



## **ANNUAL REPORT**

**(Year 5)**

**Petroleum Exploration Licence 93  
Petroleum Production Licence 207  
South Australia**

Commencement date: 5<sup>th</sup> November 2005

Completion date: 5<sup>th</sup> November 2006

(Reporting period has been extended to 31<sup>st</sup> December 2006)

**Regulation 33 (2) (a):****Regulated activities undertaken**

- Drill Worrior 4 development well; complete Worrior 4
- Drill Dalray 1 exploration well; Plug and abandon
- Drill Tawriffic East 1 exploration well; Plug and abandon
- Fly airborne geochemical survey over central area of Licence (Part of Red Sky Pty Limited's farmin activities)
- Construction of borrow pits, roads
- Construction of flow lines
- Workover Arwon 1 well. Squeeze off perforations with cement, reperforate, instal pump, recommence production
- Production test the Pando Formation in the Worrior 4 development well (PACE Project)

**Regulation 33 (2) (b):****Compliance with the Act, Regulations, Licence Conditions and relevant Statement of Environmental Objectives**

- The drilling of Dalray 1 and Tawriffic East 1 completed the guaranteed wells that was a Licence Condition for the initial 5 year period. The Licence was renewed for a further 5 years. The renewal was accompanied by the required area relinquishment. There were no non-compliances under the Act or Regulations for PEL 93 or PPL 207, during this licence year.

**RELEVANT STATEMENT OF ENVIRONMENTAL OBJECTIVES**

Environmental Objectives in relation to the drilling of the Worrior 4, Dalray 1 and Tawriffic East 1 wells and the production of oil from the Worrior and Arwon Fields were met. In particular the following objectives were met:-

1. Minimise risk to public and third party risks.
2. Minimise disturbance and soil contamination.
3. Avoid introduction of pest species.
4. Minimise disturbance to drainage patterns; avoid contamination of surface and shallow groundwaters.
5. Avoid disturbance to sites of cultural and heritage significance.
6. Minimise loss of aquifer pressures and avoid aquifer contamination.
7. Minimise disturbance to native vegetation and fauna.
8. Minimise air pollution and greenhouse gas emissions.
9. Maintain / enhance partnerships in community.

10. Avoid or minimise disturbance to Stakeholders and associated infrastructure.
11. Optimise waste reduction and recovery.
12. Remediate and rehabilitate operational areas to agreed standards.
13. Avoid disturbance to rare, endangered and vulnerable species.
14. Avoid impacts on high biological value or wilderness value areas.
15. Avoid flowline, process storage and loading facility spills.
16. In the event of a process fluid spill, minimise the impacts on biota, soils surface water and groundwater.
17. Minimise fire risk at facility, prevent spread of any fires to wellhead.
18. Avoid transportation spills.
19. In the event of a transportation spill, minimise the likelihood of its spread, minimise impacts of fire resulting; cleanup and remediation of oil-affected land to accepted Soil Health Index (SHI).
20. Formation water cleaned to no visible oil before disposal.
21. Minimise work force hazards.

### Regulation 33 (2) (c):

#### Actions to rectify non-compliance

In the previous year 5, non-compliances occurred related to data or report submissions for seismic, wells and production operations.

Starting on 15 March 2006, Technical Assistants were employed in the Geoscience and Production sections of Stuart Petroleum to ensure that non-compliances relating to reporting and data management are eliminated.

### Regulation 33 (2) (d):

#### Management System Audits

An audit of Stuart Petroleum's document management system and of its IT security has been undertaken by an external consultant. Problems were identified and recommendations were made to improve the systems. Implementation is in progress. Data and documents associated with PEL 93 were included in the audit.

### Regulation 33 (2) (e):

#### Reports Generated in the Licence Year

#### DRILLING

##### Warrior 3

Final Well Completion Report 21/03/06

##### Warrior 4

Final Well Completion Report 19/09/06

**Dalray 1**

Final Well Completion Report

7/12/06

**Worrior 4, Dalray 1, Tawriffic East 1**

Heritage Survey Report

Environmental Risks and Compliance Report

Emergency Response Plan

Drilling Program:

Evaluation – geological / geophysical

Drilling Engineering

Completion Program (only Worrior 4)

Daily Geological and Drilling Reports

**SEISMIC****Worrior 3D**

- 1) Reprocessing Report for Worrior 3D Seismic Survey – from field tapes  
(by DownUnder Geosolutions)
- 2) Worrior Rock Physics report incorporating Worrior 4  
(by DownUnder Geosolutions)
- 3) Worrior 3D Inversion Report  
(by DownUnder Geosolutions)

**PRODUCTION**

Monthly Production Reports for Worrior 1, 2, 3 and 4 plus Arwon 1

**Regulation 33 (2) (f):****Incidents reported to the Minister**

No incidents were reported to the Minister during the period.

**Regulation 33 (2) (f) (ii):****Assessment of the effectiveness of previous actions to rectify non-compliance**

There have previously been problems with data quality control on drilling data and seismic survey reports. There have also been issues regarding the timely submission of seismic data and production / completion reports. Extra staff, both permanent and consulting, has been employed to correct deficiencies. A further two full-time Technical Assistants (Geoscience and Production) have been employed to further improve reporting and data management.

**Regulation 33 (2) (g):****Foreseeable threats that present a hazard to facilities or activities**

No threats to facilities or activities have been identified which are not already covered in the relevant Environmental Risks and Compliance Reports.

**Regulation 33 (2) (h):****Operations Proposed for the first Licence year of PEL 93 (1<sup>st</sup> renewal)**

- Drilling Worrior 5 development well
- Drilling Rainbird 1 exploration well
- Complete seismic remap of Licence, incorporating 1000km of reprocessed 2D seismic data
- Complete and connect the Worrior 5 drill site

**Regulation 33 (2) (i):****For case of PPL 207, estimate the volume of petroleum likely to be produced during the ensuing year**

- It is estimated that 46,900 kL, or 295,000 bbl, of oil is likely to be produced during the ensuing year

**Regulation 33 (2) (j):****For the case of PPL 207, development activities proposed to be undertaken during the ensuing year are:**

- Drill Worrior 5, complete and connect

**Regulation 33 (3):****Annual Expenditure PEL 93 & PPL 207 (1<sup>st</sup> January 2006 to 31<sup>st</sup> December 2006)**

*Commercial in Confidence*