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ANNUAL REPORT - PEL 154

LICENCE YEAR FOUR

FOR THE PERIOD

*30TH JUNE 2006 – 30TH JUNE 2008 (N.B., INCLUDES
RESUBMISSION OF THE PREVIOUSLY SUBMITTED YEAR
4 ANNUAL REPORT)*

OTWAY BASIN, ONSHORE SOUTH AUSTRALIA

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INTRODUCTION

Petroleum Exploration Licence 154 covers an area of 1,404 square kilometres of the onshore part of the Otway Basin in South Australia. It was granted on 30th June, 2003. The licence is located in the Otway Basin, South Australia, as shown in [Figure 1](#). This report details the work conducted during Licence Year Four of the licence **covering the period 30th June 2006 to 30th June 2008**, inclusive, in accordance with Regulation 33 of the Petroleum and Geothermal Energy Act 2000. It is noted that permit Years Four and Five of PEL 154 have been combined by a Variation entered onto the register on 8th October, 2007 under s.90 of the Petroleum and Geothermal Energy Act 2000 and cover the period from 30th June 2006 to 30th June 2011, inclusive. This report covers the calendar time over the period 30th June 2006 to 30th June 2008 and includes all periods spanning the extensions and suspensions noted hereunder.



Figure 1. Location of PEL 154

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ASSOCIATED FACILITIES LICENCE

No Associated Facilities Licences have been granted in relation to PEL 154

PERMIT SUMMARY

At the beginning of the period covered by this report, the licensee for Petroleum Exploration Licence PEL 154 was:

- *Rawson Resources Limited* 100% interest

At the end of the period covered by this report, the licensees for Petroleum Exploration Licence PEL 154 were:

- *Energetica Otway Pty Ltd* 62.5% interest
- *Rawson Otway Pty Ltd* 37.5% interest

During the Period covered by the report an agreement was made to assign and transfer 62.5% interest in PEL 154 to Energetica Otway Pty Ltd (a wholly owned subsidiary of Otway Energy Limited), 37.5% interest in PEL 154 to Rawson Otway Pty Ltd (a wholly owned subsidiary of Otway Energy Limited), in return for work completed and funded by way of a farmin agreement. Otway Energy Limited became the Operator of PEL 154.

The current (i.e., at the end of the period covered by this report) work commitments (including all variations) associated with PEL 154 can be seen in [Table 1](#).

Table 1. Current work commitments by licence year

Licence Year	Licence dates	Minimum Work Program
Year 1	30 June 2003 - 29 June 2004	Geological and geophysical studies
Year 2	30 June 2004 - 29 June 2005	Geological and Geophysical Studies; Soil-gas survey.
Year 3	30 June 2005 - 29 June 2006	Acquire a selected 100 km of existing Raw 2D seismic data; conduct WEA reprocessing and analysis of selected seismic data
Year 4 and 5	30 June 2006 – 30 June 2010	Acquire 35 km ² of 3D seismic data or acquire 50 line km of new 2D seismic data; One well; Review studies and Renewal studies.

Licence Year Four was combined with Licence Year Five. The combined period had not yet expired by 30th December 2007. An interim report was submitted for Permit Years Four and Five, but was not accepted by PIRSA at the time of submission as it was deemed, in accordance with PIRSA's interpretation of the Act and Regulations, too early for submission. For the purposes of report submission chronology, the cover letter to this report is reproduced hereunder

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Rawson Resources Limited

ABN 69 082 752 985
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30 May 2008

**The Director,
Petroleum and Geothermal Group
Department of Primary Industry and Resources SA
Level 7, 101 Grenfell Street, Adelaide SA 5000
GPO Box 1671,
Adelaide,
SA 5001
Telephone: (08) 8463 3200
Facsimile: (08) 84633229
By email: pirsa.petcompliance@sau.gov.sa.gov.au.**

Dear Barry,

RE: PEL 154 and PEL 155 - Annual Reports for Third Year of the Licence Terms.

Please find enclosed interim reports for Petroleum Exploration Licences 154 and 155 covering the equivalent period of the fourth year of the term of each licence. Both reports cover the periods 30th June 2006 through 30th December 2007, inclusive. Please note that permit Years Four and Five of each PEL have been combined by a Variation entered onto the register on 8th October, 2007 under s.90 of the Petroleum Act and cover the period from 30th June 2006 to 30th June 2009, inclusive. The enclosed interim reports cover half of the calendar time over the period 30th June 2006 to 30th June 2009.

Yours Truly,



John Doughty

General Manager

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The following table ([Table 2](#)) displays the minimum work program (after all variations) and the actual work completed up until the end of the period covered by this interim report.

Table 2. work program and work completed (as of end of current reporting period) by licence year

Licence Year	Minimum Work Program	Actual Work
Year 1	Geological and geophysical studies	Completed geological and geophysical studies.
Year 2	Geological and Geophysical Studies; Soil-gas survey.	Completed geological and geophysical studies; Completed soil-gas survey.
Year 3	Acquire a selected 100 km of existing Raw 2D seismic data; conduct WEA reprocessing and analysis of selected seismic data	Acquired approx. 114.26 km (including line tails), 109.45 km full fold of existing original raw 2D seismic data; Completed WEA reprocessing and analysis of selected seismic data.
Combined Year 4 and Year 5	Acquire 35 km ² of 3D seismic data or acquire 50 line km of new 2D seismic data; One well; Review studies; Renewal studies.	Acquired 35 km ² of new 3D seismic data (the Burrungule 3D Seismic Survey)

On 26th July 2006 PEL 154 was suspended for the period from and including 24th July 2006 to 23rd January 2007. No regulated activities were carried out in the Licence area during the period of the suspension. The instrument of suspension re-determined the expiry date of Licence to be 30th December 2008.

On 8th October 2007 PEL 154 was suspended for the period from and including 28th September 2007 to 27th March 2008. The instrument of suspension re-determined the expiry date of Licence to be 30th June 2009.

On 22nd January 2008, with respect to PEL 154, an Instrument granted the temporary cessation of the suspension of the licence from and including 21st January 2008. A 3D Seismic Survey was conducted within the licence as a regulated activity after the cessation of the suspension. The instrument of suspension re-determined the expiry date of Licence to be 23rd April 2009.

On 18th March 2008, with respect to PEL 154, an instrument notifying the resumption of the suspension of the licence dated 8 October 2007, from and including 5 March 2008 was granted. The instrument re-determined the expiry date of Licence to be 30th June 2009.

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REGULATED ACTIVITIES

Pursuant to Regulation 33(2)(a) under the Act, an annual report must include: “a summary of the regulated activities conducted under the licence during the [current reporting] year.” This information is detailed below in designated sections.

DRILLING AND RELATED ACTIVITIES

No regulated drilling activities were carried out during the period covered by this report. Work involving the preparation and planning for drilling the Benara Prospect was undertaken during the period.

SEISMIC DATA ACQUISITION

Regulated seismic data acquisition activities were carried out during the period covered by this report.

Planning and preparation for the Burrungule 3D Seismic Survey was conducted during the period September 2007 through to 30 December 2007.

In-field operations commenced with scouting activities during January, 2008. All pre-survey environmental, permitting and logistics activities commenced in September 2007. All land positioning survey and pegging operations were completed by Dynamic Satellite Surveys Pty Ltd between the 4th February and the 12th February 2008.



GEOCHEMICAL, GRAVITY, MAGNETIC AND OTHER SURVEYS

No regulated geochemical, gravity, magnetic and other survey activities were carried out during the period covered by this report.

PRODUCTION AND PROCESSING

Not applicable.

PIPELINE CONSTRUCTION AND OPERATION

Not applicable.

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PRELIMINARY SURVEY ACTIVITIES

Preparation, planning and design for the drilling of the Benara-1 exploration well were conducted during the period covered by this report. This work did not involve any regulated activities.

COMPLIANCE ISSUES

LICENCE AND REGULATORY COMPLIANCE

Pursuant to Regulations 33(2) (b) & (c), The Licencee has, to the best of its knowledge, complied with all the relevant conditions under the Petroleum and Geothermal Energy Act 2000 and the Petroleum Regulations 2000.

As there were Regulated Activities conducted during the quarter, a Compliance Report (detailing the Licencee's compliance with the Petroleum and Geothermal Energy Act 2000, its Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the permit term) has been compiled and is presented below.

Detailed information on any individual instances of non-compliance are provided below in designated sections.

Licence Non-Compliance

There were no non-compliances during the period covered by this report.

Table 3 List of licence non-compliances for current reporting year

No.	Stated Commitment	Reason for Non-Compliance	Rectification of Non-Compliance

Regulatory Non-Compliance

Table 4 List of regulatory non-compliances for current reporting year

No.	Date	Activity	Details of Non-Compliance	Rectification of Non-Compliance
1	30/11/06	Submission of Year 3 Annual Report	Annual Report for Year three of the Licence for was not submitted by the due date.	Review of report tracking system initiated. Compliance officer appointed to maintain key dates. Note: An interim Report was submitted for Year 4 but dates of due reports were altered by

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				changes to the Term of Licence.
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COMPLIANCE WITH STATEMENT OF ENVIRONMENTAL OBJECTIVES

No regulated environmental activities were undertaken during this report period. Thus, no SEO's are reported.

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MANAGEMENT SYSTEM AUDITS

This report acknowledges that Pursuant to Regulation 33(2) (d) under the Act, an annual report must include:

“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 actions that has, or will be taken”.

Apart from internal audit and system testing, no external management system audits were conducted in the current licence interim reporting period.

REPORT AND DATA SUBMISSIONS

Pursuant to Regulation 33(2) (e) under the Petroleum and Geothermal Energy Act 2000, a list of all reports and data relevant to the operation of the Petroleum and Geothermal Energy Act 2000 generated by the licensee during the licence year is given in the following table.

Table 5 List of report and data submissions during current licence reporting year

Description of Report/Data	Date Due	Date Submitted	Compliant / Non-Compliant
PEL 154, Otway Basin, South Australia. Annual report for third year of term of licence, 30 th June 2005 to 29 th June 2006	30 th August 2006	30 th November 2006	Non-compliant due to late submission only, compliant in all other respects.
Interim Annual report for Combined Year Four and Five for the Period, 30 th June 2006 to 30 th December 2007, PEL 154, Otway Basin, South Australia.	30 th August 2008	30 th May 2008	Compliant (but not recognised due to change of Permit Term)/change of advice from DMITRE regarding submission dates

INCIDENTS

This interim report recognises that Pursuant to Regulation 33(2) (f), an annual report must include:

“in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence 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 incidents that occurred in relation to PEL 154 during the interim reporting period.

Table 6 List of incidents during current licence reporting year

Date of Incident	Activity	Incident Description	Type of Loss	Action to Rectify & Effectiveness of Action	Date Reported / Reported to Whom

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THREAT PREVENTION

Pursuant to Regulation 33(2) (g) under the Act, requiring the reporting of reasonably foreseeable threats, *no reasonably foreseeable threats (other than threats previously reported on) are currently recognized or known that reasonably present, or may present, a hazard or hazards to activities under the licence.*

FUTURE WORK PROGRAM

Pursuant to Regulation 33(2) (h) under the Act, requiring reporting on future regulated activities, the following regulated activities are planned for licence year five (i.e., from to 1st January 2011 to December 2011):

1. The drilling of one petroleum exploration well at a location yet to be determined, at a time of commencement yet to be determined and for a duration of approximately 28 days.
2. Renewal Studies

EXPENDITURE STATEMENT

Pursuant to Regulation 33(3) under the Act, this report has appended hereto, as Appendix 1, an expenditure statement, *showing expenditure under each of the following headings:*

- a) *drilling activities;*
- b) *seismic activities;*
- c) *technical evaluation and analysis;*
- d) *other surveys;*
- e) *facility 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 interim reporting period.

This report was originally digitally submitted on 30th May 2008 to the Petroleum and Geothermal Group (addressed to Barry Goldstein, Director) by email to the following email address:

pirsa.petcompliance@saugov.sa.gov.au.

This report was digitally re-submitted on 9th November 2011 to the Petroleum and Geothermal Group (addressed to Barry Goldstein, Director) by email to the following email address:

pirsa.petcompliance@saugov.sa.gov.au.