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## **ASX RELEASE**

### **NEW EXPLORATION IMPETUS FOR VIC/P42 VIA \$25 MILLION FARMOUT TO APACHE**

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#### **Vic/P42 farmout**

Bass Strait Oil Company Ltd ("BAS" or "Company") is pleased to announce a farmout of the Vic/P42 offshore Gippsland Basin permit to Apache Northwest Pty Ltd ("Apache").

BAS and co-venturers Inpex Alpha Ltd ("Inpex") have executed an agreement whereby Apache will fund the recording and processing of approximately 500 sq km of 3D seismic, plus the drilling of one exploration well, in order to earn a 60% interest and operatorship in the permit.

BAS estimates the value of the work to be undertaken by Apache to earn a 60% interest in the permit could be on the order of \$10 million for the seismic and \$15 million for a well, for a total of \$25 million.

BAS and Inpex will each contribute 30% from their existing 50% permit interests, each retaining a 20% interest fully funded through the seismic acquisition and processing and the drilling of a well. If, after funding and completing its 3D seismic commitment, Apache does not commit to drilling a well, the 60% interest will be re-transferred back to BAS and Inpex.

The farmout agreement with Apache is conditional on securing a permit variation and the necessary regulatory approvals from the Designated Authority, as well as on the completion of the seismic survey within an appropriate timeframe.

#### **Vic/P42 programme and prospectivity**

We are pleased to be entering into a new partnership with Apache, one of the pre-eminent offshore operators in Australia. Apache brings high levels of technical competence, as well as the operational experience and scale to secure competitive drilling contracts in the current tight rig market. This partnership will inject fresh impetus into the exploration of Vic/P42.

Apache anticipates 3D seismic recording in Vic/P42 in the fourth quarter of 2006 and drilling is conditionally planned as part of a programme to start approximately mid 2007.

The farmout programme is in line with BAS's philosophy of selecting offshore drilling targets based on modern 3D seismic data. The farmout seismic will be the first 3D survey in the western and northwestern areas of the Vic/P42 permit and will be designed to complete continuous coverage between BAS's 2002 3D survey in the east of the permit and Apache's 2005 3D survey in permit Vic/P58 adjacent to the west (see attached map).

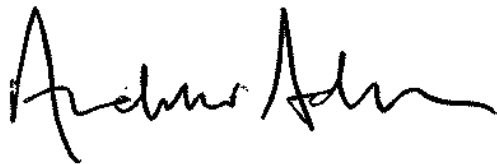
A number of leads have been identified on older 2D seismic in the farmout 3D area, including leads analogous to the nearby Dolphin and Perch producing oil fields. The new 3D survey will also cover the 1983 Omeo gas and condensate discovery.

#### Gippsland Basin farmout progress

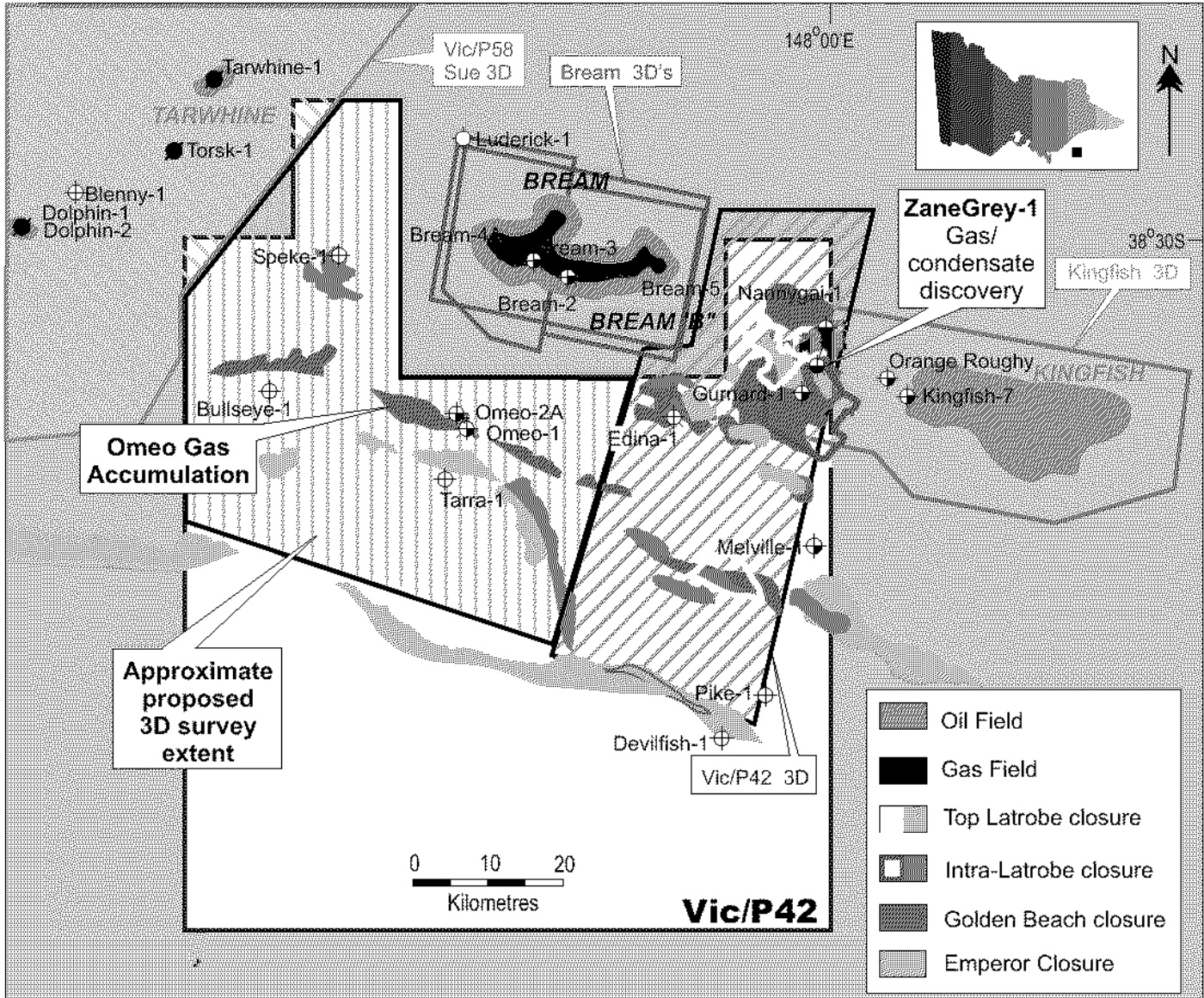
The farmout of Vic/P42 reflects a new direction for BAS in managing its offshore permits and we are also marketing a farmout interest in the Vic/P41 permit in the eastern Gippsland Basin.

In 2005 the Vic/P41 joint venture recorded the first 3D seismic survey in that permit and the 3D data has detailed a number of high-potential prospects, including analogues of the Kipper and Basker fields. BAS is now seeking parties to earn an interest in Vic/P41 by funding drilling based on this modern seismic dataset.

The Company's presentation of the Vic/P41 opportunity generated significant interest from the industry at last week's PESA Farmin Seminar and APPEA conference. This presentation is available under the BAS code on the ASX announcements website, or via a link from the Company's website [www.bassoil.com.au](http://www.bassoil.com.au).



Andrew Adams  
Chief Executive Officer  
Melbourne, Australia  
16 May 2006



**Vic/P42**

0 10 20  
Kilometres

**Omeo Gas Accumulation**

**Approximate proposed 3D survey extent**

**ZaneGrey-1 Gas/condensate discovery**

- Oil Field
- Gas Field
- Top Latrobe closure
- Intra-Latrobe closure
- Golden Beach closure
- Emperor Closure