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1 Introduction

Petroleum Exploration Licence No. 91 was granted on 8th January 2002. The licence is located on the western margin of the Cooper/Eromanga Basin, South Australia. This report details the work conducted during Licence Year 5 of the licence (8th June 2006 to 4th June 2008) in accordance with Regulation 33 of the Petroleum Act 2000.

2 Permit Summary

Petroleum Exploration Licence 91 was originally awarded in January 2002 to:

Great Artesian Oil and Gas (formerly Tyers Investments) 100%

The original work commitments for the first term of PEL 91 are detailed in Table 1.

Table 1 Original work commitments for Term 1 by licence year

<table>
<thead>
<tr>
<th>Licence Year</th>
<th>Licence Dates</th>
<th>Minimum Work Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>8 / 1 / 02 - 7 / 1 / 03</td>
<td>Geological &amp; Geophysical Studies, Administration</td>
</tr>
<tr>
<td>Year 2</td>
<td>8 / 1 / 03 - 7 / 1 / 04</td>
<td>1 well, 250 kms 2D seismic</td>
</tr>
<tr>
<td>Year 3</td>
<td>8 / 1 / 04 - 7 / 6 / 05</td>
<td>2 wells</td>
</tr>
<tr>
<td>Year 4</td>
<td>8 / 6 / 05– 7 / 6 / 06</td>
<td>2 wells</td>
</tr>
<tr>
<td>Year 5</td>
<td>8 / 6 / 06 - 4 / 6 / 08</td>
<td>2 wells, plus seismic</td>
</tr>
</tbody>
</table>

Beach Petroleum farmed into the Licence in December, 2002 and became the operator. The working interests in PEL 91 subsequently became:

Great Artesian Oil and Gas 60%

Beach Petroleum Ltd (Operator) 40%

These interests have remained unchanged.
PIRSA has approved two applications from Beach to vary the work program for the permit since it was awarded:

- The first application was submitted at the end of Year 3 and was approved on 25th May, 2005.
- The second application was submitted at the end of Year 4, and was approved on 16th June 2006.

Table 2  Final work program commitments for Term 1 by licence year

<table>
<thead>
<tr>
<th>Licence Year</th>
<th>Licence Dates</th>
<th>Revised Work Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>8 / 1 / 02 - 7 / 1 / 03</td>
<td>Geological &amp; Geophysical studies;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>One well; Acquire 401 kms of 2D seismic</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reprocess 750 kms seismic</td>
</tr>
<tr>
<td>Year 2</td>
<td>8 / 1 / 03 - 7 / 1 / 04</td>
<td>Two wells, at least one of which will be an exploration well,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>plus 300 kms of 2D seismic.</td>
</tr>
<tr>
<td>Year 3</td>
<td>8 / 1 / 04 - 7 / 6 / 05</td>
<td>Two wells, at least one of which will be an exploration well,</td>
</tr>
<tr>
<td>Year 4</td>
<td>8 / 6 / 05 – 7 / 6 / 06</td>
<td>plus 300 kms of 2D seismic.</td>
</tr>
<tr>
<td>Year 5</td>
<td>8 / 6 / 06 - 4 / 6 / 08</td>
<td>Two wells, at least one of which will be an exploration well,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>plus 300 kms of 2D seismic.</td>
</tr>
</tbody>
</table>
Table 3  Final work program for Term 1 and work completed (as of the end of the current reporting period) by licence year

<table>
<thead>
<tr>
<th>Licence Year</th>
<th>Revised Work Program</th>
<th>Actual Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>Geological &amp; Geophysical studies;</td>
<td>Geological &amp; Geophysical studies;</td>
</tr>
<tr>
<td>Year 2</td>
<td>Drill one well; Acquire 401 kms of 2D seismic ;</td>
<td>Drilled One well; Acquired 430 kms of 2D seismic ;</td>
</tr>
<tr>
<td>Year 3</td>
<td>Reprocess 750 kms of archive seismic .</td>
<td>Reprocessed 738 kms of archive seismic.</td>
</tr>
<tr>
<td>Year 4</td>
<td>Geological &amp; Geophysical studies;</td>
<td>Geological &amp; Geophysical studies;</td>
</tr>
<tr>
<td>Year 5</td>
<td>Two wells, at least one of which will be an exploration well , plus 300 kms of 2D seismic.</td>
<td>Two wells ( Ballaparudda-1 and Murripi-1). 315 line kms of 2D seismic. 25 sq. kms of 3D seismic</td>
</tr>
</tbody>
</table>

There have been three periods of suspension applying to PEL 91 since the permit was awarded:

- PIRSA granted a five-month suspension during Year 3 of the Licence, commencing on 14th October 2004, and finishing on 13th March 2005.


- PIRSA then granted a second six-month suspension during Year 5 of the Licence, commencing on 21st September 2007, and finishing on 20th March 2008.

On several occasions during Year 5, Beach requested that the suspensions on PEL 91 be lifted temporarily to allow certain petroleum operations to take place while contractors were available to undertake the work. The periods during which the permit was in suspension and the periods during which the suspensions were temporarily lifted are shown in Table 4.
## PEL 91 - Periods of Suspension During Year 5

### Year 5

#### Table 4

<table>
<thead>
<tr>
<th>Period</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June</strong></td>
<td>2 4 6 6</td>
<td>2 4 6 6</td>
<td>2 4 6 6</td>
</tr>
<tr>
<td><strong>July</strong></td>
<td>8 10 12</td>
<td>14 16</td>
<td>14 16 18 20 22 24 26 28 31</td>
</tr>
<tr>
<td><strong>August</strong></td>
<td>12 14 16</td>
<td>18 20 22 24 26 28 30</td>
<td>14 16 18 20 22 24 26 28 30</td>
</tr>
<tr>
<td><strong>September</strong></td>
<td>2 4 6 8 10 12 14 16 18 20 22 24 26 28 30</td>
<td>2 4 6 8 10 12 14 16 18 20 22 24 26 28 30</td>
<td>2 4 6 8 10 12 14 16 18 20 22 24 26 28 30</td>
</tr>
</tbody>
</table>

### Notes

1. Preparation of access lines for upcoming Spinel 3D survey commenced while permit was still in suspension.
2. Earthworks commenced for the preparation of the Ballapadda lease while the permit was still in suspension.
3 Exploration Activity

3.1 Drilling

Two wells, Ballaparudda-1 and Murrippi-1, were drilled during Year 5 of the permit. Details of the wells are listed in the Tables 5 and 6 below.

Table 5: WELL DETAILS: BALLAPARUDDA - 1

<table>
<thead>
<tr>
<th>Well Name</th>
<th>Ballaparudda-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of well</td>
<td>Exploration</td>
</tr>
<tr>
<td>Contractor</td>
<td>Hunt Energy &amp; Mineral Company Australia Pty Ltd (Rig 2)</td>
</tr>
<tr>
<td>Date Spudded</td>
<td>6 December 2007</td>
</tr>
<tr>
<td>Status</td>
<td>Plugged &amp; abandoned</td>
</tr>
<tr>
<td>Evaluated hydrocarbon pay</td>
<td>Nil</td>
</tr>
<tr>
<td>Cased/suspended date</td>
<td>N/A</td>
</tr>
<tr>
<td>Rig release date</td>
<td>17 December 2007</td>
</tr>
<tr>
<td>Pad construction</td>
<td>Construction commenced on 23rd November 2007</td>
</tr>
<tr>
<td>Track construction</td>
<td>Approx. 14 kms of new road (following an old track)</td>
</tr>
<tr>
<td>Borrow Pit construction</td>
<td></td>
</tr>
<tr>
<td>Formations intersected</td>
<td>The depths at which each of the formation tops was intersected was provided in the Well Completion Report, which will become 'open file' in June 2010.</td>
</tr>
</tbody>
</table>
Table 6 : WELL DETAILS : MURRIPPI - 1

<table>
<thead>
<tr>
<th>Well Name</th>
<th>Murrippi-1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of well</td>
<td>Exploration</td>
</tr>
<tr>
<td>Contractor</td>
<td>Century Resources Rig # 3</td>
</tr>
<tr>
<td>Date Spudded</td>
<td>21 February 2008</td>
</tr>
<tr>
<td>Status</td>
<td>Plugged &amp; abandoned</td>
</tr>
<tr>
<td>Evaluated hydrocarbon pay</td>
<td>Sub-economic</td>
</tr>
<tr>
<td>Cased/suspended date</td>
<td>N/A</td>
</tr>
<tr>
<td>Rig release date</td>
<td>13 March 2008</td>
</tr>
<tr>
<td>Pad construction</td>
<td>Construction commenced on 23rd November 2007</td>
</tr>
<tr>
<td>Track construction</td>
<td>Upgrade approx. 6 kms of existing track (‘Growler road’) plus approx. 4 kms of new track.</td>
</tr>
<tr>
<td>Borrow Pit construction</td>
<td></td>
</tr>
<tr>
<td>Formations intersected</td>
<td>The depths at which each of the formation tops was intersected will be provided in the Well Completion Report, which will become ‘open file’ in September 2010.</td>
</tr>
</tbody>
</table>

3.2 Seismic Data Acquisition

In August 2006, 315 line kilometres of 2D seismic were recorded by Terrex Seismic as part of the Cadulus survey. Recording commenced on 11th August and continued for 10 days.

In March, 2007, approximately 25 square kilometres of 3D seismic was recorded in PEL 91 on the boundary with PEL 106. The data was acquired as part of the Spinel 3D survey which covered 495 square kilometres of PEL 106, operated by Great Artesian Oil and Gas Ltd.

3.3 Seismic Data Processing / Reprocessing

Data from the 2006 Cadulus 2D survey was processed by Fugro. Archive data from six seismic lines recorded in the late 1980s were also reprocessed. The combined length of these six archive lines was 145 kms.

The combined processing project was completed in July 2007.
3.4 Geochemical, Gravity, Magnetic and other surveys

An aerial geochemical survey was carried out over a portion of PEL 91 in July 2006. The survey was conducted by Sky Hunter Exploration Ltd for Red Sky Energy Ltd, over four days: 15th and 18th July 2006, then August 30th and 1st September, 2006.

3.5 Preliminary Survey Activities

There were no Preliminary Survey Licences granted on PEL 91 during Year 5 of the permit term.
4. Compliance Issues

Licence and Regulatory Compliance

Pursuant to Regulations 33(2) (b) & (c), an annual report must include:
“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 minimise the likelihood of recurrence of any such non-compliances.”

The instances during Year 5 of the PEL 91 Licence in which Beach failed to comply with either the requirements of the licence, the regulations of the 2000 Petroleum Act, or the objectives of the SEOs are summarised below.

**Licence Non-Compliance**

There were two instances during Year 5 of the PEL 91 Licence in which Beach failed to comply with 2000 Petroleum Act or the Conditions of the Licence.

Both instances related to petroleum operations being undertaken when the permit was in suspension, and in each case, PIRSA were notified when the breach was realised.

**Table 7  List of licence non-compliances for current reporting year**

<table>
<thead>
<tr>
<th>Incident No.</th>
<th>Stated Commitment</th>
<th>Reason for Non-Compliance</th>
<th>Rectification of Non-Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Beach committed to suspend all operations on the permit for a period of six months, from 21 September 2007, to allow time for a rig to become available to drill the two remaining commitment wells, and then assess the results, prior to submitting a relinquishment or renewal application required at the end of Year 5 of the Licence.</td>
<td>On 23rd November 2007, while the suspension was still in force, an earthmoving crew began preparation of the access track and the lease area for the Ballaparudda-1 well.</td>
<td>Once Beach had been informed that the preparation of the access road and the lease area had commenced, it immediately applied to PIRSA to lift the suspension on the permit as soon as practicable, to allow the remainder of the earthworks and the drilling to be completed while the permit was ‘active’.</td>
</tr>
</tbody>
</table>
Table 7 (continued): List of licence non-compliances for current reporting year

<table>
<thead>
<tr>
<th>Incident No.</th>
<th>Stated Commitment</th>
<th>Reason for Non-Compliance</th>
<th>Rectification of Non-Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Beach committed to suspend all operations on the permit for a period of six months, from 21 September 2007, to allow time for a drill rig to become available to drill the two remaining commitment wells, and then assess the results, prior to submitting a relinquishment or renewal application required at the end of Year 5 of the Licence.</td>
<td>In early February 2008, while the suspension was still in force, an earthmoving crew began preparing the access tracks for the Spinel 3D seismic survey, part of which was located in PEL 91 on its eastern boundary. The Spinel survey was operated by the operator of the neighbouring permit, PEL 106, who were unaware that PEL 91 was in suspension at the time.</td>
<td>Once Beach had been informed that the preparation of the access lines had commenced, it immediately applied to PIRSA to lift the suspension on the permit as soon as practicable, to allow the remainder of the line preparation and the recording to be completed while the permit was ‘active’.</td>
</tr>
</tbody>
</table>

**Regulatory Non-Compliance**

There were no instances during Year 5 of the PEL 91 Licence in which Beach failed to comply with Regulations of the 2000 Petroleum Act.

**SEO Non-Compliance**

**Drilling**

Government approval for Beach to drill the Ballaparudda-1 and Murriippi-1 wells was conditional on Beach committing to achieving the objectives defined in the “Statement of Environmental Objectives for Drilling and Well Operations in the Cooper / Eromanga Basins – South Australia (SEO)”.

Neither well intersected any zones which were considered to have the potential for economic recovery of hydrocarbons and consequently they were both plugged and abandoned.

The assessment of Beach’s performance in achieving the SEO objectives cannot be completed until both well sites have been rehabilitated. Whilst the Ballaparudda-1 well site has been rehabilitated, the Murriippi-1 well site will be rehabilitated when earthmoving equipment becomes available in the area later in 2008.
Beach is satisfied, however, that it has met all the other objectives required by the SEO for the drilling operations on this well, and the spreadsheet below in Table 8 summarises the strategies that were employed to achieve this compliance.

**Seismic**

Government approval for Beach to undertake the **Cadulus 2D** seismic survey was conditional on Beach committing to the objectives defined in the “Statement of Environmental Objectives : Geophysical Operations - for the Cooper / Eromanga Basin – South Australia ( June 2006 )”.

Beach’s strategies for achieving each of the SEO objectives during the recording the Cadulus 2D survey are outlined in the attached table, Table 9.

At the completion of the Cadulus survey, an assessment of the impacts from the survey was undertaken against a set of GAS criteria. GAS audits were taken at some forty locations around the full spread of the Cadulus Survey. Approximately two-thirds of these locations were in PEL 91.

The results of the audit against the GAS criteria are presented as a bar chart below.

As part of the GAS audit, several sites were selected as Environmental Monitoring Points ( EMPs ) for future photo monitoring of the rate of natural rehabilitation. Three of these EMPs are located in PEL 91: two in a floodplain environment, and one in a dunefield environment.
Fig # 5: GAS Audit of the Beach Petroleum 2006 Cadulus 2D Seismic Surveys, PEL 91, 92 & 107
## Compliance with Statements of Environmental Objectives

### Table 8 Compliance with the SEO for Cooper Basin drilling operations

<table>
<thead>
<tr>
<th>Objective 1: Minimise the risk to public and other third parties.</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasonable measures implemented to ensure no injuries to the public or third parties.</td>
<td>Compliant</td>
<td>The design and operation of the wells was undertaken in accordance with Beach safety policies, standards and guidelines. All employees visiting or working on rigs undertook a safety induction prior to commencing work in the field and will undertake a refresher course if/when required. The 12-kilometre track built to provide safe access to the Ballaparudda-1 well site branched off from an existing station road which follows alongside the Cooper Creek through &quot;Clifton Hills&quot; and &quot;Mungeranie&quot; stations. The 4-kilometre track built to access the Murrippi-1 well site branched off from an existing station road which was originally built to access the 'Growler' well. Signage was erected along both of these access roads to advise that only authorised personnel are permitted on to the well site. Beach Permit to Work system was in operation during the drilling operations to control potentially dangerous situations.</td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant (inc. Compliance statement)</td>
<td>Comments</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------</td>
<td>--------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Objective 1: (Continued)</strong></td>
<td></td>
<td></td>
<td>Accident / incident reporting systems were in place as defined in the Beach Drilling Operation Manual. Records are reviewed regularly to assess trends.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Beach safety management plans are updated and reviewed on a regular basis.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Appropriate PPE was issued to all personnel involved in the drilling operations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>However, no situation arose that required the implementation of the Plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Emergency Response Plan (ERP) Bridging documents were prepared for both the Ballaparudda-1 and Murrippi-1 drilling operations and all personnel involved in the operations were aware of the Emergency Response Plan. However, no situation arose that required the implementation of the Plan.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Beach undertakes regular ERP exercises at selected drilling operations.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Beach maintained regular contact with landholders and associated stakeholders during the drilling operations at each site.</td>
</tr>
<tr>
<td>Objective 2: Minimise disturbance and avoid contamination to soil.</td>
<td>Compliant</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objective Criteria</td>
<td>Comments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
| Well Site and Access Track Construction  
- 0, +1 or +2 GAS criteria are attained for “Minimise visual impacts of abandoned well sites and access tracks” objective as listed in Appendix 4 for well lease and access track construction.  
- No unauthorised off-road driving or creation of shortcuts.  
- No construction activities are carried out on salt lakes, steep tableland land systems or wetlands land systems (as defined in EIR). |  
- Both well sites were constructed in accordance with the procedures outlined in Beach's "Guidelines for Lease Construction and Restoration".  
- Topsoil was stockpiled for subsequent respraying when restoration activities are conducted.  
- Vehicle movements were strictly limited to the defined access track and well pad area – areas which had been given cultural heritage clearance for the drilling operations.  
- The Ballaparudda-1 wellsite has been rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia to attain the highest feasible GAS rating. Rehabilitation of the Murripi-1 site is scheduled to occur in the second half of 2008.  
- Borrow pits will be rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia, to attain the highest feasible GAS rating.  
- All fuel, oil and chemicals were stored in accordance with relevant standards.  
- Refuelling was undertaken as per Drilling Contractors’ procedures.  
- There were no spills during the drilling operations that required reporting or corrective action to be taken in accordance with the Beach Incident Reporting system. |
| Borrow pit construction and restoration  
- 0, +1 or +2 GAS criteria are attained for “Minimise Visual Impacts for constructing borrow pits” objective as listed in Appendix 3, and “Minimise visual impacts” and “Minimise impact on soil” objectives as listed in Appendix 5. |  
- Topsoil was stockpiled for subsequent respraying when restoration activities are conducted.  
- Vehicle movements were strictly limited to the defined access track and well pad area – areas which had been given cultural heritage clearance for the drilling operations.  
- The Ballaparudda-1 wellsite has been rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia to attain the highest feasible GAS rating. Rehabilitation of the Murripi-1 site is scheduled to occur in the second half of 2008.  
- Borrow pits will be rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia, to attain the highest feasible GAS rating.  
- All fuel, oil and chemicals were stored in accordance with relevant standards.  
- Refuelling was undertaken as per Drilling Contractors’ procedures.  
- There were no spills during the drilling operations that required reporting or corrective action to be taken in accordance with the Beach Incident Reporting system. |
<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 2: (Continued)</strong>&lt;br&gt; (Minimise disturbance and avoid contamination to soil.)</td>
<td>Production Testing / Well Blowdowns&lt;br&gt;• No soil contamination as a result of production testing or well blowdown operations.</td>
<td></td>
<td>• Two Drill Stem Tests were successfully undertaken on the Murrippi-1 well, with no consequential contamination of soil.</td>
</tr>
<tr>
<td></td>
<td>Fuel and Chemical Storage and Handling&lt;br&gt;• No spills/leaks outside of areas designed to contain them.&lt;br&gt;• Level of hydrocarbon continually decreasing for in situ remediation of spills.&lt;br&gt;• Soils remediated to a level as determined by the SHI process.</td>
<td></td>
<td>• There were no spills during the drilling operations outside of areas that were designed to contain them. &lt;br&gt;• Beach’s Oil Spill Contingency Plan is included in the Emergency Response Plan.</td>
</tr>
<tr>
<td></td>
<td>• All domestic wastes are disposed of in accordance with EPA licensing requirements.&lt;br&gt;• 0, +1 or +2 GAS criteria for ‘Waste material’ objective is attained.&lt;br&gt;• No spills or leaks from sewage treatment process and sludge pits.</td>
<td></td>
<td>• Wastes were managed as described in the Cooper Basin Drilling &amp; Well Operations EIR.&lt;br&gt;• Wastes were collected, stored and transported in covered bins / containers.&lt;br&gt;• All rubbish was disposed of at a licensed waste facility.</td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------</td>
<td>---------------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Objective 3:</strong> Avoid the introduction or spread of pest plants and animals and implement control measures as necessary.</td>
<td>No weeds or feral animals are introduced to operational areas.</td>
<td>Compliant</td>
<td>• Drilling rig and associated equipment and vehicles had already been working in the Cooper Basin prior to commencing these drilling operations.</td>
</tr>
<tr>
<td><strong>Objective 4:</strong> Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow ground water resources.</td>
<td>Well Lease and Access Track Construction  - Well leases and access tracks are located and constructed to maintain pre-existing water flows (i.e. channel contours are maintained on floodplains and at creek crossings). Drilling Mud Sumps and Flare Pits  - No overflow of drill cuttings, muds and other drilling fluids from mud sumps.  - No waste material disposal to sumps and flare pits.</td>
<td>Compliant</td>
<td>• Neither well site was located in an area where flooding from local watercourses was likely to occur.  • The drill pads and access tracks were constructed and located to avoid diversion of flood waters from their natural direction of drainage in the event of local inundation.  • All drill cuttings, muds, and non toxic drill fluids were contained within designated mud sumps with adequate freeboard at the completion of operations to allow for a 1m cover of clean fill at remediation.</td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------</td>
<td>---------------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Objective 4 : (Continued)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>( Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow ground water resources. )</td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>Well Blowdown/Production Testing</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• No water (surface or groundwater) contamination as a result of production testing or well blowdown operations.</td>
<td></td>
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<tr>
<td></td>
<td>Fuel/Chemical Storage and Handling</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• No leaks/spills outside of areas designed to contain them.</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>• Two Drill Stem Tests were successfully undertaken on the Murripi-1 well, with no consequential contamination of soil.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Specific oil spill containment / cleanup materials were on site at all times.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• All fuel, oil and chemicals were in accordance with relevant standards</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Refuelling was undertaken as per Drilling Contractors’ procedures.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• There were no spills during the drilling operations outside of areas designed to contain them.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>• Beach’s Oil Spill Contingency Plan is included in the Emergency Response Plan.</td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
</tbody>
</table>
| **Objective 5:** Avoid disturbance to sites of cultural and heritage significance. | ▪ Proposed well sites and access tracks have been surveyed and any sites of Aboriginal and non-Aboriginal heritage identified.  
▪ Any identified cultural and heritage sites have been avoided.  
*Note:* Where a negotiated agreement or determination for heritage clearance is in place, compliance with the negotiated agreement or determination takes precedence over the above criteria. | Compliant | Beach has an agreement with the Dieri Aboriginal Corporation Native Title Claimant group which specifies the requirements for scouting proposed well sites and access tracks to identify and avoid areas of heritage value and archaeological significance.  
Joint site visits were carried out with the Native Title Claimant group. Proposed drilling locations and access routes were agreed and given heritage clearance.  
Areas of significance were recorded and marked as exclusion zones. |
### TABLE 8: DRILLING SEO (Continued)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
</table>
| **Objective 6:** Minimise loss of aquifer pressures and avoid aquifer contamination. 8 | Drilling & Completion Activities  
- There is no uncontrolled flow to surface (Blowout).  
- Sufficient barriers exist in casing annulus to prevent crossflow between separate aquifers or hydrocarbon reservoirs.  
- Relevant government approval obtained for abandonment of any radioactive tool left downhole.  

Producing, Injection, Inactive and Abandoned Wells  
- No cross-flow behind casing between aquifers, and between aquifers and hydrocarbon reservoirs unless approved by DWLBC. | **Compliant** | The Drilling Programs for Ballarudda-1 and Murrippi-1 were designed to ensure minimal loss of reservoir and aquifer pressures and minimal contamination of freshwater aquifers.  
During abandonment operations, cement plugs were installed to isolate any aquifers penetrated below surface casing (as per the outline under "Comments" in the SEO) and any zones of pressure differential to ensure no likelihood of cross-flow. |
## TABLE 8: DRILLING SEO (Continued)

<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 7: Minimise disturbance to native vegetation and native fauna.</strong></td>
<td><strong>Well Lease and Access Track Construction and Restoration</strong>&lt;br&gt;▪ Any sites with rare, vulnerable and endangered flora and fauna have been identified and avoided.&lt;br&gt;▪ 0, +1 or +2 GAS criteria are attained for “Minimise impacts on vegetation” objective as listed in Appendix 2, during well lease and access track site selection and construction and for “Re-establish natural vegetation on abandoned well sites and access track” objective in Appendix 4.</td>
<td>Compliant</td>
<td>Neither well was located in or near areas of high biological or wilderness values and hence the drilling operations presented no long term impacts to any such areas. National Parks and Wildlife flora/fauna databases contain no records of vulnerable or endangered species within several kilometres of either of these well sites. Construction of the access tracks required minimal clearance of vegetation and the routes were aligned to avoid clearing trees. Both well sites contained only sparse vegetation, and clearance was minimised. Trees that were present on the site and adjacent to the site were not cleared. Facilities were designed and constructed to minimise fauna entrapment.</td>
</tr>
<tr>
<td></td>
<td><strong>Borrow Pits Construction and Restoration</strong>&lt;br&gt;▪ 0, +1 or +2 GAS criteria are attained for “Minimise impacts on vegetation” objective as listed in Appendix 4 during borrow pit site selection and construction, and “Minimise Impact on Vegetation” objective in Appendix 5 for borrow pit restoration.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Waste Management</strong>&lt;br&gt;▪ Refer to assessment criteria for Objective 11.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Fuel and Chemical Storage and Management</strong>&lt;br&gt;▪ Refer to assessment criteria for Objectives 2 and 4.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
<td>---------------------</td>
<td>---------------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Objective 8</strong>: Minimise air pollution and greenhouse gas emissions.</td>
<td>• Compliance with EPA requirements.</td>
<td>Compliant</td>
<td>Two Drill Stem Tests were successfully undertaken on the Murrippi-1 well, which involved a minimal amount of gas flaring.</td>
</tr>
</tbody>
</table>
| **Objective 9**: Maintain and enhance partnerships with the Cooper Basin community. | • No unresolved reasonable complaints from the community. | Compliant | • Beach maintained regular contact with landholders and associated stakeholders prior to, and while undertaking, drilling operations at these wells.  
 • Beach sponsors local community social events including the Innamincka Races.  
 • Beach also provides major sponsorship to the Royal Flying Doctor Service. |
| **Objective 10**: Avoid or minimise disturbance to stakeholders and/or associated infrastructure | • No reasonable stakeholder complaints left unresolved. | Compliant | • Beach maintained regular contact with landholders and associated stakeholders prior to and while undertaking drilling operations at each of the well sites.  
 • The access tracks and well sites were located well away from regular tourist routes.  
 • Discussions will be undertaken with the landowner to determine whether he wishes to have any rehabilitation work undertaken on either of the access tracks to the wells.  
 • Neither well site was located near cattle watering points and cattle were not present in significant numbers due to prevailing drought conditions.  
 • At the completion of the drilling operations, temporary cattle proof fencing was erected to isolate any pits or plant remaining on site. The fencing was kept in place until the pits were dry and machinery was available to fully rehabilitate the site. |
<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 10</strong>: (Continued) (Avoid or minimise disturbance to stakeholders and/or associated infrastructure)</td>
<td></td>
<td></td>
<td>• The Ballaparudda-1 wellsite has been rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia to attain the highest feasible GAS rating. • Rehabilitation of the Murrippi-1 site is scheduled to occur in the second half of 2008.</td>
</tr>
<tr>
<td><strong>Objective 11</strong>: Optimise waste reduction and recovery.</td>
<td></td>
<td>Compliant</td>
<td>• Waste was removed from the well site in accordance with Beach’s policy set out in the company’s Drilling Operations Manual. • Non-putrescible waste material (including hazardous material) was stored safely on site for later removal to an EPA approved disposal facility.</td>
</tr>
<tr>
<td></td>
<td>• With the exception of drilling fluids, drill cuttings and other fluids disposed during well clean-up, and sewage wastes, all wastes to be disposed of at an EPA licensed facility in accordance with EPA Licence conditions. • Attainment of GAS criteria for “Site left in clean, tidy and safe condition after final clean-up” objective during well site restoration (refer Appendix 4). • Attainment of GAS criteria for “Site left in clean, tidy and safe condition” objective during borrow pit restoration (refer Appendix 5).</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Objective</td>
<td>Assessment Criteria</td>
<td>Compliant / Non-Compliant</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------</td>
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</tr>
</tbody>
</table>
| **Objective 12**  
Remediate and rehabilitate operational areas to agreed standards. |  
- No unresolved reasonable stakeholder complaints.  
Contaminated Site Remediation  
- Contaminated sites are remediated in accordance with criteria developed with the principles of the National Environment Protection Measure for Contaminated sites and in consultation with the EPA.  
Well Site and Access Track Restoration  
- The attainment of 0, +1 or +2 GAS criteria for (refer Appendix 4):  
  - “minimise visual impact of abandoned well sites”  
  - “minimise visual impact of abandoned access tracks”  
  - “re-establish natural vegetation on abandoned well sites and access tracks” | **Compliant** |  
- The Ballaparudda-1 wellsite has been rehabilitated and restored in accordance with the guidelines set down in PIRSA’s Field Guide for the Environmental Assessment of Abandoned Petroleum Wellsites in the Cooper Basin, South Australia to attain the highest feasible GAS rating.  
- Rehabilitation of the Murrippi-1 site is scheduled to occur in the second half of 2008. Restoration will proceed when the sump pit has dried out and earthmoving machinery is available in the vicinity. Any contaminated sites are remediated in accordance with Beach Guidelines and Industry Standards.  
- Discussions will be undertaken with the landowner to determine whether he wishes to have any rehabilitation work undertaken on either of the access tracks. |
<table>
<thead>
<tr>
<th>Objective</th>
<th>Assessment Criteria</th>
<th>Compliant / Non-Compliant</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 12 (Contd.)</strong></td>
<td><strong>Borrow Pit Restoration</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

  - Remediating and rehabilitated operational areas to agreed standards.
  - The attainment of 0, +1 or +2 GAS criteria (refer Appendix 5) for:
    - “minimise impact on vegetation”,
    - “minimise impact on soil”,
    - “Minimise visual impacts”

**Note:** Well abandonment issues addressed under...
### Table 9: Compliance with SEO for Cooper Seismic Operations

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ASSESSMENT CRITERIA</th>
<th>COMPLIANCE / NON-COMPLIANCE</th>
<th>COMMENTS</th>
</tr>
</thead>
</table>
| Objective 1: Minimise the visual impact of operations. | Campsite and survey line preparation Proposed survey lines and campsites have been appropriately located and prepared to minimise the visual impact. The attainment of 0, +1 or +2 GAS criteria for 'visual impact' objective listed in Appendix 3. | Compliant | Goal Attainment Scaling audits were taken at approximately 40 locations, spread throughout the 470 kilometres of survey lines recorded for the Cadulus 2D survey. Approximately two-thirds of these lines were in PEL 91.

At six of the 25 audit sites located in dunefield environments, the level of disturbance of the soil was assessed as being greater than is normally expected, resulting in GAS scores of "-1". At only one of the 15 audit sites located in floodplain environments, the level of disturbance of the soil was greater than is usually expected, resulting in a GAS score of "-1". Despite the extra disturbance at these sites, the soil surface will rehabilitate naturally, although the visual impact may persist slightly longer than is usually the case. |

| Objective 2: Minimise disturbance to and contamination of soil resources. | Campsite and survey line preparation Attainment of 0, +1 or +2 GAS criteria for 'Minimise impacts to land surface' objective, as listed in Appendix 3. Proposed survey lines and campsites have been appropriately located and prepared to minimise the disturbance to soil resources. | Compliant | Refer to comments above for performance in achieving Objective 1.

There were no incidents of soil contamination arising from the survey activities. |
<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ASSESSMENT CRITERIA</th>
<th>COMPLIANCE / NON-COMPLIANCE</th>
<th>COMMENTS</th>
</tr>
</thead>
</table>
| **Objective 2:** (Contd.) Minimise disturbance to and contamination of soil resources | **Fuel Storage and Handling**  
No refuelling occurs outside designated refuelling/servicing areas.  
Spills or leaks are immediately reported and clean up actions initiated.  
Records of spill events and corrective actions are maintained in accordance with company procedures.  
Appropriate spill response equipment is available on site. | Compliant                    | GAS audits were taken at approximately 25 locations in dunefield and 15 locations in floodplain environments within PEL 91.  
At each of the dunefield locations, the GAS scores for “impact on vegetation” were either “0” or “+1” indicating there were no instances where the disturbance was greater than is usual for these type of operations.  
At several of the floodplain audit sites, the GAS scores for “impact on vegetation” were “-1”, indicating the level of disturbance was greater than is usual for these type of operations. |
| **Objective 3:** Minimise disturbance to native vegetation and fauna.     | **Campsite and survey line preparation**  
The attainment of either 0, +1 or +2 GAS criteria for “Impact on native vegetation” objective listed in Appendix 3.  
No mature trees are removed. Vehicle access to survey lines is to be via existing access tracks or pre-existing survey lines, except where they have rehabilitated. Other temporary access tracks may be utilised where such use is likely to result in less environmental impact than other options.  
**Fuel and Chemical Storage and Management**  
Refer to assessment criteria for objective.  
**Fire Danger Season restrictions and education**  
All personnel are fully informed on the fire danger season and associated restrictions. | Compliant                    |                                                                                                                                                                                                                      |
<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ASSESSMENT CRITERIA</th>
<th>COMPLIANCE / NON-COMPLIANCE</th>
<th>COMMENTS</th>
</tr>
</thead>
</table>
| **Objective 4:** Avoid disturbance to sites of cultural and heritage significance. | The following is one possible procedure to achieve the objective. Appropriately trained and experienced cultural/heritage advisors have scouted proposed survey line locations and access tracks. The operator has a mechanism in place to appropriately report and respond to any sites discovered during survey operations. Any sites identified have been flagged and subsequently avoided.  
  
  *Note:* Where a negotiated agreement or determination for heritage is in place, compliance with the negotiated agreement or determination takes precedence over the above criteria.  
  
  The EIR details this possible procedure. | **Compliant**                                                                                                                    | Beach have an agreement with the Dieri Aboriginal Corporation (DAC) Native Title Claimant group which specifies the requirements for scouting proposed seismic lines to identify and avoid areas of heritage value and archaeological significance.  
  
  Joint site visits were carried out with representatives from the Native Title Claimant group. Proposed line locations and access routes were agreed and given heritage clearance. Areas of significance were recorded and marked as exclusion zones. |
<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ASSESSMENT CRITERIA</th>
<th>COMPLIANCE / NON-COMPLIANCE</th>
<th>COMMENTS</th>
</tr>
</thead>
</table>
| **Objective 5:** Minimise disturbance to livestock, pastoral infrastructure and landholders. | The attainment of 0, +1 or +2 GAS criteria for 'impact on infrastructure' objective listed in Appendix 3. No reasonable concerns raised by stakeholders are left unresolved. The extent to which the relevant sections of the Petroleum Act and Regulations have been followed and implemented and in particular in relation to landowner liaison and notification. | Compliant | • Beach maintained regular contact with the pastoral lessees prior to and while undertaking survey operations.  
• None of the seismic lines interfered with cattle watering points and cattle were not present in significant numbers due to prevailing drought conditions.  
• Extensive seismic survey operations have been undertaken regularly in recent years on both of the pastoral leases covered by the Cadulus Survey.  
• No issues of concern have been raised by the landowner in relation to these activities. |
<p>| <strong>Objective 6:</strong> Avoid the introduction or spread of exotic species and implement control measures as necessary. | Weeds or feral animals are not introduced into, or spread, in operational areas | Compliant | Machinery and vehicles used for line preparation and survey recording were already working in the Cooper Basin prior to commencing the Cadulus survey. |</p>
<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>ASSESSMENT CRITERIA</th>
<th>COMPLIANCE / NON-COMPLIANCE</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objective 7:</strong> Minimise disturbance to drainage patterns and avoid contamination of surface waters and shallow groundwater resources.</td>
<td><strong>Campsite and survey line preparation</strong> Campsites and survey lines/traverses are located and constructed to avoid diversion of water flows. The attainment of 0, +1 or +2 GAS criteria for ‘disturbance to land surface’ objective listed in Appendix 3. No uncontrolled flows to surface from aquifers intersected in upholes/shallow boreholes. There is no unnecessary interference with natural drainage features. <strong>Fuel Storage and Handling</strong> No spills occur outside of areas designed to contain them. Refuelling occurs at least 1km from watercourses or sensitive ecological environments (wetlands). Appropriate spill response equipment is available on site. Spills or leaks are immediately reported and clean up actions initiated promptly.</td>
<td>Compliant</td>
<td>Approximately five lines of the Cadukus survey crossed the Cooper Creek channels. These channels are typically less than one metre deep. Particularly care was taken to ensure minimal disturbance of the banks of the channels at the points where the access lines entered and exited the channels.</td>
</tr>
<tr>
<td>OBJECTIVE</td>
<td>ASSESSMENT CRITERIA</td>
<td>COMPLIANCE / NON-COMPLIANCE</td>
<td>COMMENTS</td>
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<tr>
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</tr>
<tr>
<td><strong>Objective 8:</strong> Optimise waste reduction and recovery.</td>
<td>Wastes are segregated, burnt or transported to an Environment Protection Authority (EPA) approved waste disposal facility for recycling or burial in accordance with approved procedures. 0, +1 or +2 GAS criteria are attained for 'Negligible survey markers and rubbish in situ' objective listed in Appendix 3.</td>
<td>Compliant</td>
<td>Every GAS score in relation to “Pollution and litter ” (control) at each of the 40 sites was ”+2”, indicating no litter was observed on any part of the survey.</td>
</tr>
</tbody>
</table>
Management System Audits

Pursuant to Regulation 33(2) (d) under the Act, an annual report must include:
“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 actions that has, or will be taken”.

No management system audits were undertaken during the licence year in relation to exploration activities on PEL 91.

Report and Data Submissions

Pursuant to Regulation 33(2) (e) under the Act, an annual report must include:
“a list of all reports and data relevant to the operation of the Act generated by the licensee during the licence year”.

A list is provided in Table 10 of the reports and data generated in relation to the operations undertaken during Year 5 of the Licence.

Incidents

Pursuant to Regulation 33(2) (f), an annual report must include:
“in relation to any incidents reported to the Minister under the Act and these Regulations during the relevant licence 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”.

There were no reportable incidents arising from the operations undertaken on PEL 91 during the current licence reporting year.
Table 10: List of reports and data submissions during current licence reporting year.

<table>
<thead>
<tr>
<th>Description of Report / Data</th>
<th>Date Due</th>
<th>Date Submitted</th>
<th>Compliant / Non-Compliant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Udacha -1 Well Completion Report (1x CD, Hardcopy Comp Log &amp; Mudlog)</td>
<td>10-Aug-06</td>
<td>8-Aug-06</td>
<td>Compliant</td>
</tr>
<tr>
<td>2006 Cadulus Seismic Survey PEL 91, 92, 107 Environmental Report</td>
<td>N / A</td>
<td>13-Apr-07</td>
<td>Compliant</td>
</tr>
<tr>
<td>PEL 91 - 2005 Mytilus Seismic Survey Interpretation Report</td>
<td>30-Apr-07</td>
<td>31-Jul-07</td>
<td>PIRSA approved extension to 31/7/07</td>
</tr>
<tr>
<td>Cadulus 2D Field Data</td>
<td>30-Sep-07</td>
<td>18-Sep-07</td>
<td>PIRSA approved extension to 30/9/07</td>
</tr>
<tr>
<td>Cadulus 2D Final Operations Report &amp; Support Data</td>
<td>30-Sep-07</td>
<td>24-Sep-07</td>
<td>PIRSA approved extension to 30/9/07</td>
</tr>
<tr>
<td>Notification of proposal to construct access roads and lease pads for Ballaparudda-1 and Murrippi-1</td>
<td>1-Nov-07</td>
<td>9-Oct-07</td>
<td>Compliant</td>
</tr>
<tr>
<td>Notification of proposed Drilling Operations for Ballaparudda-1</td>
<td>15-Nov-07</td>
<td>7-Nov-07</td>
<td>Compliant</td>
</tr>
<tr>
<td>Notification of proposed Drilling Operations for Murrippi-1</td>
<td>31-Jan-08</td>
<td>14-Jan-08</td>
<td>Compliant</td>
</tr>
<tr>
<td>Well Proposal for Ballaparudda-1</td>
<td>15-Nov-07</td>
<td>7-Nov-07</td>
<td>Compliant</td>
</tr>
<tr>
<td>Drilling Program for Ballaparudda-1</td>
<td>15-Nov-07</td>
<td>14-Nov-07</td>
<td>Compliant</td>
</tr>
<tr>
<td>Ballaparudda-1 Hard Copy/Digital Logs (1xHardcopy, 1xCD)</td>
<td>15-Feb-07</td>
<td>11-Jan-08</td>
<td>Compliant</td>
</tr>
<tr>
<td>Well Proposal for Murrippi-1</td>
<td>31-Jan-08</td>
<td>14-Jan-08</td>
<td>Compliant</td>
</tr>
<tr>
<td>Murrippi-1 Hard Copy/Digital Logs (1xHardcopy, 1xCD)</td>
<td>11-May-08</td>
<td>18-Mar-08</td>
<td>Compliant</td>
</tr>
<tr>
<td>Ballaparudda-1 Well Completion Report (1 x CD)</td>
<td>17-Jun-08</td>
<td>17-Jun-08</td>
<td>Compliant</td>
</tr>
</tbody>
</table>
Threat Prevention

Pursuant to Regulation 33(2) (g) under the Act, an annual report must include:

“a report on any reasonably foreseeable threats (other than threats previously reported on) that reasonably presents, 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 are no threats foreseeable to the proposed exploration activities for PEL 91, other than the disruptive influence of occasional flooding of the Cooper Creek.

The progress of any flooding events in the headwaters of the Cooper Creek are closely monitored by satellite surveillance to predict the time of their arrival in the PEL 91 area several weeks later. Drilling and seismic schedules are amended accordingly.

Future Work Program

Pursuant to Regulation 33(2) (h) under the Act, an annual report must include:

“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 PEL 91 permit has been renewed for a further 5 years and the committed work program is specified in Table 11.

137 km$^2$ of the Modiolus 3D seismic survey is to be acquired within PEL 91 as part of the greater Modiolus survey being acquired over PEL 91 and PEL 92, during the first quarter of the first year of the Permit’s second term.

Geophysical studies will be directed at the acquisition, processing, interpretation and mapping of the Modiolus 3D seismic survey and a review of the Cadulus 2D and Spinel 3D seismic data. Geological and Geophysical studies will be directed at defining prospectivity, prospect generation and evaluation, and preparing well proposals.

It is possible that a well will be drilled towards the end of the Permit year, this being dependent on results obtained from the interpretation of the Modiolus data volume, the timing of completion of the processing of this data and rig availability.
Table 11: Work Commitments for Term 2 by licence year

<table>
<thead>
<tr>
<th>Licence Year</th>
<th>Licence dates</th>
<th>Minimum Work Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>5/6/08 - 4/6/09</td>
<td>Geological &amp; Geophysical Studies, Administration</td>
</tr>
<tr>
<td>Year 2</td>
<td>5/6/09 - 4/6/10</td>
<td>Geological &amp; Geophysical Studies, Administration, plus 100km of 2D seismic.</td>
</tr>
<tr>
<td>Year 3</td>
<td>5/6/10 - 4/6/11</td>
<td>Geological &amp; Geophysical Studies, Administration</td>
</tr>
<tr>
<td>Year 4</td>
<td>5/6/11 - 4/6/12</td>
<td>Geological &amp; Geophysical Studies, Administration</td>
</tr>
<tr>
<td>Year 5</td>
<td>5/6/12 - 4/6/13</td>
<td>Geological &amp; Geophysical Studies, Administration, plus drill one well.</td>
</tr>
</tbody>
</table>
5. Expenditure Statement

Pursuant to Regulation 33(3) under the Act, an annual report must contain: "An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year, showing expenditure under each of the following headings:

   a) drilling activities;
   b) seismic activities;
   c) technical evaluation and analysis;
   d) other surveys;
   e) facility construction and modification;
   f) operating and administration expenses (not already covered under another heading)"

Please refer to Appendix 1 for the expenditure statement for the current reporting period.
APPENDIX 1  Expenditure Statement

Commercial in Confidence