



Annual Report
Licence Year 1

5th November 2006 to 4th November 2007

PEL 92
(Term 2)

Cooper / Eromanga Basin
South Australia

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1 Introduction

Petroleum Exploration Licence No. 92 was granted on 5th November 2000. The licence is located on the western margin of the Cooper/Eromanga Basin, South Australia. This report details the work conducted during Licence Year 1, Term 2 of the licence (5th November 2006 to 4th November 2007) in accordance with Regulation 33 of the Petroleum Act 2000.

2 Permit Summary

Petroleum Exploration Licence 92 was awarded to:

Beach Petroleum Ltd (Operator) 75%
Cooper Energy NL 25%

The agreed work commitments for the second term of PEL 92 are detailed in Table 1.

Table 1 Original work Commitments for Term 2 by licence year

Licence Year	Licence dates	Minimum Work Program
Year 1 (Term 2)	5/11/06 - 4/11/07	Geological & Geophysical Studies, Administration
Year 2 (Term 2)	5/11/07 - 4/11/08	100km ² 3D seismic; Geology, geophysics and administration
Year 3 (Term 2)	5/11/08 - 4/11/09	Geological & Geophysical Studies, Administration
Year 4 (Term 2)	5/11/10 - 4/11/11	One well; Geological & Geophysical Studies, Administration
Year 5 (Term 2)	5/11/05 - 4/11/06	Geological & Geophysical studies, Administration

There have been no farmin agreements or change of Operator since the permit was awarded.

There have been no suspensions applying to PEL 92 since the permit was awarded.

There have been no applications to vary the work program since the permit was awarded, hence the original commitments listed above also constitute the final work program.

Licence Year 1, Term 2 concluded on 4th November 2007. The table below details the minimum work program and the work completed up until the end of the current licence period.

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

Licence Year	Minimum Work Program	Actual Work
Year 1 (Term 2)	Geological & Geophysical Studies, Administration	One well, Geological & Geophysical studies; 274 km ² 3D seismic.
Year 2 (Term 2)	100km ² 3D seismic; Geology, geophysics and administration	
Year 3 (Term 2)	Geological & Geophysical Studies, Administration	
Year 4 (Term 2)	One well; Geological & Geophysical Studies, Administration	
Year 5(Term 2)	Geological & Geophysical Studies, Administration	

3 Exploration Activity

3.1 Drilling

One well, Sheringa-1, commenced drilling during the last week of Year 1 of the second term of PEL 92. Rig release was in Year 2 of the second Term.

Details of the well are listed in the table below.

Table 3 : WELL DETAILS : SHERINGA - 1

Well Name	Sheringa-1
Type of well	Exploration
Date Spudded	30 October 2007
Rig release date	9 November 2007
Pad construction	Construction commenced on 13/09/07
Track construction	2 kms in length, heading south off haul road between Tantanna and Christies
Borrow Pit construction	2 borrow pits dug on western side of access track.

3.2 Seismic Data Acquisition

The Joint Venture acquired a total of 274 square kms of new 3D seismic on PEL 92 through the Neritus 3D survey, conducted by Terex, between 10th November, 2006 and 11th January, 2007.

3.3 Seismic Data Processing / Reprocessing

Data from the Neritus 3D survey (274 square kilometres) was processed by Velseis . Processing was completed in August 2007.

3.4 Geochemical, Gravity, Magnetic and other surveys

There were no other geological, geophysical or geochemical surveys conducted in Permit Year 1, Term 2 .

3.5 Preliminary Survey Activities

Preliminary Survey Licence (PSL) 18 was granted to Beach Petroleum on 26th August, 2007.

The PSL covers an area which forms a corridor approximately 5 kilometres wide straddling the route of the proposed pipeline connecting Beach's Callawonga field to Santos' Tantanna unloading facility.

During the period from August to October, survey crews travelled along the proposed 40 – kilometre route to finalise the optimum alignment.

Representatives from the relevant Native Title claimant group, the Dieri Aboriginal Corporation, conducted a Work Area Clearance survey along the route in September.

The landowner was consulted at various stages of the planning of the pipeline route to ensure the laying of the buried pipe would cause minimal disruption to his pastoral operations.

Construction of the pipeline began on 20th October 2007. Approximately 80% of the 40 - kilometre pipeline traverses through PEL 92. It is anticipated that the construction will be completed during January 2008.

Adtech FRP Pty Ltd were contracted to undertake the installation work. A grader and bulldozer were used to clear the right-of-way prior to the laying and burying of the pipe. Vegetation and topsoil were stockpiled separately along the right-of-way. The spoil excavated by the trenching machine was also stockpiled on the right-of-way.

Most of the pipe was laid using over-the-trench assembly machines, however sidebooms or excavators were used to lower pipe into those sections of the trench which required deeper excavation. Trench spoil was returned in to the trench and compacted.

Flowline integrity was verified using hydrostatic testing in accordance with AS 2885.5

The easement has been re-contoured to match the surrounding landform and erosion controls were constructed where appropriate.

Warning signs have been erected along the easement as per AS 2885.1-1997.

4. Compliance Issues

Licence and Regulatory Compliance

Pursuant to Regulations 33(2) (b) & (c), an annual report must include: “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 minimise the likelihood of recurrence of any such non-compliances.”

There were no instances during Year 1 of Term 2 of the PEL 92 Licence in which Beach failed to comply with the requirements of the licence, the regulations of the 2000 Petroleum Act, or the objectives of the SEOs under which it conducted its field operations.

Licence Non-Compliance

There were no instances during Year 1 of Term 2 of the PEL 92 Licence in which Beach failed to comply with the 2000 Petroleum Act or the Conditions of the Licence.

Regulatory Non-Compliance

There were no instances during Year 1 of Term 2 of the PEL 92 Licence in which Beach failed to comply with the Regulations of the 2000 Petroleum Act.

SEO Non-Compliance

Drilling

Government approval for Beach to drill the **Sheringa-1** well was conditional on Beach committing to achieving the objectives defined in the “Statement of Environmental Objectives for Drilling and Well Operations in the Cooper / Eromanga Basins – South Australia (SEO)“.

The assessment of Beach’s performance in achieving the SEO objectives cannot be completed until the well site has been rehabilitated. Beach is satisfied, however, that it has met all the other objectives required by the SEO for the drilling operations on this well, and the spreadsheet below in **Table 4** summarises the strategies that were employed to achieve this compliance.

Seismic

Government approval for Beach to undertake the **Neritus 3D** seismic survey was conditional on Beach committing to the objectives defined in the “Statement of Environmental Objectives : Geophysical Operations - for the Cooper / Eromanga Basin – South Australia (June 2006)”.

Beach’s strategies for achieving each of the SEO objectives during the recording the Neritus 3D survey are outlined in the attached table, **Table 5**.

Compliance with Statements of Environmental Objectives

Table 4 Compliance with SEO for Cooper Basin Drilling Operations

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><i>Objective 1: Minimise the risk to public and other third parties.</i></p>	<ul style="list-style-type: none"> ▪ Reasonable measures implemented to ensure no injuries to the public or third parties. 	<p>Compliant</p>	<p>The design and operation of the wells was undertaken in accordance with Beach safety policies, standards and guidelines.</p> <p>All employees undertook a safety induction prior to commencing work in the field and will undertake a refresher course if/when required.</p> <p>The access track for this well commenced from the oil tanker haul road connecting the Christies field to the Tantanna unloading facility.</p> <p>Tourists are not authorised to travel along this company road. Signage was erected along the haul road to advise that only authorised personnel are permitted on to the well site.</p> <p>Beach Permit to Work system was in operation during the drilling operations to control potentially dangerous situations.</p>
			<p>Accident / incident reporting systems were in place as defined in the Beach Drilling Operation Manual. Records are reviewed regularly to assess trends.</p> <p>Beach safety management plans are updated and reviewed on a regular basis.</p> <p>Appropriate PPE was issued to all personnel involved in the drilling operations.</p>

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant (inc. Compliance statement)	Comments
Objective 1: (Continued)			<p>An Emergency Response Plan (ERP) Bridging document was prepared for the Sheringa drilling operations and all personnel involved in the operations were aware of the Emergency Response Plan. However, no situation arose that required the implementation of the Plan.</p> <p>Beach undertakes regular ERP exercises at selected drilling operations.</p> <p>Beach maintained regular contact with landholders and associated stakeholders during the drilling operations at each site.</p>

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 2 :</u> Minimise disturbance and avoid contamination to soil.</p>	<p><u>Well Site and Access Track Construction</u></p> <ul style="list-style-type: none"> ▪ 0, +1 or +2 GAS criteria are attained for “Minimise visual impacts of abandoned well sites and access tracks” objective as listed in Appendix 4 for well lease and access track construction. ▪ No unauthorised off-road driving or creation of shortcuts. ▪ No construction activities are carried out on salt lakes, steep tableland land systems or wetlands land systems (as defined in EIR). <p><u>Borrow pit construction and restoration</u></p> <ul style="list-style-type: none"> ▪ 0, +1 or +2 GAS criteria are attained for “Minimise Visual Impacts for constructing borrow pits” objective as listed in Appendix 3, and “Minimise visual impacts” and “Minimise impact on soil” objectives as listed in Appendix 5. 	<p>Compliant</p>	<ul style="list-style-type: none"> • The Sheringa-1 well site was constructed in accordance with the guidelines outlined in Guidelines for Lease Construction and Restoration. • Topsoil was stockpiled for subsequent respreading when restoration activities are conducted. • Vehicle movements were strictly limited to the defined access track and well pad area – areas which had been given cultural heritage clearance for the drilling operations. • The Sheringa-1 wellsite will be rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia to attain the highest feasible GAS rating. Rehabilitation of the sites is scheduled to occur in the first half of 2008. • Borrow pits will be rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia, to attain the highest feasible GAS rating. • All fuel, oil and chemicals were stored in accordance with relevant standards. • Refuelling was undertaken as per Drilling Contractors’ procedures. • There were no spills during the drilling operations that required reporting or corrective action to be taken in accordance with the Beach Incident Reporting system.

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p>Objective 2: (Continued)</p> <p>(Minimise disturbance and avoid contamination to soil.)</p>	<p><u>Production Testing / Well Blowdowns</u></p> <ul style="list-style-type: none"> ▪ No soil contamination as a result of production testing or well blowdown operations. 		<ul style="list-style-type: none"> •
	<p><u>Fuel and Chemical Storage and Handling</u></p> <ul style="list-style-type: none"> ▪ No spills/leaks outside of areas designed to contain them. ▪ Level of hydrocarbon continually decreasing for in situ remediation of spills. ▪ Soils remediated to a level as determined by the SHI process. 		<ul style="list-style-type: none"> • There were no spills during the drilling operations outside of areas that were designed to contain them. • Beach's Oil Spill Contingency Plan is included in the Emergency Response Plan.
	<ul style="list-style-type: none"> ▪ All domestic wastes are disposed of in accordance with EPA licensing requirements. ▪ 0, +1 or +2 GAS criteria for 'Waste material' objective is attained. ▪ No spills or leaks from sewage treatment process and sludge pits. 		<ul style="list-style-type: none"> • Wastes were managed as described in the Cooper Basin Drilling & Well Operations EIR. • Wastes were collected, stored and transported in covered bins / containers. • All rubbish was disposed of at a licensed waste facility.

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 3 :</u> <i>Avoid the introduction or spread of pest plants and animals and implement control measures as necessary.</i></p>	<ul style="list-style-type: none"> ▪ No weeds or feral animals are introduced to operational areas. 	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> • Drilling rig and associated equipment and vehicles had already been working in the Cooper Basin prior to commencing these drilling operations .

<p><u>Objective 4 :</u> <i>Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow ground water resources.</i></p>	<p><u>Well Lease and Access Track Construction</u></p> <ul style="list-style-type: none"> ▪ Well leases and access tracks are located and constructed to maintain pre-existing water flows (i.e. channel contours are maintained on floodplains and at creek crossings). <p><u>Drilling Mud Sumps and Flare Pits</u></p> <ul style="list-style-type: none"> ▪ No overflow of drill cuttings, muds and other drilling fluids from mud sumps. ▪ No waste material disposal to sumps and flare pits. 	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> • The well site was not located in an area where flooding from local watercourses was likely to occur. • The drill pad and access tracks was constructed and located to avoid diversion of flood waters from their natural direction of drainage in the event of local inundation. • All drill cuttings, muds, and non toxic drill fluids were contained within designated mud sumps with adequate freeboard at the completion of operations to allow for a 1m cover of clean fill at remediation.
	<p><u>Well Heads (Oil and Gas Systems)</u></p> <ul style="list-style-type: none"> ▪ No leaks/spills outside of areas designed to contain them. 	<ul style="list-style-type: none"> • 	

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p>Objective 4 : (Continued)</p> <p><i>(Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow ground water resources.)</i></p>	<p><u>Well Blowdown/Production Testing</u></p> <ul style="list-style-type: none"> ▪ No water (surface or groundwater) contamination as a result of production testing or well blowdown operations. 		
	<p><u>Fuel/Chemical Storage and Handling</u></p> <ul style="list-style-type: none"> ▪ No leaks/spills outside of areas designed to contain them. 	<ul style="list-style-type: none"> ▪ 	<ul style="list-style-type: none"> • Specific oil spill containment / cleanup materials were on site at all times. • All fuel, oil and chemicals were in accordance with relevant standards <ul style="list-style-type: none"> ▪ Refuelling was undertaken as per Drilling Contractors' procedures. ▪ There were no spills during the drilling operations outside of areas designed to contain them.
			<ul style="list-style-type: none"> • Beach's Oil Spill Contingency Plan is included in the Emergency Response Plan.

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 5 :</u></p> <p><i>Avoid disturbance to sites of cultural and heritage significance.</i></p>	<ul style="list-style-type: none"> ▪ Proposed well sites and access tracks have been surveyed and any sites of Aboriginal and non-Aboriginal heritage identified. ▪ Any identified cultural and heritage sites have been avoided. <p><i>Note:</i> Where a negotiated agreement or determination for heritage clearance is in place, compliance with the negotiated agreement or determination takes precedence over the above criteria.</p>	<p><i>Compliant</i></p>	<p>Beach have an agreement with the Dieri Aboriginal Corporation Native Title Claimant group which specifies the requirements for scouting proposed wells and access tracks to identify and avoid areas of heritage value and archaeological significance.</p> <p>A Joint site visit was carried out with the Native Title Claimant group. Proposed drilling locations and access routes were agreed and given heritage clearance. Areas of significance were recorded and marked as exclusion zones.</p>

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 6 :</u> <i>Minimise loss of aquifer pressures and avoid aquifer contamination.</i></p>	<p>Drilling & Completion Activities</p> <ul style="list-style-type: none"> ▪ There is no uncontrolled flow to surface (Blow out). ▪ Sufficient barriers exist in casing annulus to prevent crossflow between separate aquifers or hydrocarbon reservoirs. ▪ Relevant government approval obtained for abandonment of any radioactive tool left downhole. <p><u>Producing, Injection, Inactive and Abandoned Wells</u></p> <ul style="list-style-type: none"> ▪ No cross-flow behind casing between aquifers, and between aquifers and hydrocarbon reservoirs unless approved by DWLBC. 	<p><i>Compliant</i></p>	<p>The Drilling Program for Sheringa-1 was designed to ensure minimal loss of reservoir and aquifer pressures and minimal contamination of freshwater aquifers.</p> <p>During abandonment operations, cement plugs were installed to isolate any aquifers penetrated below surface casing (as per the outline under "Comments" in the SEO) and any zones of pressure differential to ensure no likelihood of cross-flow</p>

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 7:</u> Minimise disturbance to native vegetation and native fauna.</p> <p><u>Objective 7:</u> (Continued)</p> <p>(Minimise disturbance to native vegetation and native fauna)</p>	<p><u>Well Lease and Access Track Construction and Restoration</u></p> <ul style="list-style-type: none"> ▪ Any sites with rare, vulnerable and endangered flora and fauna have been identified and avoided. ▪ 0, +1 or +2 GAS criteria are attained for “Minimise impacts on vegetation” objective as listed in Appendix 2, during well lease and access track site selection and construction and for “Re-establish natural vegetation on abandoned well sites and access track” objective in Appendix 4. <p><u>Borrow Pits Construction and Restoration</u></p> <ul style="list-style-type: none"> ▪ 0, +1 or +2 GAS criteria are attained for “Minimise impacts on vegetation” objective as listed in Appendix 4 during borrow pit site selection and construction, and “Minimise Impact on Vegetation” objective in Appendix 5 for borrow pit restoration. <p><u>Waste Management</u></p> <ul style="list-style-type: none"> ▪ Refer to assessment criteria for Objective 11. <p><u>Fuel and Chemical Storage and Management</u></p> <ul style="list-style-type: none"> ▪ Refer to assessment criteria for Objectives 2 and 4. 	<p><i>Compliant</i></p>	<p>The Sheringa-1 well was not located in or near areas of high biological or wilderness values and hence the drilling operations presented no long term impacts to any such areas.</p> <p>National Parks and Wildlife flora/fauna databases contain no records of vulnerable or endangered species within several kilometres of any of these well sites.</p> <p>Construction of the access track required minimal clearance of vegetation and the route was aligned to avoid clearing trees.</p> <p>The well site contained only sparse vegetation, and clearance was minimised. Trees that were present on the site and adjacent to the site were not cleared.</p> <p>Facilities were designed and constructed to minimise fauna entrapment.</p> <ul style="list-style-type: none"> • Borrow pits established for building the road and drill pad will be rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia, to attain the highest feasible GAS rating. • Beach’s Drilling Operations Manual sets out the company’s policy in relation to storage, use and disposal of hazardous material. • At all well site, wastes were managed as described in the Drilling & Well Operations EIR. • Wastes were collected, stored and transported in covered bins / containers. • All rubbish was disposed of at a licensed waste facility.

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 8 :</u> <i>Minimise air pollution and greenhouse gas emissions.</i></p>	<ul style="list-style-type: none"> ▪ Compliance with EPA requirements. 	<p><i>Compliant</i></p>	<p>No well tests or well blow -downs were undertaken during drilling operations at the Sheringa-1 well.</p>
<p><u>Objective 9:</u> <i>(Maintain and enhance partnerships with the Cooper Basin community.)</i></p>	<ul style="list-style-type: none"> ▪ No unresolved reasonable complaints from the community. 	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> ▪ Beach maintained regular contact with landholders and associated stakeholders prior to and while undertaking drilling operations at Sheringa-1. • Beach sponsors local community social events including the Innamincka Races. • Beach also provides major sponsorship to the Royal Flying Doctor Service.
<p><u>Objective 10 :</u> <i>Avoid or minimise disturbance to stakeholders and/or associated infrastructure</i></p>	<ul style="list-style-type: none"> ▪ No reasonable stakeholder complaints left unresolved. 	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> ▪ Beach maintained regular contact with landholders and associated stakeholders prior to and while undertaking drilling operations at each of the well sites. ▪ The access tracks and well sites were located away from tourist routes. ▪ The landowner has requested that no rehabilitation work be undertaken on any access tracks. ▪ The Sheringa-1 well site was not located near cattle watering points and cattle were not present in significant numbers due to prevailing drought conditions. ▪ At the completion of the drilling operations, a temporary cattle proof fencing was erected to isolate any pits or plant remaining on site. The fencing was kept in place until the pits were dry and machinery was available to fully rehabilitate the site

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 11 :</u></p> <p>Optimise waste reduction and recovery.</p>	<ul style="list-style-type: none"> ▪ With the exception of drilling fluids, drill cuttings and other fluids disposed during well clean-up, and sewage wastes, all wastes to be disposed of at an EPA licensed facility in accordance with EPA Licence conditions. ▪ Attainment of GAS criteria for “Site left in clean, tidy and safe condition after final clean-up” objective during well site restoration (refer Appendix 4). ▪ Attainment of GAS criteria for “Site left in clean, tidy and safe condition” objective during borrow pit restoration (refer Appendix 5). ▪ 	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> ▪ Waste was removed from the well site in accordance with Beach’s policy set out in the company’s Drilling Operations Manual. • Non-putrescible waste material (including hazardous material) was stored safely on site for later removal to an EPA approved disposal facility.

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 12</u> ⋮</p> <p>Remediate and rehabilitate operational areas to agreed standards.</p>	<ul style="list-style-type: none"> ▪ No unresolved reasonable stakeholder complaints. <p><u>Contaminated Site Remediation</u></p> <ul style="list-style-type: none"> ▪ Contaminated sites are remediated in accordance with criteria developed with the principles of the National Environment Protection Measure for Contaminated sites and in consultation with the EPA. <p><u>Well Site and Access Track Restoration</u></p> <ul style="list-style-type: none"> ▪ The attainment of 0, +1 or +2 GAS criteria for (refer Appendix 4): <ul style="list-style-type: none"> - “minimise visual impact of abandoned well sites” - “minimise visual impact of abandoned access tracks” - “re-establish natural vegetation on abandoned well sites and access tracks” 	<p><i>Compliant</i></p>	<p>The Sheringa-1 well site will be restored in accordance with the standards and procedures detailed in the Cooper Basin SEO for Drilling and Well Operations (2003) and internal guidelines.</p> <p>Restoration will proceed when the sump pit has dried out and earthmoving machinery is available in the vicinity.</p> <p>Any contaminated sites are remediated in accordance with Beach Guidelines and Industry Standards.</p> <p>Restoration of the well site will also be in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia, to attain the highest feasible GAS rating.</p> <p>The <i>access track</i> to the well will not be rehabilitated, as requested by the landowner.</p>

TABLE 4 : DRILLING SEO (Continued)

Objective	Assessment Criteria	Compliant / Non-Compliant	Comments
<p><u>Objective 12</u> <u>(Contd.)</u></p> <p>Remediate and rehabilitate operational areas to agreed standards.</p>	<p><u>Borrow Pit Restoration</u></p> <ul style="list-style-type: none"> ▪ The attainment of 0, +1 or +2 GAS criteria (refer Appendix 5) for : “minimise impact on vegetation”, “minimise impact on soil”, “Minimise visual impacts” <p><u>Note:</u> Well abandonment issues addressed under Objective 6.</p>		

Table 5 : Compliance with SEO for Cooper Seismic Operations

OBJECTIVE	ASSESSMENT CRITERIA	COMPLIANCE / NON-COMPLIANCE	COMMENTS
<p>Objective 1: <i>Minimise the visual impact of operations.</i></p>	<p><u>Campsite and survey line preparation</u> Proposed survey lines and campsites have been appropriately located and prepared to minimise the visual impact. The attainment of 0, +1 or +2 GAS criteria for 'visual impact' objective listed in Appendix 3.</p>	<p><i>Compliant</i></p>	<p>Gas audits were taken at approximately 50 locations, 32 in dunefield and 18 in floodplain environments, throughout the 274 square kilometres of survey lines recorded in PEL 92.</p> <p>At four of the dunefield locations, the disturbance of the soil was required to be greater than normally desired, resulting in GAS scores of "-1".</p> <p>Despite the extra disturbance, the soil surface will rehabilitate naturally, although the visual impact may persist slightly longer than is usually the case.</p>
<p>Objective 2: <i>Minimise disturbance to and contamination of soil resources.</i></p>	<p><u>Campsite and survey line preparation</u> Attainment of 0, +1 or +2 GAS criteria for 'Minimise impacts to land surface' objective, as listed in Appendix 3. Proposed survey lines and campsites have been appropriately located and prepared to minimise the disturbance to soil resources.</p>	<p><i>Compliant</i></p>	<p>Refer to comments above for performance in achieving Objective 1.</p> <p>There were no incidents of soil contamination arising from the survey activities.</p>

TABLE 5 : SEISMIC SEO (Continued)

OBJECTIVE	ASSESSMENT CRITERIA	COMPLIANCE / NON-COMPLIANCE	COMMENTS
<p>Objective 2: (Contd.) Minimise disturbance to and contamination of soil resources</p>	<p><u>Fuel Storage and Handling</u> No refuelling occurs outside designated refuelling/servicing areas. Spills or leaks are immediately reported and clean up actions initiated. Records of spill events and corrective actions are maintained in accordance with company procedures. Appropriate spill response equipment is available on site.</p>	<p><i>Compliant</i></p>	
<p>Objective 3: Minimise disturbance to native vegetation and fauna.</p>	<p><u>Campsite and survey line preparation</u> The attainment of either 0, +1 or +2 GAS criteria for 'Impact on native vegetation' objective listed in Appendix 3. No mature trees are removed. Vehicle access to survey lines is to be via existing access tracks or pre-existing survey lines, except where they have rehabilitated. Other temporary access tracks may be utilised where such use is likely to result in less environmental impact than other options. <u>Fuel and Chemical Storage and Management</u> Refer to assessment criteria for objective. <u>Fire Danger Season restrictions and education</u> All personnel are fully informed on the fire danger season and associated restrictions.</p>	<p><i>Compliant</i></p>	<p>Gas audits were taken at approximately 50 locations throughout the 274 square kilometres of survey lines recorded in PEL 92. At each of these locations the GAS scores for "impact on vegetation" were either "0" or "+1" indicating there were no instances where the disturbance was greater than is usual for these type of operations.</p>

TABLE 5 : SEISMIC SEO (Continued)

OBJECTIVE	ASSESSMENT CRITERIA	COMPLIANCE / NON- COMPLIANCE	COMMENTS
<p>Objective 4:</p> <p><i>Avoid disturbance to sites of cultural and heritage significance.</i></p>	<p>The following is one possible procedure to achieve the objective.</p> <p>Appropriately trained and experienced cultural/heritage advisors have scouted proposed survey line locations and access tracks.</p> <p>The operator has a mechanism in place to appropriately report and respond to any sites discovered during survey operations.</p> <p>Any sites identified have been flagged and subsequently avoided.</p> <p><u>Note:</u> Where a negotiated agreement or determination for heritage is in place, compliance with the negotiated agreement or determination takes precedence over the above criteria.</p> <p>The EIR details this possible procedure.</p>	<p><i>Compliant</i></p>	<p>Beach have an agreement with the Dieri Aboriginal Corporation (DAC) Native Title Claimant group which specifies the requirements for scouting proposed seismic lines to identify and avoid areas of heritage value and archaeological significance.</p> <p>Joint site visits were carried out with representatives from the Native Title Claimant group. Proposed line locations and access routes were agreed and given heritage clearance.</p> <p>Areas of significance were recorded and marked as exclusion zones.</p>

TABLE 5 : SEISMIC SEO (Continued)

OBJECTIVE	ASSESSMENT CRITERIA	COMPLIANCE / NON-COMPLIANCE	COMMENTS
<p>Objective 5: <i>Minimise disturbance to livestock, pastoral infrastructure and landholders.</i></p>	<p>The attainment of 0, +1 or +2 GAS criteria for 'Impact on infrastructure' objective listed in Appendix 3. No reasonable concerns raised by stakeholders are left unresolved. The extent to which the relevant sections of the Petroleum Act and Regulations have been followed and implemented and in particular in relation to landowner liaison and notification.</p>	<p><i>Compliant</i></p>	<ul style="list-style-type: none"> ▪ Beach maintained regular contact with the pastoral lessees prior to and while undertaking survey operations. ▪ None of the seismic lines interfered with cattle watering points and cattle were not present in significant numbers due to prevailing drought conditions. • Extensive seismic survey operations have been undertaken regularly in recent years on both of the pastoral leases covered by the Neritus Survey. • No issues of concern have been raised by the landowner in relation to these activities.

<p>Objective 6: <i>Avoid the introduction or spread of exotic species and implement control measures as necessary.</i></p>	<p>Weeds or feral animals are not introduced into, or spread, in operational areas</p>	<p><i>Compliant</i></p>	<p>Machinery and vehicles used for line preparation and survey recording were already working in the Cooper Basin prior to commencing the Neritus survey.</p>
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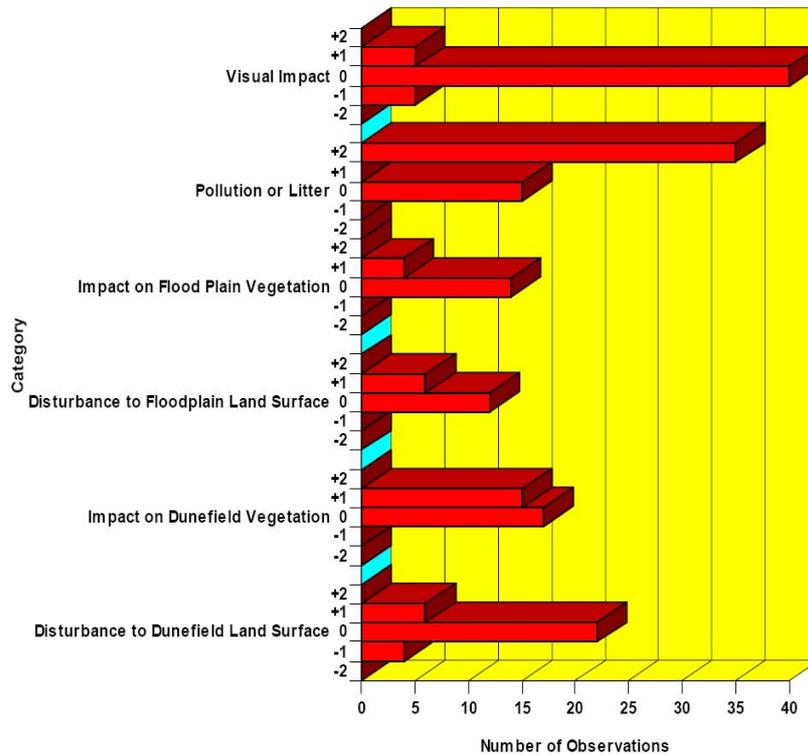
TABLE 5 : SEISMIC SEO (Continued)

OBJECTIVE	ASSESSMENT CRITERIA	COMLIANCE / NON-COMPLIANCE	COMMENTS
<p>Objective 7:</p> <p><i>Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow groundwater resources.</i></p>	<p><u>Campsite and survey line preparation</u> Campsites and survey lines/traverses are located and constructed to avoid diversion of water flows. The attainment of 0, +1 or +2 GAS criteria for 'disturbance to land surface' objective listed in Appendix 3. No uncontrolled flows to surface from aquifers intersected in upholes/shallow boreholes. There is no unnecessary interference with natural drainage features.</p> <p><u>Fuel Storage and Handling</u> No spills occur outside of areas designed to contain them. Refuelling occurs at least 1km from watercourses or sensitive ecological environments (wetlands). Appropriate spill response equipment is available on site. Spills or leaks are immediately reported and clean up actions initiated promptly.</p>	<p><i>Compliant</i></p>	<p>Many of the source and receiver lines crossed the Cooper Creek channels.</p> <p>These channels are typically less than one metre deep. Particular care was taken to ensure minimal disturbance of the banks of the channels at the points where the access lines entered and exited the channels.</p>

TABLE 5 : SEISMIC SEO (Continued)

<p>Objective 8: <i>Optimise waste reduction and recovery.</i></p>	<p>Wastes are segregated, burnt or transported to an Environment Protection Authority (EPA) approved waste disposal facility for recycling or burial in accordance with approved procedures. 0, +1 or +2 GAS criteria are attained for 'Negligible survey markers and rubbish in situ' objective listed in Appendix 3.</p>	<p><i>Compliant</i></p>	<p>GAS scores of either "0" or "+2" were recorded in relation to "Pollution and litter" (control) at each of the sites where GAS scores were measured.</p>
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Fig # 5: GAS Audit of the Beach Petroleum 2006 Neritus 3D, PEL 92



Management System Audits

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”.

No management system audits were undertaken during the licence year in relation to exploration activities on PEL 92.

Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:

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

The reports generated during the licence year in relation to exploration activities on PEL 92 are listed in Table 6.

Incidents

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 reportable incidents arising from the operations undertaken on PEL 92 during the current licence reporting year.

Table 6 : List of reports and data submissions during current licence reporting year.

Description of Report / Data	Date Due	Date Submitted	Compliant / Non-Compliant
Silver Sands-1 Well Completion Report (1x CD, Hardcopy Comp Log & Mudlog)	4 -Nov-06	20-Nov-06	PIRSA approved extension to 22/1/07
Callawonga-1 Hard Copy/Digital Logs (1xHardcopy, 1xCD)	09-Jan-07	09-Jan-07	<i>Compliant</i>
Annual Report for PEL 92 - Year 5.	4-Jan-07	15-Jan-07	PIRSA approved extension to 18/1/07
Boomer-1 Well Completion Report (2 x CD, Hardcopy Comp Log & Mudlog)	8-Jan-07	22-Jan-07	PIRSA approved extension to 22/1/07
Callawonga-1 Well Completion Report (2 x CD, Hardcopy Comp Log & Mudlog)	01-Feb-07	02-Feb-07	<i>Compliant</i>
Snowden-1 Well Completion Report (2 x CD, Hardcopy Comp Log & Mudlog)	13-Mar-07	13-Mar-07	<i>Compliant</i>
Somerton1 Well Completion Report (2 x CD, Hardcopy Comp Log & Mudlog)	27-Mar-07	27-Mar-07	<i>Compliant</i>
2006 Cadulus Seismic Survey PEL 91, 92, 107 Environmental Report	N / A	13-Apr-07	<i>Compliant</i>
Notification of proposal to construct access roads and lease pads for Callawonga -2, -3, and -4, Sheringa-1 and Parsons-1	22-Aug-07	18-Jun-07	<i>Compliant</i>
Notification of proposed Drilling Operations for Callawonga -2, -3, and -4, Sheringa-1 and Parsons-1	28-Aug-07	11-July-07	<i>Compliant</i>
Well Proposals for Callawonga-2, -3, and -4	5-Aug-07	12-Jul-07	<i>Compliant</i>
PEL 92 - 2005 Mytilus Seismic Survey Interpretation Report	30-Apr-07	31-Jul-07	PIRSA approved extension to 31/ 7/07
Well Proposal for Sheringa-1	9 -Oct -07	06-Sep-07	
Cadulus 2D Field Data	30-Sep-07	18-Sep-07	PIRSA approved extension to 30/ 9/07
Cadulus 2D Final Operations Report & Support Data	30-Sep-07	24-Sep-07	PIRSA approved extension to 30/ 9/07
Drilling Program for Sheringa-1	9 -Oct -07	25-Sep-07	<i>Compliant</i>

Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably presents, 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 are no threats foreseeable to the proposed exploration activities for PEL 92, other than the disruptive influence of occasional flooding of the Cooper Creek.

The progress of any flooding events in the headwaters of the Cooper Creek are closely monitored by satellite surveillance to predict the time of their arrival in the PEL 92 area several weeks later. Drilling and seismic schedules are amended accordingly.

Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

“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”.

Drilling Program :

The work program for PEL 92 has no requirements for any wells to be drilled in the first three years of term 2 of PEL 92.

The Parsons-1 discovery well was drilled at the commencement of Year 2 of the second term of PEL 92. Drilling operations commenced on 17th November 2007, and the rig was released on 30th November, after reaching TD of 1817 metres.

The Parsons-2 appraisal well is scheduled for drilling in early March 2008.

Seismic Surveys :

The work program for PEL 92 has a requirement for 100 square kilometres of 3D seismic survey to be recorded in the second year of Term 2 of PEL 92.

Although the Neritus 3D survey was undertaken in the first year of Term 2 surplus to the requirements of the Work Program, it is not proposed for that survey to substitute for the commitment for 3D seismic in the second year of Term 2.

A further 3D seismic survey, covering approximately 300 square kilometres, is planned for PEL 92 during Year 2. The timing of the survey is dependent on availability of a survey crew and accessibility to the area. Floodwaters currently in the higher reaches of the Cooper Creek system in southwest Queensland may postpone the acquisition timeframe should they reach the PEL 92 area .

Pipeline Construction :

As reported above in Section 3.5, construction of the pipeline from the Callawonga field to the Tantanna unloading facility began on 20th October 2007. Approximately 80% of the 40 - kilometre pipeline route traverses through PEL 92. It is anticipated that the construction will be completed during January 2008.

5. Expenditure Statement

Pursuant to Regulation 33(3) under the Act, an annual report must contain:

“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) 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 reporting period.

REMOVED - Commercial in Confidence