ROC OIL COMPANY LIMITED

(ABN 32 075 965 856)

REPORT TO THE AUSTRALIAN STOCK EXCHANGE (ASX)
Activities for the Quarter Ended 31 December 2002

SUMMARY

Both production and revenue were up on the previous quarter, 26% and 95% respectively. These results reflect continuous production at the Saltfleetby Gas Field, onshore UK; the increased gas price received under the gas sales contract, negotiated in early 2002, and the seasonally higher UK winter spot gas prices. Drilling success continued offshore Mauritania, with the third well in the Chinguetti Oil Field proving a 114 metre gross oil column. Driven by success in other parts of its portfolio, ROC continued its rationalisation of peripheral acreage assets and announced its exit from Senegal and Mongolia. By Quarter-end, preparations were well advanced for the initiation of a major ROC-operated, drilling programme, in and around the Cliff Head Oil Field, which commenced in early January 2003.

HIGHLIGHTS

Total sales revenue up	• $18 million total sales revenue; up 95% ($8.7 million) on equivalent figure for previous quarter.
Gas sales revenue up	• $16.5 million gas sales revenue; up 104% ($8.4 million) on equivalent figure for the previous quarter.
Total production up	• 5,593 BOEPD total production; up 26% (1,154 BOEPD) on equivalent figure for the previous quarter.
Gas production up	• 2.8 BCF gas production; up 25% (0.56 BCF) on equivalent figure for the previous quarter.
Contract gas price up	• New gas contract pricing came into effect for the Saltfleetby Gas Field on 1 October 2002, representing an approximate 50% increase on the previous gas contract price.
Initial 2P reserves up slightly	• An independent engineering review of the Saltfleetby Gas Field, onshore UK, calculated 89 BCF initial recoverable proved and probable (2P) reserves, a small (2.4%) increase on the end -2001 estimate. This increase is the fourth consecutive year-end increase. It is now estimated that there is 50 BCF remaining 2P recoverable reserves in the field; 16% more than the

initial 2P recoverable reserves estimate before production start-up at end-1999, despite 39 BCF being produced in the intervening three years.

Cash position maintained

- $81 million cash assets at the end of the Quarter, up 2% on the equivalent figure for the previous quarter, despite $8.7 million expenditure on exploration and development.

Drilling success

- Continuing drilling success highlights potential of offshore Mauritania, with the Chinguetti-4-4 appraisal well proving a 114 metre gross oil column and providing the Joint Venture with its third successful well in the field.

OTHER KEY EVENTS

UK North Sea exploration well scheduled

- The Block 20/7a Joint Venture in the UK North Sea has approved the drilling of an exploration well on the Squirrel Prospect, approximately 18 km to the east of the recently discovered Buzzard Oil Field which has more than 400 MMBO recoverable reserves. The well is expected to start drilling during March-May 2003, with the exact timing subject to rig availability.

Offshore China 3D seismic interpretation started

- Interpretation is underway on the 421 sq km 3D seismic survey acquired during July-September 2002 in the Beibu Gulf, offshore China. Early results are encouraging.

Onshore UK prospects identified

- Interpretation has essentially been completed for the 435 sq km 3D seismic surveys acquired onshore UK during 2002. At least three prospects have been identified for drilling in a programme scheduled to commence during July 2003.

Major seismic surveys

- A 1,342 sq km 3D seismic survey, acquired offshore Mauritania and 2,724 km 2D seismic survey acquired in the offshore Perth Basin, Australia, were completed during the Quarter.

Receipt of drilling approval for World Heritage area, onshore UK

- Planning approval has been received to drill an exploration well adjacent to Hadrian's Wall, a World Heritage Site, in the north of England.

Equity adjustment, offshore Equatorial Guinea

- An improvement in the Production Sharing Contract terms for the H-15 & H-16 Blocks in the Rio Muni Basin, offshore Equatorial Guinea, has resulted in ROC's equity in those areas being reduced from 60% to 35%.

Northern Perth Basin blocks farmed out

- Collective joint venture re-arrangement of equity in the northern offshore Perth Basin permits, WA-325-P and WA-327-P, resulted in a wholly owned subsidiary of US-based Apache Energy farming-in for 37.5%, with ROC retaining 37.5% and Operatorship.

Portfolio fine-tuned

- Portfolio focus further sharpened by ROC exiting Mongolia and Senegal.

First dry well in Mauritania

- The Chinguetti-6-1 wildcat exploration well, which tested the Thon Prospect, some 150 km north of the Chinguetti Oil Field in deepwater offshore Mauritania, became ROC's first dry well in that part of the world, after the previous five wells had all found measurable hydrocarbons.

Farmed-out Mongolian exploration well provides sub- commercial oil recovery

- The East Tsagaan Els-1 exploration well in the East Gobi Basin of Mongolia, which ROC had farmed out a 100% of the cost, was tested, but only recovered a very small amount of sub-commercial oil.

POST-QUARTER

The Cliff Head appraisal sidetrack well, CH-3-ch1, produced the first significant oil flow from the offshore Perth Basin

- The Cliff Head-3 ("CH-3") appraisal well, in the northern part of the offshore Perth Basin, 2.4 km north east of the Cliff Head-2 well, was drilled to a depth of 1,408 metres and intersected a 48 metre gross oil column. Logs from the well indicated the oil-water contact was essentially the same as that in both the Cliff Head-1 and Cliff Head-2 wells. The Cliff Head-3 sidetrack ("CH-3-ch1") well was subsequently production tested and flowed 33° API oil at a stabilised rate of 3,000 BOPD via an electric submersible pump through a 28/64 inch choke. This result represents the first significant flow of oil from the offshore Perth Basin and, as such, it has identified a new productive trend in which ROC is well represented with significant equity in, and operatorship of, seven million contiguous acres

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FURTHER INFORMATION
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ASX QUARTERLY REPORT 31 DECEMBER 2002

CONTENTS

1. CEO'S REPORT

The marked increase in production and revenue for the Quarter is a useful counter-point to the seasonally weak summer gas prices in the UK during the prior quarter, which, this year, coincided with the voluntary and intermittent shut-in of the Saltfleetby Gas Field by ROC to optimise the value of its 100%-owned field. Proactive management of the field in this manner, together with a new and improved gas sales contract price, which came into effect as of 1 October 2002, have produced tangible benefits for ROC, as evidenced in the financial figures for the Quarter. Saltfleetby Gas Field production, together with ROC's strong balance sheet, continues to be the twin financial pillars of the Company.

The 114 metre gross oil column proved by the latest appraisal well in the Chinguetti Oil Field, offshore Mauritania, continued ROC's run of drilling success and moved the field closer to commerciality. Although the subsequent wildcat exploration well, which tested the Thon Prospect, some 150 kilometres to the north of the Chinguetti Field, was dry, ROC's good run with the drill bit resumed when Cliff Head-3 and its twin sidetrack provided the Company with excellent results during the month immediately following Quarter-end.

In some respects, ROC's departure from Senegal and Mongolia presented the Company with what could have been two difficult decisions, largely because of the high regard the Company has for the relevant Government authorities in those countries. However, the positive direction in which the rest of ROC's portfolio has developed during the last 18 months gave the Company a simple choice: continue to fine-tune its focus on core areas which are yielding very encouraging results or run the risk of spreading executive time and energy too thinly and thereby jeopardise the Company's ability to realise the value of its core assets. Faced with that stark choice, the decision to withdraw from Mongolia and Senegal was relatively straightforward.

By the time shareholders read this Quarterly Report, the main corporate news item for ROC will be the results from the Cliff Head side track well, CH-3-ch1, which was production tested during 25-27 January 2003, the Australia Day weekend. The test flowed 3,000 barrels of 33° API oil per day via a down hole electric submersible pump through a 28/32 inch choke. The flow was restricted by surface facilities. This is a landmark flow for the Company and for the offshore Perth Basin, which has never before yielded a significant flow of oil. The test confirms a new productive trend and ROC considers itself fortunate to have large equity in, and operatorship of, seven million contiguous acres on trend from Cliff Head.

The CH-3-ch1 result extends ROC's run of drilling success. Since January 2001 the Company has participated in the drilling of 15 wells of which 11 (73%) encountered significant, measurable, hydrocarbons, which either flowed oil/gas at potentially commercial rates or would have done so if the relevant well had been tested. In particular, CH-3-ch1 delivered the "four digit" oil flow that the Company has been seeking, as referred to in the "Shareholders Update" released to the ASX on 27 November 2002.

During the remaining 11 months of 2003, ROC expects to participate in the drilling of a further 11 to 20 exploration and appraisal wells, all funded internally without reference to fresh capital raising, additional debt or farmout. If the drilling success that ROC has achieved over the last two years can be maintained during the forthcoming programme, the Company's fundamental value will increase substantially.

2. STATISTICS

2.1 PRODUCTION

OIL AND NGLS (BBL)	September '02 Qtr	December '02 Qtr	Change
UK – Onshore Oil (Keddington)	3,051	3,976	+30%
UK – Onshore NGL (Saltfleetby)	32,206	44,009	+37%
GAS (MCF)			
UK – Onshore (Saltfleetby)(1)	2,238,570	2,799,480	+25%
TOTAL PRODUCTION (BOEPD)	**4,439**	**5,593**	**+26%**

Note

(1) The Saltfleetby Gas Field remained on stream throughout the Quarter. During the previous quarter, ROC shut in production from the field for a total of 21 days during periods of low spot gas prices in the UK summer.

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2.2 SALES REVENUE (Unaudited)

	September '02 Qtr $'000	December '02 Qtr $'000	Change
UK Oil and NGLs	1,125	1,434	+27%
UK Gas	8,091	16,524	+104%
Total	**9,216**	**17,958**	**+95%**

2.3 EXPENDITURE (Unaudited)

	September '02 Qtr $'000	December '02 Qtr $'000
Exploration		
Australia	389	2,629
UK	926	1,166
Other International	4,842	4,466
Development		
Australia	-	-
UK	1,824	424
Other International	-	-
Total	**7,981**	**8,685**

2.4 DRILLING

Category	Well % Interest	Location	Operator	Comment at End of Quarter
Exploration	East-Tsagaan Els-1 50%, carried	East Gobi Basin, Mongolia	The well was drilled and managed by farmee Dongsheng Jinggong Petroleum Development Group Co. Limited	The well started drilling on 29 August 2002 and was suspended on 19 December 2002 after production testing yielded sub-commercial oil (see section 5.4.1).
Exploration/ Appraisal	Chinguetti-4-4 2.4%	Block 4, PSC B Offshore Mauritania	Woodside Mauritania Pty Ltd	The well started drilling on 26 September 2002 and was plugged and abandoned on 14 October after encountering a 114 metre gross oil column (see section 5.3.2).
	Chinguetti-6-1 (Thon) 5%	Block 6, PSC C Offshore Mauritania	As above	The well started drilling on 20 October 2002 and was plugged and abandoned on 7 November 2002 as a dry hole (see section 5.3.2).

POST-QUARTER

Appraisal	Cliff Head-3 and CH-3-ch1 30%	WA-286-P Offshore Perth Basin	ROC	The well was drilled to a total depth of 1,408 metres and intersected a 48 metre gross oil column. During a 25-27 January 2003 production test the well flowed oil at a stabilised rate of 3,000 BOPD constrained by surface facilities. The flow was through a 28/64 inch choke via a downhole electric submersible pump.

2.5 SEISMIC

Type	Location	Operator	% Interest	Size	Comment at End of Quarter
3D	Block 1, Offshore Mauritania	Dana Petroleum plc	2	1,342 sq km	Completed.
2D	WA-286-P Offshore Perth Basin	ROC	30	46.7 km	Completed.
2D	WA-325-P Offshore Perth Basin	ROC	37.5	2,106 km	Completed.
2D	WA-327-P Offshore Perth Basin	ROC	37.5	571.5 km	Completed.

3. PRODUCTION

All production for the Quarter was from the Saltfleetby Gas Field and the Keddington Oil & Gas Field, both onshore UK.

3.1 GAS PRODUCTION

Total gas production for the Quarter was 2.82 BCF (30.7 MMSCF/D), up 26% on the previous quarter. The increase was due to the continued strong performance from the Saltfleetby-5 well, that was recompleted during late August 2002, and a full quarter of production with no field shut-ins. During the previous quarter, the field was shut-in by ROC for 21 days during July and August 2002 in response to low gas prices during the UK summer. The higher gas prices experienced during 4Q02 confirmed the validity of this strategy.

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3.2 OIL AND CONDENSATE PRODUCTION

Oil production for the Quarter was 3,976 BBL (43 BOPD) up 30% on the previous quarter.

Total condensate production for the Quarter of 44,009 BBL (478 BCPD) up 37% on the previous quarter. This was due mainly to the increased gas production, although a small increase in the condensate yield from the Saltfleetby gas stream was also observed.

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3.3 SALES REVENUE

Quarterly sales revenue was $18.0 million; up $8.7 million (95%) on the previous quarter.

The average sales gas price received was 19.1 pence per therm (approximately $5.90 per MCF), up 53% on average sales gas prices received during the previous quarter.

4. DEVELOPMENT

4.1 UK ONSHORE

UK onshore development expenditure for the Quarter was $0.2 million, primarily associated with the Saltfleetby-5 well recompletion.

4.2 UK OFFSHORE

UK offshore development expenditure for the Quarter was $0.2 million mainly related to work in preparation for the appraisal of the Ettrick Field.

5. EXPLORATION AND APPRAISAL

5.1 AUSTRALIA

Australian exploration expenditure for the Quarter was $2.6 million, all of which related to ROC's activities in the offshore Perth Basin, Western Australia.

5.1.1 WA-286-P, Perth Basin, Offshore Western Australia (ROC: 30% and Operator)

On 29 October 2002, ROC commenced a small 2D seismic survey in WA-286-P. The purpose of the survey was to further define precise locations for the Cliff Head appraisal drilling programme which was due to start in January 2003 (see Section 7.1). The seismic survey was completed on 30 October 2002 and acquired 47 kms of data. Interpretation of the data was completed during December 2002.

Detailed planning for the 2003 drilling programme continued during the Quarter. On 15 December, the ENSCO 53 jack-up rig departed Singapore, arriving on location offshore Dongara on 2 January 2003. Subsequent to the end of the Quarter, the Cliff Head-3 Appraisal well commenced drilling on 6 January 2003 (see Section 7.1).

5.1.2 TP/15, Perth Basin, Offshore Western Australia (ROC: 20% and Operator)

Planning for the 2003 drilling programme continued during the Quarter with at least one, and possibly as many as three, wells scheduled to be drilled in this permit.

5.1.3 WA-325-P, Perth Basin, Offshore Western Australia (ROC: 37.5% and Operator)

During the Quarter, ROC farmed out a 17.5% interest in this permit to Apache Northwest Pty Ltd ("Apache") (see Section 6.2).

On 30 October 2002, ROC commenced recording a 2,106 km 2D seismic survey in this licence. Recording was completed on 16 November 2002 and the data are being processed in Perth.

5.1.4 WA-327-P, Perth Basin, Offshore Western Australia (ROC: 37.5% and Operator)

During the Quarter, ROC farmed out a 17.5% interest in this permit to Apache (see Section 6.2).

On 16 November 2002, ROC commenced recording a 572 km 2D seismic survey in this licence. Recording was completed on 22 November 2002 and the data are being processed in Perth.

5.2 UK

UK exploration expenditure for the Quarter totalled $1.2 million, the majority of which was spent on processing and interpretation of 2D and 3D seismic data acquired over ROC's onshore acreage.

5.2.1 UK Onshore

Following the acquisition, processing and interpretation of 2D and 3D seismic during the year, a number of exploration prospects have been identified in ROC's onshore UK acreage. At least three prospects are planned to be drilled as part of a drilling programme scheduled to commence in June/July 2003.

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

  The final processed version of the 131 sq km Immingham and the 254 sq km Lincs Wolds 3D seismic surveys, acquired IH02 were received. Interpretation is essentially complete.

  Two potential surface locations for drilling are being reviewed for prospects defined in the early stages of interpretation.

  An additional merged volume of the Lincs Wolds and Saltfleetby 3D surveys has been completed giving improved definition over the Keddington Oil & Gas Field.

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

  Evaluation work in this area continued during the Quarter.

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

  Interpretation of the 50 sq km Bempton 3D seismic survey continued during the Quarter.

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

  Reprocessing of old 2D seismic data around the Old Hills prospect was completed. A surface site for drilling the Old Hills-1 exploration well has been identified and an application has been made to the relevant Local Planning Authority for planning approval to drill the well.

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

  Work continued through the Quarter with regard to the Errington Prospect. Planning approval to drill an exploratory well adjacent to Hadrian's Wall, a World Heritage Site, was granted by Northumberland County Council.

5.2.2 North Sea

Activity leading relating to potential development proposals for the Ettrick, Blane, Enoch and J1 fields slowed during the Quarter as a result of the operator, Enterprise Oil UK Limited, being taken over by Shell International Exploration & Production Inc.

The P.272 (Block 20/7a) Joint Venture (ROC 12.4%), operated by EnCana, has approved the drilling of an exploration well on the Squirrel Prospect, some 18 km to the east of EnCana's recently discovered Buzzard Oil Field which has more than 400 MMBO recoverable. The well is expected to be drilled during March-April 2003.

5.3 WEST AFRICA

Exploration expenditure in West Africa totalled $2.8 million for the Quarter.

West African exploration activities for the Quarter were primarily associated with drilling operations at the Chinguetti Oil Field and on the Thon Prospect and a 3D seismic survey, all offshore Mauritania.

Planning activities for a potential security survey in the Cabinda South Block, onshore Angola were progressed.

5.3.1 Senegal (ROC: 46.25% and Operator)

After three years actively assessing the potential of the area, ROC and its co-venturer, Woodside Energy (Senegal) Pty Ltd decided to let the Production Sharing Contract for Casamance Blocks I, II and III lapse in good standing when its term expired on 31 December 2002. ROC has no further interest in Senegal. As advised in ROC's release to the ASX dated 29 November 2002, the Company expects to make a $2.5 million write down of Exploration Expenditure as a result of its withdrawal from Senegal.

5.3.2 Mauritania (ROC: 2.0-5.0%)

The Chinguetti 4-4 well, an appraisal well on the downthrown block of the Chinguetti structure, located 1.5 km to the east of Chinguetti-1, commenced drilling on 26 September 2002. The well reached a total depth of 2,986 metres and was plugged and abandoned, as planned, after proving a 114 metre gross oil column. All available data are currently being analysed with a view to determining the commercial viability of a development.

The wildcat exploration well, Chinguetti-6-1, on the Thon Prospect in Area C, Block 6, approximately 150 km north of the Chinguetti Field, started drilling on 20 October 2002. After reaching Total Depth of 3,294 metres, the well was plugged and abandoned as a dry hole. Since mid-2001 ROC has participated in the drilling of six wells offshore Mauritania and the Chinguetti-6-1 well was the first dry hole. The well was the last in a sequence of four wells drilled during July to November 2002.

Dana Petroleum plc, Operator of Block 1, carried out a 1,342 sq km 3D seismic survey in the central part of the block. The survey commenced on 12 October 2002 and was completed on 16 November 2002. The data from the survey are being processed.

5.3.3 Equatorial Guinea (ROC: 35% and Technical Manager)

Final interpretation of the offshore 3D seismic data continued during the Quarter and a diverse inventory of drilling prospects has been established.

As advised in various ROC ASX releases during 4Q02, on 12 November 2002, as a result of discussions between Atlas Petroleum Ltd, the designated Operator of Blocks H-15 and H-16, and the relevant Equatorial Guinea Government authorities, the terms of the production sharing contract for those blocks were improved. According to ROC's current understanding, the terms are now more closely aligned to the terms contained in other production sharing contracts in deepwater areas offshore Equatorial Guinea. As a result of this improvement, ROC's equity in the production sharing contract was finalised at 35%. There was no change to ROC's status as Technical Manager.

5.3.4 Angola (ROC: 45% and Operator)

ROC continued to make the various preparations necessary to allow it and its co-venturers to consider activating the Production Sharing Contract relating to the Cabinda South Block, which has not been subject to any exploration activity for almost thirty years, despite the fact that it is adjacent to and partially on structural trend from substantial offshore oil discoveries.

ROC, on behalf of the Cabinda South Joint Venture, is arranging for an independent assessment of the prevailing security risks in the Block to be undertaken. The results of this study are considered to be a significant prerequisite for the resumption of exploration activities in the area.

5.4 EAST ASIA

ROC's exploration expenditure in East Asia totalled $1.7 million for the Quarter.

5.4.1 Mongolia (ROC: 50% carried interest)

The East Tsagaan Els-1 exploration well started drilling on 29 August 2002 and reached a total depth of 2,082 metres on 5 October 2002. Logging of the well was carried out and a number of thin sands with oil shows were identified. Dongsheng Jinggong Petroleum Development Group Co. Limited ("Dongsheng"), which was farming in by carrying ROC 100% through the cost of the drilling programme and managing well operations, decided to test three of these sands. These tests yielded sub-commercial oil and the well was subsequently plugged and abandoned.

The results of East Tsagaan Els-1 well caused ROC to elect to withdraw from the 97 Production Sharing Contract, its last remaining interest in Mongolia. ROC's withdrawal will take effect during the first quarter of 2003. As advised in ROC’s release to the ASX dated 11 December 2002, the Company expects to make an approximate $8 million write down of Exploration Expenditure as a result of its withdrawal from Mongolia.

5.4.2 Offshore China (ROC: 40% and Operator)

Processing of the 421 sq km Beibu 22/12 3D seismic survey, acquired between 27 July 2002 and 3 September 2002, was carried out at Veritas DGC’s processing centre in Singapore. At the end of the Quarter, the processing was 85% complete. Initial results are considered to be encouraging.

6. CORPORATE

6.1 GAS PRICE HEDGING

During the Quarter, ROC, through wholly owned subsidiaries in the UK, entered into a gas price hedging contracts with Halifax Bank of Scotland covering a portion of ROC's 2003 gas production. Under the hedge contracts, the following volumes of gas were hedged at fixed prices for periods during 2003.

Period	Volume (Therms/day)	Price (Pence/Therm)	Price (A$/MCF) – approximate
Q1 2003	25,000	25.30	7.80
February 2003	25,000	26.50	8.20
March 2003	25,000	22.25	6.90
Q2 2003	25,000	17.65	5.50
Q3 2003	**25,000**	**16.55**	**5.10**

In addition to this hedging, ROC has existing hedging in place for the first quarter 2003 for a volume of 50,000 therms/day at a price of 24.2 pence per therm (approximately $7.50 per MCF), approximately 20% above the current forward curve.

Subsequent to the end of the Quarter, the following additional gas price forward sales were made with Innogy plc:

Period	Volume (Therms/day)	Price (Pence/Therm)	Price (A$/MCF) - approximate
January 2003	25,000	25.10	7.75
March 2003	50,000	18.75	5.80
Q2 2003	25,000	15.25	4.70

6.2 WA-325-P AND WA-327-P (ROC: 37.5% AND OPERATOR)

The WA-325-P and WA-327-P joint venturers collectively agreed to farmout a total interest of 37.5% (of which ROC's contribution was 17.5%) to Apache Northwest Pty Ltd ("Apache"), a wholly-owned subsidiary of US-based Apache Energy, in consideration for Apache funding 56.25% of the Year One work programme costs up to a maximum of $7.5 million. As a result of the farmout, ROC holds a 37.5% interest in each of the permits and retains operatorship of both.

6.3 RECEIPT OF "INDEPENDENT OIL PLAYER OF THE YEAR - AFRICA" AWARD

At the 9th Annual Africa Upstream Oil and Gas conference organised by Global Pacific & Partners in Cape Town during October 2002, ROC received the "Independent Player of the Year 2002 Award" for *"entry into diverse plays in Africa, new venture developments, creative strategy, new relationships, investment in start-up player Osprey Oil and Gas and recognition amongst peers inside Africa and world wide."*

6.4 WEBSITE

During the Quarter, ROC's website (www.rocoil.com.au) received approximately 13,754 visits (where a visit is an occasion when one or more of the website pages have been opened). This represents a quarterly high for the year compared to approximately 5,359, 10,935 and 12,600 visits for the first three quarters respectively.

7. POST-QUARTER EVENT

7.1 WA-286-P OFFSHORE PERTH BASIN, AUSTRALIA (ROC: 30% AND OPERATOR)

The 2003 drilling programme for this permit and the adjacent TP/15 consists of at least three, and as many as possibly eight wells, the first of which, Cliff Head-3 ("CH-3") commenced on 6 January 2003.

The CH-3 surface location is 2.4 km northwest of the bottom hole location of the Cliff Head-2 well, the sidetracked well drilled as an immediate follow-up to the Cliff Head-1 discovery made on 29 December 2001. CH-3 was drilled as a near-vertical hole to a total depth of 1,408 metres Below Rotary Table ("mBRT") (1,344 metres true vertical depth sub-sea ("TVDSS")), approximately 250 metres southwest of the surface location.

Preliminary analysis of the wireline log data indicated the presence of a 48 metre gross oil column, of which at least 40% is interpreted as net oil pay with moderate to good reservoir characteristics with the possibility of a further 30% of potential net oil pay with what appeared to be poor to moderate reservoir quality. The logs also indicated that the oil-water contact in CH-3 is essentially the same as that encountered in the Cliff Head-1 and Cliff Head-2 wells, respectively, 3.0 km to the southsoutheast and 2.4 km to the southeast of CH-3.

The main CH-3 hole was then plugged and sidetracked below the 9 5/8" casing shoe and a minimal ("twin") sidetrack core and test hole drilled: CH-3-ch1. This sidetrack was drilled and logged to a Total Depth of 1,375 mBRT with two cores being cut in the reservoir section. Preliminary indications suggested that the overall reservoir quality in CH-3-ch1 is somewhat less than that encountered in CH-3. However, between 25 and 27 January 2003, CH-3-ch-1 production tested Permian sandstones over a total 27 metre net drilled interval (from 1,280.5 to 1,288 and from 1,291 to 1,310.5 mBRT, equivalent to 1,213 to 1,220 and 1,223 to 1,224 metres TVDSS) and the rates achieved were significantly better than expected. The well flowed 33.3 degree API oil with a gas oil ratio of 100 cubic feet per barrel, through a down hole electric submersible pump and several different choke sizes. A variety of stabilised rates were achieved up to a maximum of 3,000 BOPD through a 28/54 inch choke. This maximum flow rate was constrained by surface facilities. As previously indicated, and consistent with the pre-drill plan, CH-3-ch-1 was plugged and abandoned, despite the very encouraging results of the production test. The rig is expected to be released from the location on/about 31 January 2003.

The oil flow from CH-3-ch-1 is a landmark event for the offshore Perth Basin: it represents the first significant oil flow in that part of the Basin. The drilling results represent a significant step towards realising the commercial potential of the Cliff Head Oil Field, which, during the last 13 months, has been penetrated by four wells, which have established a maximum gross oil column of 48 metres and a common oil-water contact over several square kilometres.

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
"MCF"	means thousand cubic feet
"MMDBRT"	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
''PEDL''	means Petroleum Exploration Development Licence
"Quarter"	means the period 1 October 2002 to 31 December 2002
"ROC"	means Roc Oil Company Limited
"SCF"	means standard cubic feet