



# ***Adelaide Energy Limited***

## **Annual Report**

### **Petroleum Retention Licence No 1 (Wynn Area)**

*10 January 2010 – 9 January 2011*

Onshore Otway Basin

South Australia

This report has been prepared in accordance with the requirements of the *Petroleum and Geothermal Energy Act 2000* and the *Petroleum and Geothermal Energy Regulations 2000* and covers all of the operations conducted under PRL 1 by Adelaide Energy Limited during the period 10 January 2010 and 9 January 2011.

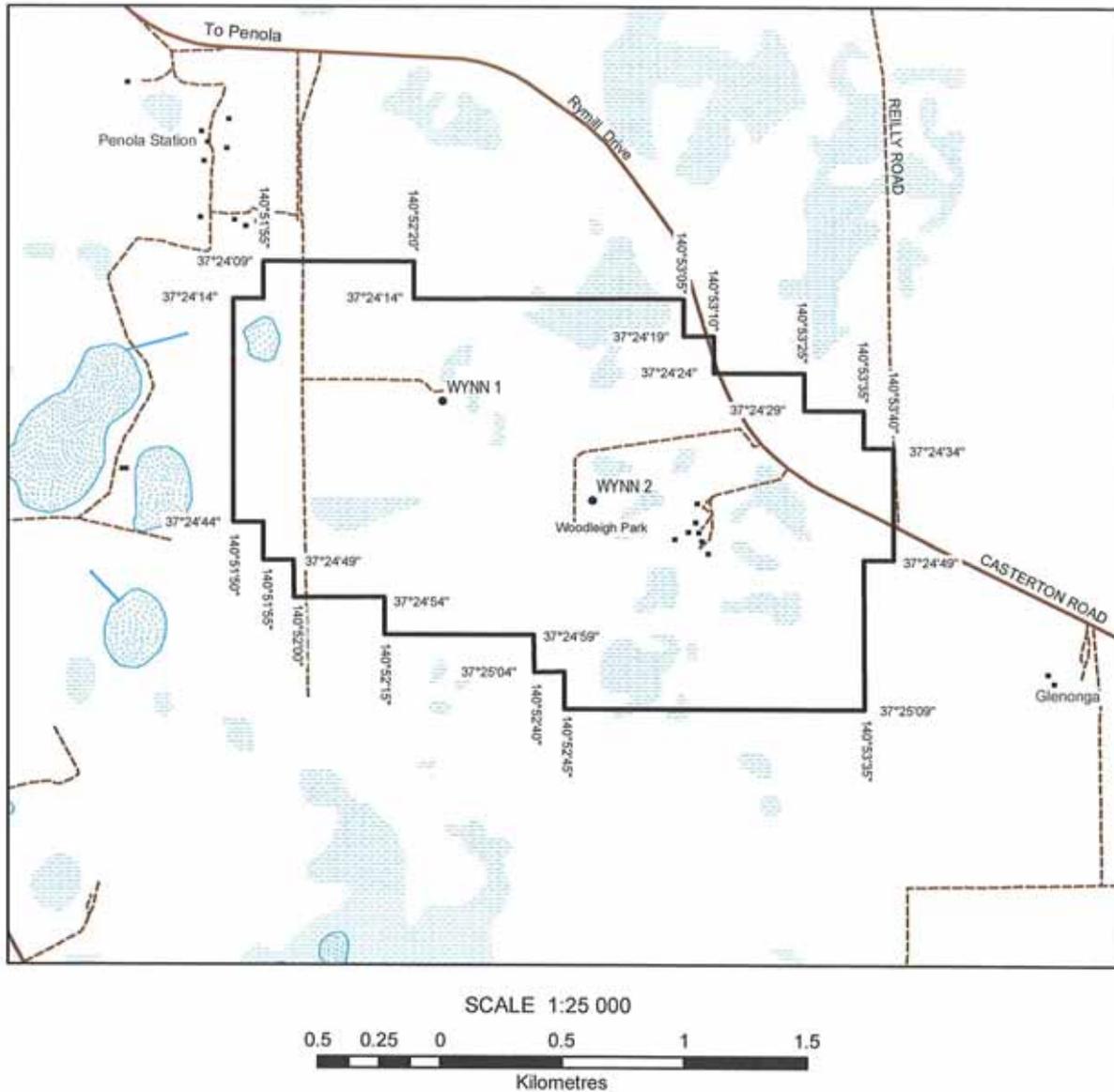
This report was provided to PIRSA February 2011

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## 1 Introduction

Petroleum Retention Licence No. 1 ("PRL 1") is located around the Wynn Field in the onshore portion of the Otway Basin, South Australia. In 2004, Origin Energy Resources Limited ("Origin") applied for the PRL, which was granted for a five-year period until 9 January 2010.



This report covers the work performed by Adelaide Energy Ltd as Operator of PRL 1 in accordance with requirements of *Section 33* of the *Petroleum and Geothermal Energy Regulations 2000*. The reporting period is 10 January 2010 to 09 January 2011.

## 2 Administration

Origin completed a transaction transferring the rights to PRL 1 to Adelaide Energy in late 2008 subject to Ministerial approval, which was granted in June 2009. Adelaide Energy applied for extension of PRL 1 to 9 January 2015, which was granted by PIRSA in November 2009.

Adelaide Energy was 100% the Operator throughout the reporting period.

### 3 Regulated Activities

*Petroleum and Geothermal Regulations, Section 33 (2) (a) requires*

*“a summary of the regulated activities conducted under the licence during the year”.*

#### 3.1 Drilling and Related Activities (all on the Wynn2 well)

In May to June 2010 the Wynn 2 well was completed as per report sent to PIRSA on 30 July 2010. There was no fluid production to surface other than gas at rate too small to measure and liquid swabbed up from the well.

In the period October to December 2010 a series of wireline operations were conducted on the Wynn 2 well as per report sent to PIRSA on 27 January 2011. The operations were static gradient survey, swabbing, wireline perforating, fishing and drift run. There was no fluid produced to surface other than gas at rate too small to measure and liquid swabbed up from the well.

#### 3.2 Seismic Data Acquisition

No regulated activities undertaken in the licence reporting period

#### 3.3 Seismic Data Processing and Reprocessing

No regulated activities undertaken in the licence reporting period

#### 3.4 Geochemical, Gravity, Magnetic and Other Surveys

No regulated activities undertaken in the licence reporting period

#### 3.5 Production and Processing

No production to the plant/sales in the licence reporting period. The only production was during duly-reported Drilling and Related Activities (above) being gas to surface at rate too small to measure and liquid swabbed up from the well.

#### 3.6 Pipeline / Flowline Construction and Operation

In early 2010 a flowline was installed from the Wynn 2 wellsite to Haselgrove South 1, there connecting to the flowline to Katnook Plant. This flowline is part of PL19, on which an annual report is to be sent to PIRSA in early 2011.

As at February 2011 this Wynn-2-wellsite-to-HS1 flowline is not connected to the Wynn 2 well because there has been no measurable production to surface.

#### 3.7 Preliminary Survey Activities

No regulated activities undertaken in the licence reporting period.

## 4 Compliance Issues

### 4.1 Regulatory Compliance

*Petroleum and Geothermal Regulations, Section 33 (2) (b) and (c) requires:*

*“a report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives, and*

*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”.*

Adelaide Energy, as Operator for PRL 1, generally complied with all relevant conditions under the *Petroleum and Geothermal Energy Act 2000* and the *Petroleum and Geothermal Energy Regulations 2000*. The one regulatory non-compliance issue is detailed below.

#### 4.1.1 Licence Non-Compliance

List of Licence Non-Compliances for Current Reporting Year			
No.	Stated Commitment	Reason for Non-Compliance	Rectification of Non-compliance
		No Licence non-compliances occurred	

#### 4.1.2 Regulatory Non-Compliance

List of Regulatory Non-Compliances for Current Reporting Year				
No.	Date	Activity	Details of Non-Compliance	Rectification of Non-compliance
1	JanFebMar 2010	Quarterly cased hole report	Although there was no well work in the period, and the quarterly report was blank, the quarterly report still needed to be sent to PIRSA by 30 April 2010. However the quarterly report was not sent until 17/6/2010, 48 days late.	ADE has delegated responsibility for all report submissions to Engineering Manager – Otway
2	Oct 2009	Wynn2 CBL submission	CBL were submitted late	ADE has delegated responsibility for all report submissions to Engineering Manager – Otway

**4.1.3 Compliance with Statement of Environmental Objectives (SEO)**

<b>Statement of Environmental Objectives for the Production and Processing of Petroleum Products and Associated Activities at the Katnook and Ladbroke Grove Gas Plants</b>			
Objectives	Assessment Criteria	Compliant / Non-Compliant	Comments
1. Avoid surface water, groundwater and soil contamination	<ul style="list-style-type: none"> <li>• No contamination of surface water, groundwater or soil as a result of operation activities</li> <li>• No spills outside areas designed to contain them</li> <li>• No cross flow behind casing in production wells</li> <li>• Sufficient barriers demonstrated in production wells to prevent likelihood of cross flow</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No incidents occurred involving contamination to groundwater.</li> <li>• No spills or leaks occurred.</li> <li>• Wellhead pressure readings indicate no casing failures.</li> <li>• Wells constructed with appropriate barriers in place.</li> </ul>
2. Minimise disturbance to native vegetation and native flora	<ul style="list-style-type: none"> <li>• No injuries to native fauna due to facility processes</li> <li>• Removal of native vegetation in accordance with requirements of Native Vegetation Council</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No native fauna injured.</li> <li>• No development occurred resulting in the removal or damage to native vegetation.</li> <li>• Existing well site are already cleared on existing agricultural land.</li> </ul>
3. Maintenance of facilities to prevent failure	<ul style="list-style-type: none"> <li>• No unplanned interruptions of supply resulting in gas restrictions being applied to commercial and domestic customers</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No unplanned supply interruptions to commercial and domestic customers occurred due to plant failures.</li> </ul>
4. Avoid disturbance to sites of Aboriginal and European heritage significance	<ul style="list-style-type: none"> <li>• No unauthorised disturbance to Aboriginal or European heritage areas</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No activities conducted outside current operating areas.</li> <li>• No disturbance to Aboriginal and non-indigenous heritage sites.</li> </ul>
5. Minimise the Risk to the public and other third parties	<ul style="list-style-type: none"> <li>• No injuries to the public as a result of facility processes</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No injuries to the public as a result of facility processes.</li> <li>• Security fencing installed around W#2 facilities.</li> </ul>
6. Avoid disturbance to stakeholders and their associated infrastructure	<ul style="list-style-type: none"> <li>• No reasonable complaints from stakeholders</li> <li>• Noise emissions comply with EPA requirements</li> <li>• No new weed or pest infestations due to site activities</li> </ul>	Compliant	<ul style="list-style-type: none"> <li>• No complaints received from land users or stakeholders.</li> <li>• Noise emissions from site falls within EPA noise emissions requirements</li> <li>• No introduced exotic weed species as a consequence of activities. Presence of weeds and pathogens consistent with or better than adjacent land.</li> </ul>

## 4.2 Management System Audits

*Petroleum and Geothermal Regulations, Section 33 (2) (d) requires*

*“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”*

During the reporting period, no management audits were undertaken in PRL 1.

## 4.3 Data Submissions

*Petroleum and Geothermal Regulations, Section 33 (3) (e) requires*

*“a list of all reports and data relevant to the operation of the Act generated by the licensee during the relevant licence year”.*

<b>List of Report and Data Submissions During the Current Licence Reporting Year</b>			
<b>Description of Report / Data</b>	<b>Due Date</b>	<b>Date Submitted</b>	<b>Compliant / Non-compliance</b>
2010 PRL 1 Annual Report	09/03/2010	24/02/2010	Compliant
<b>ACTIVITY NOTIFICATIONS</b>			
Activity Notification – Oct/Nov/Dec Wireline work on Wynn 2		22/1/2010	n/a
Activity Notification - May/June Completion work on Wynn 2		4/5/2010	n/a
<b>QUARTERLY CASED HOLE REPORTS</b>			
Cased Hole Report Katnook Area – Mar 2010	30/04/2010	17/06/2010	Non-Compliant
Cased Hole Report Katnook Area - Jun 2010	31/7/2010	30/7/2010	Compliant
Cased Hole Report Katnook Area - Sep 2010	31/10/2010	08/10/2010	Compliant
Cased Hole Report Katnook Area - Dec 2010	31/01/2010	27/01/2011	Compliant
<b>DATA LOGS</b>			
Wynn 2 CBL	Oct 2009	04/05/2010	Non-Compliant
<b>OTHER REPORTS</b>			
Wynn 2 - May/June 2010 Completion Report	1/8/2010	30/7/2010	Compliant
Wynn 2 - Oct/Nov/Dec 2010 Wireline Report	8/2/2011	27/1/2011	Compliant

## 4.4 HS&E Incidents

*Petroleum and Geothermal Regulations, Section 33 (2) (f) requires:*

*“in relation to any incidents reported to the Minister under the Act and these regulations during the relevant licensing year—*

- (i) an overall assessment and analysis of the incidents, including the identification and analysis of any trends that have emerged; and*
- (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 minimise the risk of recurrence of any such non-compliance”.*

No reportable incidents occurred during the reporting period.

#### 4.5 Threat Prevention

*Petroleum and Geothermal Regulations, Section 33 (2) (g) requires*

*“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 during the reporting period.

#### 4.6 Licence Conditions and Future Work Program

*Petroleum and Geothermal Regulations, Section 33 (2) (h) requires*

*“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”.*

During 2011, Adelaide Energy will consider whether any PRL 1 well work is viable. If viable well work is identified and undertaken, the aim will be to produce significant hydrocarbons to surface and then surface facilities may be designed and installed to enable flow to Katnook Plant.

### 5 Production Forecast

*Petroleum and Geothermal Regulations, Section 33 (2) (i) requires*

*“in the case of a production licence—an assessment of the development activities proposed to be undertaken under the licence, including the number of completions that are expected to occur, during the ensuing year, or such longer period as the Minister may require*

First PRL 1 production from Wynn 2 to Katnook Plant may not occur in the next year (to 9 January 2012) because:

- The Wynn 2 completion has not to date been successful in producing a measurable flow of hydrocarbons to surface.
- If future operations do result in significant hydrocarbon production potential, it will be some time until the wellsite facilities are installed for production to Katnook Plant.

*Petroleum and Geothermal Regulations, Section 33.(2) (i) makes it clear that the production forecast is not strictly required in the Annual Report for a PRL, but it is reasonable to assume zero production in the year to 9 January 2012.*

### 6 Expenditure Statement

*Petroleum and Geothermal Regulations, Section 33 (3) requires*

*“an annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year”.*

An Expenditure Statement for PRL 1 during the period from 10 January 2010 to 09 January 2011 is attached.