

Compensation Agreement
Section 532
Petroleum Act 1923

Holder's name
(ABN)

Eligible Claimant's name
(ABN)

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This Agreement is made on the _____ day of _____ 2008

Between: **Holder** ABN _____
of _____ (*holder's name*)

And **Eligible Claimants**
of _____
(eligible claimants)

RECITALS

- A. The **Eligible Claimants** are each owner or occupier of the Land for the purposes of the Petroleum Legislation.
- B. The Holder holds a Petroleum Authority which lies over the Land.
- C. In accordance with the rights and obligations of the Holder under the Petroleum Authority, the Holder proposes to enter the Land to install and use the Infrastructure and carry out the Petroleum Operations.
- D. This agreement records all of the liability for compensation payable by the Holder to the Eligible Claimants in respect of the Petroleum Operations. This agreement records part only of the compensation payable by the Holder to the Eligible Claimants in respect of the Petroleum Operations.

THE PARTIES AGREE

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this agreement:

Compensation means the compensation payable to the Eligible Claimants under this agreement, as set out in clause 3;

Eligible Claimants means the parties identified in item 2 of Schedule 1.

GST means goods and services tax payable under the GST Law;

GST Law means *A New Tax System (Goods and Services Tax) Action 1999*;

Holder means the parties identified in Item 3 of Schedule 1 together with their employees, agents or contractors and permitted assigns;

Infrastructure means all:

- (a) equipment, plant and access required for the drilling, testing, fracture stimulation, operation, production and abandoning of wells under the Petroleum Authority installed or constructed by the Holder on the Land;
- (b) storage dams, flowlines, pipelines, evaporation ponds, camps and workshops;
- (c) associated access roads; and
- (d) other equipment and improvements related to the conduct of the Petroleum Operations;

Land means the land described as (insert description);

Petroleum Legislation means the *Petroleum Act 1923* (Qld) and the *Petroleum and Gas (Productions and Safety Act 2004* (Qld);

Petroleum Operations means the authorised activities of the Holder under the Petroleum Authority to be conducted on the Land during the Term and is limited to the Program of Works identified at Schedule 2 and in relation to that Program of Works includes (The program of works should identify the number of Wells, pipelines, access roads etc sufficiently and with preference on a map such that the agreement has meaning. Failing this step allows the Holder to undertake whatever works the Holder wants without further consultation with the Eligible Claimants to their detriment)

- (a) the placement, establishment, use of and access to the Infrastructure on the Land;
- (b) all works carried out in relation to the Infrastructure of the Land;
- (c) access to and from the Land, free from interference by the Eligible Claimants, for the purpose of discharging rights and obligations under the Petroleum Authority and the Petroleum Legislation; and
- (d) all other activities permitted under the terms of the Petroleum Authority;

Petroleum Authority means the tenements identified in Item 5 of Schedule 1 and does not include a reference to any tenement applied for or granted in renewal or extension of it or in substitution for or modification of it in whole or in part or as of rights under or as a consequence of the Petroleum Authority;

Program of Works means the Program of Works identified in Schedule 3 to this Agreement;

Related Body Corporate has the meaning given to that term in the *Corporations Act 2001* (Cth); and

Term means the term of this agreement described in Item 1 of Schedule 1.

1.2 Interpretation

- (a) A reference to a statute includes all statutes amending, consolidating or replacing the statute and all regulations, directions and orders made under it.
- (b) A reference to a party to this agreement or any other document includes the party's executors, administrators, substitutes, successors and permitted assigns.
- (c) The obligations of the Eligible Claimants under this agreement are joint and several.
- (d) Words denoting the singular include the plural and vice versa.

2 AGREEMENT BINDS SUCCESSORS IN TITLE

- 2.1 This Agreement is made under section 532 of the Petroleum Acts and is for the benefit of, and is taken to have been agreed to or decided for and is binding on the Eligible Claimants and the Holder and each of their successors and assigns.
- 2.2 The Eligible Claimants will provide a copy of this agreement to a proposed transferee prior to the date of transfer.
- 2.3 The Eligible Claimants will notify the Holder of the transfer of the name of the transferee within 14 days of the date of transfer.
- 2.4 The Holder will provide a copy of this agreement to a proposed assignee of the Petroleum Authority prior to the date of the assignment.
- 2.5 The Holder will notify the Eligible Claimants of the assignment and the name of the assignee within 14 days of the date of assignment.

3 COMPENSATION

3.1 Payment

The Holder will pay Compensation to the Eligible Claimants for carrying out the Petroleum Operations on the Land in accordance with this clause 3.

3.2 Assessment

Compensation is assessed at \$x in accordance with schedule 2.

3.3 Timing of Payment

The Compensation will be paid to the Eligible Claimant within thirty days of the date of this agreement.

3.4 Scope of Compensation

The Compensation is in full and final satisfaction of all current and future liability of the Holder to pay compensation to the Eligible Claimants for the Program of Works under the Petroleum Legislation (including s532(3)(b) of the *Petroleum and Gas (Production and Safety) Act 2004*, and 79Q(3)(b) of the *Petroleum Act 1923*), other legislation in respect of the Petroleum Operations and includes compensation for:

- (a) deprivation of possession of the surface of the Land;
- (b) diminution of the value of the Land;
- (c) diminution of the use made, or that may be made, of the Land or any improvement on it;
- (d) severance of any part of the Land from other parts of the Land or from other land in which the Eligible Claimants have an interest;
- (e) any cost or loss arising from the carrying out of activities under the Petroleum Authority on the Land; and
- (f) any consequential damages the Eligible Claimants incur due to one or more of the effects listed in paragraphs (a) to (e) above.

4. ELIGIBLE CLAIMANTS' AGREEMENT AND ACKNOWLEDGMENT

The Eligible Claimants agree and acknowledge that:

- (a) the Eligible Claimants are all of the parties entitled to claim compensation for the Petroleum Operations under the Petroleum Legislation on the Land except for any Native Title interests of which the Eligible Claimants have no knowledge;
- (b) the Compensation is not related to the discovery or non-discovery of oil and/or gas reserves within the Land; and
- (c) except as set out in this clause 3, the Holder have no other obligation to pay compensation to the Eligible Claimants under the Petroleum Legislation;
- (d) seismic activities follow grid patterns not related to established tracks and roads and that the Petroleum Operations will require access to areas of the

Land without any established tracks and roads identified in the Programme of Works; and

- (e) all Infrastructure remains the property of the Holder irrespective of whether the Infrastructure is attached to the Land in a permanent fashion.

5. OBLIGATIONS OF HOLDER

5.1 Environmental Harm

Emissions that may cause environmental nuisance, serious or material environmental harm must not occur unless specifically authorised by the Petroleum Authority and identified in the Program of Works.

As soon as practicable after becoming aware of any emergency or incident which results in emissions not in accordance with this Agreement, the Holder must notify the Eligible Claimants of the release by telephone or facsimile and in writing within 14 days following the initial notification.

Copies of any record required to be kept by a condition of the Petroleum Authority or this agreement must be provided to any Eligible Claimants on request.

Complaints received by the Holder relating to operations on the Land must be recorded and those records retained.

At the expiration of the Term all regulated waste is to be removed from the Land.

5.2 Storage and Handling of Flammable and Combustible Liquids

The Holder must ensure that any spillage of all flammable and combustible liquids will be controlled in a manner that prevents environmental harm (other than trivial harm) and that on site containment is installed and maintained in accordance with Section 5.9 of AS 1940-Storage and Handling of Flammable and Combustible Liquids.

The Holder must ensure that all flammable and combustible liquids are stored and handled in accordance with AS1940.

5.3 Program of Works

The Holder must carry out the Petroleum Authority in accordance with the Program of Works .

The Holder must ensure that petroleum activities do not cause more than 5 ha of any land to be significantly disturbed at any one time unless otherwise detailed in the Program of Works.

5.4 Environmentally Sensitive Areas

The Holder must ensure that petroleum activities are not conducted within:

- 1 km of the residence;
- 500 m of the (insert name of Creek); and
- (identify any other areas that should be protected from exploration and nominated appropriate distances).

5.5 Water

Water emissions must not be released directly or indirectly from the petroleum activity to any waters, including sub artesian and artesian, or the bed and banks of any waters or into the general environment.

The Holder must prepare a water monitoring program for artesian, sub artesian and surface water that detects any changes to water quality due to the activities of the Petroleum Authority. The Water Monitoring Program shall be prepared in accordance with the methods described in the Environmental Protection Agency Water Quality Sampling Manual, current edition.

So far as it relates to ground water the Water Monitoring Program must:

- (a) include ground water monitoring network designed and installed for evaporation ponds or dams;
- (b) include a sufficient number of monitoring sites that provide information on the detection of seepage from evaporation ponds or dams;
- (c) include background ground water quality in hydraulically up-gradient or background bores;
- (d) identify the location of monitoring points, parameters to be measured, frequency of monitoring, monitoring methodology used, trigger values, as procedures to establish background ground water quality; and
- (e) be installed and maintained by persons possessing appropriate qualifications and experience in the field of hydrogeology and groundwater monitoring program design and to be able to may make recommendations about these matters.

The water monitoring program must be provided to the Eligible Claimants.

The dams or evaporation ponds located in areas used by livestock shall be securely fenced unless otherwise agreed.

A Re-Injection Management Plan must be prepared. The re-injection of waste water is to occur where the re-injection process will pose no unacceptable risk to other aquifers of environmental, social or economic importance, or interfere with existing or potential agricultural pursuits or domestic use of the Land.

5.6 Erosion and Sedimentation

The Holder must:

- (a) in areas with the potential for significant erosion, design, install and maintain adequate contour banks and diversion drains to minimise the potential for stormwater run-off to enter disturbed areas by petroleum activities; and
- (b) design, install and maintain adequate erosion and sediment control structures to prevent or minimise erosion of disturbed areas and the sedimentation of any waters.

5.7 Noise

The Holder must ensure that the petroleum activities do not cause environmental nuisance at any sensitive or commercial place.

In the event of a complaint, the Holder must ensure that noise emitted from any aspect of petroleum activities does not exceed the noise level specified in the table below at any sensitive or commercial place.

Time Period	Noise level at a sensitive place measured as the Adjusted Maximum Sound Pressure Level $L_{A\ max, adj, T}$
7 a.m.-10 p.m.	Background Noise level plus 5 dB (A)
10pm – 7 a.m.	Background Noise level plus 3 dB (A)
Time Period	Noise level at a commercial place measured as the Adjusted Maximum Sound Pressure Level $L_{A\ max, adj, T}$
7 a.m.-10 p.m.	Background Noise level plus 10 dB (A)
10pm – 7 a.m.	Background Noise level plus 8 dB (A)

The method of measurement and reporting of noise levels must be in accordance with the most recent edition of the Environmental Protection Agency Is Noise Measurement Manual.

5.8 Waste

Any loss or spillage of regulated waste is to be cleaned up forthwith.

Regulated waste must be handled and transferred in a proper and efficient manner to prevent any leakage or spillage of waste.

No regulated waste is permitted to be disposed of on the Land.

5.9 Land Management & Rehabilitation

The Holder must:

- (a) minimise disturbance to the Land in order to prevent land degradation; and
- (b) ensure that for those parts of the Land that are to be significantly disturbed by petroleum activities, the top layer of the soil profile is removed and
 - (i) piled in a manner that will preserve its biological and chemical properties, and
 - (ii) used for rehabilitation purposes.

As soon as practicable and within 12 months of the end of the Term the Holder must:

- (a) remediate contaminated land;
- (b) reshape all significantly disturbed land to make a stable landform similar to that of surrounding undisturbed areas;
- (c) ensure that significantly disturbed land is reinstated to the pre-disturbed land suitability class;
- (d) on all significantly disturbed land, take all reasonable and practical measures to:
 - (i) re-establish surface drainage lines;
 - (ii) reinstate the top layer of the soil profile; and
 - (iii) promote the establishment of vegetation of (please indicate the nature of vegetation to be established whether grass cover or native vegetation etc);
- (e) remove all Infrastructure unless otherwise agreed; and
- (f) decommission any water bodies constructed by the petroleum activities unless otherwise agreed.

5.10 Dams and Evaporation Ponds

The location and design specifications of any dam or evaporation pond containing hazardous waste must be provided to the Eligible Claimants as part of the Program of Works and must include the following:

- (a) latitude and longitude;
- (b) maximum surface area;

- (c) maximum volume; and
- (d) maximum depth

The Holder must ensure that:

- (a) all dams and evaporation ponds:
 - (i) are designed, constructed, operated, maintained and decommissioned in accordance with a design report prepared by a registered professional engineer which has been submitted to and accepted by the Eligible Claimants;
 - (ii) operated to maintain a minimum free board of 0.5 m above the maximum operating level, as determined by a registered professional engineer; and
 - (iii) are not located within 100 m of any natural drainage feature (i.e., waterways, wetlands or Lake);
- (b) all dams, evaporation ponds and drill sumps where water is not adequate for livestock, construct and maintain bunds and/or fences sufficient to exclude livestock;
- (c) all drill sumps are installed and maintained to prevent any discharge through the bed or banks of the sump from causing environmental harm in any waters.

The Holder must design, construct, repair, maintain, operate and decommission each dam and evaporation pond in accordance with a design plan that must comply with the standard environmental conditions in the Code of Environmental Compliance for Environmental Authorities High Hazard Dams Containing Hazardous Waste.

5.11 General

In relation to the Petroleum Operations by the Holder on the Land, the Holder shall:

- (a) carry out all such operations on the Land in a proper and workmanlike manner and so as to cause as little injury and disturbance as practicable to the Land, livestock or property of the Eligible Claimants having regard to the nature of such operations;
- (b) if required by the Holder and with the written permission of the Eligible Claimants, erect gates on the Land and keep those gates in a stock proof condition;
- (c) use all efforts to extend courtesies and respect to the privacy of the Eligible Claimants;
- (d) report to the Eligible Claimants any accidental injury or killing of livestock or damage to the property of the Eligible Claimants caused by the Holder;

- (e) use the Land in a manner which, consistent with the exercise of the rights granted under the Petroleum Authority, will minimise the disturbance of people and livestock in the surrounding area;
- (f) leave all gates in the position found unless otherwise advised by the Eligible Claimants;
- (g) refrain from destroying, removing or clearing trees, timber and scrub to an extent greater than is necessary having regard to the nature of the Petroleum Operations and where the consent of any government department or other agency is required prior to the destruction, removal or clearing of any trees, timber or scrub, the Holder shall obtain such approval prior to commencement of any destruction removal or clearing;
- (h) refrain from taking timber, soil or water from the Land without the prior consent of the Landholder;
- (i) refrain from and take all precautions against the transportation of noxious weeds and seeds onto the Land;
- (j) take all such measures as may be reasonably practical to protect native flora and fauna;
- (k) in relation to seismic activities, refrain from laying down fencing without permission from the Eligible Claimants, nor remove water except from locations agreed by the Eligible Claimants and not set up camp within one kilometre of a stock watering point;
- (l) not carry any firearms or other weapons on the Land and neither bring dogs thereon or to hunt, shoot or fish on the Land without the prior consent of the Eligible Claimants;
- (m) remove all rubbish, waste, lunch bags, cans or construction debris caused by its activities on the Land;
- (n) comply with all statutory provisions which may be enforced from time to time in relation to bush fire damage or to restrictions on the lighting of fires in the open and properly extinguish all camp fires after use;
- (o) take all reasonable precautions to prevent the outbreak of any fire and not burn any debris or rubbish without the prior consent of the Eligible Claimants.
- (p) carry out all activities on the Land in accordance with all relevant Commonwealth, State and local government laws including the Petroleum Legislation; and
- (q) to the extent reasonably possible, drive all vehicles at moderate to slow speed and on established tracks and roads and where there is any deterioration of those tracks or roads by the Holder, maintain all such tracks or roads to the original condition.

6. HOLDER' INDEMNITY AND RELEASE

6.1 Indemnity

Subject to clause 6.2, the Holder indemnify and will keep indemnified the Eligible Claimants against any claim, demand, cost or liability made against or suffered or incurred by the Eligible Claimants which result directly from:

- (a) injuries sustained by any person;
- (b) the death of any person;
- (c) damage to any property, whether of a third party or of the Eligible Claimants, other than damage to the Land or improvements upon it;

due to or caused by the negligent acts or omissions of the Holder.

6.2 Exclusion

The indemnity does not apply in respect of any claim, demand, cost or liability to which the compensation provisions under clause 3 apply.

6.3 Release

The Holder release the Eligible Claimants from all liability for damage to Infrastructure caused by the Eligible Claimants provided the Eligible Claimants take reasonable care.

7. GST

7.1 GST Exclusive

All amounts payable under this agreement are exclusive of GST.

7.2 Grossing Up

If GST is payable on any Compensation then, in addition to the Compensation payment, the Holder will pay the Eligible Claimants an amount equal to the GST payable by the

Eligible Claimants on the relevant supply provided that the Eligible Claimants issue the Holder with a relevant tax invoice or adjustment note.

7.3 Time for Payment

Payment for the grossing up of GST is due and payable to the Eligible Claimants within 7 days of the receipt of the relevant tax invoice or adjustment note by the Holder.

7.4 Terminology

All terms used in this clause that are defined in the GST Law have the same meaning as in the GST Law.

8. CONFIDENTIALITY

8.1 Eligible Claimants

The Eligible Claimants:

- (a) must keep this agreement and related negotiations and documents confidential and not disclose any of its terms without first obtaining the Holder' prior written consent (which may not be unreasonably withheld); and
- (b) may disclose this agreement to their advisers and consultants and to potential purchasers of the Land, provided the potential purchasers agree to keep this agreement confidential on the same terms as this clause.

8.2 Holder

Each of the Holder must keep this agreement confidential and must not disclose any of its terms without first obtaining the Eligible Claimants' prior written consent (which may not be unreasonably withheld), unless the disclosure is:

- (a) required under applicable law or by a governmental order, decree, regulation or rule of a recognised stock exchange on which the shares of the Holder or a Related Body Corporate of the Holder are traded (provided that the Holder gives written notice to the Eligible Claimant prior to making the disclosure);
- (b) to a Related Body Corporate of the Holder; or
- (c) to employees officer or directors of the Holder or a Related Body Corporate of the Holder;

- (d) to a professional consultant or agent retained by the Holder or a Related Body Corporate of the Holder.

9. GENERAL

9.1 Governing Law and Jurisdiction

This agreement is governed by Queensland law. Each party irrevocably submits to the exclusive jurisdiction of the Courts of, or exercising jurisdiction in, Queensland.

9.2 Costs

The Holder shall pay to the Eligible Claimants their reasonable costs associated with this agreement.

9.3 Entire Agreement

This agreement:

- (a) constitutes the entire agreement between the Holder and Eligible Claimants in relation to its subject matter; and
- (b) supersedes any prior understanding or agreement between them, and any prior condition, warranty, indemnity or representation relating to the subject matter of this agreement.

9.4 Address for Giving Notice

The address for giving Notice to each of The Eligible Claimants and The Holder shall be as set out in Schedule 1 items 2 and 3 respectively.

EXECUTED as an agreement:

THE COMMON SEAL of
HOLDER

was hereunto affixed in the
presence of:

Director:

Secretary:

SIGNED for and on behalf of
ELIGIBLE CLAIMANTS

in the presence of:

Witness:

Name
(please print)

Signature:

Name of Signatory
(please print)

Schedule 1 Compensation Agreement

Item 1 TERM

Commencement Date:

End Date: (insert date)

Item 2 ELIGIBLE CLAIMANTS

Details

Item 3 HOLDER

Details

Item 4 PETROLEUM AUTHORITY

Details

Schedule 2 Compensation

- Item 1** deprivation of possession of the surface of the Land;

- Item 2** diminution of the value of the Land is

- Item 3** diminution of the use made, or that may be made, of the Land or any improvement on it;

- Item 4** severance of any part of the Land from other parts of the Land or from other land in which the Eligible Claimants have an interest

- Item 5** any cost or loss arising from the carrying out of activities under the Petroleum Authority on the Land; and

- Item 6** any consequential damages the Eligible Claimants incur due to one or more of the effects listed in paragraphs (a) to (e) above.

Schedule 3 Program of Works

(see: Petroleum Authority
Program of Work or Development Plan and include).