

**PRL 2
(Limestone Ridge Area)**

Onshore Otway Basin

South Australia

Annual Report

For the Period

28 April 2006

to

27 April 2007

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 2006 to 27 April 2007.

2 Administration

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 has access to only a small pool of hydrocarbons. This volume is considered too small to be economic and consequently the well will be plugged and abandoned. This work is scheduled to occur during workover activities planned for the latter part of this year.

The current working interests in PRL 2 are as follows:

Sagasco Southeast Inc.	55.7143%
Origin Energy Resources Limited	44.2857%

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

Limestone Ridge 1 is to be plugged and abandoned during the next round of well activities in the area, currently scheduled to occur in the second half of 2007. This had been previously scheduled to occur during this reporting period, but has been delayed due to 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 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.

- PRL 2 2006 Annual Report (this report)

The Limestone Ridge 1 Workover Program for plugging and abandonment of the well will be submitted prior to a rig becoming available in the area, along with the associated Notice of Activity and Safety Management Plan for the site.

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 volumes of gas or condensate.

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 2006 to 27 April 2007 is attached.

PRL 2 ONSHORE OTWAY BASIN,
SOUTH AUSTRALIA

28 April 2006 TO 27 April 2007

STATEMENT OF EXPENDITURE

Commercial in Confidence