

Petroleum Exploration Licence 187

Annual Report 2006

Permit Year 2

28 Jan 2006 – 27 Jan 2007

Neo Oil Pty Limited

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1. Introduction

PEL 187 was granted to Neo Oil Pty Ltd (“Neo”) on 28 January 2005, and covers an area of 268 square kilometres.

Neo’s work programme commitment for the first year was geological and geophysical studies, including a gravity survey (Table 1). The objective was to improve the geological understanding of the bedrock and basin architecture in order to identify high potential trap sites for hydrocarbons.

TABLE 1 Proposed Work Programmes for PEL 187

Year of Term of Licence	Minimum Work Requirements
One	Gravity survey; Geological and Geophysical studies
Two	Gravity survey; Geological and Geophysical studies
Three	30 km 2D Seismic; Data Review
Four	One Well
Five	One Well

2. Work Completed

In accordance with the proposed work programme, Neo has compiled a data base of geophysical and borehole data for PEL 187.

The gravity survey was undertaken in January, February and April 2007. A detailed gravity survey was carried out on 10 lines at 400m east west line spacing and 200m north south station spacing. Some 200 gravity stations were read in total.

The gravity data was provided to Stewart Geophysical Consultants Pty Ltd, who is in the process of merging the new data with last years gravity data.

3. Reporting Against Requirements of the Petroleum Act 2000

(a) Summary of regulated activities conducted under the licence during the year
Neo carried out a gravity survey over a portion of PEL 187, which is a regulated activity under the Petroleum Act 2000.

(b) Report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives

The gravity survey was carried out along existing roads and tracks in a manner fully compliant with the Act and regulations, and no environmental disturbance was caused. An instance of administrative non-compliance involved not submitting the annual report within 2 months after the end of the licence year as required by Regulation 33. ^u

(c) Actions to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of the recurrence of any such non-compliance

The licensee has reviewed the Petroleum Act and Regulations and in future will furnish the Annual Report in the prescribed time period and will include the required information as specified in Regulation 33.

(d) 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 action that has, or will be, taken

No management system audits were undertaken.

(e) List all reports and data relevant to the operation of the Act during the relevant licence year

Data Submission

Annual Report Year 2

For PEL 187

Mount Gambier Gravity Report

(f) Report of incidents reportable to the Minister under the Act and regulations

None reported

(g) Report on any reasonably foreseeable threats that reasonably present, 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.

No threats identified

(h) Operations proposed for the ensuing year

During year 3 it is proposed to merge current gravity data with existing data and integrate with available seismic data. We will also be attempting to joint venture the lease with other oil explorers in order to carry out seismic work as specified in the work program.

4. Expenditure for Year 2

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TABLE 2 Expenditure for Year 2 of PEL 187

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June 2007

EXPENDITURE AND ACTIVITIES REPORT FOR PEL 186

For twelve months ending : 27 January 2007

Operator : Neo Oil Pty Ltd

Summary of Activities	Expenditure
Research of open file reports	
Computer data base GIS compilation	Commercial in
Acquisition of gravity data (200 stations)	Confidence
Consultants Report and data interpretation	
Reporting, admin., office support, communications, logistics	

TOTAL EXPENDITURE FOR THE PERIOD: