



AHAVA Welbourn Energy Pty Ltd

and

**Dawnpark Holdings Pty Ltd
Standard Oil Pty Ltd**

Annual Report

License Year 3

PEL 499

13 April 2009 – 12 April 2010

Adelaide, 11 June 2010

CONTENTS	Page No.
1. INTRODUCTION	3
2. PERMIT SUMMARY	3
3. REGULATED ACTIVITIES	6
Geological and Geophysical Studies	6
Drilling and Related Activities	6
Seismic Acquisition Program	7
Seismic Data Processing and Reprocessing	7
Geochemical, Gravity, Magnetic and other surveys	7
4. COMPLIANCE ISSUES	8
License and Regulatory Compliance	8
License Non-Compliance	8
Regulatory Non-Compliance	8
Compliance with Statement of Environmental Objectives	8
Management System Audits	16
Report and Data Submissions	16
Safety	17
Threat Prevention	17
Future Work Program	17
5. EXPENDITURE STATEMENT	18
APPENDIX 1 EXPENDITURE STATEMENT	
APPENDIX 2 GAS AUDIT CHART – OF TRAINOR HILL SS which include 63KM survey in PEL 499 Welbourn Area	

1. INTRODUCTION

Petroleum Exploration License (PEL) 499 was split on 31 March 2009 from PEL-139 which was granted on 13 April 2007. PEL 499 assumed the work program commitments of PEL 139. The license is located in the Officer Basin, South Australia.

In accordance with Regulation 33 of the Petroleum and Geothermal Energy Regulations 2000, this report details the work conducted during License Year 3 of PEL 499 (13 April 2009 – 12 April 2010 inclusive).

2. PERMIT SUMMARY

At the commencement of the License Year 3, licensees for Petroleum License (PEL) 499 were:

- Dawnpark Holdings Pty Ltd (DP) 50%
- Standard Oil Pty Ltd (SO) 50%

AHAVA Energy Pty Ltd (AHAVA) was the Operator.

Ahava Energy Pty Ltd changed its name to Ahava Resources Pty Ltd on 6 August 2009. A new company also named Ahava Energy Pty Ltd was incorporated on 6 August 2009.

On 10 August 2009 Ahava Energy Pty Ltd incorporated a wholly owned subsidiary named Ahava Welbourn Energy Pty Ltd. By way of a Farmout Amendment Agreement registered on 7 October 2009 DP&SO agreed to transfer PEL 499 to Ahava Welbourn Energy Pty Ltd, which transfer was registered on 7 October 2009.

Since that date the sole Licensee of PEL 499 has been Ahava Welbourn Energy Pty Ltd. The “new” Ahava Energy Pty Ltd is the Operator for the Licensee.

Due to initial difficulties in obtaining a suitable rig required for drilling operations, the work commitments of condition 1 of the License were suspended from and including 13 April 2010 to 12 January 2011 and the term of the License was extended to 12 January 2013.

The minimum work program commitments associated with the original PEL 139 can be seen in Table 1.

Table 1 Work commitments by license year of PEL 139

Licence Year	License dates	Minimum Work Program
Year 1	13 April 2007 – 12 April 2008	Geological and Geophysical studies
Year 2	13 April 2008 – 12 April 2009	Drill one well
Year 3	13 April 2009 – 12 April 2010	Data Review
Year 4 & 5	13 April 2010 – 12 April 2011 13 April 2011 – 12 April 2012	Drill one well, or 200kms seismic

The licensees applied to PIRSA to split PEL 139 into two separate licenses, with PIRSA subsequently granting PEL 499 (northern section) and PEL 500 (southern section) on 31 March 2009.

Table 2 shows the minimum work program for PEL 499 after consideration and approval of the split.

Table 2 Work commitments by license year of PEL 499

License Year	License dates	Minimum Work Program
Year 1	13 April 2007 – 12 April 2008	Geological and Geophysical studies
Year 2	13 April 2008 – 12 April 2009	1300kms of 2D Seismic Acquisition
Year 3	13 April 2009 – 12 April 2010	Data Review
Year 4	13 April 2010 – 12 April 2011	Drill one well, or 200kms of 2D Seismic Acquisition
Year 5	13 April 2011 – 12 April 2012	Drill one well, or 200kms of 2D Seismic Acquisition

An application which requested variation of the minimum work program requirements for PEL 499 was sent to PIRSA on 29 March 2010 with the minimum work program requirements for Year 4 and Year 5 as follows:

- Year 4 Geological and Geophysical Studies;
- Year 5 Drill one well

PIRSA approved the application for PEL 499 Year 4 and Year 5 on 12 April 2010 as requested by AHAVA.

The current work program commitments, along with the work conducted for three license years (to 12 April 2010) are shown below in Table 3.

Table 3 Current work commitments and work completed by license year

License Year	Minimum Work Program	Actual Work
Year 1 13 April 2007 – 12 April 2008	Geological and Geophysical studies	- Geological and Geophysical studies. - Review of available PIRSA seismic data. - Preparation for seismic data acquisition.
Year 2 13 April 2008 – 12 April 2009	1300kms of 2D Seismic Acquisition	- Geological and Geophysical studies. - 1300kms of Seismic Acquisition. - 1300kms of Seismic Processing. - Preparation for exploration drilling program.
Year 3 13 April 2009 – 12 April 2010 WP commitment to be completed by 12 Jan 2011	Data Review	- Geological and Geophysical studies. - Continued processing 1300kms of Seismic. - 63kms of additional Seismic Acquisition. - 63kms of Seismic Processing. - Seismic Interpretation and Mapping. - Select drilling location. - Commenced Welbourn Alpha (WA)-1 drilling (Year-5 work commitment).
Year 4 13 April 2010 – 12 April 2011 WP commitment to be completed by 12 Jan 2012	Geological and Geophysical Studies	
Year 5 13 April 2011 – 12 April 2012 WP commitment to be completed by 12 Jan 2013 *	Drill one well	< Drilling of WA-1 well in Year-3 completed PEL-499 Year-5 commitment >

* An annual report covering the final license year 6 (13 April 2012 to 12 January 2013) will be submitted by 12 March 2013.

A separate work program has been approved for PEL 500 and it will be reported separately.

REGULATED ACTIVITIES

Geological and Geophysical Studies

Technical work conducted during the License Year 3 was the continuation of the previous year's regional geological and geophysical evaluation, well logs analysis and well core studies. Stratigraphic and structural well logs correlations were re-constructed over the Byilkaoora and Marla wells.

Interpretation and mapping of 1300 kilometers of new seismic data recorded during License Year 2 were completed. The results upgraded the existing leads to drillable prospects. Based on the new mapping, it was decided that the first exploration well would be drilled in the Welbourn Alpha Prospect.

Drilling and Related Activities

The drilling campaign in PEL 499 commenced during License Year 3 and will continue into License Year 4. Completion of this well will satisfy the work commitment obligation for License Year 5.

After the appropriate Notice of Entry (NOE) had been given, Work Area Clearance (WAC) carried out and regulatory approval given, AHAVA Energy contracted local people for drill site lease and access road earthworks, in addition to water hauling during drilling operations.

AHAVA contracted Hunt Energy to provide a drilling rig for Welbourn Alpha 1. The first rig accepted was a new rig being built in China unfortunately due to significant construction delays it was not possible to use this rig and it was decided to use Hunt Rig 3, which was stacked in Tasmania. The move from Tasmania started on 26 February 2010 and the rig was rigged up and ready to spud on 24 March 2010. Prior to the rig departing from Tasmania it was inspected by an independent third party inspector and inspected again prior to spudding and passed as being "Fit for Purpose". Once the rig had been passed as "Fit for Purpose" regulatory approval was given for drilling operations and the well spudded.

Welbourn Alpha 1 was drilled as follows:

- 20" conductor run and cemented at 19.2m
- Spudded Welbourn Alpha 1 at 17:00 hrs on 24 March 2010.
- 12 ¼" pilot hole drilled to 405m
- Wireline logs run

- Hole opened to 17 ½" to 405m
- 13 3/8" surface casing run and cemented with shoe at 402.5m
- 12 ¼" hole drilled to 585m at 24:00 hrs on 11 April 2010 (end of report period).

There were no Lost Time Injuries or Medical Treatment Injuries associated with drilling activities.

One reportable incident occurred when one of the rig shacks was dropped while being unloaded.

Seismic Acquisition Program

Additional 2D Seismic Acquisition was conducted in License Year 3 in the western part of PEL 499 in conjunction with Seismic Acquisition conducted in PEL 138, in order to tie and connect the seismic lines from PEL 499 to new seismic lines recorded in PEL 138.

- Survey Name : Trainor Hill
- Contractor : Terrex
- Type of Survey : 2D Seismic
- Start Date : 23 August 2009
- Completion Date: 23 October 2009 (both for PEL 499 and PEL 138)
- Line length : 63 kilometers (in PEL 499 only)
- Number of lines : 13 Lines (in PEL 499 only)

Seismic Data Processing and Reprocessing Program

Magnetic tapes of 1300 kilometers of 2D seismic data from Welbourn Hill survey were processed by Velseis in Brisbane during License Year-2 and completed in Licence Year-3.

- Survey Name : Welbourn Hill
- Contractor : Velseis
- Start Date : 10 January 2009 (including experimental data)
- Completion Date: 03 July 2009
- Line length : 1300 kilometers

Additional 2D Seismic Processing for the seismic lines recorded in the western part of PEL 499, which was part of Trainor Hill Seismic Survey was conducted by Velseis in Brisbane.

- Survey Name : Trainor Hill
- Contractor : Velseis
- Start Date : 03 October 2009
- Completion Date: 12 January 2010 (for both PEL 499 and PEL 138)
- Line length : 63 kilometers

No seismic re-processing program was conducted in the license reporting period.

Geochemical, Gravity, Magnetic and other surveys

No Geochemical, Gravity or Magnetic and other surveys undertaken in the license reporting period.

3. COMPLIANCE ISSUES

License and Regulatory Compliance

There were no License and Regulatory Compliance issues that AJAVA and DP & SO were aware of during the License Year 3.

License Non-Compliance

AJAVA has demonstrated in Section 2 that the license is in compliance with the work program commitments. No license non-compliances have been identified.

Regulatory Non-Compliance

To the best of our knowledge, the licensees were not aware of any Non-Compliances relating to requirements under the Petroleum and Geothermal Energy Act 2000 or associated regulations.

Compliance with Statement of Environmental Objectives

Seismic activities were conducted in compliance with the requirements of the Arckaringa Basin Geophysical Operations Statement of Environmental Objectives used by SAPEX and the Arckaringa Basin Geophysical Operations Environmental Impact Report. An Environmental Assessment was also

commissioned by AJAVA to confirm that these documents were appropriate to PEL 499.

**Table 4 Arkaroola Basin Geophysical Operations,
Statement of Environmental Objectives, July 2008**

Environmental Objective	Assessment Criteria	Compliant/Non-Compliant (incl. Compliance Statement)	Comments
1. Avoid disturbance to sites of cultural and heritage significance.	A cultural heritage survey (or Work Area Clearance - WAC) has been undertaken of the proposed survey line locations and access tracks prior to commencement of survey. No disturbance to sites of Aboriginal or non- indigenous heritage significance	Compliant	AHAVA Energy has an agreement with the Native Title Claimant group which specifies the requirements for scouting proposed seismic lines to identify and avoid areas of heritage value and archaeological significance. 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. Areas of significance were recorded and marked as exclusion zones.
2. Minimize disturbance to native vegetation and native fauna	<u>Campsite and survey line preparation</u> The attainment of either 0, +1 or +2 GAS criteria for 'Impact on vegetation' objective listed in Appendix 2. No mature trees are removed. No off-line or off-access driving. <u>Fuel and Chemical Storage and Management</u> No spills/leaks outside areas designed to contain them. Fire Danger Season restrictions and education <u>Waste Management</u> Refer Objective 9. Operations in Tallaringa Conservation Park Impact on environmental values of Tallaringa Conservation Park is minimized. DEH requirements for notification and operation in Tallaringa CP are met.	Compliant	GAS Audits were taken along the 63KMs of survey lines recorded in Welbourn Hill area. Vegetation clearance was minimized as much as possible. No spills were recorded Appropriate spill response equipment is available on site. Appropriate fire-fighting equipment is readily available. Appropriate personnel are readily available and suitably informed to action response. N/A N/A N/A N/A N/A
3. Avoid the introduction or spread of exotic species and implement control measures as necessary	Weeds or feral animals are not introduced into, or spread, in operational areas.	Compliant	Machinery and vehicles used for line preparation and survey recording were inspected and washed down prior to commencing the Welbourn Hill area.

4. Minimize disturbance and avoid contamination to soil resources	<p><u>Campsite and survey line preparation</u> Attainment of 0, +1 or +2 GAS criteria for 'Disturbance to land surface' objective, as listed in Appendix 2.</p> <p><u>Fuel and Chemical Storage and Management</u> No spills/leaks outside areas designed to contain them.</p> <p><u>Waste Management</u> Refer to Objective 9.</p>	Compliant	<p>The Disturbance to Land Surface Impact of 195 GAS audits taken, there are 6 at GAS score of "-1" and 3 at GAS score of "-2", and they are all on the PEL 138.</p> <p>There were no incidents of soil contamination arising from the survey activities Appropriate spill response equipment is available on site. N/A</p>
5. Minimize disturbance to drainage patterns and avoid contamination of surface waters and shallow groundwater resources	<p><u>Campsite and survey line preparation.</u> The attainment of 0, +1 or +2 GAS criteria for 'disturbance to land surface' objective listed in Appendix 2(*) 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 and Chemical Storage and Management</u> No spills occur outside of areas designed to contain them.</p>	Compliant	<p>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> <p>No upholes drilled in Welbourn Hill's area.</p> <p>No drainage channels blocked that would impede potential inflows.</p> <p>No spills were recorded. Appropriate spill response equipment is available on site.</p>
6. Minimize risks to the safety of the public, employees and other third parties	No injuries to the public or third parties as a result of seismic activities.	Compliant	The main threat to the safety of the public, employees and third parties is associated with the movement of vehicles and the localized increase in traffic load for the duration of the survey. All reasonable steps were taken to prevent unauthorized access to the survey area and warning signs were appropriately located.
7. Minimize disturbance to livestock, pastoral infrastructure and landholders	<p>The attainment of 0, +1 or +2 GAS criteria for 'Impact on infrastructure' objective listed in Appendix 2.</p> <p>No adverse impact on livestock as a result of activities. No reasonable concerns raised by stakeholders are left unresolved. Compliance with relevant sections of the <i>Petroleum Act 2000</i> in relation to notification of landholders.</p>	Compliant	<p>AHAVA Energy maintained regular contact with the Pastoral Lessees prior to and while undertaking survey operations. AHAVA Energy has established good working relationship with these 3 families. No objections have been raised by the Pastoralist Lessee in relation to these activities.</p> <p>Compliant, letters sent with more than 21 days.</p>

8. Minimize the visual impact of operations	<p>The attainment of 0, +1 or +2 GAS criteria for 'visual impact' objective listed in Appendix 2(*).</p> <p><u>Campsite and survey line preparation</u></p> <p>Proposed survey lines and campsites have been appropriately located and prepared to minimize the visual impact.</p>	Compliant	<p>GAS Audits were taken at 193 locations along the survey lines recorded in Trainor Hill Seismic Survey. In most cases (190) the Visual Impact was GAS = 0 & 3 was GAS = +1</p> <p>Doglegs applied, vegetation weaved to minimize visual impact from trafficked tourist roads.</p>
9. Minimize the impact on the environment of waste handling and disposal.	<p>0, +1 or +2 GAS criteria are attained for 'Pollution or litter' objective listed in Appendix 2.</p> <p>Wastewater disposal and spills have been managed appropriately.</p>	Compliant	<p>GAS Audits were taken at 210 locations along the survey lines recorded in Trainor Hill Seismic Survey. Pollution or Litter on all lines were recorded at GAS = +2. There was no evidence of pollution or litters were found.</p>
10. Remediate and rehabilitate operational areas to agreed standards.	<p>The attainment of 0, +1 or +2 GAS criteria for</p> <ul style="list-style-type: none"> - 'Visual impact' - 'Impact on infrastructure' - 'uphole site restoration' - 'disturbance to land surface' <p>Measures/goals listed in Appendix 2(*)</p>	Compliant	<p>Refer to Objectives 4, 5, 7, 8, 9. Please refer to Appendix 2 – GAS Audit Chart of the Annual Report.</p>

(*) Arckaringa Basin - Statement of Environment Objectives (October 2007) Appendix 2

Drilling activities were conducted in compliance with the requirements of the Arckaringa Basin Exploration Drilling Operations Statement of Environmental Objectives used by SAPEX and the Arckaringa Basin Exploration Drilling Operations Environmental Impact Report. An Environmental Assessment was also commissioned by AHAVA to confirm that these documents were appropriate to PEL 499.

Table 5 Arckaringa Basin Exploration Drilling Operations, Statement of Environmental Objectives

Environmental Objective	Assessment Criteria	Compliant/Non-Compliant (incl. Compliance Statement)	Comments
1. Avoid disturbance to sites of Aboriginal and non-indigenous heritage significance.	<p>A cultural heritage survey (or Work Area Clearance - WAC) has been undertaken of the proposed wellsite locations and access tracks prior to commencement of survey.</p> <p>Any sites identified have been flagged and subsequently avoided.</p> <p>A procedure is in place for the appropriate response to any sites discovered during survey operations</p>	Compliant.	WAC were carried out on all actual or potential drilling locations. No sites of significance were identified on the proposed locations.
2. Minimise disturbance to native vegetation and native fauna.	<p><u>Well Lease and Access Track Construction</u></p> <p>Any sites of rare, vulnerable and endangered flora and fauna have been identified, flagged and subsequently avoided.</p> <p>The attainment of either 0, +1 or +2 GAS criteria for 'Minimise disturbance of vegetation' objective for wellsite construction and for 'Minimise impacts on vegetation' objective for borrow pit construction and restoration, as listed in Appendix 2.</p> <p>The attainment of 0, +1 or +2 GAS criteria for 'Re-establish natural vegetation on abandoned wellsites and access tracks' objective listed in Appendix 2.</p> <p><u>Drilling and Production Testing Activities</u></p> <p>No fires during drilling and production testing activities.</p> <p><u>Fuel and Chemical Storage and Handling</u></p> <p>Refer to Assessment Criteria for Objective 4.</p> <p><u>Waste Management</u></p> <p>Refer to Assessment Criteria for Objective 10.</p> <p><u>Fire Danger Season restrictions and education</u></p> <p>All personnel are fully informed on the fire danger season and associated restrictions</p>	Compliant.	An environmental assessment of the site was carried out prior to operations commencing. Existing borrow pits used. No fires reported Fuel stored in bonded area

3. Prevent the introduction or spread of weeds and undertake control measures where required.	Weeds are not introduced into, or spread in, operational areas as a consequence of activities	Compliant	Rig and rig equipment washed down prior to departing Tasmania.
4. Minimise impacts to soil.	<p><u>Wellsite and Access Track Construction</u></p> <p>Attainment of 0, +1 or +2 GAS criteria for 'Minimise impacts to soil' objective.</p> <p>No construction activities are carried out on salt lakes, wetlands or steep breakaway/tableland/stony hills landforms (as defined in the EIR).</p> <p><u>Drilling and Production Testing</u></p> <p>No soil contamination as a result of drilling and production testing activities.</p> <p><u>Fuel and Chemical Storage and Handling</u></p> <p>No spills/leaks outside areas designed to contain them.</p> <p>Appropriate spill response equipment is available on site</p> <p><u>Waste Management</u></p> <p>Refer to Assessment Criteria for Objective 10.</p>	Compliant	<p>No reportable spills. All minor spills immediately cleaned up.</p> <p>All waste transported to an EPA approved waste disposal facility at Pt Augusta.</p> <p>All gray and black water processed by EPA approved "EnviroFlow" units.</p>
5. Minimise loss of reservoir and aquifer pressures and avoid aquifer contamination.	<p>No aquifer contamination as a result of drilling, completion or production testing activities.</p> <p><u>Drilling and Completion Activities</u></p> <p>No uncontrolled flow to surface (i.e. blow out).</p> <p>Sufficient barriers exist in casing annulus to prevent crossflow between separate aquifers or hydrocarbon reservoirs.</p> <p><u>Production Testing and Well Abandonment Activities</u></p> <p>No crossflow behind casing between aquifers, and between aquifers and hydrocarbon reservoirs unless approved by the Department of Water, Land and Biodiversity Conservation.</p>	Compliant	<p>No flow of fluids to surface reported. Surface casing cemented back to surface.</p>
6. Minimize disturbance to drainage patterns and avoid contamination of surface waters and shallow groundwater resources.	<p><u>Well Lease and Access Track Construction and Restoration</u></p> <p>Wellsites and access tracks are located to maintain pre-existing water flows (i.e. channel contours are maintained on floodplains and at creek crossings).</p> <p>The attainment of 0, +1 or +2 GAS criteria for 'Minimise disturbance to drainage patterns' objective listed in Appendix 2.</p> <p><u>Drilling and Production Testing Activities</u></p> <p>No contamination of surface waters and shallow groundwater resources</p>	Compliant	<p>An Environmental assessment was made of lease and access road. Used existing seismic lines and roads.</p> <p>No contamination of surface water or shallow groundwater reported.</p> <p>All fuel stored in bonded areas</p>

	<p>as a result of drilling or production testing activities.</p> <p><u>Fuel and Chemical Storage and Handling</u></p> <p>No spills/leaks outside areas designed to contain them.</p> <p>Appropriate spill response equipment is available on site.</p>		
7. Minimise risks to the safety of the public, employees and other third parties.	No injuries to the public or third parties as a result of drilling, completion and production testing activities.	Compliant	No LTI's or MTI's occurred as a result of drilling activities.
8. Minimise disturbance to stakeholders and associated infrastructure.	<p>No adverse impact on livestock as a result of activities.</p> <p>No reasonable concerns raised by stakeholders are left unresolved.</p>	Compliant	No injuries or adverse effects to livestock reported. Stakeholders consulted and no issues reported.
9. Minimise visual impact.	The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact' objectives for wellsite restoration and borrow pit construction and rehabilitation	N/A	Drilling operation still occurring on the site
10. Minimise the impact on the environment of waste handling disposal.	<p>No soil contamination as a result of waste storage and disposal</p> <p>With the exception of drilling fluids, drill cuttings and other fluids disposed during well clean-up, putrescible domestic wastes (e.g. food waste, paper) and sewage and grey water, all wastes to be disposed of at an EPA licensed facility in accordance with EPA Licence conditions.</p> <p>Attainment of GAS criteria for 'Site to be left in a clean, tidy and safe condition' objective for wellsite restoration and borrow pit rehabilitation as listed in Appendix 2.</p>	Compliant	All putrescibles and other waste materials transported to EPA approved facility at Pt Augusta. All sewage and gray water processed to required standard by EPA approved EnviroFlow units.
11. Remediate and rehabilitate operational areas to agreed standards	<p><u>Well Lease and Access Track Restoration</u></p> <p>The attainment of 0, +1 or +2 GAS criteria for 'Minimise visual impact', 'Re-establish natural vegetation on abandoned wellsites and access tracks' and 'Site to be left in a clean, tidy and safe condition' objectives listed in Appendix 2.</p> <p><u>Borrow Pit Restoration</u></p> <p>The attainment of 0, +1 or +2 GAS criteria for 'Minimise impacts on vegetation', 'Minimise impact on soil', 'Minimise visual impacts' and 'Site to be left in a clean and tidy condition' objectives listed in Appendix 2.</p>	N/A	Drilling operations still occurring on site.

Management System Audits

Drilling Department conducted self assessment of its system and procedures and some areas for improvement identified. A third party Audit was also carried out for AHAVA's management systems and it was concluded that while there were sufficient systems in place to manage drilling operations there was room for improvement in other areas.

A third party audit was carried out of the Hunt Energy Safety Management and Maintenance systems and these were found to be satisfactory with considerable improvement over previous audits.

A third party inspection was also carried out on the rig prior to spudding the well to confirm it was "Fit for Purpose"

Report and Data Submissions

List of all reports and data which have been submitted to PIRSA are shown in the Table 6 below.

Table 6 List of Report and data submissions during current licence reporting year

Description of Report/Data	Date Due	Date Submitted	Compliant / Non-Compliant
Geophysics			
1. Activity Notification Report Part 1	N/A	18 May 2009	Compliant
2. Activity Notification Report Part 2	N/A	17 Jul 2009	Compliant
3. Welbourn Hill SS Geophysical Survey Data	13 Apr 2010	01 Jun 2009	Compliant
4. Welbourn Hill SS Field Supervision (Bird Dog) Report	13 Apr 2010	13 Aug 2009	Compliant
5. Welbourn Hill SS Processing Report	13 Apr 2010	01 Jun 2009	Compliant
6. Welbourn Hill SS DSS Surveyors Report	13 Apr 2010	01 Jun 2009	Compliant
7. Welbourn Hill SS Environmental Audit Report	N/A	01 Jun 2009	Compliant
8. Trainor Hill SS Geophysical Progress Reports	Weekly	Ongoing	Compliant
9. Trainor Hill SS Field Supervision (Bird Dog) Report	23 Oct 2010	10 Apr 2010	Compliant
10. Trainor Hill SS Environmental Audit Report	N/A	10 Apr 2010	Compliant
Drilling			
1. Drilling Application Welbourn Alpha-1	N/A	16 Nov 2009	Compliant
2. Drilling Operations Manual	N/A	25 Feb 2010	Compliant
3. Bridging Document Hunt-AHAVA	N/A	22 Feb 2010	Compliant

4. Welbourn Alpha 1 Drilling Program	N/A	16 Nov 2009	Compliant
5. Welbourn Alpha 1 Emergency Response Plan	N/A	16 Nov 2009	Compliant
6. AHAVA Energy Rig Move Plan	N/A	16 Feb 2010	Compliant
7. Moduspec Inspection Reports	N/A	08 Feb 2010	Compliant
8. Welbourn Alpha 1 Daily Drilling Reports 1 - 45	Daily	26 Feb-12 Apr10	Compliant
9. Welbourn Alpha 1 Mud Reports 1 - 19	Daily	24 Mar-12 Apr10	Compliant
10. Welbourn Alpha 1 Daily Geological Reports 1- 19	Daily	24 Mar-12 Apr10	Compliant
11. Welbourn Alpha 1 Mudlog	Daily	12 Apr 2010	Compliant
12. Welbourn Alpha 1 Drilling Data log	Daily	12 Apr 2010	Compliant
13. Welbourn Alpha 1 Surface Hole Wireline logs.	N/A	31 Mar 2010	Compliant
General			
1. Annual Report Year 3	12 June 2010	12 June 2010	Compliant

Safety

No significant incidents occurred during Seismic Acquisition operations.

No Lost time or medical treatment injuries were recorded during drilling operations. One reportable incident occurred when a rig office shack was dropped while being unloaded. This incident was reported by ITAC.

Threat Prevention

No perceived threats and no action taken during the reporting period.

Future Work Programs

- The minimum work commitments for License Year-4 and Year-5 were G&G review and drilling of one well, respectively
- However upon the completion of the new seismic data review in License Year 2, it was decided that the well drilling would be advanced to License Year 3, well ahead of the original well drilling Year-5 commitment.
- Drilling of WA-1 well was still ongoing at the end of License Year 3
- License conditions of PEL-499 were suspended from and including 13 April 2010 to 12 January 2011, this period will be utilized to review the results of WA-1 drilling and to formulate the next exploration plan.

EXPENDITURE STATEMENT

Please refer to Appendix 1 for the Expenditure Statement of License Year 3 for the current reporting period.

The scores were assigned by GAS category as follows:

