

**PRL 1
(Wynn Area)**

Onshore Otway Basin

South Australia

Annual Report

For the Period

10 January 2006

to

9 January 2007

Prepared by:
Origin Energy Resources Ltd
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1 Introduction

Petroleum Retention Licence No. 1 ("PRL 1") is located in the onshore portion of the Otway Basin, South Australia, within Petroleum Exploration License No. 32 (PEL 32).

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 10 January 2005 with the lease granted for a five year period, until 09/01/2010.

This report covers the work performed by Origin Energy Resources Ltd as Operator of PRL 1 *in accordance with requirements of Section 33 of the Petroleum Regulations 2000*. The reporting period is 10 January 2006 to 9 January 2007.

2 Administration

The current working interests in PRL 1 are as follows:

Origin Energy Resources Limited	26.4%
SAGASCO South East Inc	73.6%

Origin has committed to drilling and completing a gas appraisal well, Wynn 2, up dip of Wynn 1. Wynn 1 was plugged and abandoned in February 2005. Wynn 2 was drilled December 2005 and cased and suspended after encountering hydrocarbons in four zones within the Sawpit Sandstone Formation. Three cased hole tests (CHT) over two zones are scheduled to occur in the second half of 2007.

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
No drilling or workover operations were performed on the site during the reporting period due limited rig availability 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 1 petroleum retention 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 were no non-compliance issues within PRL1 during the reporting period. Origin Energy Resources Ltd, as Operator for the PRL 1 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.

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The Wynn 2 Workover Program for Completion and Testing of the well is forthcoming, along with the associated Notice of Activity which includes the site's Safety Management Plan. It was intended that this document was received within the reporting period, but will now be received closer to the firm workover dates, expected later this year.

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.

PRL 1 future work program consists of completion and CHT of Wynn 2 to evaluate the commerciality of the Upper Sawpit Sandstone. The well will be further evaluated to tie into the Haselgrove gas pipeline network should these volumes prove to be economic. The well will be plugged and abandoned for uneconomic gas 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 1 during the period from 10 January 2006 to 9 January 2007 is attached.

PRL 1 ONSHORE OTWAY BASIN,
SOUTH AUSTRALIA

10 January 2006 TO 9 January 2007

STATEMENT OF EXPENDITURE

Section 33.(3) (a) drilling activities:

Wynn 2 Drilling, Completion and Testing \$781,960

Section 33.(3) (b) seismic activities:

\$0

Section 33.(3) (c) technical evaluation and analysis:

Rock Typing Studies \$13,560

Section 33.(3) (f) operating and administration expenses:

Permit Maintenance \$0

Total Permit \$795,520