

ANNUAL REPORT

Gas Storage Exploration Licence (GSEL) 645

Cooper Basin, South Australia

Term 1, Permit Year 2

15 October 2015 to 14 October 2016

Distribution:

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1 Introduction

Gas Storage Exploration Licence No. 645 (GSEL 645) is located in the Cooper Basin, South Australia.

The Annual Report details the work conducted during Licence Year 2 which corresponds to the period 15 October 2015 to 14 October 2016. This Annual Report has been prepared in accordance with the requirements of Regulation 33 of the Petroleum and Geothermal Energy Act 2000 (the Act).

2 Licence Summary

GSEL 645 was granted on 15 October 2014 for a period of five years to

- Beach Energy Ltd **(Operator)** 15%
- Great Artesian Oil and Gas Pty Ltd 45%
- Drillsearch Gas Pty Ltd 30%
- Rawson Resources Ltd 10%

The area of GSEL 645 overlays the area covered by PRL 26 (Udacha Unit) in the Cooper Basin.

The licence condition 1 for the first term of GSEL 645 requires the licensees to carry out the following approved work program

GSEL 645 Work Program by Licence Year			
Licence Year	Start Date	End Date	Minimum Work Requirements
1	15 October 2014	14 October 2015	Geological and geophysical studies
2	15 October 2015	14 October 2016	Geological and geophysical studies
3	15 October 2016	14 October 2017	Geological and geophysical studies
4	15 October 2017	14 October 2018	Geological and geophysical studies
5	15 October 2018	14 October 2019	Geological and geophysical studies

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 in GSEL 645 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

There were no incidents of non-compliance with the Act, the Petroleum and Geothermal Energy Regulations 2013 (the Regulations) or the Licence Conditions for GSEL 645 during the reporting period.

4.2 Compliance with Statement of Environmental Objectives (SEO)

As no on ground activities were undertaken during the reporting period, there were no instances of non-compliance with the SEO.

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”.

Mapping of Beach’s operational regulatory compliance commenced in 2016. This has resulted in various actions targeted at improvements in systems, workflows and reporting methods.

Over the past year Beach has instigated a process of conducting internal audits/assessments of its application of the HSE system. These are addressed as part of annual HSE system objectives which are reported upon quarterly. Any actions, as result of these audits, are internally monitored through an enhanced It system called CMO.

A total review of the current HSE Procedures has commenced within 2016. The intent of this review is to align the HSE procedures with current Beach requirements as well update any appropriate references.

Beach continues to utilise Field HSE Advisors to assess and monitor the application of HSE systems in its operations as well as the HSE systems standards of its contractors.

Any contractors engaged to undertake activities for Beach operations have their HSE systems audited prior to commencement and also monitored on an ongoing basis.

An emergency exercise relative to Beach Energy's Drilling operations was conducted in late 2015 to test the efficiency of these teams of the Emergency Management procedures. Ongoing quarterly emergency exercises continue to be undertaken in Beach's field operations.

6 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
GSEL 645 Year 1 Annual Report	14 December 2015	04 December 2015	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 serious incidents during the reporting period within GSEL 645. A serious incident is defined in section 85(1) of the Act.

There were no reportable incidents during the reporting period within GSEL 645. A reportable incident is defined in section 85(1) and Regulation 32 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”.

Future work will be conducted to evaluate the nature and commercial feasibility of gas storage in the area of GSEL 645.

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 1 for the expenditure statement for the current reporting period.