

ASX Release

**SHAREHOLDER UPDATE
PROGRESS REPORT ON WINDERMERE OIL PROJECT**

KEY POINTS:

- **Site construction commenced**
- **Timetable to Drilling**

Bass Strait Oil Company Limited (**ASX code: BAS**), as Operator for the PEP 167 Joint Venture, is pleased to advise that construction of the drilling pad for Windermere-3 has commenced. Prior to construction commencing, the Company signed a land access agreement with the landholder of the Windermere-3 well-site.

BAS had previously advised Shareholders that the well would spud during 4th Quarter 2011 and the Company is pleased to report that, subject to any unforeseen delays, this will be achieved.

Once site construction is complete, the drilling rig will be moved onsite and set up ready to commence drilling (spud) the well. It is expected that construction will take another week to complete, with the rig move taking a further week meaning that the well is expected to spud at the end of November or early December. Drilling is scheduled to take 2 weeks to complete. BAS will be providing a daily update from the date of spud.

The primary objective of the well is to identify potential commercially producible hydrocarbon volumes within the Heathfield Member of the Eumerella Formation. This involves assessing/testing the validity of the mapped structural closure, assessing reservoir quality, investigating potential compartmentalization and the most optimal drilling and completion fluids.

Windermere-3 is a follow-up to Windermere-1, which was drilled in 1987. The initial well produced 32 barrels of oil on a drill stem test from the Heathfield Sandstone Member of the Eumerella Formation but failed to flow once completed for production. BAS has undertaken laboratory work to determine the optimal drilling and completions fluids which are expected to minimise the formation damage which caused the original production problem.

The discovery was not developed at the time due to low oil prices and the then limited available technology.

The reservoir quality of the Heathfield Sandstone Member is generally fair to marginal with porosity relatively good but permeability low due to its immaturity and clay content. The reservoir is described as a lithologically immature, lithic (high percentage of volcanics noted), feldspathic quartz sandstone, with porosity up to 24% (mainly micro-porosity) and permeability of 1 to 2mD.



Dr Steve Mackie
Chief Executive Officer
15 November 2011