Annual Report

Gas Storage Retention Licence 27

Permit Year 2

15 September 2011 – 14 September 2012

Onshore Otway Basin

South Australia

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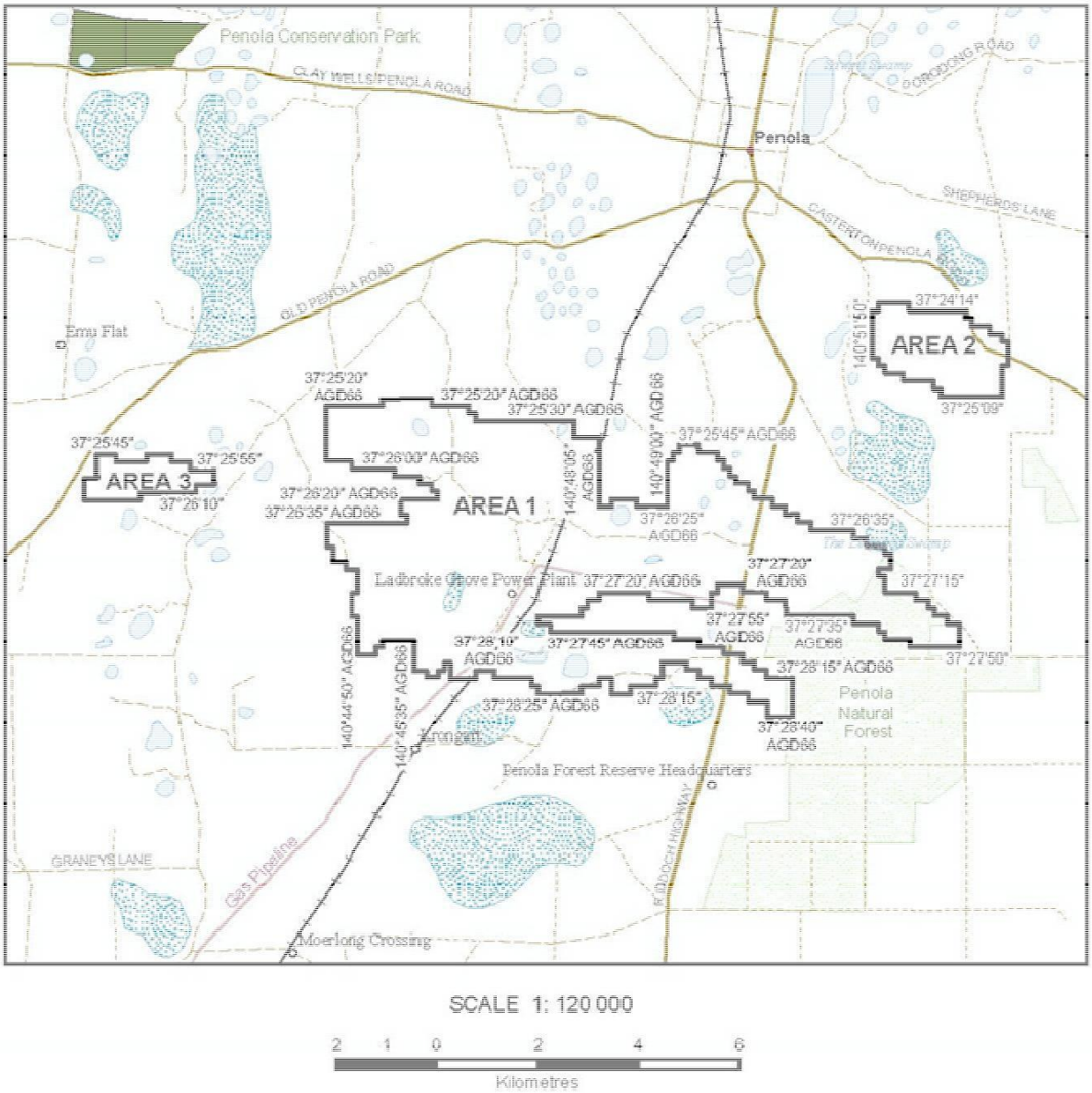
1 Introduction

Gas Storage Retention Licence 27 (GSRL 27) is located in the onshore portion of the Otway Basin, South Australia – approximately 12 km southwest of Penola. Adelaide Energy Limited was granted GSRL 27 over a total area of approximately 45km^2 of land for a period of five years from and including 15 September 2010 to 14 September 2015.

This report details the work conducted during Licence Year 2 of the licence (15 September 2011 to 14 September 2012 inclusive), in accordance with Regulation *33* of the *Petroleum and Geothermal Energy Act 2000*.



2 Permit Summary

Adelaide Energy Limited holds 100% interest in GSRL 27. Adelaide Energy Limited is part of the Beach Energy Group.

The conditions of the licence include:

- During the term of the licence, the Licensee is authorised to carry out in the licence area operations -
  - to establish the nature and extent of a discovery of a natural reservoir; and
  - to test the natural reservoir for the storage of petroleum or another regulated substance; and
  - to establish the commercial feasibility of gas storage and appropriate gas storage techniques; and
  - other regulated activities specified in the licence.
- During the term of the licence, the Licensee shall carry out or cause to be carried out a technical assessment of the gas storage potential of the natural reservoir.
- During the term of the licence, the Licensee shall carry out or cause to be carried out a frontend engineering and design (FEED) study to address the infrastructure requirements for storing a regulated substance in a natural reservoir, and the assessment of the fitness for purpose of existing facilities.

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 GSRL 27 during the reporting period.

4 Compliance Issues

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."

4.1 Licence and Regulatory Compliance

There were no instances of non-compliance with the *Petroleum and Geothermal Energy Act 2000 (the Act)***,** the Petroleum and Geothermal Energy Regulations 2000 (Regulations) or Licence Conditions during this reporting period.

4.2 Compliance with Statement of Environmental Objectives (SEO)

As no regulated activities were undertaken, there were no instances of non- compliance with the relevant SEOs.

4.3 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 has, or will be taken".

No management system audits were undertaken during the reporting period specific to Gas Storage on GSRL 27.

4.4 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".

The Annual Report for Year 1 of GSRL 27 was submitted on 26 October 2011. No other reports or data were submitted during the reporting period.

4.5 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 during the reporting period.

4.6 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 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 were present.

4.7 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 activities will investigating the commercial feasibility of gas storage within the licence area along with investigating infrastructure requirements for storing of a regulated substance.

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)".

Please refer to **Appendix 1** for the expenditure statement for Year 2.