

Dunstone

Final Annual Report

10 Dec 2013 to 4 Nov 2014

Dated 15 December 2014

PEL 610

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1. Introduction

Petroleum Exploration Licence PEL 610 was granted on 10 December 2012 for a five year term.

PEL 610 is located in the onshore portion of the Otway basin and covers an area of approximately 8,506 square kilometres – see area to the east of PEL 610, south of the Ngarkat Conservation Park, north of the Otway Basin Competitive Tender Region and west of the SA/Victorian border in the map below (Figure 1).

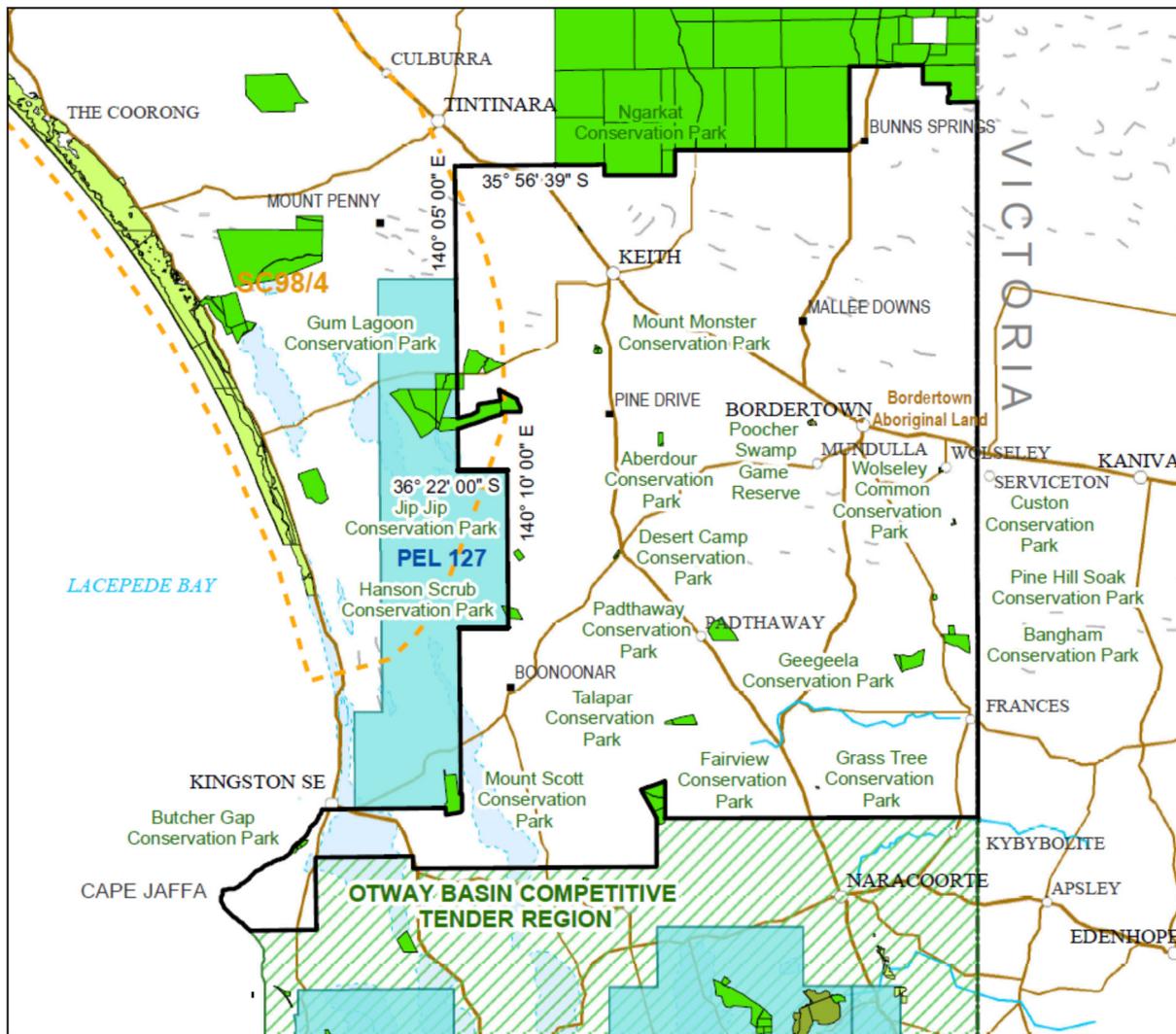


Figure 1

This report details the work conducted during the Final Licence Year of the licence, in accordance with Regulation 33 of the Petroleum and Geothermal Energy Act 2000.

2. Permit Summary

The work commitments for the permit are as follows:

Year of Term of Licence	Minimum Work Requirements
One	<ul style="list-style-type: none"> • Geological and geophysical studies
Two	<ul style="list-style-type: none"> • Geological and geophysical studies
Three	<ul style="list-style-type: none"> • Geological and geophysical studies
Four	<ul style="list-style-type: none"> • Geological and geophysical studies
Five	<ul style="list-style-type: none"> • Drill one well

The Final Licence Year concluded on 4 November 2014. The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

Licence Year	Minimum Work Program	Actual Work
One	<ul style="list-style-type: none"> • Geological and geophysical studies 	<ul style="list-style-type: none"> • Geological and geophysical studies
Two	<ul style="list-style-type: none"> • Geological and geophysical studies 	<ul style="list-style-type: none"> • Geological and geophysical studies
Three	<ul style="list-style-type: none"> • Geological and geophysical studies 	<ul style="list-style-type: none"> • N/A
Four	<ul style="list-style-type: none"> • Geological and geophysical studies 	<ul style="list-style-type: none"> • N/A
Five	<ul style="list-style-type: none"> • Drill one well 	<ul style="list-style-type: none"> • N/A

3. Regulated Activities

Regulation 33(3) provides that an annual report must include –

(a) a summary of the regulated activities conducted under the licence during the year.

The regulated activities during the year comprised carrying out geological and geophysical studies as follows:

- A. Review last year's work carried out by Dennis Cooke (Geophysicist) and Kim Frankcombe (Geophysicist, Explore Geo).
- B. Investigation of other possible petroleum plays, including:
 - a. The possibility of underground coal gasification (UCG):
 - i. Examination of Strike's / Hybrid Energy's adjacent Kingston Project
 - b. Migrated hydrocarbons:
 - i. Review of the area being explored by Northern Petroleum / Ouro Preto at their nearby PEL629 permit
 - ii. Review of the area being explored by 3D Oil Limited at their nearby T/49P's Offshore Otway basin permit
 - iii. Review of the area being explored by Cooper / Beach Energy at their nearby PRL 32 permit
 - iv. Review of other relevant areas and permits
- C. Engage Dennis Cooke (Geophysicist) to carry out the following and to provide review, supervision and oversight of permit exploration:
 - a. Provide advice, supervision and interpretation of above investigation of other possible petroleum plays.
 - b. Provide advice as to the prospectivity of the permit.
- D. Engage Kim Frankcombe (Geophysicist, Explore Geo) to:
 - a. In relation to UCG provide geophysical mapping and advice, including:
 - i. plotting holes that were mapped with lignite
 - ii. Advise on intersections over the magnetic granite
 - iii. Interpretation of gravity highs
 - b. Provide advice on merits of further investigation of gravity anomaly at Bordertown and likelihood of sedimentary basin, as identified during the previous reporting period
 - c. Provide advice, supervision and interpretation of above investigation of other possible petroleum plays
 - d. Provide advice as to the prospectivity of the permit.

Regulation 33(3) provides that an annual report must include –

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

There were no instances during the current reporting period in which the licensee failed to comply with the Act, regulations, licence terms or statement of environmental objectives.

Regulation 33(3) provides that an annual report must include –

(c) 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 the recurrence of any such non-compliance

No instances of non-compliance and therefore no rectification action necessary.

Regulation 33(3) provides that an annual report must include –

(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 management system audits were considered necessary, given the lack of any non-compliance.

Regulation 33(3) provides that an annual report must include –

(e) a list of—

(i) unless subparagraph (ii) applies—all reports and data relevant to the operation of the Act generated by the licensee during the relevant licensing year; or

(ii) with the approval of the Minister—the technical reports required to be provided to the Minister under regulation 47 during the relevant licensing year; and

No reports were commissioned or data acquired during the current reporting period.

Regulation 33(3) provides that an annual report must include –

(f) in relation to any incidents reported to the Minister under the Act and these regulations during the relevant licensing 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; and

There were no incidents arising or reported during the current reporting period.

Regulation 33(3) provides that an annual report must include –

(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; and

There are no reasonably foreseeable threats to any future exploration activities under PEL 610.

Regulation 33(3) provides that an annual report must include –

(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; and

(i) in the case of a petroleum production licence or a gas storage production licence—an estimate of the volume of petroleum likely to be produced, wasted, stored or sold under the licence during the ensuing year, or such longer period as the Minister may require; and

(j) in the case of a production licence—an assessment of the development activities proposed to be undertaken under the licence, including the number of completions that are expected to occur, during the ensuing year, or such longer period as the Minister may require; and

Not applicable as this year is the last year in which the licence is to remain in force.

Regulation 33(3) provides that an annual report must include –

(k) in the case of a pipeline licence—the volume of any regulated substance transported through the pipeline during the relevant licence year.

Not applicable.

Regulation 33(4) provides that an annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year.

Refer to attached separate statement in Appendix 1.

Appendix 1 Expenditure Statement

See separate appendix.