



A D E L A I D E
E N E R G Y
L I M I T E D

Adelaide Energy Limited

Annual Report Permit Year 1

Gas Storage Retention Licence No 27

15 September 2010 – 14 September 2011

Onshore Otway Basin

South Australia

This report has been prepared in accordance with the requirements of the *Petroleum and Geothermal Energy Act 2000* and the *Petroleum and Geothermal Energy Regulations 2000* and covers all of the operations conducted under GSRL 27 by Adelaide Energy Limited during the period 15 September 2010 – 14 September 2011.

This report was provided to PIRSA October 2011.

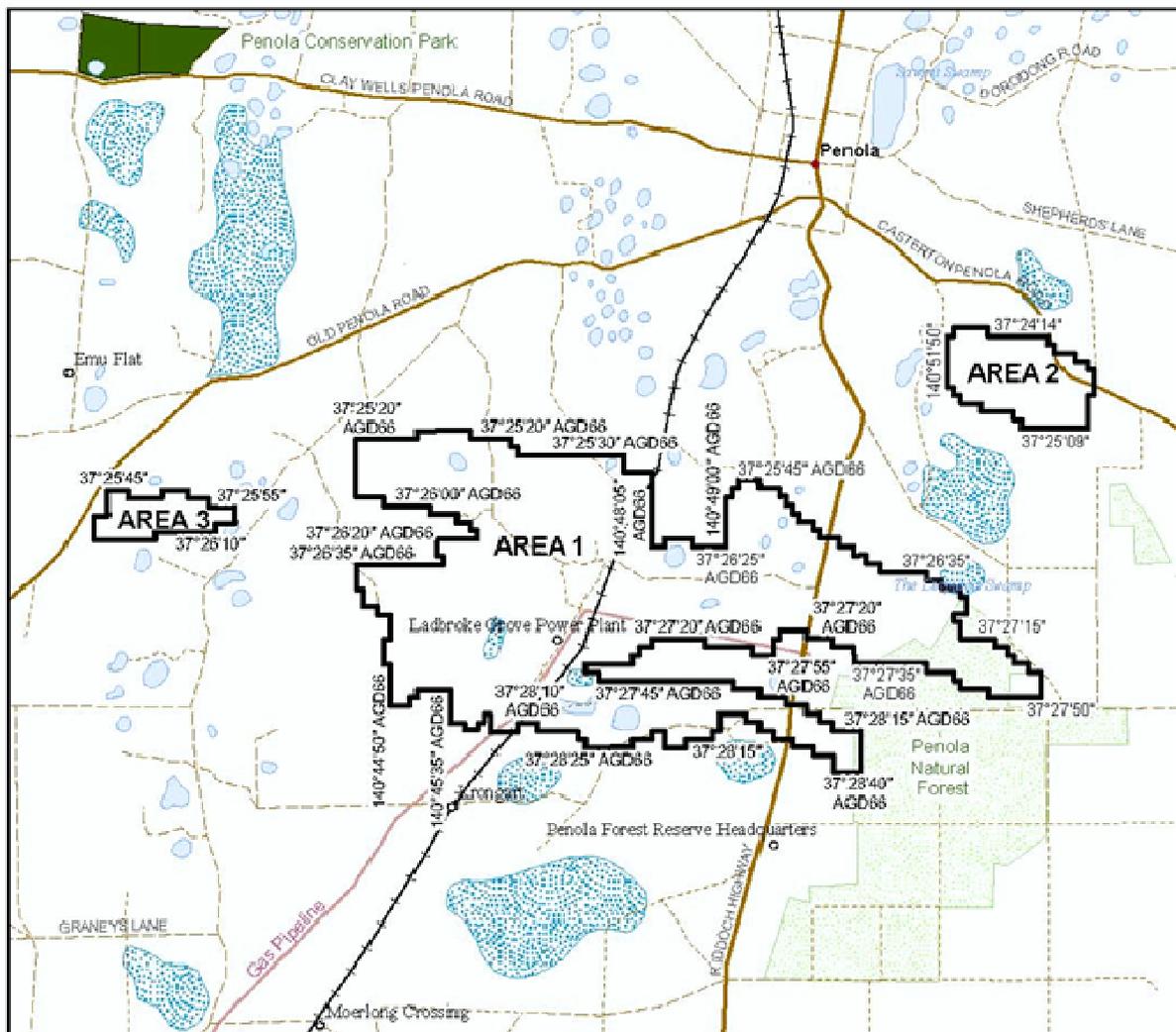
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1 Introduction

Gas Storage Retention Licence No. 27 ("GSRL 27") is located in the onshore portion of the Otway Basin, South Australia – approximately 12 km southwest of Penola. Adelaide Energy Limited ("ADE") was granted GSRL 27 over a total area of approximately 45km² of land for a period of five years - 15 September 2010 to 14 September 2015.

This report details the work conducted during Licence Year 1 of the licence (15 September 2010 to 14 September 2011 inclusive), in accordance with Regulation 33 of the *Petroleum and Geothermal Energy Act 2000*.



SCALE 1: 120 000



2 Permit Summary

For the duration of the licence year, ADE was 100% owner of licence GSRL 27.

The conditions of the licence include:

- 1 During the term of the licence, the Licensee is authorised to carry out in the licence area -
 - (a) operations -
 - (i) to establish the nature and extent of a discovery of a natural reservoir; and
 - (ii) to test the natural reservoir for the storage of petroleum or another regulated substance; and
 - (iii) to establish the commercial feasibility of gas storage and appropriate gas storage techniques; and
 - (iv) other regulated activities specified in the licence.
- 2 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.
- 3 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.

Licence Year 1 concluded on 14 September 2011. During this period, an independent assessment of the technical and commercial feasibility of the licence area to facilitate gas storage commenced.

3 Regulated Activities

Petroleum and Geothermal Energy Regulations, Section 33 (2) (a) requires

“a summary of the regulated activities conducted under the licence during the year”.

3.1 Drilling and Related Activities

No regulated activities undertaken in licence reporting period.

3.2 Seismic Data Acquisition

No regulated activities undertaken in licence reporting period.

3.3 Seismic Data Processing and Reprocessing

No regulated activities undertaken in licence reporting period.

3.4 Geochemical, Gravity, Magnetic and other Surveys

No regulated activities undertaken in licence reporting period.

3.5 Production and Processing

No regulated activities undertaken in licence reporting period.

3.6 Pipeline/Flowline Construction and Operation

No regulated activities undertaken in licence reporting period.

3.7 Preliminary Survey Activities

No regulated activities undertaken in licence reporting period.

4 Compliance Issues

4.1 Licence and Regulatory Compliance

Petroleum and Geothermal Regulations, Section 33 (2) (b) and (c) requires:

“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 minimize the likelihood of the recurrence of any such non-compliance”.

4.1.1 Licence Non-Compliance

List of Licence Non-Compliances for Current Reporting Year			
No.	Stated Commitment	Reason for Non-Compliance	Rectification of Non-compliance
		No Licence non-compliances occurred	

4.1.2 Regulatory Non-Compliance

List of Regulatory Non-Compliances for Current Reporting Year				
No.	Date	Activity	Details of Non-Compliance	Rectification of Non-compliance
			No regulatory non-compliances occurred	

4.1.3 Compliance with Statement of Environmental Objectives (SEO)

As Adelaide Energy did not undertake any regulated activities there were no instances during Year 1 of GSRL 27, where ADE failed to comply with the environmental objectives of the *Statement of Environmental Objectives for the Production and Processing of Petroleum Products and Associated Activities at the Katnook and Ladbroke Grove Gas Plants, Otway Basin – South Australia*.

4.2 Management System Audits

Petroleum and Geothermal Regulations, Section 33 (2) (d) requires

“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 undertaken during the reporting period specific to Gas Storage on GSRL 27.

4.3 Report and Data Submissions

Petroleum and Geothermal Regulations, Section 33 (3) (e) requires

“a list of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year”.

List of Report and Data Submissions During the Current Licence Reporting Year			
Description of Report / Data	Due Date	Date Submitted	Compliant / Non-compliance
No reports submitted during Year 1			

4.4 Incidents

Petroleum and Geothermal Regulations, Section 33 (2) (f) requires:

"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".*

There were no reportable incidents occurred during the reporting period.

4.5 Threat Prevention

Petroleum and Geothermal Regulations, Section 33 (2) (g) requires

"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 during the reporting period.

4.6 Future Work Program

Petroleum and Geothermal Regulations, Section 33 (2) (h) requires

"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".

Adelaide Energy intends to continue 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

Petroleum and Geothermal Regulations, Section 33 (3) requires

"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) Facilities construction and modification;*
- f) Operating and administration expenses (not already covered under another heading)".*

Please refer to Appendix 1 for the expenditure statement for the current reporting period.