

# DMS PARTNERS LP

Annual Report

Licence Year ONE

DECEMBER 27, 2007 - DECEMBER 26, 2008

*PETROLEUM EXPLORATION LICENCE 73*

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## 1 Introduction

Petroleum Exploration Licence (PEL) 73 was renewed for a second 5 year term on December 27, 2007. The licence is located in the Stansbury Basin, South Australia. This report details the work conducted during Licence Year one of the renewed licence (December 27, 2007 – December 26, 2008 inclusive), in accordance with Regulation 33 of the Petroleum Act 2000.

## 2 Permit Summary

For the duration of the licence year, licensees for Petroleum Exploration Licence (PEL) 73 were:

- DMS Partners, LP 41.66%
- PEL 73 Investment Partners, LP 25.00%
- Austin Exploration Limited 16.67%
- A.I.L. Holdings Limited 16.67%

The current work commitments associated with PEL 73 can be seen in Table 1.

**Table 1 Current work commitments by licence year**

Licence Year	Licence dates	Minimum Work Program
Year 1	December 27, 2007 – December 26, 2008	Geological and Geophysical studies
Year 2	December 27, 2008 – December 26, 2009	Sufficient field seismic recording to define acquisition parameters
Year 3	December 27, 2009 – December 26, 2010	Geological and Geophysical studies
Year 4	December 27, 2010 – December 26, 2011	Enough seismic to define 1 well site
Year 5	December 27, 2011 – December 26, 2012	Drill one well

Licence Year One (first licence renewal) concluded on December 26, 2008. The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

**Table 2 Final work program and work completed (as of end of current reporting period) by licence year**

Licence Year	Minimum Work Program	Actual Work
Year 1	Geological and Geophysical studies	<i>Hydrocarbon microseepage and electromagnetotelluric survey</i>
Year 2	Sufficient field seismic recording to define acquisition parameters	

Year 3	Geological and Geophysical studies	
Year 4	Enough seismic to define 1 well site	
Year 5	Drill one well	

There were no licence suspensions during the licence year.

### **3 Regulated Activities**

This information is detailed below in designated sections.

#### ***Drilling and Related Activities***

No regulated activities undertaken in the licence reporting period.

#### ***Seismic Data Acquisition***

No regulated activities undertaken in the licence reporting

#### ***Seismic Data Processing and Reprocessing***

No regulated activities undertaken in the licence reporting period.

#### ***Geochemical, Gravity, Magnetic and other surveys***

A combined microseepage and electromagnetotelluric survey was conducted over the licence

- *survey name*: Stansbury Basin PEL 73 Hydrocarbon Microseepage Survey
- *contractor*: Petroleum Reconnaissance Systems
- *survey type*: combined microseepage and electromagnetotelluric
- *commencement date*: September 25, 2008
- *completion date*: September 30, 2008
- *line length (km)/area (km<sup>2</sup>)/number of sample locations*: Vehicle born radar scanning of whole licence area, 103 roadside soil gas measurements, 106 electromagnetotelluric reading stations. Vehicle born radar imagery.

#### ***Production and Processing***

No regulated activities undertaken in the licence reporting period.

#### ***Pipeline/Flowline Construction and Operation***

No regulated activities undertaken in the licence reporting period.

#### ***Preliminary Survey Activities***

No regulated activities undertaken in the licence reporting period.

## 4 Compliance Issues

### ***Licence and Regulatory Compliance***

The Licensees carried out a Regulated Activity during the licence year. This Regulated Activity, the “Stansbury Basin PEL 73 Hydrocarbon Microseepage Survey”, was carried out in compliance with the Regulations under the Petroleum Act 2000. The “Geophysical Operations Report” and “Geophysical Interpretation Report” are yet to be submitted to PIRSA.

This Annual Report was due by the 27<sup>th</sup> February, but is lodged 17 days late. This is a regulatory non-compliance. The delay in lodging this Annual Report was caused by an intention to submit the Geophysical Operations Report along with the Annual Report. This has not been possible. Future annual reports will be lodged without waiting for other reports.

During the reporting year, the Licensees have complied with the terms and conditions of the Licence, and with the governing Statement of Environmental Objectives, the “Statement of Environmental Objectives for ground based geophysical operations (non-seismic) in South Australia”. See Table 5 below.

### Licence Non-Compliance

There was no non-compliance.

### Regulatory Non-Compliance

This report is lodged 17 days late

### Compliance with Statement of Environmental Objectives

**Table 2 Statement of Environmental Objectives for ground based geophysical operations (non-seismic) in South Australia**

<b>Objective</b>	<b>Assessment Criteria</b>	<b>Compliant/Non-Compliant (inc. Compliance statement)</b>	<b>Comments</b>
Minimise disturbance to other land users	All reasonable landowner complaints are addressed and resolved. Upon completion of the survey, the level to which the impacts on other land users is determined by the absence of existing stakeholder complaints. Access on existing tracks only.	Compliant / Achieved. There was no disturbance to other land users. Only existing roads were used. The 2 vehicles travelled at safe moderate speeds on lightly trafficked roads, with flashing yellow roof lights when conducting operations. The 2 vehicles used did not stop on carriageways. Recording stations were always completely off the carriageway and verge where it was safe for a vehicle to pull over. Drivers (2) held South Australian Drivers Licences and were experienced drivers. At induction, road safety was stressed – always use flashing yellow light, use indicators when pulling off the carriageway; all recording stations to be on left hand side of road; do not	All relevant GAS scores were recorded at ‘0’, ‘+1’ or ‘+2’. Notice of Entry issued. No complaints received. No concerns raised by stakeholders before, during or after survey.

		<p>locate recording stations close to a bend in the road or close to an intersection, or in a built-up area, or where vegetation is close to the carriageway; always use indicator when pulling back onto carriageway – passenger to also check for road traffic; always conduct operations with a driver and a passenger –navigator, with driver only performing driving operations; driver and navigator to wear hazard vests at all times.</p> <p>Survey conducted only during daylight hours.</p>	
<p>Minimise disturbance to native vegetation, fauna and associated wildlife habitats</p>	<p>No spills outside areas designed to contain them</p>	<p>compliant / achieved</p> <p>There was no disturbance to native vegetation, fauna, or associated wildlife habitats.</p> <p>Vehicles checked for oil leaks prior to survey start-up.</p> <p>No vehicle or foot access was made beyond road reserves. There was no accessing road reserve where native vegetation would be impacted by vehicle wheels or tramping. Vehicles accessed road reserves only where there is low grass.</p>	<p>No oil leaked from vehicles. Oil not used in survey process.</p> <p>No vehicles drove over vegetation other than low roadside introduce grasses.</p> <p>Sample collection (gas probe into ground) did not disturb vegetation. EMT readings were passively collected – small lightweight instrument placed on ground on roadside.</p> <p>The survey generated no waste materials.</p>
<p>Avoid disturbance to sites of cultural and heritage significance</p>	<p>Vehicle, operators to only access roadsides close to road verge and where previously disturbed by roadworks,etc</p>	<p>compliant / achieved</p> <p>There was no disturbance to sites of cultural and heritage significance.</p> <p>Vehicle drivers were instructed to access only previously cleared roadside.</p>	<p>Vehicles accessed only previously cleared and grassed roadsides.</p>
<p>Minimise the risk of introduction and/or spread of introduced species and bio-security threats</p>	<p>Vehicles, soil gas probe and workboots to be thoroughly cleaned prior to mobilisation to the survey area.</p> <p>No seeds, weed plant material, dirt or mud to remain on vehicles.</p> <p>Vehicles to be thoroughly washed underneath and in wheel-wells after use on wet roads on a daily basis</p> <p>Soil gas probe to be cleaned immediately after each use.</p>	<p>compliant / achieved.</p> <p>The risk of introduction and/or spread of introduced species and bio-security threats was minimised to the maximum extent possible.</p> <p>Weed species were not seeding at the time of the survey.</p> <p>Soil gas probe was wiped clean immediately after each use</p>	<p>Common weeds occur along most roadsides in the survey area.</p> <p>Where the road verge contained native vegetation, sampling was deferred to the next section of cleared roadside.</p> <p>There was no rain in the area during the survey. Vehicles, boots accumulated no mud.</p>
<p>Minimise the risk of initiation and/or propagation of wildfire</p>	<p>No smoking outside of vehicles. All cigarettes to be stubbed out in vehicle ash tray.</p> <p>Exhaust systems to be regularly inspected for leaks.</p> <p>Vehicles not to drive onto long grass.</p>	<p>Compliant / achieved</p> <p>All personnel were non-smokers.</p> <p>Almost new vehicles, carefully examined for exhaust leaks – none found.</p> <p>Long grass avoided.</p>	<p>Survey conducted in cool weather, outside fire season.</p>

Minimise the visual impacts of operations	No recording stations in built-up areas	Compliant / achieved Built-up areas avoided. Survey conducted only during daylight hours.	Some visual impact desirable. Vehicles needed to be seen by vehicular traffic for safety reasons.
Minimise generation of dust	Vehicles to be driven at moderate speeds. Vehicles to reduce speed when passing buildings	Compliant / achieved Vehicle speeds discussed as important safety item at induction. Vehicles were driven at moderate speeds and slowed past buildings.	Roads in area are paved with low dust generating crushed limestone. No serious dust hazard in area.
Minimise soil disturbance and contamination	Vehicles to access roadside only where ground is firm. No disturbance when inserting gas probe	Compliant / achieved Vehicles did not disturb roadside soil	Roadsides were all very firm to hard calcrete soils, except for occasional small dunes which were not suitable sites for soil gas measurement .
Optimise waste reduction and recovery	Leave no waste	Compliant / achieved No waste generated. Crew was housed in a local town house, with council rubbish collection	Survey did not generate waste.

### ***Management System Audits***

No Management System Audits were conducted

### ***Report and Data Submissions***

**Table 3 List of report and data submissions during current licence reporting year**

<b>Description of Report/Data</b>	<b>Date Due</b>	<b>Date Submitted</b>	<b>Compliant / Non-Compliant</b>
Activity Notification: Stansbury Basin PEL 73 Hydrocarbon Microseepage Survey	22/08/08	22/08/08	compliant

### ***Incidents***

There were no incidents, Reportable or Non-Reportable during the licence year.

***Threat Prevention***

There were no reasonably foreseeable threats identified (other than those addressed in Table 5 above).

***Future Work Program***

The Terms and Conditions of the Licence list a Year 2 Work Program of “Sufficient field seismic recording to define acquisition parameters”. Planning for meeting this commitment is under way.

**5 *Expenditure Statement***

Commercial in Confidence.