

Annual Report – Petroleum Retention Licence (PRL) 1

Term 4, Permit Year 2 (10 January 2021 to 9 January 2022)

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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 third renewal term which corresponds to the period 10 January 2021 to 9 January 2022 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. The third renewal of PRL 1 was granted for a five-year term commencing on 10 January 2020.

Adelaide Energy Pty Ltd (a wholly owned subsidiary of Beach Energy Limited) holds 100% interest in PRL 1.

During the third 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”

Maintenance and integrity activities undertaken during the reporting period include:

- Routine annulus pressure surveys

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 licensees complied with the Petroleum and Geothermal Energy Act 2000, the Petroleum and Geothermal Energy Regulations 2013 and the relevant Statements of Environmental Objects (SEO) during the reporting period.

4.2 Compliance with Statement of Environmental Objectives (SEO)

Monitoring and maintenance activities conducted in the retention licence must comply with the Statement for Environmental Objectives Onshore Otway Basin Petroleum Production Operations (Beach Energy, March 2019). A summary of compliance with the SEO is provided in Appendix 1.

5. 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 were conducted during the reporting period.

Beach continues to utilise three level of assurance and leading and lagging KPI's to assess and monitor the application of HSE systems in its operations. This includes Contractor HSE system audits undertaken prior to the commencement of activities for Beach operations, as well as undertaking emergency response exercises that covered various types of possible emergency situations related to Beach's operational activities.

6. Reports 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 (Term 4, Year 1)	9 March 2021	9 March 2021	Yes

7. 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 reportable or serious incidents during the reporting period, in accordance with the definitions provided in Section 85(1) and Regulation 32 (1) of the Act.

8. 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

9. 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”.

Beach will continue to evaluate the complex Sawpit Sandstone gas reservoirs in the Wynn Field and the commercial feasibility during 2022. Routine well integrity maintenance and testing will be conducted on Wynn 2 and annulus pressure surveys will be recorded during the upcoming year.

10. 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 2 for the expenditure statement for the reporting period.

Appendix 1

Compliance with Statement of Environmental Objectives Onshore Otway Basin Petroleum Production Operations (Beach 2019)

Objective	Assessment Criteria	Compliance	Findings / Comments
1. To minimise disturbance to landholders, land use third party infrastructure, or the local community			
1.1 To minimise disturbance or damage to infrastructure / land use and remediate where disturbance cannot be avoided	<p>No adverse impact outside agreed disturbance on land use or third party infrastructure as a result of activities</p> <p>Adverse impacts of accidental or unforeseen disturbance to infrastructure or land use resolved to the reasonable satisfaction of the landholder</p>	Compliant	<p>Operational activities confined to defined operational areas (i.e. well leases, access tracks).</p> <p>No unresolved issues or impacts to landholders.</p>
1.2 To minimise disturbance to landholders and the local community	<p>Timely consultation and notification of proposed activities with relevant landowners and stakeholders can be demonstrated</p> <p>Landholder / stakeholder complaints are documented and reasonable steps taken to resolve them can be demonstrated</p>	Compliant	No complaints received from land users.
1.3 To minimise the visual impact of operations	<p>Operations are restricted to agreed / defined areas</p> <p>Operational sites maintained in clean and tidy condition</p> <p>Operational areas are remediated and rehabilitated to be reasonably consistent with the surroundings (refer to Objective 10)</p>	Compliant	Operational activities confined to defined operational areas (i.e. well leases, access tracks).
2. To maintain soil stability / integrity			
2.1 To minimise and remediate soil disturbance	The extent of soil erosion as a result of production operations is consistent with or less than surrounding land	Compliant	<p>No land disturbance activities conducted in PRL during the reporting period.</p> <p>No reports of soil erosion during the reporting period.</p>

Objective	Assessment Criteria	Compliance	Findings / Comments
	<p>No disturbance to soil profiles resulting from activities remains after restoration</p> <p>Operational areas are remediated and rehabilitated to be reasonably consistent with the surroundings (refer to Objective 10)</p>		
3. To minimise disturbance to native vegetation and native fauna (including wetland communities)			
3.1 To avoid or minimise clearing of native vegetation as part of production activities	<p>No unauthorised clearing of native vegetation</p> <p>Any sites of rare, vulnerable or endangered species or threatened communities have been identified, flagged and subsequently avoided</p> <p>No rare, vulnerable or endangered flora removed without appropriate permits</p> <p>High quality or significant remnant vegetation has not been cleared</p> <p>Activities are not carried out in parks or reserves established under the National Parks and Wildlife Act</p>	Compliant	<p>No native vegetation clearing activities conducted in PRL during the reporting period</p> <p>All activities confined to previously disturbed areas such as access tracks and well leases.</p>
3.2 To achieve a significant environmental benefit for native vegetation clearance	<p>Significant environmental benefit for native vegetation clearance approved by DEM (where delegated authority applies) or Native Vegetation Council</p> <p>Significant environmental benefit obligation satisfied / implemented</p>	Not applicable	No native vegetation clearing activities conducted in PRL during the reporting period
3.3 To ensure production activities are planned and conducted in a manner that minimises impacts on native fauna	<p>No significant adverse impacts on native fauna as a result of production activities</p> <p>No rare, vulnerable or endangered fauna removed without appropriate permits</p> <p>No native fauna casualties that could have reasonably been prevented through management measures described in the guide</p>	Compliant	No reports of native fauna injury as a result of production activities.

Objective	Assessment Criteria	Compliance	Findings / Comments
4. Avoid the introduction or spread of weeds, pest animals and pathogens as a consequence of regulated activities			
4.1 To ensure that the presence of weeds, pest animals or pathogens is consistent with or better than pre-disturbance conditions and adjacent land	<p>The presence of weeds, pest animals or pathogens is consistent with or better than pre-disturbance conditions and adjacent land or where this is not the case, a management plan is implemented promptly</p> <p>Declared plants occurring as a result of regulated activities are reported and managed in accordance with the Natural Resources Management (NRM) Act and applicable NRM plans</p>	Compliant	<p>No introduced exotic weed species as a consequence of activities.</p> <p>Presence of weeds and pathogens consistent with or better than adjacent land.</p>
5. To minimise the impact of production activities on water resources			
5.1 To maintain current surface drainage patterns and to minimise impact to surface water features	<p>For pipeline easements and other reinstated excavations, surface drainage profiles restored to a state that is reasonably consistent with pre-existing conditions and the surrounding area</p> <p>All regulated activities are located and constructed to maintain pre-existing water flows to minimise impact to surface water features as far as practicable</p> <p>No new 'water affecting activities' (as defined under the NRM Act and regional NRM Plan) are undertaken unless relevant permits have been obtained</p>	Compliant	<p>No land disturbance activities conducted in PRL during the reporting period.</p> <p>No 'Water affecting activities' undertaken during the reporting period.</p>
5.2 To minimise impact to aquifers / groundwater volumes and flow patterns	<p>Water Allocation Plan and water licence conditions are complied with</p> <p>No uncontrolled flow to the surface (i.e. no free flowing bores)</p> <p>Landholder complaints regarding impact on groundwater users are documented and reasonable steps taken to resolve them can be demonstrated</p>	Compliant	

Objective	Assessment Criteria	Compliance	Findings / Comments
6. To minimise land and water contamination			
6.1 To prevent spills and leaks occurring and if they occur minimise their impact	<p>No adverse impact to land use or native vegetation and native fauna outside operational sites due to an escape of petroleum, processed substance, chemical or fuel</p> <p>No unauthorised discharge or escape of petroleum, processed substance, chemical, fuel or solid wastes to surface water and/or groundwater</p> <p>Any escape of petroleum, processed substance, chemical or fuel to land is either immediately contained and removed or assessed in accordance with NEPM guidelines and remediated in a timely manner</p>	Compliant	<p>No incidents involving contamination of soil or groundwater in PRL during the reporting period.</p> <p>Regular patrols undertaken to look for evidence of erosion, abnormal vegetation growth or death.</p>
6.2 To remediate and monitor any areas of contamination arising from production activities	Contaminated sites are assessed and rehabilitated (where required) using a risk-based approach, consistent with the principles of the NEPM	Not applicable	
6.3 To ensure that rubbish and waste material is disposed of in an appropriate manner	<p>Wastes are segregated and transported to an EPA licensed facility for recycling or disposal</p> <p>Reasonable steps are taken to securely contain waste prior to removal from site</p>	Compliant	All operational waste collected, segregated and removed from site and disposed of at a licenced waste facility by licenced contractors.
6.4 To prevent impacts as a result of hydrotest water and washdown water disposal	<p>No evidence of significant impacts to soil, water and vegetation as a result of water disposal (e.g. soil erosion, dead vegetation, water discolouration)</p> <p>No unauthorised discharge of hydrotest water and washdown water to a watercourse or an area reasonably likely to enter surface water</p>	Not applicable	No hydrotest activities conducted during the reporting period.

Objective	Assessment Criteria	Compliance	Findings / Comments
6.5 To ensure the safe and appropriate disposal of wastewater (sewage)	All wastewater is disposed in accordance with the South Australian Public Health (Wastewater) Regulations 2013	Not applicable	
6.6 To prevent impacts as a result of produced formation water treatment and disposal	No evidence of overflow or leakage of produced formation water from PFW ponds Refer to Assessment Criteria under Objective 6.1	Not applicable	
6.7 To minimise impacts of gas well deliquification	Gas well deliquification does not result in contamination of soil, surface water and / or shallow groundwater resources	Not applicable	
6.8 To maintain well integrity to minimise loss of aquifer pressure and prevent aquifer contamination	No aquifer contamination as a result of production activities There is no uncontrolled flow to surface (e.g. blow out) Appropriate barriers exist to protect separate aquifer systems and / or hydrocarbon reservoirs that are typically in natural hydraulic isolation from each other Well decommissioning program submitted to the satisfaction of DEM prior to well decommissioning	Compliant	Wells constructed with appropriate barriers in place. Regular well inspections undertaken. Well integrity checks undertaken.
7. To minimise the risk to public health and safety			
7.1 To protect public health and safety during production operations	Reasonable measures implemented to ensure no injuries or health risks to the public No injuries, incidents or adverse health impacts involving the public from regulated activities that could have been reasonably prevented by the operator	Compliant	No injuries to the public as a result of activities. Permit-to-Work system is used to manage workplace / worksite safety. Emergency Response Plans and procedures are in place.
7.2 To avoid uncontrolled fires	No uncontrolled operations related fires	Compliant	No fires associated with operational activities.

Objective	Assessment Criteria	Compliance	Findings / Comments
associated with production activities			
8. Air pollution and greenhouse gas emissions reduced to as low as reasonably practical			
8.1 To minimise atmospheric emissions	Emissions minimised by implementation of reasonable practical measures during design and operation as outlined in the guide to how objectives can be achieved column Modelling or monitoring (where appropriate) of atmospheric emissions from production facilities demonstrate that legislative requirements are met	Compliant	Atmospheric emissions reported annually as per the National Greenhouse and Energy Reporting Act (NGER) and National Pollutant Inventory (NPI).
8.2 To minimise the generation of dust	Any stakeholder complaints related to dust nuisance are documented and reasonable steps taken to resolve them can be demonstrated	Compliant	
9. To adequately protect areas of cultural and heritage significance and values during operations and maintenance			
9.1 No damage, disturbance or interference to Aboriginal and non-Aboriginal heritage sites, objects, remains and places unless prior approval under relevant legislation obtained	In the event the conditions of a cultural heritage clearance are not complied with, the incident is appropriately reported, investigated and remediated in consultation with the relevant Aboriginal heritage group Damage, disturbance or interference to any Aboriginal sites, objects and remains (all as defined under the Aboriginal Heritage Act 1988) is avoided unless authorisation has been obtained under the Aboriginal Heritage Act 1988 Any Aboriginal heritage sites, objects and remains discovered during operations have been appropriately reported and responded to, consistent with the Aboriginal Heritage Act 1988 Non-Aboriginal heritage sites identified and avoided	Compliant	Operational activities confined to existing disturbed areas. No disturbance to Aboriginal and non-indigenous heritage sites during the reporting period.

Objective	Assessment Criteria	Compliance	Findings / Comments
	No impact to non-Aboriginal heritage places and related objects protected under the Heritage Places Act 1993 unless approval has been obtained under the Heritage Places Act 1993		
10. Rehabilitate operational areas to agreed standards			
10.1 Rehabilitate operational areas to agreed standards	<p><u>Contaminated Site Remediation</u></p> <p>Refer to Objective 6.2</p> <p><u>Production Facility Decommissioning</u></p> <p>Site rehabilitation undertaken in accordance with site-specific decommissioning and reinstatement plan as agreed with relevant stakeholders and regulators</p> <p>Surface structures are removed and the ground surface re-contoured consistent with pre-existing contours unless alternative agreement is reached with the regulator and stakeholders</p> <p>Refer to assessment criteria for Objectives 1, 2, 3 and 6</p> <p><u>Pipeline Decommissioning</u></p> <p>Attainment of the following (unless otherwise agreed with stakeholders and approved by the regulatory authority):</p> <ul style="list-style-type: none"> No evidence of waste, redundant equipment / infrastructure or signs and markers on decommissioned pipelines Refer to assessment criteria for Objectives 1, 2, 3 and 6 <p><u>Well Decommissioning Following Production</u></p> <p>Refer to Objective 6.8</p>	Not applicable	There was no decommissioning of well infrastructure during the reporting period.

Objective	Assessment Criteria	Compliance	Findings / Comments
	<p>Surface structures are removed and the ground surface re-contoured consistent with pre-existing contours unless alternative agreement is reached with the regulator and stakeholders</p> <p><u>Rehabilitation of Sites with Native Vegetation</u></p> <p>Rehabilitation of sites with native vegetation is undertaken in accordance with commitments and conditions of original approval of significant environmental benefit</p>		