



ROC OIL COMPANY LIMITED

(ABN 32 075 965 856)

REPORT TO THE AUSTRALIAN STOCK EXCHANGE (ASX) Activities for the Quarter Ended 31 December 2001

SUMMARY

A new sales revenue record was set at a time of soft oil prices, ROC's first exploration well in Australia discovered the Cliff Head Oil Field and drilling at the Saltfleetby Field, ROC's main producing asset, provided crucial new data that significantly increased field-wide gas reserves.

HIGHLIGHTS

Record sales revenue...

Record \$26.9 million gross sales revenue, up A\$3.9 million (17%) on the previous quarter, partly due to successful hedging, causes total sales revenue for 2001 to exceed A\$100 million.

...plus quarter on quarter production increase...

Total production up 10% (an increase of 778 barrels of oil equivalent per day (BOEPD)) on the previous quarter to 8,449 BOEPD, driven largely by a 25% increase in Saltfleetby gas production, mainly due to the field coming onto compression.

...topped off by wildcat exploration discovery...

Cliff Head-1, ROC's first well in Australia, discovered the Cliff Head Oil Field in the Perth Basin, offshore Western Australia, on 29 December 2001 when it drilled a 5 metre gross vertical oil column in excellent reservoir sands.

...and immediate appraisal.

Successful Cliff Head-2 sidetrack appraisal well started drilling on 31 December 2001.

Saltfleetby gas reserves increase again...

Saltfleetby-6, defines, for the first time, the gas-water contact in the Saltfleetby Gas Field, 19 metres deeper than the contact assumed for previous reserve estimates.

...as third well boosts Kyle production, and...

The third development well in the Kyle Oil and Gas Field in the UK North Sea was successfully completed and brought onto production.

...Chestnut EWT successfully completed...

The Extended Well Test ("EWT") in the Chestnut Oil Field in the UK North Sea was also successfully completed.

...as UK North Sea spotlight swings towards the Squirrel Prospect.

The potential of the area around the Etrick Field in the UK North Sea, particularly the Squirrel Prospect, was upgraded as the significance of the nearby Buzzard oil discovery became apparent.

Profitable sale of peripheral North Sea interest... Sale of ROC's 0.461% indirect interest in the Claymore Oil Field in the North Sea for \$4.0 million generates unaudited profit in the order of \$1.0 million and paves the way for rationalisation of those of ROC's UK North Sea interests which are held in a jointly owned associated company.

...balanced by acquisition of substantial new equity in West Africa while ... Acquisition of 45% equity in, and operatorship of, the Cabinda South Block, onshore Angola, further strengthens ROC's portfolio of West African exploration projects.

...in Mongolia, drilling activity gets set for mid-2002, farminee-funded, drilling programme. Mogoi-1 deep exploration well starts drilling in Mongolia 100% funded by ROC's China-based joint venturer, Dongsheng Jingtong Petroleum Development Group Co. Limited. By prior arrangement, drilling operations were suspended prior to the onset of the Mongolian winter and will resume in mid-2002.

Subsequent to the Quarter, the following significant events occurred:

New field confirmed by successful appraisal well... Cliff Head-2 successfully appraised part of the Cliff Head Oil Field when it drilled a 28.5 metre gross vertical oil column in sands with reasonable to good reservoir quality and encountered the same oil-water contact, approximately 1.1 kilometres from the Cliff Head-1 location.

...encourages exercise of option to acquire adjacent acreage. Exercised an option to acquire 20% of TP/15 adjacent to the permit containing the Cliff Head Oil Field.

Saltfleetby reserve increase quantified... Proved and probable (2P) recoverable reserves increased at the Saltfleetby Gas Field, based on independent expert's year-end reserve report. Initial in-place 2P gas up 17.1 BCF (17%) to 119 BCF; initial recoverable 2P reserves up 13.4 BCF (18%) to 86.9 BCF and remaining recoverable 2P reserves up 1.2 BCF (2%) to 58 BCF despite the production of approximately 12.1 BCF during the twelve months since the last reserve review.

...as latest well comes on to production. Saltfleetby-6y came on to production on 20 January 2002, three weeks after rig release.

Overall 2P remaining reserves essentially unchanged after adjustment for farmout and sale. Company-wide 2P remaining year-end recoverable reserves reduced by 4.43 MMBOE (13.1%) to 29.27 MMBOE. 4.08 MMBOE of this decline related to sale and/or farmout of fields with the balance of the decline related to production during 2001. After adjustment for sales and/or farmouts, 2P remaining reserves were reduced by 0.35 MMBOE (1%).

Delayed onshore UK 3D seismic survey starts. After a delay of a year, due to the outbreak of foot and mouth disease in the UK, recording of the 400 sq km 3D seismic survey, believed to be the largest undertaken onshore UK, began north of the Saltfleetby Gas Field.

FURTHER INFORMATION

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ASX QUARTERLY REPORT 31 DECEMBER 2001

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1. CEO'S REPORT

ROC has experienced another good quarter. The drill bit success, both in terms of wildcat exploration and appraisal/development drilling, which characterised the Quarter was all the sweeter because it occurred during a period when ROC also set a new record for gross sales revenue.

It is a little ironic that ROC's gross sales revenue should hit a record high during the fourth quarter 2001. Not only was the quarter a period of relatively soft oil prices but ROC's net production for the period, although strong, was not at the record levels seen when the Saltfleetby Gas Field first came onto production. This very satisfactory end result reflects two factors: the UK gas price is more relevant to ROC than international oil prices and the benefits of oil hedging implemented by ROC during 2001 at a time when hedging was not the flavour of the month with many market watchers and/or industry players.

Perhaps the main highlight of the Quarter and the immediately subsequent month, was the discovery and successful appraisal of the Cliff Head Oil Field, all within a busy 11 day period at the turn of 2001. To nominate the discovery as the highlight of a quarter that was not lacking in good news is not to imply that the field will be developed because there is a lot more work which needs to be done during the next 12 to 18 months before any firm comment can be made with regard to the field's potential commerciality. However, the two Cliff Head wells – the first wells drilled by ROC in Australia – have confirmed that the concept which led ROC and its co-venturers to explore this area is valid and that the area therefore merits an intense appraisal and exploration effort not only because of the potential of the Cliff Head Field itself but also because of the promise represented by several substantial prospects and leads in the vicinity of that field and in the neighbouring TP/15. That is why ROC chose to exercise its long standing option to acquire a 20% interest in TP/15. Because of the events at Cliff Head, the offshore Perth Basin is now considered to be a new core area for ROC: the fact that it is in Australia is icing on the cake.

Saltfleetby-6 and the pre-planned sidetracks of that well provide a neat illustration of the relationship between risk and reward in the oil and gas business. This long reach well, 100% funded by ROC, was judged to be the riskiest well yet drilled in the Saltfleetby Gas Field. This perception seemed to be verified when the top of the reservoir came in low to prognosis which would have provided ROC with an insignificant amount of gas if the gas-water contact had been where ROC's, somewhat conservative, assumption had suggested it would be. Fortunately, the well proved that the gas-water contact was significantly lower than postulated, thereby providing Saltfleetby-6 with a substantial gas column and ROC's independent expert with a sound rationale for increasing field-wide reserves. The contribution to field production being delivered by Saltfleetby-6y is being monitored to see if it represents the optimum means of draining this part of the field.

For a company like ROC, the current nature of its North Sea portfolio can lead to a certain amount of frustration. The Company's generally low level of equity in these properties causes it to regard these assets as being peripheral. Nevertheless, ROC's North Sea assets do contain a number of properties which have an undoubted sparkle, including the current production from the Kyle Oil and Gas Field and the recently upgraded exploration potential of the Squirrel Prospect near the new and very significant Buzzard discovery.

2. STATISTICS

2.1 PRODUCTION

	September '01 Qtr	December '01 Qtr	Change
OIL & NGL (BBL)			
UK – Onshore Oil	1,972	-	N/A
UK – Offshore Oil	182,160	138,453	-24%
UK – Onshore NGL	40,198	49,083	+22%
Total	224,330	187,536	-16%
GAS (MCF)			
UK – Onshore (Saltfleetby)	2,533,180	3,157,800	+25%
UK – Offshore (Kyle)	355,100	381,000	+7%
Total	2,888,280	3,538,800	+23%
TOTAL PRODUCTION (BOEPD)	7,671	8,449	+10%

- UK Offshore oil production for the September 2001 and December 2001 Quarters does not include 87,002 BBL and 69,302 BBL respectively attributable to ROC's 14.875% share of production from the Chestnut EWT (see Section 3.2.4).

2.2 SALES REVENUE (UNAUDITED)

	September '01 Qtr \$'000	December '01 Qtr \$'000	Change	Total 2001 \$'000
UK Oil & NGLs	10,600	7,433	-30%	32,131
UK Gas	12,273	19,343	+58%	68,619
Mongolian Test Oil Production	94	118	N/A	1,262
Total	22,967	26,894	+17%	102,012

- UK Oil and UK Gas sales revenues for the previous 2001 quarters have been restated to include ROC's share of revenue from the 1.25% interest in the Kyle Oil and Gas Field, now held directly by Roc Oil (UK) Limited and previously held by an associate company, effective 1 January 2001.
- UK Oil sales revenue for the September 2001 and December 2001 Quarters does not include proceeds from the sale of oil from the Chestnut EWT (see Section 3.2.4).
- Revenue from sale of test oil production from wells in Mongolia, pending a development decision, has been credited to sales revenue, but an amount based on such revenue has been charged to cost of sales and credited against exploration expenditure expensed, so as to record a zero net margin on such production.

2.3 EXPENDITURE (UNAUDITED)

	September '01 Qtr \$'000	December '01 Qtr \$'000	Total 2001 \$'000
Exploration			
Australia	697	1,800	3,093
UK	674	541	4,794
Other International	1,951	3,872	18,086
Development			
Australia	-	-	-
UK	5,450	10,694	21,336
Other International	-	-	-
Total	8,772	16,907	47,309

1. UK Development Expenditure for the previous 2001 quarters has been restated to include ROC's share of development expenditure from the 1.25% interest in the Kyle Oil and Gas Field, now held directly by Roc Oil (UK) Limited and previously held by an associate company, effective 1 January 2001.

2.4 DRILLING

	Well	Location	Operator	% Interest	Comment at End of Quarter
Exploration	Cliff Head-1	Perth Basin, Offshore Western Australia	ROC	30	Oil discovery. Well plugged back after encountering a 5 metre gross oil column.
	Mogoi-1	South East Gobi Basin, Mongolia	ROC	50	The well started on 17 October 2001 and was suspended at 100 metres by prior arrangement. The well will restart in mid 2002.
Appraisal	Cliff Head-2	Perth Basin, Offshore Western Australia	ROC	30	Sidetrack from Cliff Head-1. Oil discovery. Commenced on 31 December 2001. Encountered 28.5 metre gross oil column before being plugged and abandoned.
Appraisal/ Development	Saltfleetby-6	South Humber Basin, Onshore UK	ROC	100	Completed for production and rig released 30 December 2001. On production 20 January 2002.
Development	Kyle 29/2c-14	UK North Sea	CNR International (UK) Limited	12.5	Completed for production and rig released 3 November 2001. On production 12 November 2001.

2.5 SEISMIC

	Size	Location	Operator	% Interest	Comment
2D	1,523 km	Casamance Blocks I, II, III, Offshore Senegal	ROC	46.25	Completed
3D	1,360 sq km	Block 7, Offshore Mauritania	Dana Petroleum plc	2	Completed
2D	1,379 km	Block1, Mauritania	Dana Petroleum plc	2	Completed

3. PRODUCTION AND RESERVES

3.1 GAS PRODUCTION

Total gas production for the Quarter was 3.54 BCF (38.5 MMSCF/D), up 23% on the previous quarter.

3.1.1 UK Onshore – Saltfleetby Gas Field (ROC: 100% and Operator)

Gas production for the Quarter from the Saltfleetby Gas Field was 3.16 BCF (34.3 MMSCF/D), 25% higher than the previous quarter, which was affected by an annual maintenance shutdown during September 2001. The main production increase of 20%, from 30 to 35 MMSCF/D, was attributable to the field going onto compression from 5 October 2001.

3.1.2 UK North Sea – Kyle Oil and Gas Field (ROC: 12.5%)

Gas production for the Quarter from the Kyle Oil and Gas Field was 3.05 BCF (net ROC: 0.38 BCF or 4.1 MMSCF/D), 7% more than the previous quarter.

3.2 OIL & CONDENSATE PRODUCTION

Total oil and condensate production for the Quarter was 187,536 BBL (2,038 BOPD) down 16% on the previous quarter.

3.2.1 UK Onshore – Keddington Field (ROC: 100% and Operator)

Oil production from the Keddington Field was zero during the Quarter, production having been temporarily suspended late in September 2001 due to increasing gas production accompanying the oil. The field was shut in to conserve reservoir energy, while options to develop the associated gas resource are considered.

3.2.2 UK Onshore – Saltfleetby Gas Field (ROC: 100% and Operator)

Saltfleetby condensate production was 49,083 BBL (534 BCPD), 22% up on the previous quarter, in line with increased gas production.

3.2.3 UK North Sea – Kyle Oil and Gas Field (ROC: 12.5%)

Oil production from the Kyle Oil and Gas Field was 1.11 MMBO (net ROC: 138,500 MBO or 1,505 BOPD), 24% lower than the previous quarter. Kyle's oil production was curtailed during the Quarter to restrict gas production, for reasons

relating to both limited sales gas export capacity from the Curlew FPSO and a desire to conserve reservoir energy according to good reservoir management practices.

3.2.4 UK North Sea - Chestnut Oil Field (ROC: 14.875%, carried)

Oil production from the EWT on the Chestnut development well 22/2a-11x for the Quarter was 0.47 MMBO (net ROC: 69.3 MBO). Total oil production from the EWT, which started on 26 July 2001 and was completed on 27 November 2001, was 1.05 MMBO (net ROC: 156.3 MBO or 1,260 BOPD). Under the terms of the farmout agreement with Amerada Hess Limited ("AHL"), ROC's share of EWT oil production and sales revenue went to the Operator, AHL, as a contribution towards the costs of drilling the well and conducting the EWT and, therefore, is not included in ROC's oil production or sales revenue.

4. DEVELOPMENT

4.1 UK ONSHORE

UK onshore development expenditure for the Quarter was \$5.4 million and related primarily to the drilling of the Saltfleetby-6 appraisal/development well and the installation of associated surface facilities to allow early hook-up of the well.

Saltfleetby-6 spudded on 2 October 2001, targeting a previously undrilled culmination to the south of the main Saltfleetby Gas Field area. A pilot hole was drilled to appraise the presence, quality and structural elevation of the primary target Basal Westphalian sands and this high angle pilot hole ("pilot hole") reached a total depth of 3,169 MDBRT on 21 November 2001. The well encountered 22 metres (vertical) of good quality gas-bearing sands and also encountered, for the first time in the field, a gas-water contact within the reservoir sands, some 19 metres deeper than the field-wide contact previously assumed in volumetric calculations of gas-in-place.

Following logging of the pilot hole, the well was plugged back and a horizontal sidetrack production well drilled to a structurally higher location. This well drilled approximately 200 metres of gross horizontal section within the Basal Westphalian sands, some 120 metres of which was net sand. The well was subsequently completed as a gas producer and tested on 28 December 2001 at an initial rate of 9 MMSCF/D. The drilling rig was released on 30 December 2001 and operations to tie the well in to the existing Saltfleetby production facilities commenced (see Section 7.4).

The Saltfleetby-6 well has provided data that, along with pressure data gathered through the year, has contributed to a significant increase in field gas reserves. The two main components of the increase are the potential to lower the field-wide gas-water contact (which provides additional gas-in-place in the main field area, consistent with material balance data) and the proving up of gas reserves in the southern culmination of the field. Saltfleetby-6 encountered the gas reservoir deep to prognosis and has provided both structural and stratigraphic data that will be integrated with other data during 2002 to build a new field geological model. Pressure data measured at the well indicate the pressure to be close to original; production data will be combined with periodic pressure surveys to assess more reliably the gas-in-place in the southern area of the field and improve the quality of the geological model in this area.

4.2 UK NORTH SEA

UK offshore development expenditure for the Quarter totalled \$5.3 million, primarily on drilling the third Kyle development well.

4.2.1 Kyle Oil and Gas Field (ROC: 12.5%)

The third Kyle development well was spudded on 24 June 2001 and reached a total depth of 3,945 MDBRT on 21 September 2001, before being completed as a producer from oil-bearing Palaeocene Cromarty sands using a gravel pack completion. The well was flow checked in late October 2001 before releasing the rig on 3 November 2001 and completing the subsea tie-back to the Curlew FPSO. The well initially flowed up to 8,000 BOPD (gross) and is currently being produced at rates approaching this potential as part of the overall field production management plan.

There were two liftings of Kyle crude oil during the Quarter, each approximately 500,000 BBL gross. Oil sales realised a small premium to the Brent crude oil price.

4.2.2 Chestnut Oil Field (ROC: 14.875%, carried)

Following completion of the EWT on 27 November 2001, the Operator of the Chestnut Field, Amerada Hess, is carrying out studies for Phase 2 development of the field.

4.2.3 Blane Oil Field (ROC: 15.2446%)

The new Operator, Enterprise Oil UK Limited, has been reviewing development options for the Blane Oil Field and a development appraisal well is planned to be drilled in 2002 to establish whether a tilted oil-water contact exists, which would have a significant bearing on future development of the field.

4.2.4 Ettrick (ROC: 6.38899% to 14.281%)

The regionally significant mid-2001 Buzzard oil discovery by PanCanadian Petroleum (UK) Limited, adjacent to ROC's three licences, has enhanced development options for Ettrick and the exploration potential of the acreage. The Ettrick 20/7a Joint Venture (ROC 12.402%, Operator PanCanadian) is planning to drill an exploration well on the Squirrel prospect during 2002, which is similar in style, but not size, to Buzzard.

5. EXPLORATION & APPRAISAL

5.1 NICHE AREAS: UK & AUSTRALIA

5.1.1 UK Onshore

UK exploration expenditure for the Quarter totalled \$0.5 million, the majority of which was spent on seismic acquisition and processing.

- **Eskdale Gas Field (ROC: 5%, free carried interest)**

The Eskdale-13 appraisal well is currently suspended pending re-entry and further evaluation. This activity is being planned for 2002, subject to rig availability.

- **Humber Basin (ROC: 100% and Operator)**

The proposed 400 sq km 3D seismic survey in the South Humber Basin, which had been scheduled to start in February 2001 before being postponed due to the outbreak of foot and mouth disease in the UK, is due to start early in 2002 and land-permitting activities were undertaken during the Quarter to ensure access for the seismic crews (see Section 7.3).

Processing of 52 km of 2D seismic, acquired in the second quarter of 2001 over PEDL076, together with 91 km of vintage 2D data, was completed during the Quarter.

- **North Humber Basin (ROC: 100% and Operator)**

Processing of 17.5 km of 2D data over PEDL004, acquired during the previous quarter, together with 107 km of vintage 2D data, was completed during the Quarter.

Processing of 33.5 km of 2D seismic, acquired during the second quarter 2001, together with 64 km of vintage 2D, was completed during the Quarter.

- **Coalgas Licences (ROC: 97.5% and Operator)**

The evaluation of the re-processed 165 km of vintage 2D data continued during the Quarter.

- **Widmerpool Gulf (ROC: 100% and Operator)**

Evaluation work is continuing.

- **Northumberland/Stainmore (ROC: 100% and Operator)**

Evaluation work is continuing.

5.1.2 Australia

Australian exploration expenditure was \$1.8 million for the Quarter, all related to ROC's activities in the Perth Basin offshore Western Australia.

- **Offshore Western Australia (ROC: 30% and Operator)**

The Cliff Head-1 exploration well, ROC's first well in Australia, commenced drilling on 25 December 2001 and reached a total depth of 1,499 metres on 29 December 2001. Log interpretation indicated an oil column in excellent reservoir sands between 1,278.5 and 1,283.5 metres below rotary table (mBRT), immediately below the Kockatea Shale which constitutes the regional seal. A fluid sample obtained from this 5 metre interval confirmed the presence of oil.

The well was plugged back to the 13 3/8 inch casing shoe at 403 mBRT and on 31 December 2001 a sidetrack hole, Cliff Head-2, started drilling to intersect the oil bearing reservoir at a higher structural elevation with a bottom hole location approximately 1.1 km to the northeast of the surface location.

The Cliff Head-2 sidetrack commenced drilling at 429 mBRT on 31 December 2001 (see Section 7.1).

5.2 INTERNATIONAL

International exploration expenditure totalled \$3.9 million for the Quarter.

5.2.1 Senegal (ROC: 46.25% and Operator)

A 1,523 km 2D seismic survey was carried out and completed during the Quarter. Data from the survey are being processed.

5.2.2 Mauritania (ROC: 2.0-5%)

A 1,360 sq km 3D seismic survey was carried out and completed during the Quarter by Dana Petroleum plc ("Dana"), the Operator of the Block. Data from the survey are being processed.

A 1,379 km 2D seismic survey was carried out and completed during the Quarter by Dana, the Operator of the Block. Data from the survey are being processed.

5.2.3 Equatorial Guinea (ROC: 60% and Technical Manager)

Delivery of the final processed data set from the Risa 3D seismic survey took place during the Quarter. Special "high tech" processing of the data continued during the Quarter.

5.2.4 Mongolia (ROC: 50% and Operator)

The Mogoi-1 was spudded on 17 October 2001. Surface hole was drilled to 100 metres, cased and suspended as planned. Drilling has been suspended for the duration of the northern hemisphere winter and will be resumed in the spring of 2002.

5.2.5 Angola (ROC: 45% and Operator)

During the Quarter, ROC, for no upfront cash consideration, acquired a 45% interest in, and operatorship of, the Cabinda South Block (the "Block"), onshore Angola, from Fina Oil and Gas Cabinda BV, an affiliate of TotalFinaElf. Although a Production Sharing Agreement for the Cabinda South Block has been agreed with the Angolan Government, it will not become effective until the Government and non-Government parties agree that it is appropriate to resume on-ground exploration activities in the Block.

ROC was formally accepted as operator for the Block by Sonangol, the national oil company, on 13 December 2001.

6. CORPORATE**6.1 OIL & GAS PRICE HEDGING**

During the Quarter ROC, through wholly owned subsidiaries in the UK, entered into gas price hedging contract with Barclays Capital covering a portion of ROC's 2002 gas production. Under the hedge contract, 50,000 therms per day (4.55 million MMSCF/D) of sales gas from the Saltfleetby Gas Field will be sold at prices of 25.05 pence per therm for the period 1 January 2002 to 31 March 2002.

As previously announced ROC's UK subsidiaries have existing oil price hedging contracts in place for the period 1 January 2002 to 30 June 2002 for 1,000 barrels of oil per day at a Brent oil price of US\$25.90 per barrel.

ROC has not entered into any foreign exchange or interest rate hedging arrangements.

6.2 UK NORTH SEA - CLAYMORE OIL FIELD (ROC 0.465%)

Croft Exploration Limited ("Croft"), a company owned 50% by ROC's wholly owned subsidiary Roc Oil (Europe) Limited and 50% by Bow Valley Petroleum (UK) Limited, executed an agreement on 5 October 2001 with a company in the Talisman Group to sell for £2.76 million (approximately \$8.1 million, ROC share \$4.0 million) its 0.921% (0.461% net ROC) interest in the producing Claymore Oil Field, UK North Sea which had been producing about 130 BOPD net to ROC. The transaction was completed on

7 December 2001 and paves the way for the corporate rationalisation of some of ROC's North Sea interests.

6.3 WEBSITE

During the Quarter, ROC's website www.rocoil.com.au received 8,457 sessions (sessions being occasions when one or more of the website pages have been opened) which is above average for the site over a three month period.

7. POST-QUARTER EVENTS

7.1 CLIFF HEAD-2

The Cliff Head-2 sidetrack commenced drilling on 31 December 2001 and reached a total depth of 2,020 mBRT (1,310 metres true vertical depth (mTVD)) after drilling a 28.5 metres gross vertical oil column. The top of the formation containing oil bearing sandstone was encountered at 1,876 mBRT (1,246.5 mTVD). Oil bearing sandstone was encountered at 1,896.5 mBRT (1,255 mTVD), approximately 23.5 mTVD high to the top of the oil bearing sandstone in the Cliff Head-1 discovery well. Interpretation of the drill and log data indicates the presence of a 63.5 mBRT (28.5 mTVD) gross oil column in sandstones between 1,896.5 mBRT (1,255 mTVD) and 1,960 mBRT (1,283.5 mTVD). An oil-water contact was identified at 1,960 mBRT (1,283.5 mTVD) in Cliff Head-2 which corresponds to the oil-water contact in Cliff Head-1. Analysis suggests that approximately 60% of the gross reservoir section appears to consist of moderate to good quality net reservoir sand.

Cliff Head-2 was plugged and abandoned on 4 January 2002 as planned. Future appraisal work is currently being evaluated.

7.2 TP/15, OFFSHORE PERTH BASIN (ROC 20% BEING EARNED)

On 17 January 2002, ROC exercised its option to acquire a 20% interest in TP/15 from AWE (Perth Basin) Pty Ltd by paying 40% of the cost of the next well to be drilled in that permit.

7.3 UK ONSHORE - HUMBER BASIN (ROC: 100% AND OPERATOR)

Recording of the Lincs Wolds survey, the first of two 3D surveys in the South Humber Basin to be carried out back-to-back and totalling approximately 400 sq km in area, commenced on 19 January 2002 and is expected to continue until April 2002. The 3D data is being acquired in the South Humber Basin, in the vicinity of the Saltfleetby Gas Field, and is designed to firm up leads interpreted from 2D seismic.

7.4 UK ONSHORE - SALTFLEETBY-6Y APPRAISAL/DEVELOPMENT WELL (ROC: 100% AND OPERATOR)

Because Saltfleetby-6y was drilled from a new site adjacent to existing surface production facilities, it was quickly hooked-up for production after rig release on 30 December 2001. The well was brought on stream on 20 January 2002 and added approximately 10% to the fields productive capacity.

7.5 RESERVES

Year end 2001 reserves reviews for UK assets have been conducted by independent experts – Adams Pearson Associates Inc. of Calgary (“APA”) for the offshore fields and Brovig RDS Ltd of Aberdeen (“RDS”) for the onshore fields.

The offshore fields are all non-operated and reserves figures are consolidated for reasons of commercial confidentiality; the offshore fields comprise Kyle, Chestnut, Etrick, Blane, Enoch and J1, of which only Kyle is currently producing. Because of farmout ROC’s working interest in the Chestnut Oil Field reduced from 29.75% to 14.875% during 2001.

ROC NET RECOVERABLE RESERVES SUMMARY (MMBOE) AT 31 DECEMBER 2001

	INITIAL RESERVES (MMBOE)			
	Oil	Gas	Total	Percentage Change on Prior Year
Proved	4.52	12.75	17.27	-1%
Proved + Probable	16.50	19.12	35.62	-4%

	REMAINING RESERVES (MMBOE)			
	Oil	Gas	Total	Percentage Change on Prior Year
Proved	3.16	7.77	10.93	-22%
Proved + Probable ⁽¹⁾	15.14	14.13	29.27	-13%

Note (1): The sale of ROC’s interest in Claymore and the farmout of a 14.875% interest in Chestnut reduced 2P remaining reserves by 4.08 MMBOE. After adjustment for these changes, remaining 2P reserves were reduced by 0.35 MMBOE (1%).

ROC NET RECOVERABLE RESERVES
INDEPENDENT EXPERTS' RESERVES ESTIMATES

INITIAL PROVED	OIL/CONDENSATE (MMBBL)		GAS (BCF)	
	End 2000	End 2001	End 2000	End 2001
Offshore Consolidated	5.14	3.47 (-33%)	4.6	11.2 (+143%)
Saltfleetby	0.84	0.93 (+11%)	63.2	65.3 (+3%)
Keddington	0.12	0.12	n.a.	n.a.
Total	6.10	4.52 (-26%)	67.6	76.5 (+13%)

INITIAL PROVED + PROBABLE	OIL/CONDENSATE (MMBBL)		GAS (BCF)	
	End 2000	End 2001	End 2000	End 2001
Offshore Consolidated	19.78	15.21 (-23%)	23.8	27.8 (+17%)
Saltfleetby	0.98	1.17 (+19%)	73.5	86.9 (+18%)
Keddington	0.16	0.12 (-25%)	n.a.	n.a.
Total	20.92	16.50 (-21%)	97.3	114.7 (+18%)

REMAINING PROVED	OIL/CONDENSATE (MMBBL)		GAS (BCF)	
	End 2000	End 2001	End 2000	End 2001
Offshore Consolidated	4.95	2.77 (-44%)	4.4	10.2 (+132%)
Saltfleetby	0.51	0.39 (-24%)	46.5	36.4 (-22%)
Keddington	0.02	0.00 (-100%)	n.a.	n.a.
Total	5.48	3.16 (-42%)	50.9	46.6 (-8%)

REMAINING PROVED + PROBABLE	OIL/CONDENSATE (MMBBL)		GAS (BCF)	
	End 2000	End 2001	End 2000	End 2001
Offshore Consolidated	19.59	14.51 (-26%)	23.6	26.8 (+14%)
Saltfleetby	0.65	0.63 (-3%)	56.8	58.0 (+2%)
Keddington	0.06	0.00 (-100%)	n.a.	n.a.
Total	20.30	15.14 (-25%)	80.4	84.8 (+5%)

APA and RDS have consented to the inclusion of the above table in the form and context in which it appears.

7.6 GAS PRICE HEDGING

During early January 2002, ROC through wholly owned subsidiaries in the UK, entered into a gas price hedging contract with Barclays Capital covering a portion of ROC's 2002 gas production. Under the hedge contract 50,000 therms per day (4.55 MMSCF/D) of sales gas from the Saltfleetby Gas Field will be sold at 20.15 pence per therm for the period 1 April 2002 to 30 June 2002.

FURTHER INFORMATION

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Definitions:

"BBL"	means barrels
"BCF"	means billion cubic feet
"BOE"	means barrels of oil equivalent
"BOPD"	means barrels of oil per day
"BOEPD"	means barrels of oil equivalent per day
"BCPD"	means barrels of condensate per day
"BPD"	means barrels per day
"EWT"	means extended well test
"FPSO"	means floating production, storage and offtake facility
"MCF"	means thousand cubic feet
"MDBRT"	means measured depth below rotary table
"MMSCF"	means million standard cubic feet
"MMSCF/D"	means million standard cubic feet per day
"MMBO"	means million barrels of oil
"MMBOE"	means million barrels of oil equivalent
"NGL"	means natural gas liquids
"OWC"	means oil-water contact
"Quarter"	means the period 1 October 2001 to 31 December 2001
"ROC"	means Roc Oil Company Limited
"RT"	means rotary table
"SCF"	means standard cubic feet