



Oil for Australians

BASS STRAIT OIL COMPANY LTD

ACN 008 694 817

Level 1
99 William Street
Melbourne Victoria 3000 Australia

Tel: (+61 3) 9927 3000
Fax: (+61 3) 9614 6533
Email: admin@bassoil.com.au
Website: www.bassoil.com.au

ASX RELEASE

VIC/P42 UPDATE

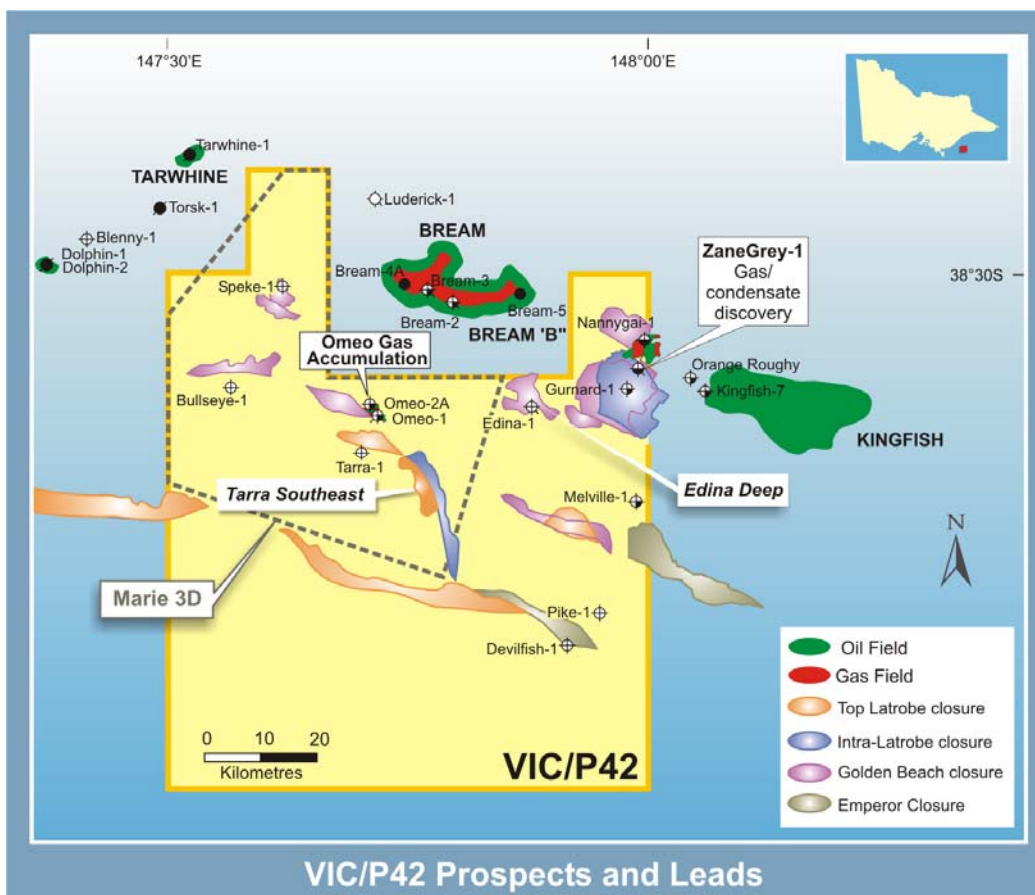
Apache Energy Ltd ("Apache") has advised that mobilisation of the West Triton jack-up drilling rig to the Gippsland Basin is now underway. The new-build rig is being transported from Singapore and is expected to arrive in Victoria before the end of January.

This schedule should allow Apache to begin drilling its Vic/P42 farmin well in March, as the third well in its 2008 Gippsland Basin campaign.

Bass Strait Oil Company Ltd ("BAS") will be free-carried by Apache through the drilling, and also any testing, of the Vic/P42 farmin well. BAS will retain a 20% interest in the well and the permit.

The final Vic/P42 drill prospect will be selected utilising new mapping based on state-of-the-art 3D seismic data. BAS will provide details of the drill prospect once the Joint Venture has reviewed the latest mapping by Apache. Site surveys, which ensure safe seafloor conditions for the drilling rig, have already been conducted over a short-list of three potential Vic/P42 targets.

Prior to the Vic/P42 well, Apache plans to drill a well in each of the adjacent permits to the west and east of Vic/P42. While BAS has no participation in these permits, the wells will potentially be of interest in that they form part of a larger Apache drilling programme involving the southern margin of the Gippsland Basin.



Vic/P42 potential

Vic/P42 lies adjacent to Kingfish, Australia's largest oil field, as well as a number of other Esso/BHP producing oil and gas fields. Gas and condensate discoveries at ZaneGrey (BAS, 2005) and Omeo, lie within Vic/P42.

The future potential of the permit resides in a strong inventory of prospects and leads, which is being expanded and refined as mapping of the new seismic data becomes available. The Vic/P42 farmin well will be part of a significant Apache drilling programme aimed at the potential of the southern margin of the Gippsland Basin, of which Vic/P42 is a key component.

Technical background

The 503 sq km 'Marie' 3D seismic survey was recorded by Apache in April 2007, as the first phase of its Vic/P42 farmin, at a cost of approximately \$20 million. This data complements Bass Strait Oil Company's 2002 3D survey and completes 3D coverage across the prospective area of the permit.

The Marie data is being processed to what is known as pre-stack depth migration (PSDM), the current start-of-the-art in data processing techniques. The use of PSDM is significant in this area of the Gippsland Basin, where exploration history shows that the depth calibration of seismic maps is critical. Apache is also integrating the PSDM reprocessing of the 2002 3D data, together with a new Bream field 3D survey, which has been acquired by trade with Esso/BHP. Integration and mapping of these surveys, and the use of PSDM processing, will give Vic/P42 the best chance of drilling successful wells.

A handwritten signature in black ink, appearing to read 'Andrew Adams', with a stylized, cursive script.

Andrew Adams
Managing Director
16 January 2008