

ANNUAL REPORT

Petroleum Retention Licence (PRL) 1

Onshore Otway Basin, South Australia

Permit Year 2

Second Renewal Term

10 January 2016 to 9 January 2017

Distribution:

Department of State Development, South Australia

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1 Introduction

Petroleum Retention Licence 1 (PRL 1) is located around the Wynn Field in the onshore Otway Basin, South Australia. The Annual Report for PRL 1 summarises the work conducted during Licence Year 2 of the second renewal term which corresponds to the period 10 January 2016 to 9 January 2017 and has been prepared to comply with the Regulation 33 of the Petroleum and Geothermal Energy Act 2000 (the Act).

2 Licence Summary

PRL 1 was originally granted to Origin Energy Resources Ltd (26.415%) and SAGASCO Southeast Inc (73.585%) for a five year term commencing 10 January 2005.

Origin and SAGASCO completed a transaction transferring the rights to PRL 1 to Adelaide Energy Limited in late 2008 subject to Ministerial approval, which was granted in June 2009.

The first renewal of PRL 1 was granted for a five year term commencing on 10 January 2010. The second renewal of PRL 1 was granted for a five year term commencing on 10 January 2015. Adelaide Energy Pty Ltd holds 100% interest in PRL 1.

During the second renewal term of PRL 1 the following work is to be carried out:

- Establish the nature and extent of a discovery of regulated resources except a source of geothermal energy; and
- To establish the commercial feasibility of production and appropriate production techniques; and
- Other regulated activities specified in the licence.

3 Regulated Activities

**Pursuant to Regulations 33(3)(a) An annual report must include -
“a summary of the regulated activities conducted under the licence during the year”**

No regulated activities were undertaken during the reporting period.

4 Compliance Issues

Pursuant to Regulations 33(3)(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.”

4.1 Licence and Regulatory Compliance

The licensee complied with the Licence Conditions for PRL 1, the Act and the Petroleum and Geothermal Energy Regulations 2013.

4.2 Compliance with Statement of Environmental Objectives (SEO)

Monitoring and maintenance activities conducted in the retention licence must comply with the Adelaide Energy SEO for the *Production and Processing of Petroleum Products and Associated Activities at the Katnook and Ladbroke Grove Gas Plants*.

4.3 Management System Audits

Pursuant to Regulation 33(3)(d) 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 specific to PRL 1 were undertaken in during the reporting period.

4.4 Report and Data Submissions

Pursuant to Regulation 33(3)(e)(i) 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”.

Annual Report (Regulation 33)			
Description of Report / Data	Date Due	Date Submitted	Compliant
PRL 1 Annual Report Year1, Term 2	9 March 2016	9 March 2016	Yes
PRL 1 Annual Report Year1, Term 2 - Resubmission	24 June 2016	22 June 2016	Yes

4.5 Incidents

Pursuant to Regulation 33(3)(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 serious incidents during the reporting period within PRL 1. A serious incident is defined in section 85(1) of the Act.

There were no reportable incidents during the reporting period within PRL 1. A reportable incident is defined in section 85(1) and Regulation 32 of the Act.

4.6 Threat Prevention

Pursuant to Regulation 33(3)(g) An annual report must include -
“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 are no new threats to report.

4.7 Future Work Program

Pursuant to Regulation 33(3)(h) 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”.

Pursuant to Regulation 33(3)(j) An annual report must include -
“in the case of a production licence - an assessment of the development activities proposed to be undertaken under the licence, including the number of completion reports that are expected to occur, during the ensuing licence year, or such longer period as the Minister may require”.

During 2017, Beach will continue to evaluate the nature and commercial feasibility of the Wynn field. Routine biennial Well Integrity testing will be conducted on Wynn 2 in 2017 and annuli pressures will be recorded regularly.

5 Expenditure Statement

Pursuant to Regulation 33(4)
“An annual report must be accompanied by a statement of expenditure on regulated activities conducted under the licence for the relevant licence year.”

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