

Otway Energy Limited

Annual Report

Term 2, Licence Year 6 (Extended Year 5)

04 July 2017 – 03 July 2018

Petroleum Exploration Licence (PEL) 155

September 2018

CONTENTS

Page No.

1	INTRODUCTION	3
2	PERMIT SUMMARY	4
3	REGULATED ACTIVITIES	6
	Drilling and Related Activities	6
	No regulated drilling activities undertaken in the licence reporting period.	6
	Seismic Data Acquisition	6
	Seismic Data Processing and Reprocessing	6
	Geochemical, Gravity, Magnetic and other surveys	6
	No regulated geochemical, gravity, magnetic and other survey activities undertaken in the licence reporting period.....	6
	Production and Processing.....	6
	Not applicable.....	6
	Pipeline Construction and Operation	6
	Preliminary Survey Activities	6
4	COMPLIANCE ISSUES.....	7
	Licence and Regulatory Compliance	7
	Compliance with Statement of Environmental Objectives	7
	Management System Audits.....	7
	Report and Data Submissions	8
	Incidents	8
	Threat Prevention	8
	Future Work Program	8
5	EXPENDITURE STATEMENT	10
	APPENDIX 1 EXPENDITURE STATEMENT	11

1 Introduction

Petroleum Exploration Licence (PEL) 155 was granted on 30 June, 2003. The licence is located in the Otway Basin, South Australia. This report details the work conducted during Term 2, Licence Year 6 (extended Year 5 period) of the licence (04 July 2017 – 03 July 2018 inclusive), in accordance with Regulation 33 of the *Petroleum and Geothermal Energy Act 2000*.

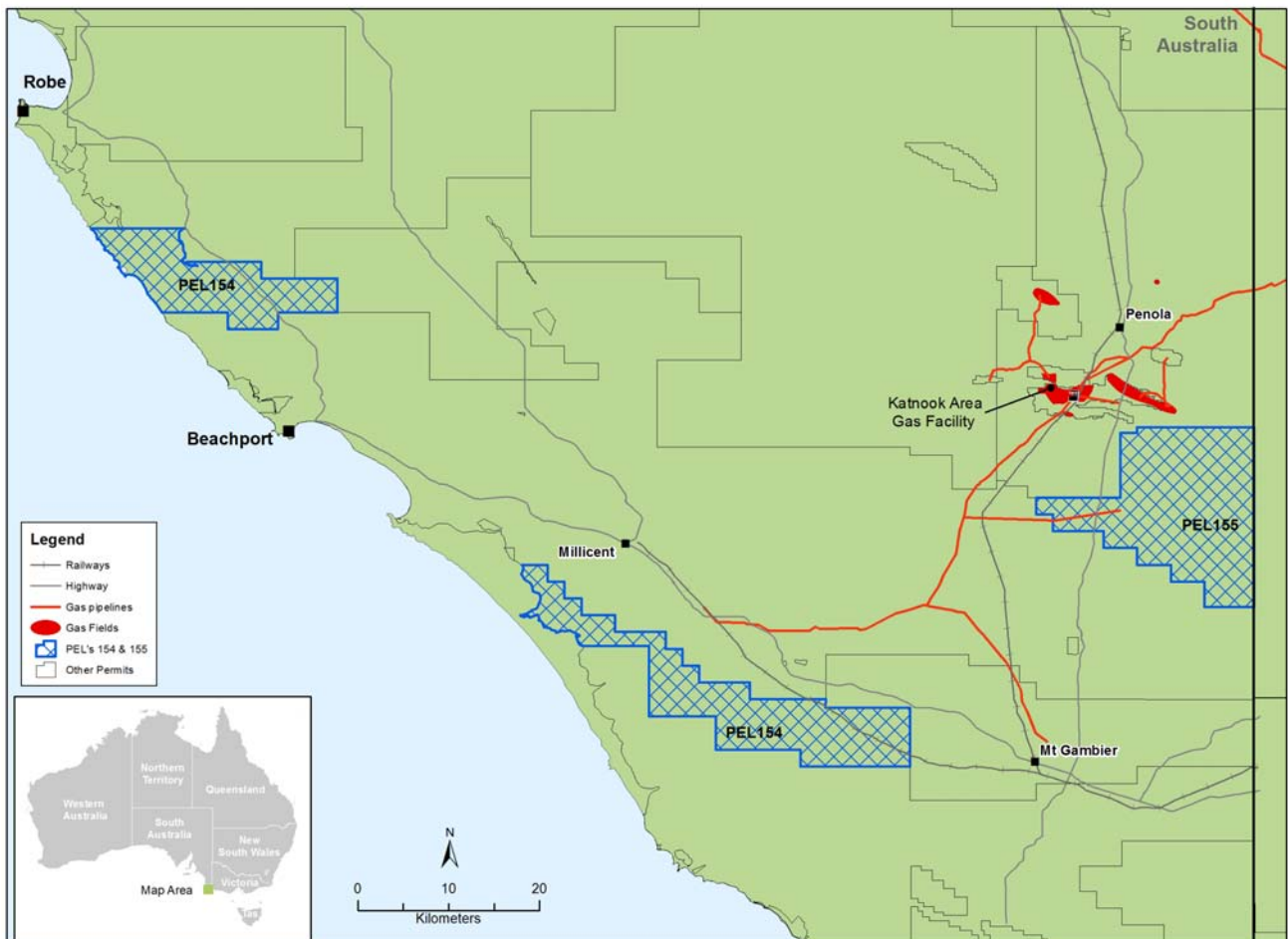


Figure 1. PEL 155 licence location map

2 Permit Summary

At the beginning of the licence year the licensees for Petroleum Exploration Licence (PEL) 155 were:

- Otway Energy Pty Ltd 100%

At the end of the licence year the licensees for the Petroleum Exploration Licence (PEL) 155 were:

- Otway Energy Pty Ltd 50% (Operator)
- Vintage Energy Limited 50%

Otway Energy Pty Ltd is a 100% subsidiary of Rawson Oil and Gas Limited.

On 18 July 2017 a memorandum entering the suspension of condition and extension of the licence term on the public register from 4 July 2017 to 3 January 2018 was completed.

On 10 January 2018 a memorandum entering the suspension of condition and extension of the licence term on the public register from 5 January 2020 to 4 September 2020 was completed.

The Licence is due to expire on 04 September 2020.

The current work commitments (including all variations) associated with PEL 155 can be seen in Table 1.

Table 1 Current work commitments by licence year

Licence Year	Licence dates	Work Dates	Program	Minimum Program	Work	Annual Due	Report
Year 1	1 January 2012 – 31 December 2012	1 January 2012 – 31 December 2012		Geological and Geophysical studies		28 Feb 2013	
Year 2	1 January 2013 – 31 December 2013	1 January 2013 – 31 December 2013		Geological and Geophysical studies		28 Feb 2014	
Year 3	1 January 2014 – 03 July 2015	1 January 2014 – 03 Sept 2018		Geological and Geophysical studies		3 Sept 2015	
Year 4	04 July 2015 – 02 July 2016	04 July 2015 – 03 Sept 2019		Geological and Geophysical studies		2 Sept 2016	
Year 5	03 July 2016 – 03 July 2017	04 July 2016 – 04 Sept 2020		Drill one well		3 Sept 2017	
Year 6 (extended Year 5 period)	04 July 2017 – 03 July 2018					3 Sept 2018	
Year 7 (extended Year 5)	04 July 2018 – 03 July 2019					3 Sept 2019	

period)				
Year 8 (extended Year 5 period)	4 July 2019 – 3 Jul 2020			3 Sept 2020
Year 9 (extended Year 5 period)	4 July 2020 – 4 Sept 2020			4 Nov 2020

Term 2, Licence Year 6 (extended Year 5 period) concluded on *03 July 2018*. The following table displays the minimum work program (after all variations) and the actual work completed up until the end of the current licence period.

Table 2 Final work program and work completed (as of end of current reporting period) by licence year

Licence Year	Minimum Work Program	Actual Work
Year 1	<i>Geological and Geophysical studies</i>	<i>Geological and Geophysical studies</i> - <i>Shale gas analysis</i>
Year 2	<i>Geological and Geophysical studies</i>	<i>Geological and Geophysical studies</i> - <i>Prospectivity study</i> - <i>Mapping study</i>
Year 3	<i>Geological and Geophysical studies</i>	<i>Geological and Geophysical studies</i> - <i>Pretty Hill Formation Reservoir Assessment</i> - <i>2D Seismic reprocessing (126.7 km)</i>
Year 4	<i>Geological and Geophysical studies</i>	<i>No activities undertaken</i>
Year 5	<i>One well</i>	<i>No activities undertaken</i>
Year 6		<i>No activities undertaken</i>
Year 7		
Year 8		
Year 9		

3 Regulated Activities

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

“a summary of the regulated activities conducted under the licence during the [current reporting] year.”

This information is detailed below in designated sections.

Drilling and Related Activities

No regulated drilling activities undertaken in the licence reporting period.

Seismic Data Acquisition

No regulated seismic data acquisition activities undertaken in the licence reporting period.

Seismic Data Processing and Reprocessing

No regulated seismic data processing activities undertaken in the licence reporting period.

Geochemical, Gravity, Magnetic and other surveys

No regulated geochemical, gravity, magnetic and other survey activities undertaken in the licence reporting period.

Production and Processing

Not applicable

Pipeline Construction and Operation

Not applicable

Preliminary Survey Activities

Not applicable

4 Compliance Issues

Licence and Regulatory Compliance

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.”

Pursuant to Regulations 33(2) (b) & (c), the Licensee has, to the best of its knowledge, complied with all the relevant conditions under the Petroleum and Geothermal Energy Act 2000 and the Petroleum Regulations 2013.

As there were no Regulated Activities conducted during the licence year, no Compliance Report (detailing the Licensee’s compliance with the 2000 Petroleum and Geothermal Energy Act, its Regulations, the terms and conditions of the Licence, and the agreed Statements of Environmental Objectives governing field operations undertaken during the permit term) has been compiled.

Detailed information on the individual instances of non-compliance are provided below in designated sections.

Licence Non-Compliance

Table 3 List of licence non-compliances for current reporting year

No.	Stated Commitment	Reason for Non-Compliance	Rectification of Non-Compliance

Regulatory Non-Compliance

Table 4 List of regulatory non-compliances for current reporting year

No.	Date	Activity	Details of Non-Compliance	Rectification of Non-Compliance

Compliance with Statement of Environmental Objectives

No regulated environmental activities were undertaken during this report period. Thus, no SEO's are reported.

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 external management system audits were conducted in the current licence interim reporting period.

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”.

Table 5 List of report and data submissions during current licence reporting year

Description of Report/Data	Date Due	Date Submitted	Compliant / Non-Compliant
Submission of Term 2, Year 5 Annual Report	3 Sept 2017	4 Sept 2017	Compliant

Note, 03 Sept 2017 was a Sunday. The Term 2 Year 5 Annual Report was submitted on the first Business Day after 3 Sept (4 September 2017).

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 incidents that occurred in relation to PEL 155 during the licence year covered in this Annual Report.

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 were no perceived threats, and no action taken.

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”.

- Geological and Geophysical studies

- Preparations to drill one exploration well

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.