PRL 2
(Limestone Ridge Area)

Onshore Otway Basin

South Australia

Annual Report

For the Period

28 April 2005
to
27 April 2006

Prepared by:
Origin Energy Resources Ltd
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1 Introduction

Petroleum Retention Licence No. 2 ("PRL 2") is located within the onshore portion of the Otway Basin, South Australia. The lease was granted on 28 April 2005 for a period of five years until 27 April 2010.

This report covers the work performed by Origin Energy Resources Ltd as Operator of PRL 2 in accordance with requirements of Section 33 of the *Petroleum Regulations 2000.* The reporting period is from 28 April 2005 to 27 April 2006.

2 Administration

The current working interests in PRL 2 are as follows:

Sagasco Southeast Inc.	55.7143%
Omega Oil NL	24.2857%
Origin Energy Resources Limited	20.0000%

Limestone Ridge was spudded in July 2001 and completed in February 2005.

Analysis of the results of cased hole production testing of the well upon completion showed that the well had access to only a small pool of hydrocarbons. This volume was considered too small to be economic and consequently the well will be plugged and abandoned. This work is scheduled during site activities in the coming months.

3 Regulated Activities

Section 33.(2) (a) a summary of the regulated activities conducted under the licence during the year:

No regulated activities were conducted within PRL 2 in the permit year.

3.1 Drilling/Testing/Workover

The Limestone Ridge 1 was drilled into the western end of the east-west Katnook graben. No hydrocarbon shows were recorded in the Early Cretaceous Eumeralla Formation. The well intersected the top of the Basal Eumeralla Sandstone below the field gas water contact.

Flow and pressure build up tests were carried out on the well in February 2005. Over a flow period of 2.3 days an average gas rate of 6 MMscf/day was recorded. The analysed results indicate that the well was draining a volume of between 0.2 and 0.5 bcf of gas. Gas accumulation volumes of these magnitudes are considered uneconomic by the JV partners and a decision was made to plug and abandon the well during the next round of well activities in the area.

3.2 Seismic Data Acquisition

No new seismic data were recorded during the reporting period.

3.3 Seismic Data Processing/Reprocessing

No seismic data processing/reprocessing was conducted during the reporting period.

3.4 Geological and Geophysical Studies

No Geological and Geophysical Studies were conducted during the reporting period.

4 Compliance Issues

4.1 Regulatory Compliance

Section 33.(2) (b) a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives.

Origin Energy Resources Ltd, as Operator for the PRL 2 area, comply with all relevant conditions under the *Petroleum Act 2000*, and the *Petroleum Regulations 2000*.

4.2 Rectification of Non-Compliance

Section 33.(2) (c) a statement concerning any action to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimize the likelihood of the recurrence of any such non-compliance.

There are no non-compliance issues within PRL 2. Origin Energy Resources Ltd, as Operator for the PRL 2 petroleum exploration licence area, has developed a computer database called the Permits and Lands Management System (PLMS) designed to track critical dates and provide prompts for impending reports. The objective of this system is to ensure compliance with the requirements of the *Act* and *Regulations*.

4.3 Management System Audits

Section 33.(2) (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.

No field operations were conducted during the reporting period, and no management audits were undertaken.

4.4 Data Submissions

Section 33.(3). (e) a list of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year.

Three documents have been submitted to PIRSA within the last permit year. These include a report detailing the results of the cased hole production testing and static gradient survey run in early 2005. The Annual Report for the PPL 62, 168 and 202 areas also includes information on these operations.

- Limestone Ridge 1 Static Gradient Surveys and Flowing Build-up Test February 2005
- Annual Development Plan and Operational Review for PPL 62, 168 and 202 for 2005.
- PRL 2 2005 Annual Report (this report)

The Limestone Ridge 1 Workover Program for plugging and abandonment of the well is forthcoming, along with the associated Notice of Activity which includes the site's Safety Management Plan.

4.5 Safety

Section 33.(2) f in relation to any incidents reported to the Minister under the Act and these regulations during the relevant licensing year.

Section 33.(2) f (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged.

Section 33.(2) f (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 minimize the risk of recurrence of any such non-compliance.

No reportable incidents occurred during the reporting period.

4.6 Threat Prevention

Section 33.(2) (g) 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 were no perceived threats, and no action taken.

4.7 Licence Conditions and Future Work Program

Section 33.(2) (h) 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 future work program for PRL 2 consists of plugging and abandoning Limestone Ridge 1. Data recorded during production testing of the well in

February 2005 indicates that the well does not have access to economic gas or condensate volumes.

5 Expenditure Statement

Section 33.(3) an annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year.

An Expenditure Statement for PRL 2 during the period from 28 April 2005 to 27 April 2006 is attached.