

PEL 32

Onshore Otway Basin

South Australia

Year 5 Annual Report

For the Period

**19 February 2004
to
18 February 2005**

Prepared by:
Origin Energy Resources Ltd
March 2005

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1 Introduction

Petroleum Exploration Licence No. 32 ("PEL 32") is located in the onshore portion of the Otway Basin, South Australia. This report covers the work performed by Origin Energy Resources Ltd as Operator of PEL 32 *in accordance with requirements of Section 33 of the Petroleum Regulations 2000*. The reporting period is 19 February 2004 to 18 February 2005, being the fifth year of the fourth permit term.

PEL 32 is in good standing with all required work commitments for the current permit term exceeded.

2 Administration

The working interests in the permit were as follows:

| | |
|-----------------------------|----------|
| Origin Energy Resources Ltd | 20% |
| SAGASCO South East Inc | 55.7143% |
| Omega Oil NL | 24.2857% |

The minimum work commitment for Year 5 of the fourth permit term was the drilling of an exploration well at an indicative \$800,000.

All work commitments for the permit have been met for the current permit term. During permit year 2, two wells were drilled satisfying the permit years 4 and 5 commitments, with associated expenditure on Geological and Geophysical studies exceeding \$800,000 and consequently satisfying the Year 5 work program. The permit is therefore in good standing. All subsequent activities are additional to the work commitment for the permit.

Technical Committee and Operating Committee Meetings were held on Wednesday 10 December 2003 at which a review of the current permit year was conducted.

An application for a Petroleum Retention Lease (PRL) over the Wynn Structure was made to PIRSA on 27 July 2004. Approval of this application was received from PIRSA on the 9 January 2005.

A Petroleum Retention Lease application over the Limestone Ridge Structure was made to PIRSA on 17 February 2005. An offer from PIRSA for PRL 2 was offered on 18 February and has been accepted by the PEL 32 Joint Venture.

3 Regulated Activities

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

3.1 Drilling/Testing/Workover

- Wynn 1 P&A 1st Qtr 2005
 - P&A FFC \$98 k
- Jacaranda Ridge 1 P&A 1st Qtr 2005
 - P&A FFC \$211 k (100% OERL)

- Limestone Ridge 1 CHT 1st Qtr
 - CHT FFC \$496 k (100% OERL)

Limestone Ridge 1 was completed and perforated over the interval 2674-2680m on 31 January. The estimated gas flow during a clean up was 9 MMscf/d at a wellhead pressure of 1470 psig. The well was production tested in February and flowed an average of 6.2 MMscf/d over a two day flow period. During the test the FTHP declined from 2400psig to a final, declining FTHP of 2224 psig on 20/64" choke. An application for a Petroleum Retention Licence over Limestone Ridge has been submitted to PIRSA and an offer from PIRSA has been accepted by the PEL 32 Joint Venture.

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

A review of the existing active wells within the permit, Wynn 1, Limestone Ridge 1 and Jacaranda Ridge 1, was conducted. An updip Wynn 1 well has been identified and a PRL has been applied for and approved over the Wynn Structure. The well is proposed to be drilled within PRL 1 during 2005. The Wynn 1 well was P&A during February 2005. The testing of the Limestone Ridge 1 well was conducted during February 2005. The Jacaranda Ridge 1 well was P&A during January 2005.

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 Joint Venture Operator for the PEL 32 petroleum exploration licence 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 PEL32. Origin Energy Resources Ltd, as Joint Venture Operator for the PEL 32 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.

- Wynn Petroleum Retention Lease Application
- Limestone Ridge 01 Workover Program 01- Completion and Plug and Abandonment
- Jacaranda Ridge 01 Workover Program 01- Plug and Abandonment
- Wynn 01 Workover Program 01- Plug and Abandonment
- Limestone Ridge Petroleum Retention Lease Application
- Updated Downhole Diagram Jacaranda Ridge 1

- Updated Downhole Diagram Limestone Ridge 1
- Updated Downhole Diagram Wynn 1
- Year 5 Annual Report (this report)

The report for the Limestone Ridge 1 Production Testing is being compiled and is forthcoming (due August 2005)

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.

As all work commitments for the current permit term are now completed.

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 PEL 32 Joint Venture during the period from 19 February 2004 to 18 February 2005 is attached.