



ANNUAL REPORT

FOR YEAR 1 OF

PRELIMINARY SURVEY LICENCE 11

COOPER BASIN, SOUTH AUSTRALIA

Preliminary Survey Licence 11 was granted to the Joint Venture partners of PEL 92 on March 7th 2003.

The purpose of the PSL was to provide the Joint Venture with the authority to access certain areas outside PEL 92 to conduct a preliminary survey for a proposed oil pipeline from the Joint Venture's Sellicks oilfield to the Tantanna oilfield, operated by Santos, approximately 30 kilometres to the south (refer attached map).

Subsequent to the grant of the PSL production from the Sellicks 1 well performed poorer than expected resulting in the pipeline project becoming sub-economic. All activity on this project therefore ceased. The subsequent discovery of the Christies 1 resulted in a reassessment of the pipeline option however the project currently remains sub-economic.

Accordingly, there has been no activity in relation to PSL 11 during Year 1 of the Licence.

A preliminary survey was undertaken along a proposed potential route for a Christies to Sellicks pipeline in January 2004. A PSL was not required for this survey as the pipeline route was entirely within PEL 92.

PSL 11 has been renewed to maintain the option of conducting a preliminary survey along the proposed pipeline route from Sellicks to Tantanna, in the event that future oil reserves in the Sellicks, Christies and other potential future fields justify its commercial viability.

Attached is a Compliance Report in relation to Year 1 of PSL 11, as required by Regulation 33 of the Petroleum Act 2000.



Preliminary Survey Licence 11 - Year 1

Compliance Report

Pursuant to Regulation 33 (2) of the 2000 Petroleum Act, Beach Petroleum, as operator of Preliminary Survey Licence 11 in the Cooper Basin, South Australia, herewith submits its report on compliance with :

- the Petroleum Act,
- its Regulations,
- the PSL License conditions, and
- the Statement of Environmental Objectives for Pipeline Preliminary Survey Activities in South Australia

Petroleum Act and PSL Licence Conditions

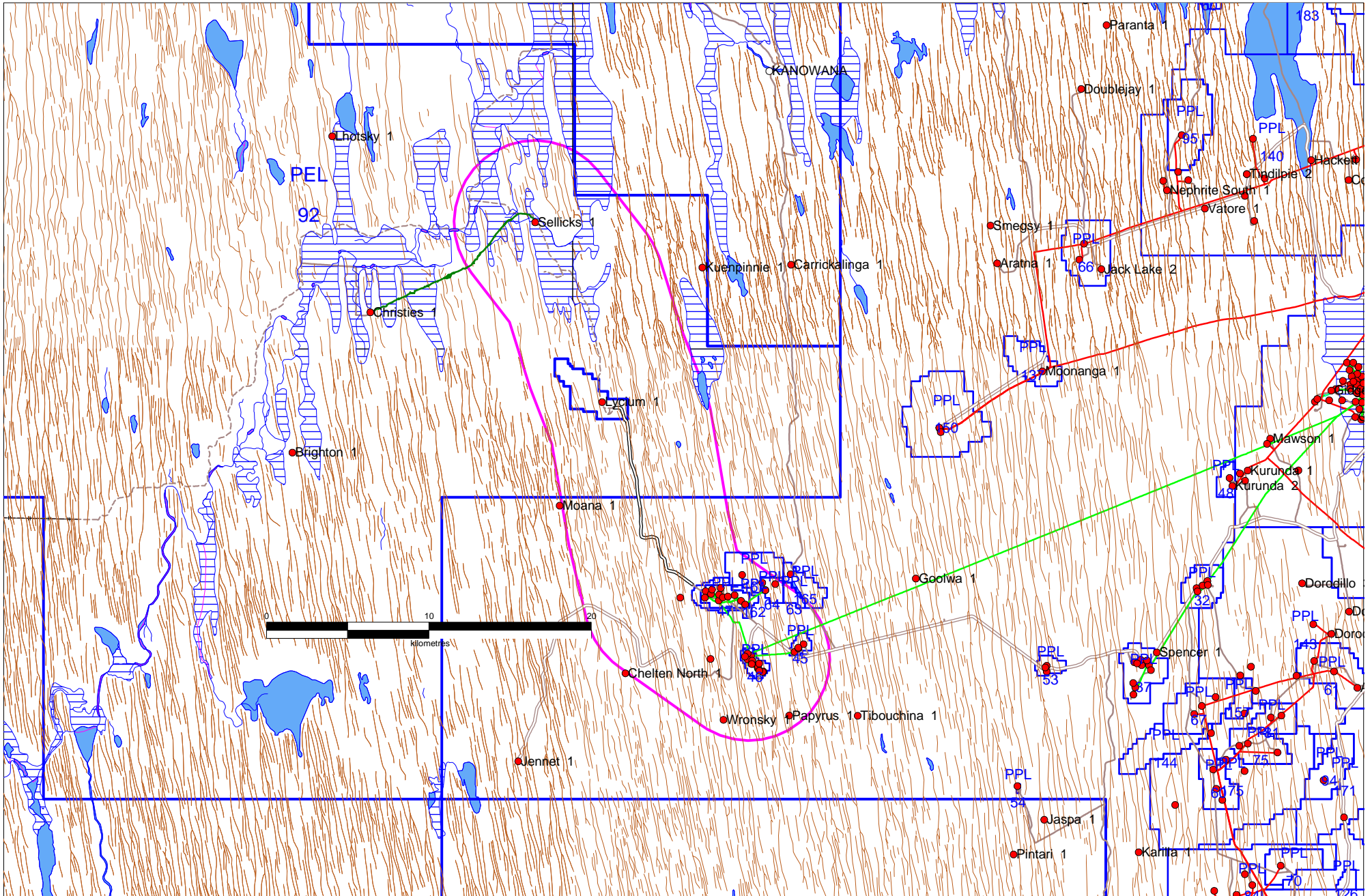
There were no instances of non- compliance with the 2000 Petroleum Act during Year 1 of PSL 11.

Regulations of the 2000 Petroleum Act

There were no instances of non- compliance with the Regulations of the 2000 Petroleum Act during Year 1 of PSL 11.

Statement of Environmental Objectives

No field activities were undertaken in relation to PSL 11 during Year 1 of the Licence. Accordingly, there were no instances of non-compliance with the Statement of Environmental Objectives for Pipeline Preliminary Survey Activities in South Australia.



Preliminary Survey Licence No: 11