



ANNUAL REPORT

FOR YEAR 3 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 is to provide the Joint Venture with the authority to access certain areas outside of PEL 92, in order 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 PSL 11, production from the Sellicks- 1 well declined more quickly than anticipated, causing the pipeline project to become sub-economic, and activity on this project therefore ceased.

The subsequent discovery of a larger oil field at Christies, to the west of Sellicks, has resulted in an assessment of the economic feasibility for a pipeline from Christies to Tantanna, via Lycium. The economics of this project, however, still remain "in the balance", pending the results of several wells that are scheduled for drilling around the Sellicks and Christies fields during 2006.

Accordingly, there has been little activity in relation to PSL 11 during Year 3 of the Licence.

PSL 11 has been renewed to maintain the option of conducting a preliminary engineering survey along the proposed pipeline route from Christies to Tantanna, in the event that the pipeline's commercial viability becomes justified by future discoveries which either enhance the reserves at the Sellicks and Christies fields, or identify new fields, further west.

Attached is a Compliance Report in relation to Year 3 of PSL 11, as required by Regulation 33 of the Petroleum Act 2000.



Preliminary Survey Licence 11 - Year 3

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 3 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 3 of PSL 11.

As no regulated activities were undertaken during Year 3, no Reports or data were required to be submitted to PIRSA, nor were there any incidents that required reporting to PIRSA.

No audits were undertaken of Beach's management systems during this licence year.

Statement of Environmental Objectives

No field activities were undertaken in relation to PSL 11 during Year 3 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.