

Geothermal Exploration License 97 Annual Report for 2003

Introduction

GEL 97 was granted to South Australian Geothermal Energy Pty Ltd (SAGE) on 14th November 2001. On 8th May 2002 SAGE was acquired by Geodynamics Limited as a wholly owned subsidiary. On 9 October 2003 an assignment letter transferring the License into the name of Geodynamics Limited was completed. This was subsequently approved by the Delegate to the Minister for Resources Development on 27 November 2003.

In the year to 14 November 2003, the main field activity carried out in the License area was a gravity survey. Temperature logging of existing Santos wells were not attempted.

Assessment of environmental and aboriginal cultural conditions over the area was given some attention internally and no reports were completed on these aspects of the area. It was felt that such analyses were not justified at this time considering the focus on development in GEL 98, in an area where the environmental conditions are quite dissimilar. GEL 97 is entirely within the Cooper Creek flood plain; whereas the area of activity where Geodynamics is focused in GEL 98 is on the uplifted gibber surface.

More general analyses of commercial and economic aspects of hot dry rock development (we now use the term hot fractured rock or HFR), were progressed in relation to the GEL 98 activities, but relate equally to GEL 97.

Reporting Against Requirements of the Petroleum Act 2000

(a) Summary of the regulated activities conducted under the license during the year

Only one regulated activity was carried out in the area over the reporting period. This was a gravity survey carried out by Dynamic Satellite Surveys in July and August 2003. The survey considerably improved the gravity coverage of the area, from an existing 27 stations to more than 300 stations.

(b) Report for the year on compliance with the Act, these regulations, the licence and any relevant statement of environmental objectives

Although the gravity survey was carried out as a regulated activity, Notices of Entry on Land were not provided before the survey commenced to other stakeholders as required by the Petroleum Act 2000. A letter dated 2 September was received from PIRSA outlining the breaches of the Act that resulted from this omission. Subsequently Geodynamics provided such Notices and received no objections. Geodynamics also provide to PIRSA an Environmental Audit of the survey on 30 September as instructed by PIRSA.

The Annual Report was not completed within 2 months after the end of the license year as laid down by Regulation 33.

(c) Actions to rectify non-compliance with obligations imposed by the Act, these regulations or the licence, and to minimise the likelihood of the recurrence of any such non-compliance; and (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.

Geodynamics is putting into effect significant changes to its management system for undertaking activities under the Petroleum Act. The company has employed a Manager of Logistics and Compliance whose role will be to specifically track our activities under the Act and ensure that we comply with all Regulations. Computer based tracking systems are being implemented.

(e) List all reports and data relevant to the operation of the Act during the relevant licence year.

Report	Date
Gravity Survey	8 September 2003

(f) Report of incidents reportable to the Minister under the Act and regulations

Nil.

(g) Report on any reasonably foreseeable threats 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.

Nil.

(h) Operations proposed for the ensuing year

As set out in the Variation of Activities for GEL 97 approved by PIRSA on 11 April 2003, Geodynamics intends to continue to interpret geophysical data over the area to assess sub-basin granite distribution. No Regulated Activities are contemplated, but if the opportunity arises, we will again try to come to an agreement with Santos to temperature log wells that have been drilled in the area, though this is thought unlikely because of the conditions of these wells.

Expenditure for year 2

Commercial in confidence