

PEL 57

Onshore Otway Basin

South Australia

Year 4 Annual Report

For the Period

18 November 2004 to 17 November 2005

Prepared by:
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5 December 2005

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1. Introduction

Petroleum Exploration Licence No. 57 ("PEL 57") is located in the onshore portion of the Otway Basin, South Australia. This report covers the work performed by Lakes Oil N.L. as Operator of PEL 57 in accordance with requirements of Section 33 of the *Petroleum Regulations 2000*, for the period 18 November 2004 to 17 November 2005, being the fourth year of the third permit term.

2. Administration

The working interests in the permit are as follows:

Lakes Oil N.L.	80%
Mirboo Ridge Pty Ltd	20%

Mirboo Ridge Pty Ltd is an affiliate company of Lake Oil N.L.

In February 2002 PEL 57 was renewed with effect from 18 November 2001. The original year 4 work program was varied in the first quarter of 2005 and substituted with a geochemical survey (up to \$30,000). However, due to crew commitments and the company's forward program in adjacent permits, Lakes Oil has been given approval by PIRSA to defer the geochemical program to Year 5 of the permit..

3. Regulated Activities

Section 33.(2) (a) a summary of the regulated activities conducted under the licence during the year:

3.1 Drilling

There was no drilling in PEL 57 during the permit year.

3.2 Seismic Data Acquisition

There was no seismic data acquisition in PEL 57 during the permit year.

3.3 Seismic Data Processing/Reprocessing

There was no seismic data processing/reprocessing during the permit year.

3.4 Geological and Geophysical Studies

Geological and geophysical studies involved preparation and planning of a regional geochemical survey that will tie known exploration wells in the permit and be calibrated to the Katnook and other known hydrocarbon data points in the immediate surrounds of the permit.

4. Compliance Issues

4.1 Regulatory Compliance

Section 33.(2) (b) a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives.

The Permit is operated as per the requirements of the “Statement of Environmental Objectives of Seismic Operations in the Otway Basin, South Australia”, and a report issued by PIRSA entitled “The Environmental Management of Seismic Operations in the South East of South Australia”.

No environmental incidents were reported during the Permit year.

4.2 Rectification of Non-Compliance

Section 33.(2) (c) a statement concerning any action to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimize the likelihood of the recurrence of any such non-compliance.

We are aware of no instances of non-compliance. To ensure compliance in regard to report and data submission, Lakes has developed a computer database called the Permits and lands Management System designed to track critical dates and provide prompts for impending reports and data submissions.

4.3 Management System Audits

Section 33.(2) (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.

The only activities undertaken in PEL 57 during the permit year were geological and geophysical studies. As such, no management system audits were undertaken during the permit year.

4.4 Data Submissions

Section 33.(3) (e) a list of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year.

- Summer Hill Gravity Survey digital data and grids:- submitted 25 February 2003
- Honan's Scrub Seismic Survey Interpretation Report: - submitted 28 march 2003
- Summer Hill Gravity Survey processing / interpretation report: - submitted 19 December 2003
- Summer Hill Gravity Survey acquisition report (Phase 2): - submitted 19 December 2003
- Annual Report (this report): - submitted 5Decmebr 2005

4.5 Safety

Section 33.(2) f in relation to any incidents reported to the Minister under the Act and these regulations during the relevant licensing year-

Section 33.(2) f (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged.

Section 33.(2) f (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 minimize the risk of recurrence of any such non-compliance.

No reportable incidents occurred during the reporting period.

4.6 Treat Prevention

Section 33.(2) (g) a report on any reasonably foreseeable threats (other than threats previously reported on) 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.

There were no perceived threats, and no action taken.

4.7 Licence Conditions and Future Work Program

Section 33.(2) (h) 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.

The work obligation for Permit Year 4 is a geochemical survey to the value of approximately \$30,000. The program has been deferred and approved for Year 5 of the permit. Drilling of the commitment exploration well is scheduled for Year 5.

5. Expenditure Statement

Section 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.

Commercial in Confidence

6. References

1. K Bierbrauer, 2003. "Pel 57, Onshore Otway Basin South Australia, Honan's Scrub Seismic Survey 2002, Final Report Part B: Interpretation and Processing". Origin Energy Resources Ltd.
2. Origin Energy Resources Ltd. 2003. "2002 Summer Hill Gravity Survey Final Report Part B: Processing/ Interpretation, PEL 57, Otway Basin, South Australia".
3. Origin Energy Resources Ltd. 2003. "2002 Summer Hill Gravity Survey Final Report Part A : Acquisition, PEP 57, Otway Basin, South Australia".
4. CD Cockshell and KR Langley, 2001. "Statement of Environmental Objectives for Seismic Operations in the Otway Basin, South Australia". Primary Industries and Resources SA, Report Book 2001/020.
5. "The Environmental Management of Seismic Operations in the South East of South Australia", 4th edition 1996. Issued by the Department of Primary Industries and Resources Petroleum Division.