



**PEL 123**

**Arckaringa Basin  
South Australia**

**Year 4  
Annual Report**

**For the Period  
3 October 2009 to 21 October 2011**

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## 1. Introduction

Petroleum Exploration Licence PEL 123 'Arckaringa Basin', covers an area of 9646 km<sup>2</sup> and lies within the Arckaringa Basin and east of Coober Pedy, South Australia. This report describes activities conducted during Licence Year 4 (3 October 2009 – 21 October 2011 inclusive), in accordance with Regulation 33 of the Petroleum and Geothermal Act 2000.

## 2. Licence Summary

PEL 123 was awarded to SAPEX which currently maintains a 100% interest in the licence.

In late October 2008 SAPEX Limited merged with Linc Energy Ltd. Following the merger and changes to company structure, ongoing review of target areas in the Arckaringa Basin continues to be a priority.

The original work commitments associated with the awarding of PEL 123 is outlined in **Table 1**.

**Table 1: Original Work Commitments of PEL 123 by Licence year**

Year of Licence	Minimum Work Requirements
One	Geological and Geophysical Studies
Two	Drill one well and Seismic Acquisition
Three	Drill one well
Four	Geological and Geophysical Studies and Seismic Acquisition
Five	Geological and Geophysical Studies

- On 12 June 2008, SAPEX signed a merger agreement with Linc Energy under which Linc Energy proposed to acquire all of SAPEX's shares, effected by schemes of arrangement which were implemented on 15 October 2008.
- As a result of the merger some of the work commitments for Year 2 were deferred to Year 3. An application for a variation to the work programs dated 19 December 2008 was submitted to PIRSA and approved.
- Activity approval for a drilling program within the Arckaringa Basin was given on 28 August 2009.
- During the notification and approval process of on ground preparations for the nine (9) hole drilling program in the Arckaringa Basin, factors arose causing schedule and planning delays and attributed to the work program extending beyond the commitment of Year 3.
- In August 2009, Linc commenced a 14 well exploration program, covering all PEL's holdings within both the Walloway Basin and Arckaringa Basin.
  - The program in the Arckaringa Basin followed on from a five (5) well drilling program within PEL 120, Walloway Basin.

- Due to the delays in the notification and approval process the Arckaringa Basin drilling program was not completed before 2 October 2009, therefore resulting in the program encroaching into the first quarter of Year 4.
- PIRSA approved a suspension on the 12 Oct 2009 of the Year 3 work commitments for PELs 117, 118, 119, 121, 122 & 123 for a period of 12 months and requisite that both Year 3 and Year 4 commitments of each licence be undertaken by 2 October 2010, with the expiry of all the licenses unchanged at 2 October 2011.
- A variation to the work program of Year 4 was approved (March 2010) to move the drilling of one(1) well and seismic from Year 4 into Year 5, due to an accumulation of drilling delays in previous years and to allow planning of a suitable well location.
- Due to several months of pursuing a Deed of Access agreement from the Department of Defense (DoD) to enter the Woomera Prohibited Area (WPA), SAPEX sought a Suspension under section 90 with PIRSA to Suspend PEL 123 for 12 months, Year 4 (19 January 2010 – 18 January 2011) until such time entry could be obtained.
  - Application for a suspension on PEL 123 was approved for a further 12 month period from 26 January 2011 – 25 January 2012.
  - SAPEX signed a 6 month Deed of Access agreement with the Commonwealth of Australia 11 January 2011, allowing entry to conduct exploration subject to terms as set out in the agreement.
  - SAPEX temporarily lifted the Suspension of PEL 123 on three occasions during 2011; 17 – 23 January, 14 February – 13 June and 14 June – 31 October, a period totally 8 months 24 days. Adding 3 October 2009 – 18 January 2010 pre suspension (3 months 16 days), effectively Year 4 of the licence has been completed (3 October 2009 – 21 October 2011).
- During 2011 (Year 4), Linc Energy conducted a 2D Regional Seismic Survey, a total of 1153.37 kms was surveyed covering several PELs including 219.99 kms in PEL 123. The survey began February and concluded August 2011.
- From June 2011, Linc Energy commenced a six (6) well drilling program in the Arckaringa Basin, which included;
  - One (1) well drilled on PEL 123

The following table (**Table 2**) displays PEL 123, the minimum work program and the actual work completed during Year 4, to 21 October 2011.

**Table 2: Minimum work program and actual work completed - Year 4**

PEL	Minimum Work Program - Year 4	Actual Work Carried Out
PEL 123	<ul style="list-style-type: none"> <li>• Drill One(1) Well</li> <li>• Geology &amp; Geophysical Studies</li> </ul>	<ul style="list-style-type: none"> <li>• 2D Seismic Survey</li> <li>• One(1) Well</li> <li>• Geology &amp; Geophysical Studies</li> </ul>

### 3. Regulated Activities

#### Regulation 33 (2) (a):

##### *Regulated activities conducted*

- Environmental Impact Reports (EIR) and Statement of Environmental Objectives (SEO) for Exploration Drilling Activities and Geophysical Operations (gazetted on the 8<sup>th</sup> November 2007) remain current documents for on ground activities.
- Notice of Entry' letters were sent to landholders for the 2D seismic survey and Well program. Linc Energy utilised "consultation manger" a secure database designed to record all correspondence and contact with landowners post and during ground activities.
- Activity notification and approvals for high level official supervision were submitted for proposed commencement of the drilling of wells and 2D seismic survey on PEL 123, Arckaringa Basin.
- From the commencement of the 2D seismic survey and drilling activities, submissions of weekly progress reports and daily drilling reports were submitted to PRISA as per regulatory requirements.

**Table 3: Arckaringa Exploration Program 2010-11**

PEL	Well	Longitude	Latitude	GL	Spud Date	Rig Release Date	Depth
123	William Creek 1	136352.02	285520.82	94.97	3/8/2011	18/8/2011	914

PEL 123 2D Seismic Details							
Line	FSN	LSN	STNs	VPS	KMs		
LNC11-12	2432	1001	1431	1332	42.93		
LNC11-13	1530	1001	529	530	15.87		
LNC11-14	1702	1001	701	702	21.03		
LNC11-29	1001	1479	478	479	14.34		
LNC11-30	1001	3895	2894	2895	86.82		
LNC11-31	985	2285	1300	1301	39.00		
					<b>Total</b>	<b>219.99</b>	

Note Lines; LNC11-12, 13 & 14 cross over PELs 123 & 122

## 4. Compliance Issues

### **Regulation 33 (2) (b) (c):**

***Compliance with the Act, Regulations, Licence conditions and relevant statement of environmental objectives, Actions to rectify non compliance***

#### ***Licence Compliance***

- Work commitment for Year 4 on PEL 123 was to drill one well and undertake Geological and Geophysical studies in accordance with condition 1, this was achieved.
- Geological and Geophysical studies have been undertaken throughout the term; with the planning and completion of a regional 2D seismic survey across PELs 123 of which capitalized on the 2008 seismic acquisition program which then exceeded the seismic work program commitment of Years 2 and 4.
- As part of Linc Energy's environmental management system, site procedures were established in order to achieve the requirements of the Statement of Environmental Objectives (SEO) for both;
  - Exploration Drilling Activities and Geophysical Operations.
  - These procedures were followed throughout the drilling and seismic program and regularly checked by the project geologist and company representative. No issues of non-compliance were identified.

#### ***Licence Non-Compliance***

There is no Licence Non-Compliance for the current reporting year

#### ***Regulatory Compliance***

- Completion of 1 well on PEL 123 as listed in **Table 3**.
- Activity notification for high level official supervision activity was submitted for the drilling of wells and to conduct a 2D seismic survey on PEL 123, Arckaringa Basin.
- From the commencement of the 2D seismic survey and drilling of the well, submissions of weekly progress reports and daily drilling reports were submitted to PRISA as per regulatory requirements.
- A report on an emergency response drill conducted during the 2D seismic survey was submitted as per regulatory requirements.
- Reporting of incidents in accordance with the SEO was undertaken as per regulatory requirements.

#### ***Regulatory Non-Compliance***

There is no Regulatory Non-Compliance for the current reporting year

**Table 4: Compliance with Petroleum and Geothermal Energy Regulations**

<b>Well</b>	<b>Title</b>	<b>Regulation</b>	<b>Due Date</b>	<b>Completed Date</b>	<b>Compliant</b>
PEL 123 – William Creek 1	Daily Drilling and other drilling Reports	Reg 38	3/08/2011 - 18/08/2011	Daily during drilling operations	Yes

<b>2D Seismic Survey</b>	<b>Title</b>	<b>Regulation</b>	<b>Due Date</b>	<b>Completed Date</b>	<b>Compliant</b>
PEL 123	Weekly Progress Report	Reg 34	2/02/2011 – 15/08/2011	15/08/2011	Yes

<b>General Reporting</b>	<b>Regulation</b>	<b>Due Date</b>	<b>Completed Date</b>	<b>Compliant</b>
Quarterly Cased Hole Activity Report 3 Jul - Sep 10	Reg 41	30/10/2010	1/11/2010	Yes
Year 3 - Annual Report Combined PEL 117, 118, 119, 121. 122 & 123	Reg 33	2/12/2009	2/12/2009	Yes
Quarterly Cased Hole Activity Report Oct - Dec 10	Reg 41	31/01/2011	27/01/2011	Yes
Quarterly Cased Hole Activity Report Jan - Mar 11	Reg 41	30/04/2011	24/04/2010	Yes
Quarterly Cased Hole Activity Report Apr - Jun 11	Reg 41	31/07/2010	25/07/2010	Yes

**Table 5: Compliance with Statement of Environmental Objectives – Exploration Drilling Activities**

The drilling activities undertaken during this reporting period and all field assessments undertaken for the notification and activities approval process were carried out in accordance to the objectives of the Statement of Environmental Objectives (SEO) for Exploration Drilling Activities, as detailed in **Table 5** below.

<i>Objective</i>	<i>Assessment Criteria</i>	<i>Compliant/Non-Compliant</i>	<i>Comments</i>
1. Avoid disturbance to sites of cultural and heritage significance	No impact to sites of Aboriginal or non – indigenous heritage significance without approval under the Aboriginal Heritage Act 1988 and Heritage Places Act 1993	Compliant / Achieved	Work Area Clearances (WACs) with the relevant native title group have been carried out. Activities were confined to the areas cleared by the WAC's
2. Minimise disturbance to native vegetation and native fauna	Any sites of rare, vulnerable and endangered flora and fauna have been identified, flagged and subsequently avoided. Significant remnant vegetation has not been cleared without specific consultation with PIRSA, Native Vegetation Council and DEH prior to activity approval. The attainment of either 0, +1 or +2 GAS criteria for 'Minimise disturbance to native vegetation' objective for well site construction . The attainment of 0, +1 or +2 GAS criteria for "Re-establish native vegetation on abandoned well sites and access tracks" No fires during drilling activities. Fuel and Chemical Storage and Handling Waste Management	Compliant / Achieved	Assessments indicated that significant (or rare or threatened) flora and fauna are not present or likely to occur at the sites. Vegetation clearance was minimised and the clearance of long-lived/significant species avoided, in accordance with standard procedures. Previously disturbed areas were selected for the drilling sites. Access tracks and drilling sites have been rehabilitated and remediated according to industry standards (e.g. as outlined in the EIR (Section 6) and the SEO). Rehabilitation signoff has been finalised. The storage, use and disposal of hazardous material were in accordance with legislative requirements. Fire risk formed part of the onsite induction and fire fighting equipment appropriate to the site and seasonal conditions was present. Sparse vegetation poses minimal fire risk.
3. Prevent the introduction or spread of exotic species and implement control measures as necessary	Weeds are not introduced into, or spread in, operational areas as a consequence of activities	Compliant / Achieved	Landholders were consulted regarding weed management. Equipment brought to site was free of soil or weed material. Any equipment that had been operating outside the Arckaringa Basin or in an area of weed infestation was thoroughly inspected and washed down before going to site. Good housekeeping practices were followed to discourage pest animal species.



<p>4. Minimise disturbance and contamination to soil resources</p>	<p>The attainment of 0, +1 or +2 GAS criteria for 'Minimise impacts to soil' No construction activities are carried out on salt lakes, steep slopes or in areas of boggy coastal soils.</p> <p>No soil contamination as a result of drilling activities.</p> <p>Fuel and Chemical Storage and Handling - Soil in areas affected by any spill is removed and/or bio-remediated.</p> <p>No soil contamination as a result of fuel and chemical storage and handling.</p> <p>Waste Management</p>	<p>Compliant / Achieved</p>	<p>The area utilised for drilling was restricted to the smallest practicable. Unnecessary/unauthorised off-road driving or creation shortcuts were avoided.</p> <p>No sensitive land systems (salt lakes, steep slopes or boggy coastal areas) were present.</p> <p>Topsoil from the sump was stockpiled separately and respread on reinstatement.</p> <p>Areas of compaction ripped where appropriate in accordance with industry standards (e.g. EIR (Section 6) and SEO). Rehabilitation signoff and GAS assessment still to be finalised.</p> <p>Drilling muds were water-based and low- or non-toxic. Ground water and associated drilling mud/fluids contained within designated sumps.</p> <p>Bunding and/or polythene lining for fuel and chemical storage, refuelling etc were adequate to contain spills and meet legislative requirements (e.g. EPA guidelines). Drip trays used for refuelling and underneath any parts of the rig that may pose a potential leak or spill hazard. Appropriate spill response equipment was maintained on site.</p> <p>Linc and/or contractor procedures covered spill response. Material Safety Data Sheet (MSDS) information was readily available on site.</p>
<p>5. Minimise loss of reservoir and aquifer pressures and avoid aquifer contamination</p>	<p>No aquifer contamination as a result of drilling, completion or production testing activities.</p> <p>No uncontrolled flow to surface (i.e. blow out). Sufficient barriers exist in casing annulus to prevent crossflow between separate aquifers or hydrocarbon reservoirs.</p> <p>Activities No crossflow behind casing between aquifers, and between aquifers and hydrocarbon reservoirs unless approved by the Department of Water, Land and Biodiversity Conservation.</p>		<p>Hole casing, cementing and abandonment in accordance with SEO requirements.</p> <p>A properly balanced mud system was utilised and monitored.</p> <p>On completion of drilling the following occurred:</p> <ul style="list-style-type: none"> <li>• CBL logs run</li> <li>• cement back to surface.</li> <li>• cap well head 0.5m below ground.</li> </ul>
<p>6. Minimise disturbance to drainage patterns and avoid</p>	<p>Well sites and access tracks are located to maintain pre-existing water flows (i.e. channel contours are maintained on floodplains and at creek crossings). The attainment of 0, +1 or +2</p>	<p>Compliant / Achieved</p>	<p>Drainage at sites mostly local; interception of flows by drill sites will be minor to negligible.</p> <p>Sump adequately sized to prevent overflow.</p>

<p>contamination of surface waters and shallow groundwater resources</p>	<p>GAS criteria for 'Minimise disturbance to drainage patterns'</p> <p>No contamination of surface waters and shallow groundwater resources as a result of drilling activities.</p> <p>No contamination of surface waters and shallow groundwater resources as a result of fuel or chemical storage and handling.</p> <p>Waste Management</p>		<p>Site rehabilitation works are underway and in accordance with the SEO and EIR (Section 6).</p> <p>Surface water flow directed away from sump. Release of groundwater and drill mud beyond the designated drilling area avoided. Sumps backfilled with at least 0.5m cover.</p> <p>Bundling and/or polythene lining for fuel and chemical storage, refuelling etc adequate to contain spills and meet legislative requirements (e.g. EPA guidelines).</p> <p>Drill rig generators and fuel tanks appropriately banded (e.g. located in polythene lined banded areas) to contain any oil spills.</p> <p>Fuel tanks and delivery systems regularly inspected by Linc Drilling Supervisor and rejected if found unsuitable.</p> <p>The storage, use and disposal of hazardous material was undertaken in accordance with legislative requirements. Material Safety Data Sheet (MSDS) information will be readily available on site.</p>
<p>7. Minimise risks to the safety of the public, employees and other third parties</p>	<p>No injuries to the public or third parties as a result of drilling, completion and initial production testing activities</p>	<p>Compliant / Achieved</p>	<p>Health and Safety plans, Drilling Program, Emergency Response Plan developed and implemented by Linc and its contractors in accordance with legislative requirements, SEO and industry standards (e.g. as outlined in the EIR (Section 6)).</p> <p>All employees undertook a safety induction prior to commencing work in the field. Warning signage (and fencing if necessary) erected to deter unauthorised third party access.</p> <p>The public was not permitted to access to the drill sites.</p> <p>Traffic warning signs and/or traffic management implemented when drilling in road reserves.</p> <p>Rig moves and significant transportation events were communicated to affected parties.</p> <p>Fire prevention equipment, inductions and emergency response plans were in place. Fire risk formed part of the onsite induction and fire fighting equipment appropriate to the site and seasonal conditions was present. Sparse vegetation poses minimal fire risk.</p> <p>The sump and any other hazards were fenced following drilling to minimise public safety risks.</p> <p>Site rehabilitation works are underway and in accordance with the SEO and EIR (Section 6).</p>

8. Minimise disturbance to stakeholders and associated infrastructure	No adverse impact (outside agreed disturbance/compensation areas) on livestock or crops as a result of activities. No reasonable concerns raised by stakeholders are left unresolved.	Compliant / Achieved	Landholders have been consulted regarding the drilling and any issues raised were incorporated into the planning of the drilling program. Formal notices of entry were issued to landholders. Close consultation was maintained with landholders regarding issues such as stock management and use of tracks and water bores, to ensure that drilling activities are undertaken in a way that minimises disruption. Drill site was located away from houses, bores and yards. Vehicles driven at appropriately slow speeds to avoid undue disturbance. During site restoration, suitable fencing was erected to isolate the sump. The site is being restored according to industry standards (e.g. as outlined in the EIR (Section 6) and SEO). No reasonable stakeholder concerns / complaints have been left unresolved.
9. Minimise the visual impact of operations	The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact' objective for wellsite restoration listed in Appendix 2.	Compliant / Achieved	Previously disturbed areas were selected for drilling, which minimised the visual impacts. Minimal vegetation clearance and earthworks were required for site and access preparation. Rehabilitation signoff has been finalised. Site rehabilitation works are underway and in accordance with the SEO and EIR (Section 6).
10. Minimise the impact on the environment of waste storage, handling and disposal	No soil, surface water or ground water contamination as storage and disposal a result of waste All wastes have been disposed of at an EPA licensed facility with the exception of drilling fluids, drill cuttings and other fluids disposed during well clean-up. The attainment of 0, +1 or +2 GAS criteria for 'Site to be left in a clean, tidy and safe condition'	Compliant / Achieved	Covered bins were available on site for the capture of all solid waste materials and waste securely transported to an approved disposal facility. Portable, self-contained toilet facilities were located on site, and sewage treated on site to water Class C standard in accordance with Health Department regulations. Litter cleaned up during and post drilling. Drill cuttings/chippings and muds disposed of in drill sump. Site rehabilitation works are underway and in accordance with the SEO and EIR (Section 6).
11. Remediate and rehabilitate operational areas to agreed standards	The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact', 'Re-establish native vegetation on abandoned wellsites and access tracks' where the revegetation of native species is required and 'Site to be left in a clean, tidy and safe condition' objectives listed in Appendix 2	Compliant / Achieved	Access tracks and drilling sites rehabilitated and remediated according to industry standards and SEO requirements. Refer also to Objectives 2, 4, 5, 6, 7, 8, 9, 10. Linc EMS procedures address quality of rehabilitation prior to contractor sign-off. Site rehabilitation works are underway and in accordance with the SEO and EIR (Section 6).

**Table 6: Compliance with Statement of Environmental Objectives – Geophysical Operations**

The 2D Seismic Survey undertaken during this reporting period and all field assessments undertaken for the notification and activities approval process were carried out in accordance to the objectives of the Statement of Environmental Objectives (SEO) for Geophysical Operations, as detailed in **Table 6** below.

<i>Objective</i>	<i>Assessment Criteria</i>	<i>Compliant/Non-Compliant</i>	<i>Comments</i>
1. Avoid disturbance to sites of cultural and heritage significance	No impact to sites of Aboriginal or non – indigenous heritage significance without approval under the Aboriginal Heritage Act 1988 and Heritage Places Act 1993	Compliant / Achieved	Work Area Clearances (WACs) with the relevant native title group have been carried out. Activities were confined to the areas cleared by the WAC’s
2. Minimise disturbance to native vegetation and native fauna	Any sites of rare, vulnerable and endangered flora and fauna have been identified, flagged and subsequently avoided. Significant remnant vegetation has not been cleared without specific consultation with PIRSA, Native Vegetation Council and DEH prior to activity approval. Campsite and survey line preparation The attainment of either 0, +1 or +2 GAS criteria for “Impact on vegetation objective no mature trees are removed, No off-line or off-access driving.” The attainment of 0, +1 or +2 GAS criteria for “Re-establish native vegetation on abandoned access tracks” No fires during drilling activities. Fuel and Chemical Storage and Handling Waste Management	Compliant / Achieved	Assessments indicated that significant (or rare or threatened) flora and fauna are not present or likely to occur at the sites. Vegetation clearance was minimised and the clearance of long-lived/significant species avoided, in accordance with standard procedures. Where possible existing access tracks were utilised during line clearing. Access tracks have been rehabilitated and remediated according to industry standards (e.g. as outlined in the EIR (Section 6) and the SEO). The storage, use and disposal of hazardous material were in accordance with legislative requirements. Fire risk formed part of the onsite induction and fire fighting equipment appropriate to the site and seasonal conditions was present. Sparse vegetation poses minimal fire risk.

<p>3. Avoid the introduction or spread of exotic species and implement control measures as necessary</p>	<p>Weeds or feral animals are not introduced into, or spread, in operational areas</p>	<p>Compliant / Achieved</p>	<p>Landholders were consulted regarding weed management.</p> <p>Equipment brought to site was free of soil or weed material. Any equipment that had been operating outside the Arckaringa Basin or in an area of weed infestation was thoroughly inspected and washed down before going to site.</p> <p>Good housekeeping practices were followed to discourage pest animal species.</p>
<p>4. Minimise disturbance and contamination to soil resources</p>	<p>The attainment of 0, +1 or +2 GAS criteria for 'Disturbance to land surface'.</p> <p>Fuel and Chemical Storage and Handling - Soil in areas affected by any spill is removed and/or bio-remediated.</p> <p>No soil contamination as a result of fuel and chemical storage and handling.</p> <p>Waste Management</p>	<p>Compliant / Achieved</p>	<p>The area utilised for drilling activities and seismic recording was restricted to the smallest practicable.</p> <p>Unnecessary/unauthorised off-road driving or creation shortcuts were avoided.</p> <p>No sensitive land systems (salt lakes, steep slopes or boggy coastal areas) were present.</p> <p>Areas of compaction ripped where appropriate in accordance with industry standards (e.g. EIR and SEO). Rehabilitation signoff has been finalised.</p> <p>Linc and/or contractor procedures covered waste management and fuel storages response. Material Safety Data Sheet (MSDS) information was readily available on site.</p>
<p>5. Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow groundwater resources</p>	<p>Campsite and Access tracks are located to maintain pre-existing water flows (i.e. channel contours are maintained on floodplains and at creek crossings). The attainment of 0, +1 or +2 GAS criteria for 'Minimise disturbance to drainage patterns'</p> <p>No contamination of surface waters and shallow groundwater resources as a result of fuel or chemical storage and handling.</p> <p>Waste Management</p>	<p>Compliant / Achieved</p>	<p>Campsite and lease and line preparation aimed to minimise impacts to drainage systems, by avoiding sensitive areas and using appropriate preparation methods to avoid or minimise the development of windrows.</p> <p>Areas of compaction ripped where appropriate in accordance with industry standards (e.g. EIR and SEO). Rehabilitation signoff has been finalised.</p> <p>Fuel tanks and delivery systems regularly inspected by Linc Supervisor and rejected if found unsuitable.</p> <p>The storage, use and disposal of hazardous material was undertaken in accordance with legislative requirements. Material Safety Data Sheet (MSDS) information will be readily available on site.</p>

<p>6. Minimise risks to the safety of the public, employees and other third parties</p>	<p>No injuries to the public or third parties as a result of drilling, completion and initial production testing activities</p>	<p>Compliant / Achieved</p>	<p>Health and Safety plans, Emergency Response Plan developed and implemented by Linc and its contractors in accordance with legislative requirements, SEO and industry standards (e.g. as outlined in the EIR (Section 6)).</p> <p>All employees undertook a safety induction prior to commencing work in the field. Warning signage (and fencing if necessary) erected to deter unauthorised third party access.</p> <p>The public was not permitted access to the survey program or site of activity.</p> <p>Significant transportation events were communicated to affected parties.</p> <p>Fire prevention equipment, inductions and emergency response plans were in place. Fire risk formed part of the onsite induction and fire fighting equipment appropriate to the site and seasonal conditions was present. Sparse vegetation poses minimal fire risk.</p> <p>Hazards were fenced to minimise public safety risks.</p> <p>Site rehabilitation works were in accordance with the SEO and EIR (Section 6).</p>
<p>7. Minimise disturbance to livestock, pastoral infrastructure and landholders</p>	<p>No adverse impact on livestock a result of activities. No reasonable concerns raised by stakeholders are left unresolved.</p>	<p>Compliant / Achieved</p>	<p>Landholders have been consulted regarding the seismic activity and any issues raised were incorporated into the planning of the program.</p> <p>Formal notices of entry were issued to landholders. Close consultation was maintained with landholders regarding issues such as stock management and use of tracks and water bores, to ensure that seismic activities are undertaken in a way that minimises disruption.</p> <p>Vehicles driven at appropriately slow speeds to avoid undue disturbance.</p> <p>The lines, leases and campsites were restored according to industry standards (e.g. as outlined in the EIR (Section 6) and SEO). No reasonable stakeholder concerns / complaints were left unresolved.</p>
<p>8. Minimise the visual impact of operations</p>	<p>The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact' objective for campsite and line preparation</p>	<p>Compliant / Achieved</p>	<p>Existing access tracks were selected where possible, which minimised the visual impacts.</p> <p>Minimal vegetation clearance and earthworks were required for leases lines and campsite preparation. Rehabilitation signoff has been finalised for seismic lines.</p>

			Sites were ripped where compaction was evident and windrows minimal and areas restored.
9. Minimise the impact on the environment of waste storage, handling and disposal	The attainment of 0, +1 or +2 GAS criteria for 'pollution of litter' objective for campsite and line preparation. Wastewater disposal and spills have been managed appropriately.	Compliant / Achieved	Covered bins were available on site for the capture of all solid waste materials and waste securely transported to an approved disposal facility. Portable, self-contained toilet facilities were located on site, and sewage treated on-site using approved treatment plant in accordance with Health Department regulations. Litter cleaned up during and post survey Rehabilitation signoff has been finalised.
10. Remediate and rehabilitate operational areas to agreed standards	The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact', 'Impact on infrastructure' 'Uphole site restoration' Disturbance to land surface'	Compliant / Achieved	Access tracks, leases, survey lines and campsites remediated according to industry standards and SEO requirements. Refer also to Objectives 2, 4, 5, 6, 7, 8, 9, 10. Linc EMS procedures address quality of rehabilitation prior to contractor sign-off. Rehabilitation signoff has been finalised.

**Regulation 33 (2) (d):****Management System Audits**

No management system audits were undertaken during the term.

**Regulation 33 (2) (e):****Reports generated during the Licence year****Table 7: Reports generated during the Licence year**

Terrex Seismic, (2010). Emergency Response Plan – 2D Regional Seismic Survey PELs 117, 121 & 123 Arckaringa Basin South Australia.					
<b>Date Due</b>	N/A	<b>Date Submitted</b>	17 January 2011	<b>Compliant</b>	Yes
Terrex Seismic, (2010). Site Specific Safety Procedures – 2D Regional Seismic Survey PELs 117, 121 & 123 Arckaringa Basin South Australia.					
<b>Date Due</b>	N/A	<b>Date Submitted</b>	17 January 2011	<b>Compliant</b>	Yes
Terrex Seismic, (2010). Safety Management Plan - 2D Regional Seismic Survey PELs 117, 121 & 123 Arckaringa Basin South Australia.					
<b>Date Due</b>	N/A	<b>Date Submitted</b>	17 January 2011	<b>Compliant</b>	Yes
McGee Associates and Daybro Geophysical, (2011). Linc 2010 Reprocessing Program Interpretation Report PELs 117, 121, 122, 123, Arckaringa Basin South Australia.					
<b>Due Date</b>	21 December 2011	<b>Date Submitted</b>	29 March 2011	<b>Compliant</b>	Yes
McGee Associates and Daybro Geophysical, (2011). Linc 2010 Reprocessing Program Processing Report PELs 117, 121, 122, 123, Arckaringa Basin South Australia.					
<b>Due Date</b>	21 December 2011	<b>Date Submitted</b>	29 March 2011	<b>Compliant</b>	Yes
RPS Environmental and Planning, (2011), Environmental Assessment Report Arckaringa Basin Drilling 2011 Arckaringa Basin, South Australia.					
<b>Due Date</b>	N/A	<b>Date Submitted</b>	30 March 2011	<b>Compliant</b>	Yes
Maeorg M., (2011). Arckaringa Basin Work Area Clearance 17-21 January 2011 A102071-2 2D Seismic Survey, William Creek Alternate 1 & 2 Wells, and Haystack Well Borrow Pits 1 & 2 in PELs 121, 122, 123.					
<b>Due Date</b>	N/A	<b>Date Submitted</b>	3 December 2010	<b>Compliant</b>	Yes



Haines. T., (2011). Work Area Clearance Survey: A report to SAPEX Ltd and AMYAC.					
<b>Due Date</b>	N/A	<b>Date Submitted</b>	3 February 2011	<b>Compliant</b>	Yes
SAPEX Ltd / Linc Energy Ltd, (2011). Emergency Response Plan – Drilling and Exploration Arckaringa Basin South Australia.					
<b>Due Date</b>	N/A	<b>Date Submitted</b>	25 March 2011	<b>Compliant</b>	Yes
SAPEX Ltd / Linc Energy Ltd, (2011). Health, Safety & Environment Management Plan Drilling and Exploration Arckaringa Basin South Australia.					
<b>Due Date</b>	N/A	<b>Date Submitted</b>	25 March 2011	<b>Compliant</b>	Yes

**Regulation 33 (2) (f):**

***Incidents reported to the Minister under the Act***

No incidents occurred during this reporting period.

**Regulation 33 (2) (g):**

***Foreseeable threats that present a hazard to facilities or activities***

- Woomera Test Range Facility –
  - PEL 123 lies within the Woomera Prohibited Area. SAPEX signed a 6 month Deed of Access agreement with the Department of Defence to enter the area to undertake activities. An access agreement will be an ongoing requirement to conduct any activities on this licence area.
- No threats to activities which are not already covered in the relevant EIR's for exploration and seismic programs.

**Regulation 33 (2) (h):**

***Operations proposed for Year 5***

While activities conducted are dependent on access approval and agreements from the landowner, PEL 123 will remain under suspension.

**Table 8: Petroleum Exploration Licence planned work program – Licence Year 5**

<b>Licence</b>	<b>Planned Work Program (Year 5)</b>
PEL 123	Drill One(1) Well Geological and Geophysical Studies

## 5. Expenditure Statement

### **Regulation 33 (3):**

*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.*

*Commercial In Confidence*