Exploration Permit

VIC/P42

Quarterly Report

14 August 2002 – 13 November 2002

Bass Strait Oil Company Ltd

CONFIDENTIAL

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VIC/P42

QUARTERLY REPORT FOR THE PERIOD

14 AUGUST 2002 to 13 NOVEMBER 2002

1. PARTICIPATING INTERESTS

Bass Strait Oil Company Ltd	50% (Operator, Joint Venture Partner)
Inpex Alpha Ltd	50% (Joint Venture Partner)

2. GOVERNMENT RELATED MATTERS

On 25th September BSOC visited the Victorian DNRE and discussed a range of technical issues. Ian Reid gave a presentation on status of the 3D seismic processing and also detailed the Operator's plans for implementing advanced depth conversion techniques to address velocity pull-up issues in the Zane Grey area.

On 27th September, field data from the Vic/P42 3D seismic survey was submitted to the DNRE, for cataloguing, to then be forwarded to Geoscience Australia.

3. EXPLORATION ACTIVITIES

3.1 Seismic Aquisition

The Vic/P42 3D seismic acquisition report is still in progress. A draft has been reviewed by Ian Reid and Andrew Adams, and a copy of the reviewed draft was sent to Western Geco KL on 30th September.

3.2 Seismic Processing

3.2.1 3D Seismic Survey

Processing of the 3D seismic survey began in Western Geco's Melbourne offices following initiating of the loading of the 3D data in WG Perth on 16th August.
Bass Strait Oil Company Ltd staff have worked closely with Western Geco to determine the optimum processing parameters.
By end quarter, Western Geco had the third pass velocity analyses completed and BSOC had QC'd these.

The 'Holes' in the Radon Stack cube were related to limiting stack to 62 fold.
Radon data had not been flexed so fold was not regularized (under and over fold) – the stack process was limited to accept only the first 62 traces per bin – so if 62 were mid to far offsets any near offsets would be rejected and not stacked for that bin.
Western Geco re-stacked the dataset using parameters to use all traces in the bin, this removed data 'jumps' (except those due to low acquisition fold).

Processing step	% completed (of total km)
▪ Conversion to WG Omega format	100
▪ Swatt / FK/ ATS	100
▪ First Pass Velocities Analyses	100
▪ First Pass Velocities Picked	100
▪ First Pass Velocities QC	100
▪ CMP Swatt / Radon Demultiple	100
▪ DBS / Flex merge	100
▪ Targeted Kirchhoff PSTM on velocity lines	100
▪ Second Pass Velocities Analyses	100
▪ Second Pass Velocities Picked	100
▪ Second Pass Velocities QC	100
▪ Production Kirchhoff PSTM	65
▪ Third Pass Velocities Analyses	100
▪ Third Pass Velocities Picked	100
▪ Third Pass Velocities QC	100

Table 1. Status of processing at end quarter.

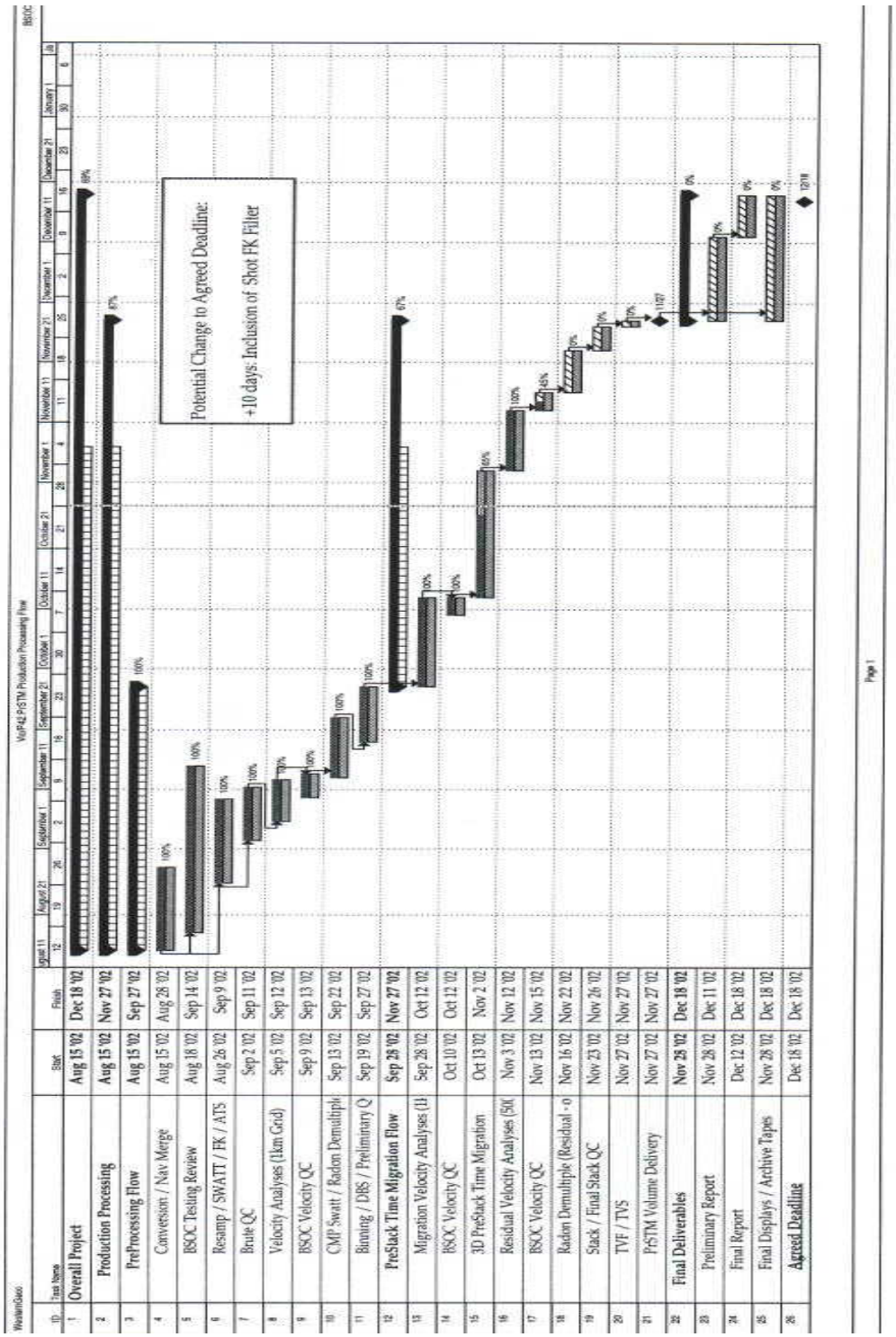

Figure 1. Production Processing Flow

Of note, the semblance displays show a dramatic improvement in both the semblance value and the 'tightness' of the semblance cluster for reflections. Figure 2 shows a typical semblance display for 1st, 2nd and 3rd pass velocity gathers through the high velocity Miocene channeling in the northeast of the survey area. The black line and diamonds are the velocities picked, the red line the 'Dix' velocities determined and the brown line the 'previous' velocities picked. In the 1st pass analysis, previous velocities are the regional velocities from the Esso Kingfish 3D survey and 2D data, whilst for the 2nd and 3rd pass the previous velocities are the 1st and 2nd pass velocities respectively.

On the first pass velocity analysis on the left, the base high velocity event is seen as a prominent semblance at 1040msec TWT, however, there is very little semblance evident between this event and the strong top Latrobe reflection at 1650msec. On the 2nd pass semblance display in the centre, the amplitude of the semblance has increased dramatically and the tightness of the semblance has improved. The velocity values themselves have also changed by up to 100m/s at the base of the high Velocity channel. The 3rd pass velocity semblances have again improved over the 2nd pass, with greater semblance values and 'tightness'. The velocity values have again changed with significant semblance picks evident in the Lakes Entrance Formation.

The improved semblances observed between all passes of velocity analysis are taken to indicate that there is an increasingly 'normal' moveout evident between the post stack 1st pass and the pre-stack 2nd and 3rd pass. The improvements between 2nd and 3rd pass are interpreted to be due to the improved velocity model used in the PSTM. The overall improvement in velocity information augurs well for the depth conversion of the northeast of Vic/P42 using pre-stack migrated seismic data.

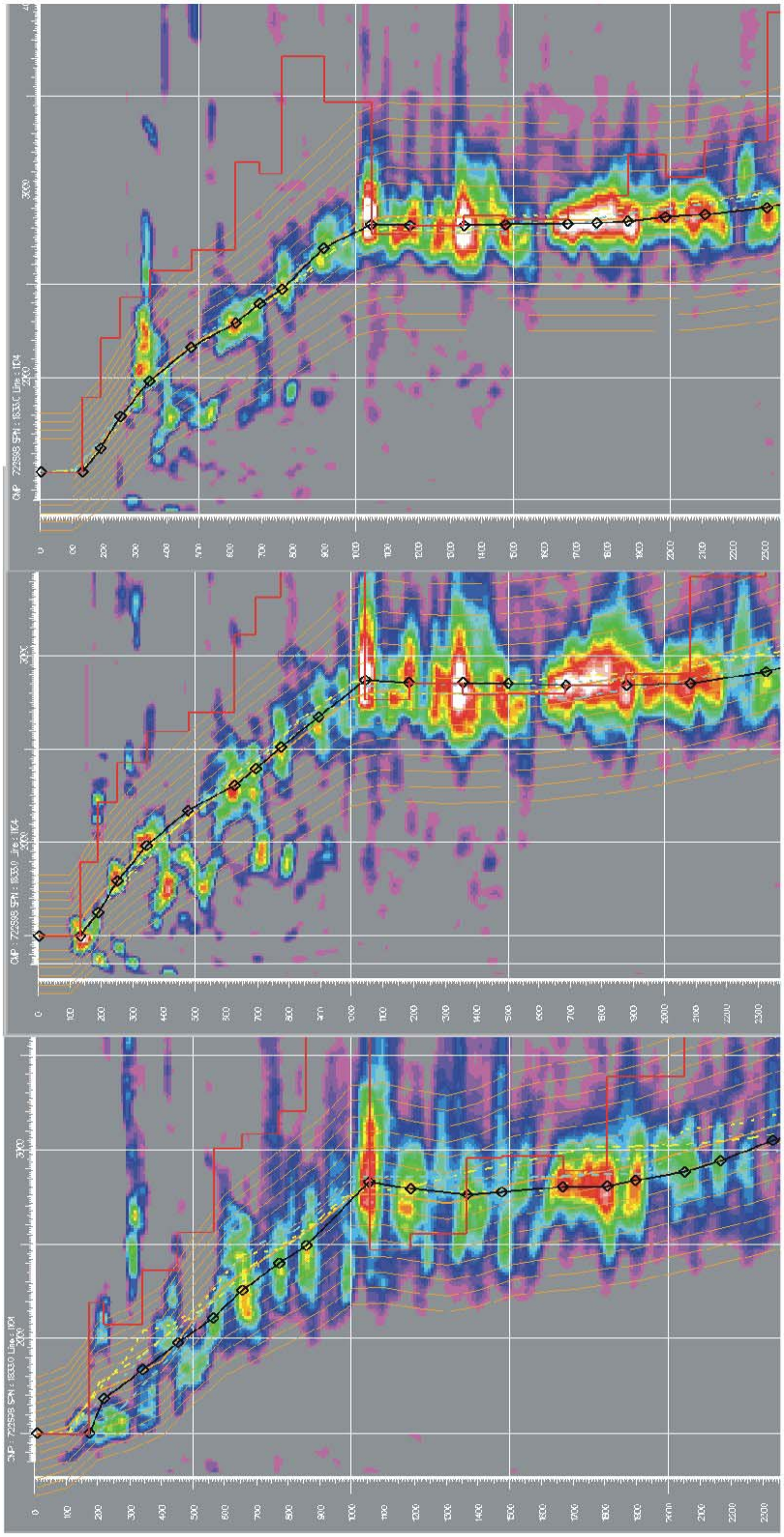

Figure 2. Semblance velocity picking display for Inline 1104 CDP 722989 – comparison of first, second, and third pass gathers.

3.2.2 Workstation

An upgraded Geoquest IESX workstation, Sunblade 100, with up-to-date versions of seismic interpretation software under Geoframe 4.03 was installed during October.

3.3 Seismic Interpretation and Evaluation

The installation of a new Geoquest IESX 3D seismic workstation and the new Geology Office package for wireline log manipulation and geological correlation was completed. The upgraded processor and disk space has allowed loading of multiple versions of the Bream 3D data volumes traded with Esso Australia. The CPS/3 licence will be phased out in favour of a new mapping system, expected to be Petrosys.

Seismic interpretation of the Bream 3D datasets, traded from Esso Australia and loaded onto the new workstation, were interpreted in preparation for the Vic/P42 dataset. In addition, regional data has been loaded to provide a regional understanding of structural style and for hydrocarbon charge modeling. An initial interpretation of the TWT at the top of the Latrobe Group seismic event is shown below on figure 3.

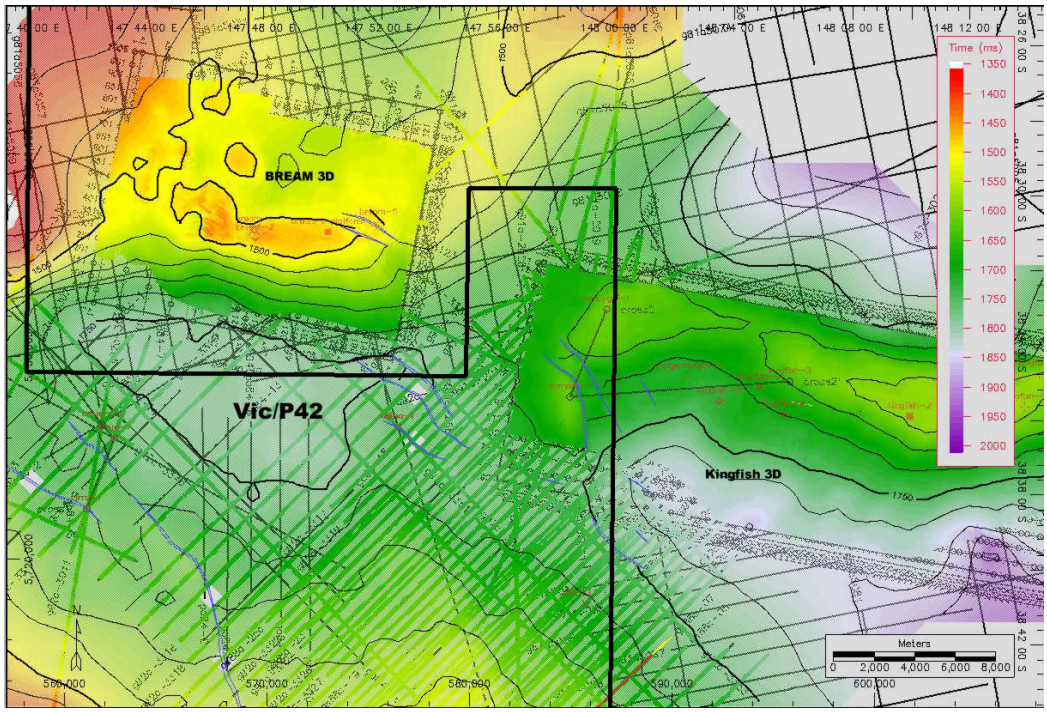

Figure 3. Two way time structure map of Top Latrobe Group seismic event in northeast Vic/P42 and surrounds.

4. REPORTS SUBMITTED

The third and final weekly report for the 3D seismic survey was submitted to the DNRE on 19th August.

On 26th September, a report on the implementation of the *Guidelines on the Application of the Environment Protection and Biodiversity Conservation Act to interactions between offshore seismic operations and larger cetaceans* was submitted to the Marine Species Section of Environment Australia.

5. HEALTH, SAFETY AND ENVIRONMENT

5.1 Incidents

There were no health, safety or environmental incidents recorded during the report period.

6. ESTIMATED EXPENDITURE FOR THE QUARTER

Estimated expenditure for the reporting period is detailed below:

Activity	Estimated Expenditure ($000's)
Drilling (Melville)	12
Seismic (Acquisition)	3268
Seismic (Processing)	209
Geological & Geophysical	363
Permit Administration	96
Total	3948