Exploration Permit

VIC/P41

Quarterly Report

14 May 2003 – 13 August 2003

Bass Strait Oil Company Ltd

CONFIDENTIAL

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VIC/P41

QUARTERLY REPORT FOR THE PERIOD

14 MAY 2003 to 13 AUGUST 2003

1. PARTICIPATING INTERESTS

Bass Strait Oil Company Ltd	75% (Operator, Joint Venture Partner)
Eagle Bay Resources NL	25% (Joint Venture Partner)

2. TITLE AND GOVERNMENT RELATED MATTERS

On 11th June 2003 BSOC and Eagle Bay Resources NL (EBR) executed an Outline Agreement wherein BSOC agreed to exercise its option to record 250 km^2 of 3D seismic data to earn an additional 55% interest in Vic/P41. This option was pursuant to a Farmin and Option Agreement dated 7th June 2002 and amended 12th December 2002.

On 13th June 2003 BSOC and EBR executed a Deed of Assumption and Assignment whereby the assignment of the additional 55% interest was agreed by both parties resulting in Vic/P41 JV interests becoming BSOC 75% and EBR 25%.

On 9th July 2003 the Deed was submitted to the Department of Primary Industries (DPI) for registration and approval. On 23rd July the Deed was approved and entered into the register.

Santos submitted a request to the Victorian DPI (and copy to Geoscience Australia) to lodge the field data for the GBS02 2D seismic survey. (Two sets of data were generated by the Polar Duke). All field data (field tapes, observer's logs, navigation data, etc) were then lodged.

Santos also had duplicates of the acquisition reports, and once the final processed data and processing report were received, they submitted the operations report (i.e. acquisition and processing) and final processed data to the designated authorities, as well as forwarding the final processed data and report to BSOC offices.

3. EXPLORATION ACTIVITIES

3.1 Seismic Acquisition & Processing

On 3rd June, the following acquisition data for the GBS02 2D seismic survey was received from Santos Ltd:

1. Field data tapes for sequences 001-009 on nine 3590 cartridges.
2. Processed navigation data, P190 & Processing Report sequences 001-009 on CD
3. Raw navigation data, Raw P190/P294 & all Logs/Offsets. Sequence #s 001-009 on CD
4. Observer Line Logs and Tape Logs. Seq #s 001-009 on CD and hard copies
5. Field data processing on 4 exabyte cartridges and hard copies
6. Velocities on floppy disk

7. 2002 Gippsland Basin GBS02 2D Final Report from M/V Polar Duke on CD and hard copy
8. Final Acquisition Report on CD and hard copy

Seismic processing of the GBS02 survey was 100% completed by end May, but results were awaited receipt in BSOC offices.

On 6th June, processed data was received for the GBS02 survey from Santos, in several formats:

1. Raw and Final, Filtered and Scaled PSTM Stacks on one exabyte cartridge
2. Raw and Final, Filtered and Scaled PSTM Angle Stacks on one exabyte cartridge
3. PSTM Gathers (NMO applied) for lines GBS02-41 to -48 on two 3590 cartridges
4. Final (PSTM) Velocities at 0.5 km interval on CD
5. Processing Report on CD
6. Final Migrations (CGM files) on CD
7. AVO Attributes in SEG Y format on CD
8. Angle analysis over selected CDP's of line GBS02-43 on paper section
9. Angle analysis over anomaly on line GBS02-43 on paper section

The processing report still contained errors, which were brought to the attention of staff at Robertson Research. A corrected, final copy of the Processing Report was received on 12th June.

When attempting to load the data onto the workstation, it was discovered that the navigation data was not in the SEG Y byte locations as indicated in the EBCDIC header. Again, Robertson Research was notified, and replacements of numbers 1, 2, 3 and 7 above were received on 16th June.

Copies of the corrected final versions of the processed data were made and sent to EBR on 5th August.

BSOC continues to monitor seismic vessel availability with respect to the Vic/P41 3D seismic commitments.

3.2 Seismic Interpretation and Evaluation

Seismic interpretation continued through the quarter in Vic/P41 and into the application area V02-3 along the Rosedale Fault trend.

On 10th June, loading of GBS02 2D data onto the workstation began. However, it became evident that the navigation data for the lines was not included with the SEG Y. Robertson Research was notified, and navigation data provided. The lines were reloaded, and after further manipulation of the navigation data within IESX, the lines were displayed correctly. Slight misties are evident with the older surveys, but the lines tie in fairly well with the more recent surveys to the north, hence mistie corrections were not performed.

Seismic interpretation continued at Top Latrobe, Near Top Kate Shale and Top Golden Beach levels throughout June/July. The horizons and faults were exported from IESX and imported into Petrosys for mapping. TWT structure maps were produced for each of the events, and a number of leads were identified from the TWT mapping. Depth conversion in Vic/P41 was undertaken during August.

A seawater velocity of 1498m/s was used, more representative of the deeper water areas of Vic/P41.

Examination of the velocity depth trends for the wells in the region show a linear trend of velocity increasing with depth down to the top of the Latrobe group. A velocity depth trend was determined from Hammerhead-1, Shark-1, Whaleshark-1 and Kipper-1.

V= 2020 + 0.59 Z (Z is depth in metres from mean sea level)

This was used to depth convert the top Latrobe Group reservoir level and resulted in depth conversion values accurate to less than 4% at the wells. The residual error was gridded and corrected to produce a depth map conformable with the well data.

In order to depth convert down to the Top Kate Shale and Top Golden Beach seismic events a second velocity depth trend was determined from the Hammerhead-1, Shark-1, Whaleshark-1 and Kipper-1 well data with the equation;

V=2600 +0.27 Z

As for the Top Latrobe, this was used to depth convert down to these two deeper horizons, and the residual error, which was less than 2% and 0.5%, respectively, was corrected resulting in depth maps conformable to well data.

Depth structure maps have been produced for the aforementioned horizons. A number of leads have been identified from the depth mapping and are described below, and shown on Figure 1.

3.2.1 Kipling Lead

Kipling is a downthrown fault closure along the Rosedale Fault mapped at Top Golden Beach level. It is analogous to the Kipper Field. Hammerhead-1 drilled into the upthrown fault block before testing this substantial mapped closure at this level. Top seal is interpreted to be provided by volcanics equivalent to those drilled in Kipper-1.

An areal and vertical closure of 45km^2 and 355m has been mapped in Vic/P41 and adjacent application area V02-3 (with 85% being in Vic/P41). The culmination is at about 1400m in Vic/P41. It is anticipated that 3D acquisition and further mapping will segment this lead into several smaller prospects.

3.2.2 Benchley Lead

The Benchley Lead is a downthrown fault closure along the Rosedale Fault mapped at Top Kate Shale level (other smaller closures are also identified along trend). Lateral fault seal and structural definition are significant risks. Benchley is distinct from the Kipling Lead in that closure at this shallower level is less extensive and more segmented than that mapped at Golden Beach level. The areal and vertical closure mapped is 8.4km^2 and 115m, with a culmination at 1300m.

3.2.3 Cotton Lead

The Cotton Lead is mapped at Top Kate Shale and Top Golden Beach levels and forms a downthrown fault closure along the Rosedale Fault. A significant Latrobe Group section is mapped within this closure of at least 360m vertically. Seismic facies suggests potential intraformational seals within this Latrobe section from marine shales, which could provide for stacked pay. Whilst closure is also identified at Top Golden Beach level, reservoir development is unknown, and intraformational sealing less likely. An areal and vertical closure of 9.6km^2 and 190m at Top Kate Shale and 7km^2 and 265m at Top Golden Beach have been mapped. Culminations for these two events are at 1460m and 1820m, respectively.

3.2.4 Junger Lead

The Junger Lead is a downthrown fault closure at Top Latrobe and Top Kate Shale levels, east of the Sole Gas Field. Lateral fault seal is a significant risk, although the same fault is interpreted to seal in Sole. At Top Latrobe level the structural closures are relatively small. At Top Kate Shale level, vertical and areal closures of 215m and 24km^2 have been mapped, with a culmination at 880m. Seismic coverage on this lead is currently very poor.

3.2.5 Wilde Lead

The Wilde Lead is a Top Latrobe truncation and fault trap, partly analogous to the Fortescue Field. Seismic coverage is currently very poor, although areal closure could potentially be over 100km^2. Significant lateral seal risks exist over this lead.

3.2.6 Scorpion Lead

Scorpion is a faulted anticline/upthrown fault block closure, originally mapped by Eagle Bay Resources, and confirmed by BSOC's own mapping. It has a significant depth conversion risk and is in a water depth of about 530m. BSOC identify the existence of a significant areal closure of 7.6km^2 at Top Kate Shale level and 5.3km^2 at Top Golden Beach level, although a significant part of the closure extends into Vic/P49 towards the south. The culmination at Top Kate Shale level is at 2210m and 2650m at Top Golden Beach level.

3.2.7 Oscar Leads

The Oscar Leads are a number of tilted fault closures at Top Golden Beach level, which require further seismic definition to mature.

Further evaluation work in Vic/P41 focussed on assessing fault seal risk through stratigraphic studies to predict the occurrence of the Kipper Shale in the upthrown block. This will allow mapping of the most prospective play fairway in Vic/P41 and an optimised layout of the Year 5 3D survey.

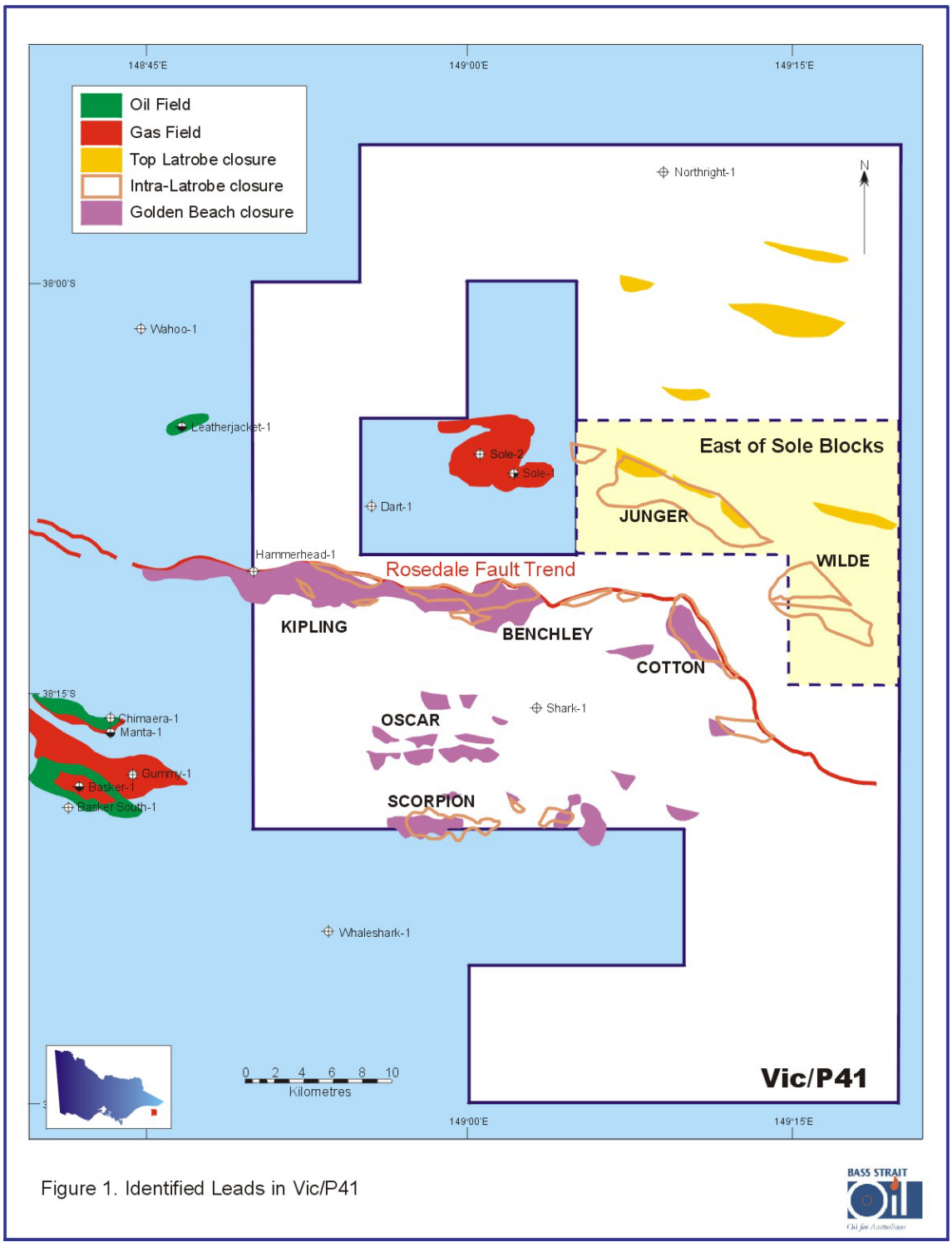

Figure 1. Identified Leads in Vic/P41

Figure 1. Identified leads in Vic/P41

4. REPORTS SUBMITTED

Field data, supporting data and final processed data for the GBS02 2D survey were submitted by Santos on behalf of BSOC (see Section 2.). Other than the previous quarterly report, no other reports were submitted during this period.

5. HEALTH, SAFETY AND ENVIRONMENT

5.1 Incidents

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

5.2 Environmental Approvals

There were no environmental issues submitted for approval during the report period by BSOC.

6. ESTIMATED EXPENDITURE FOR THE QUARTER

Estimated expenditure for the reporting period is detailed below:

Activity	Expenditure ($000's)
Drilling	NIL
Permit Administration	55
Seismic (Reprocessing)	NIL
Geological & Geophysical	100
Seismic (Acquisition)	NIL
Total	**155**