PEL 95
Cooper/Eromanga Basin
South Australia

Annual Report
Licence Year 3 of Term 2

30 October 2008 to 29 October 2009

Beach Petroleum Ltd (Operator) **Magellan Petroleum (NT) Pty Ltd**

PEL 95
Annual Report
Licence Year 3, Term 2

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1 Introduction

Petroleum Exploration Licence (PEL). 95 is situated on the southern margin of the Cooper/Eromanga Basin, South Australia. The Licence was granted to Beach Petroleum NL and Magellan Petroleum (NT) Pty Ltd on 30 October 2001.

This Annual Report has been prepared in accordance with the requirements of Section 33 of the Petroleum Regulations 2002 and details the work performed by the Joint Venture during the period 30 October 2008 to 29 October 2009, the third year of the second term of the Licence.

2 Licence Summary

The working interests in PEL 95 at the end of this reporting period were:

Beach Petroleum Ltd (Operator)	**50.0%**
Magellan Petroleum (NT) Pty Ltd	**50.0%**

The original work commitments for PEL 95 (Term 2) are summarised as follows:

Licence Year	Minimum Work Program	Actual Work
Year 1 (30/10/06-29/10/07)	Geological and Geophysical studies	Acquired 167 km Scutus 2D seismic, 130 km 2D seismic reprocessing plus Geological and Geophysical studies
Year 2 (30/10/07-29/10/08)	acquire 100 kms 2D seismic plus Geological and Geophysical studies	Geological and Geophysical studies
Year 3 (30/10/08-29/10/09)	Acquire 50 km 2D seismic plus Geological and Geophysical studies	Geological and Geophysical studies
Year 4 (30/10/09-29/10/10)	Geological and Geophysical studies	
Year 5 (30/10/10-29/10/11)	1 well, plus Geological and Geophysical studies	

The 167 km Scutus 2D Seismic Survey acquired during Licence Year 1 met the Year's 2 and 3 seismic acquisition requirements (150 km acquisition requirement).

A Work Program Variation which swapped the Year 4 and Year 5 commitments was approved by PIRSA on 28 August 2009 (moving the drilling of a well from Year 4 into Year 5)**.**

3 Exploration Activity

3.1 Drilling.

No drilling activity took place within PEL 95 during Year 3 of Term 2.

3.2 Seismic Data Acquisition

No seismic data was acquired in PEL 95 during Year 3 of Term 2. The acquisition of the 167 km. Scutus 2D seismic in Licence Year 1 fulfilled the Year's 2 and 3 seismic commitments for the Term.

3.3 Seismic Data Processing/ Reprocessing

No existing seismic data was re-processed during Year 3 of Term 2.

3.4 Geochemical, Gravity, Magnetic and other surveys

There were no other geological, geophysical or geochemical surveys conducted during Licence Year 3 of Term 2.

3.5 Geological and Geophysical Studies.

Geological and Geophysical work for the Licence Year focused on undertaking a holistic prospectivity review of PEL 95 that revisited and utilized all relevant seismic and well data, including open file wells from adjoining licences to identify and address petroleum systems and play types in the Licence area. Prospects and leads were re-evaluated and the prospects and leads seriatim was updated.

4 Administration

4.1 Regulatory Compliance

A Compliance Report which details the Operator's compliance with the 2000 Petroleum Act, its Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the Licence term is attached (Appendix 1).

4.2 Data submissions.

A list of the items submitted to PIRSA during the report period is contained in Table 1 below:

Table 1 **PEL 95**

Annual Report
Licence Year 3 - Term 2

30/10/08 to 29/10/09

List of Reports Generated and Submitted

Title	Date Due	Date Submitted to PIRSA	Compliant / Non Compliant
PEL 95 Annual Report (Year 2 - 30/10/07 - 29/10/08)	29 Dec 08	23 Dec 08	Compliant
Scutus 2D Seismic Interpretation Report	31 Mar 09	31 Mar 09	Compliant

4.3 Work Program Planned for Year 4, Term 2

Working towards seeing another well drilled in PEL 95 prior to the end of Year 5 and ideally within Year 4. Geological and Geophysical work for the Licence Year will focus on prospect generation and evaluation and on maturing at least one lead/prospect to drillable status. Results of an in-house geochemical study of the region will be incorporated into the evaluation of opportunities.

Appendix 1

Annual Compliance Report for PEL 95 -Licence Year 3 of the Second Term

Introduction

Pursuant to Regulation 33 (2) of the 2000 Petroleum Act, Beach Petroleum, as Operator of PEL 95 in the Cooper Basin, South Australia, herewith submits its report on compliance with :

- **the Petroleum Act,**
- **its Regulations,**
- **the PEL License conditions, and**
- **the various Statements of Environmental Objectives (SEOs) to which Beach Petroleum was committed in conducting its work commitments for Year 2 of the Licence.**

The work program undertaken during Licence Year 3 was minimal. It did not include any drilling or seismic activity. There were no instances of non compliance for the Licence Year.

Petroleum Act and PEL

There were no instances of non-compliance with either the 2000 Petroleum Act or the terms of the Licence during Year 3 of Term 2, PEL 95. Year 2 seismic obligations were fulfilled during Licence Year 1 (Scutus 2D survey).

Regulations of the 2000 Petroleum Act and Applicable SEOs

- **Drilling**

No drilling took place in PEL 95 during Licence Year 3; no wells have been drilled during the first three years of the current Licence Term. There were no instances of non-compliance with the Regulations in regard to Beach's **drilling operations** in PEL 95, nor were there any instances of non-compliance with the "Statement of Environmental Objectives for Drilling in the Cooper Basin." All reports relevant to earlier drilling had been submitted to the Department prior to the start of Licence Year 3.

- **Seismic**

There were no seismic field operations and no reprocessing of existing seismic data during Licence Year 3. The Seismic Operations Report, Seismic Processing Report and support data for the Scutus 2D survey acquired during Licence Year 1 were submitted to the Authority on time. There were no instances of non-compliance with the Regulations in regard to Beach's **seismic operations** in PEL 95 during Year 3 of the Licence, nor were there any instances of non-compliance with the

"Statement of Environmental Objectives for Seismic Operations in the Cooper Basin."