



ANNUAL REPORT

FOR YEAR 2 OF

PRELIMINARY SURVEY LICENCE 11

COOPER BASIN, SOUTH AUSTRALIA

Preliminary Survey Licence 11 was granted to the Joint Venture partners of PEL 92 on March 7th 2003.

The purpose of the PSL is to provide the Joint Venture with the authority to access certain areas outside of PEL 92, in order to conduct a preliminary survey for a proposed oil pipeline from the Joint Venture's Sellicks oilfield to the Tantanna oilfield, operated by Santos, approximately 30 kilometres to the south (refer attached map).

Subsequent to the grant of PSL 11, production from the Sellicks- 1 well declined more quickly than anticipated, causing the pipeline project to become sub-economic, and activity on this project therefore ceased.

The subsequent discovery of the larger Christies field, to the west of Sellicks, has resulted in an assessment of the economic feasibility for a pipeline from Christies to Tanatanna, via Lycium. The economics of this project, however, still remain "in the balance", pending the results of several wells that are scheduled for drilling around the Sellicks and Christies fields during 2005.

Accordingly, there has been little activity in relation to PSL 11 during Year 2 of the Licence. In January 2005, a scouting team from the Dieri Claimant Group conducted a heritage clearance along the length of the proposed pipeline route from Christies to Tantanna.

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

Attached is a Compliance Report in relation to Year 2 of PSL 11, as required by Regulation 33 of the Petroleum Act 2000.



Preliminary Survey Licence 11 - Year 2

Compliance Report

Pursuant to Regulation 33 (2) of the 2000 Petroleum Act, Beach Petroleum, as operator of Preliminary Survey Licence 11 in the Cooper Basin, South Australia, herewith submits its report on compliance with :

- the Petroleum Act,
- its Regulations,
- the PSL License conditions, and
- the Statement of Environmental Objectives for Pipeline Preliminary Survey Activities in South Australia

Petroleum Act and PSL Licence Conditions

There were no instances of non- compliance with the 2000 Petroleum Act during Year 2 of PSL 11.

Regulations of the 2000 Petroleum Act

There were no instances of non- compliance with the Regulations of the 2000 Petroleum Act during Year 2 of PSL 11.

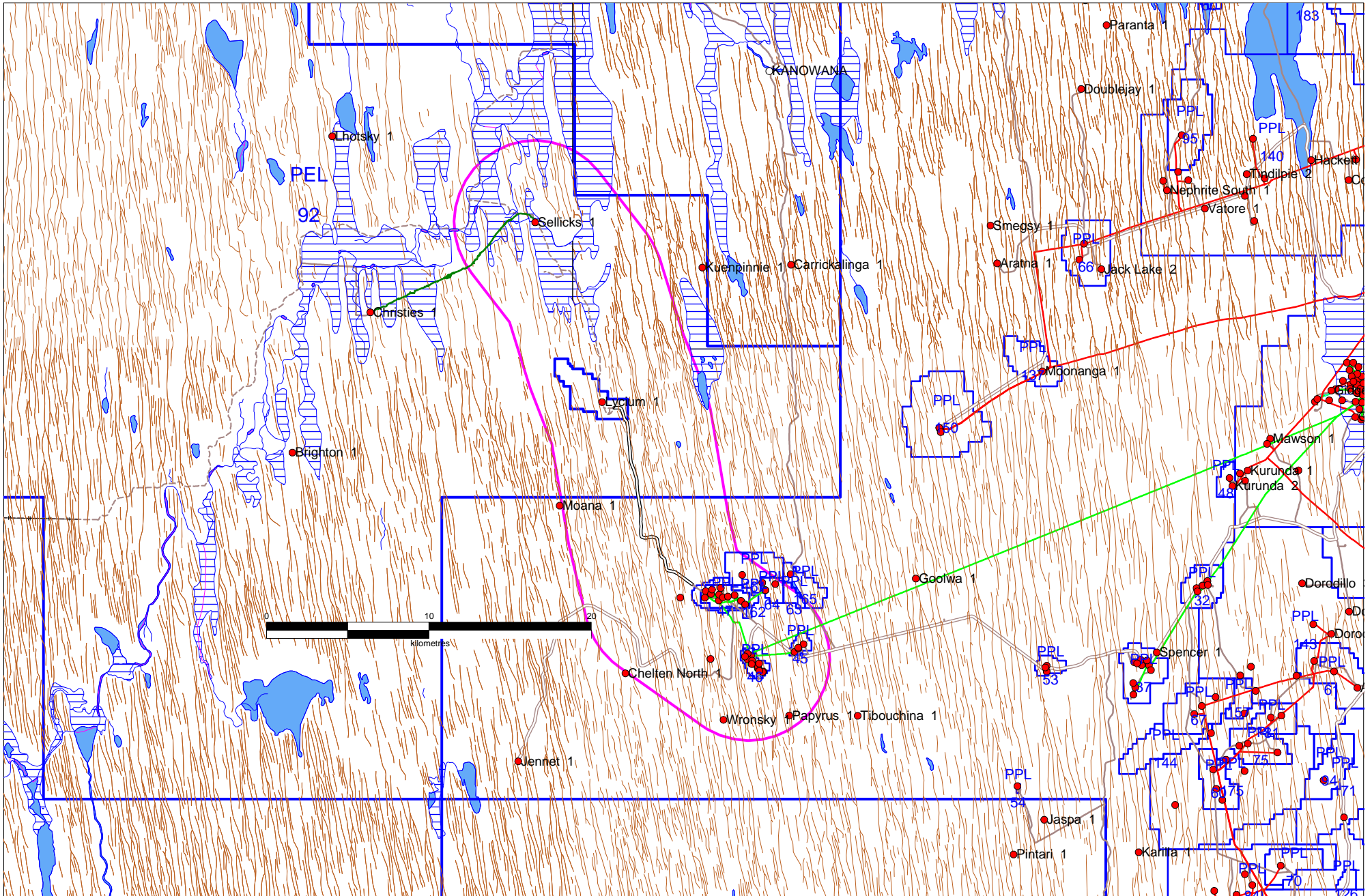
As no regulated activities were undertaken during Year 2, no Reports or data were required to be submitted to PIRSA, nor were there any incidents that required reporting to PIRSA. A report was prepared for Beach by the Dieri Claimant Group on the Heritage Clearance they undertook along the proposed route of the pipeline, as required by the Dieri's Agreement with Beach.

Expenditure on heritage surveys relating to production operations are normally included in the expenditure quoted in the Annual Report for the relevant Production Licence. Hence the expenditure for the heritage survey along the proposed Christies – Tanatanna pipeline will be included in the next Annual Report for the Christies PPL 205 .

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

Statement of Environmental Objectives

Other than the heritage clearance by the scouting team from the Dieri Claimant Group, no field activities were undertaken in relation to PSL 11 during Year 2 of the Licence. Accordingly, there were no instances of non-compliance with the Statement of Environmental Objectives for Pipeline Preliminary Survey Activities in South Australia.



Preliminary Survey Licence No: 11