 square kilometres.

Neo’s work programme commitment for the first year was geological and geophysical studies, including a gravity survey (Table 1). The objective was to improve the geological understanding of the bedrock and basin architecture in order to identify high potential trap sites for hydrocarbons.

2. Work Completed

In accordance with the proposed work programme, Neo has compiled a data base of geophysical and borehole data for PEL 186.

The gravity survey was undertaken in January and February 2006, following compliance with PIRSA’s field work permitting requirements, which took several months to complete. Gravity surveying was mostly carried out along existing roads and tracks as far as possible to avoid the logistical task of notification of landholders during the first year work, which would have delayed the gravity survey by several months. Some 603 gravity stations were read along 44 separate lines lying east of Robe. Station spacing was nominally 800 metres along lines, but was closed in to 500 metres over some of the area. Full technical details of the gravity survey are provided in an attached report by Haines Surveys (Appendix 1). The coverage and a preliminary bouguer gravity map are summarized on figure 1.

The gravity data was provided to Stewart Geophysical Consultants Pty Ltd, who merged the new data with existing Geoscience Australia gravity data. It was concluded that while the new data provided some further detail over PEL 186, many of the new traverses repeated the previous data coverage and thus did not add greatly to the overall picture (see report by Stewart Geophysics in Appendix 2). The largest and most interesting features within PEL186 are the conspicuous positive anomalies at about 410000 m E and 445000 m E, which are around 10 km in extent. These anomalies may represent structures at depth, which are of exploration interest.

It was recommended that further infill gravity observations be undertaken to improve the definition of these features, including any bounding faults. It was also recommended that prior to further gravity field work seismic sections across these structures be examined to determine whether any significant faults or other features exist which can be correlated with the gravity data. It was reasoned that if this were the case, then additional gravity stations to provide a more continuous idea of the fault trends could then aid in outlining the structural patterns around the anomalies.

3. Reporting Against Requirements of the Petroleum Act 2000

(a) Summary of regulated activities conducted under the licence during the year

Neo did not embark on any regulated activities under the Petroleum Act 2000 in PEL 186 during the period.

(b) Report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives

As no regulated activities were undertaken much of the regulations have no bearing on this Annual Report.

An instance of non-compliance involved not submitting the annual report within 2 months after the end of the licence year as required by Regulation 33. This was due to the delay in receiving all PIRSA approvals for the field work and then delays in obtaining field crews over the New Year period, and the time subsequently required for interpretation and reporting of data.

(c) Actions to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of the recurrence of any such non-compliance

Provided land holder access requirements can be concluded in a timely manner, and subject to the availability of field crews, it is not expected there will be a repeat of this non-compliance in the future.

(d) 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 action that has, or will be, taken

Not applicable

(e) List all reports and data relevant to the operation of the Act during the relevant licence year

None

(f) Report of incidents reportable to the Minister under the Act and regulations

None reported

(g) Report on any reasonably foreseeable threats 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.

No threats identified

(h) Operations proposed for the ensuing year

During year 2 it is proposed to infill current gravity data and integrate with available seismic data in accordance with the year 2 work proposal and the recommendations of

Stewart Geophysical Consultants (see Appendix 2). This will require a logistical exercise of notifying relevant landholders, which was not necessary during year 1.

4. Expenditure for Year 1

Expenditure for the first year of PEL 186 is listed in Table 2.

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TABLE 1 Proposed Work Programmes for PEL 186

Year of Term of Licence	Minimum Work Requirements
One	Gravity survey; Geological and Geophysical studies
Two	Gravity survey; Geological and Geophysical studies
Three	30 km 2D Seismic; Data Review
Four	One Well
Five	One Well

