



# OIL BASINS LIMITED

ABN 56 006 024 764

## QUARTERLY REPORT JUNE 2009

Oil Basins Limited (ASX code **OBL** or **Company**) is pleased to present its June 2009 Quarterly Report.

### HIGHLIGHTS

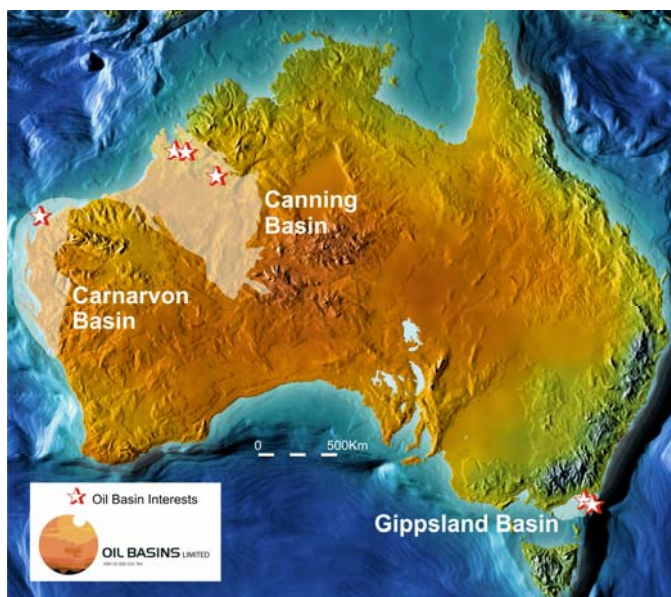
During the June quarter, the Company:

- Issued a Prospectus and successfully raised gross \$595,757 by way of a Renounceable Rights Issue, which was Lead Managed by Patersons Securities Limited.
- Company is advancing its readiness to both fund and drill Backreef-1 and possibly Emika-1 during the second half of calendar year 2009 – whilst the Company has the right but not the obligation to conduct these operations during 2009, the directors maintain (as detailed in the Company's Rights Issue Prospectus) all of OBL's interests are presently available for Farm-in / Divestment and should both an appropriate drilling rig become available and a funding opportunity arise, OBL will seek to negotiate such an outcome.
- Presently Farm-In / Divestment discussions with Vic/P41 and Canning Basin assets continue. Should any of these discussions lead to a successful farmout or a partial divestment of the Company's Rights on acceptable terms, OBL will make an immediate announcement to the ASX;
- Subsequent to the end of the quarter, the Company appointed a new highly experienced independent director Mr Nigel Harvey to replace Mr Graeme Menzies who resigned as a director on 30 June 2009.

### COMPANY'S EXPLORATION INTERESTS

OBL holds rights to or interests in three (3) offshore and three (3) onshore petroleum exploration permits in Australia (**Figure 1**), as follows:

- 12.5% Rights to Vic/P41 situated in offshore Gippsland Basin,
- 17% interest in Vic/P66 situated in offshore Gippsland Basin,
- 80% Rights to Backreef Area, onshore Canning Basin,
- 20% Rights to DR9 situated in onshore Canning Basin,
- 50% interest in EP5/07-8 situated in onshore Canning Basin, and
- 25% interest in R3 situated in offshore Carnarvon Basin.



**Figure 1**  
Oil Basins Exploration Interests

## A. EXPLORATION ACTIVITIES

### GIPPSLAND BASIN – VIC/P41

**Location – Bass Strait** (refer to **Figure 2**)

**Ownership (OBL - Rights to 12.5%)**

The Vic/P41 Joint Venture consists of:

Bass Strait Oil Company Ltd (ASX code: BAS)	45% and Operator
Moby Oil & Gas Limited (ASX code: MOG)	30% (reducing to 25% - subject to farmin by OBL)
Strategic Energy Resources Limited (ASX code: SER)	25% (reducing to 17.5% - subject to farmin by OBL)
<b>Oil Basins Limited, or nominee (ASX code: OBL)</b>	<b>12.5% (subject to farmouts by MOG and SER)</b>
Over-riding Royalties	Nil

#### Update

Permit Vic/P41 is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast (see location map **Figure 2**).

The 2008 2D survey recorded a total of 295 km of new seismic data in the east of the permit and has fulfilled the Year 3 work program commitment, which called for a 250 km 2D seismic survey to be acquired by September 2009.

The Joint Venture accelerated the completion of the 2D seismic commitment in order to better define the eastern area of the permit, where several leads were defined only on sparse existing data. Interpretation and mapping of the 2008 2D seismic data and re-processed older data has confirmed the potential of the eastern area of the Vic/P41 permit. The Lead A, Junger and Wilde features, previously defined only on sparse older data, all demonstrate structural closure based on the updated mapping. Lead A also exhibits anomalous amplitude responses that may be indicative of hydrocarbons and which warrant further investigation (130 MMbbls mapped potential).

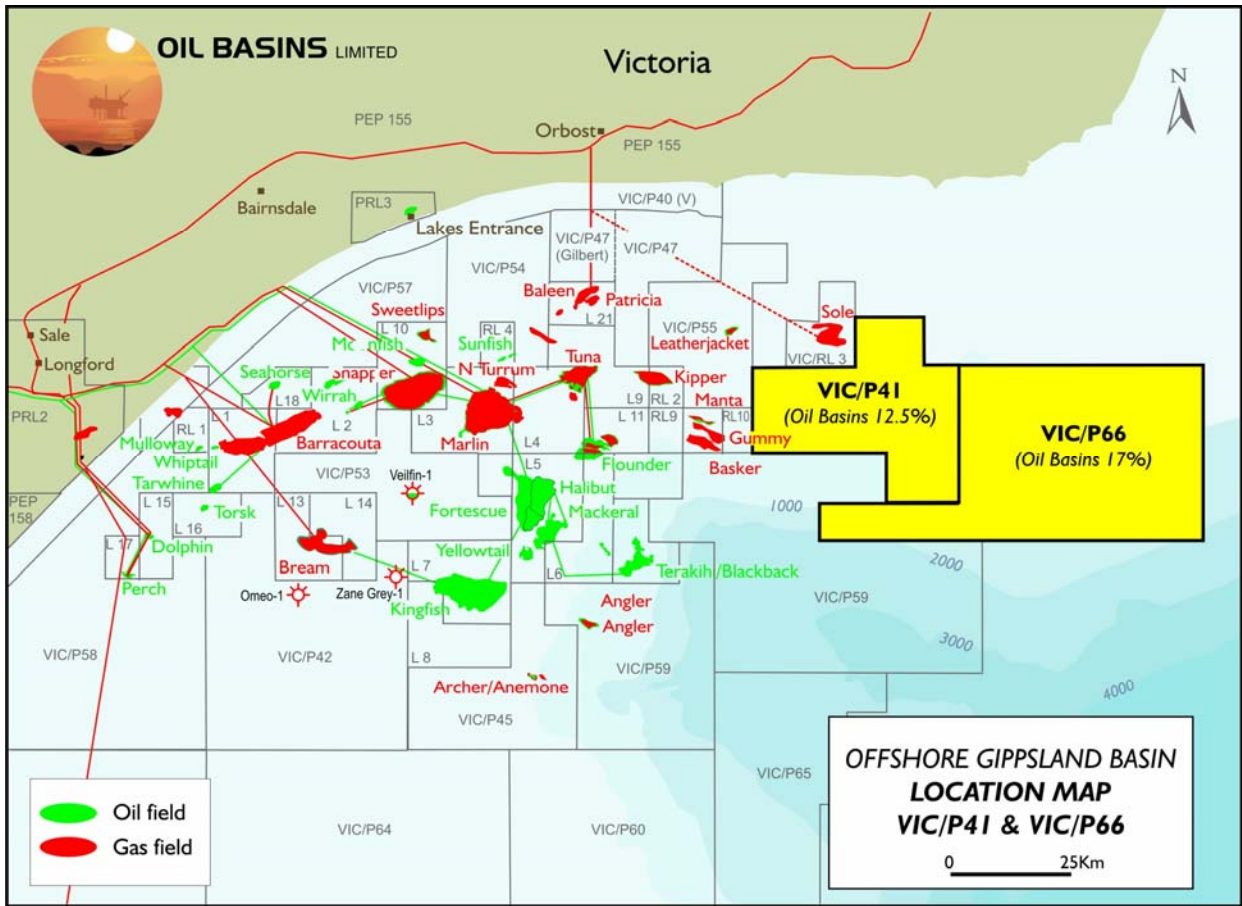
The 2D seismic interpretation project also integrated updated mapping of the Oscar prospects which highlighted the potential of the Oscar East prospect. Oscar East is defined on 3D seismic and is on trend with, and analogous to, the producing Basker/Manta/Gummy (BMG) fields which are outside and to the west of the Vic/P41 permit. BMG commenced oil production in December 2006. Modern 3D seismic data also defines several large prospects along the Rosedale Fault trend in the north of the permit. These prospects are interpreted as analogous to the Kipper oil and gas field which lies on-trend and also outside and to the west of Vic/P41. Development plans for Kipper have been announced, targeting first production for 2011.

While the 3D-defined prospects in Vic/P41 are ready to be tested (based upon the Oscar 3D survey – which was partially funded by OBL IPO proceeds, the Operator BAS has delineated 6 drill ready prospects within the permit with gross mapped P50 potential of 419 MMbbls oil and 2.092 Tcf gas – prospective potential resources (50% probability) – **refer to the BAS ASX Release dated 1 May 2007**). The timing of any potential drilling is dependent on the availability of a semi-submersible drilling rig slot in the Gippsland Basin (with current scheduling indicating potential availability in late 2009) and on the progress of farmout negotiations.

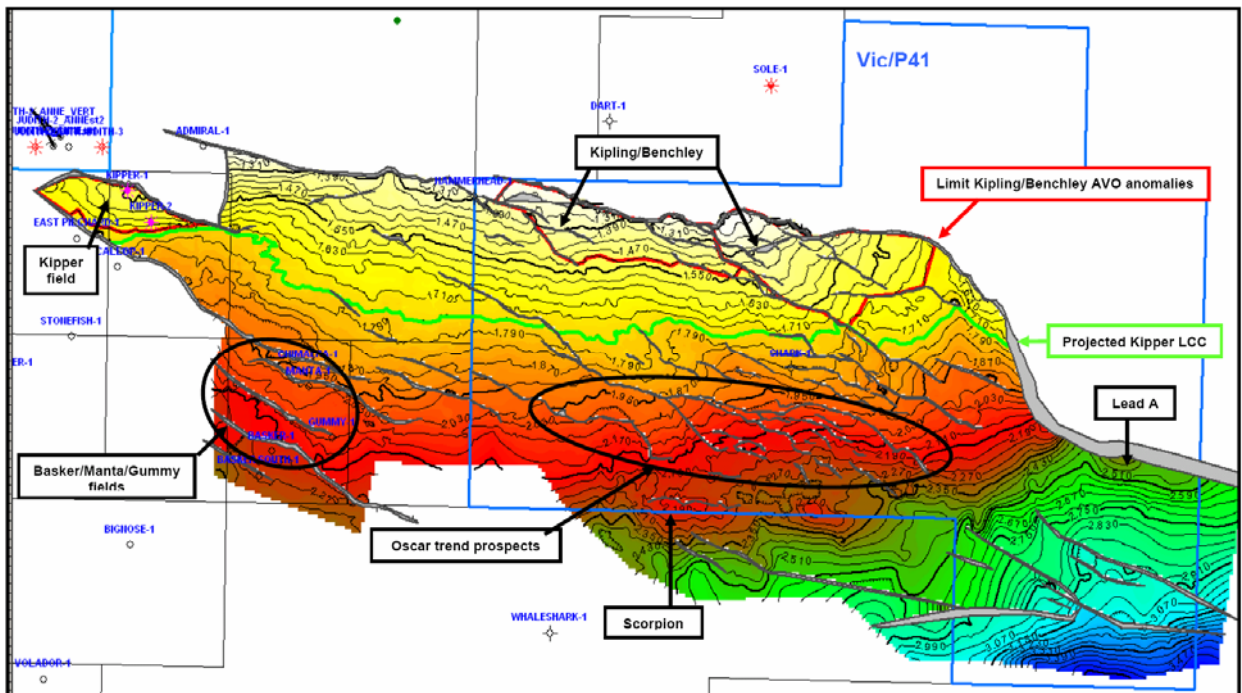
The Vic/P41 Permit is presently well over 6 months ahead of its work program obligations. In the interim, the Operator BAS has applied for a swap of current Year 4 to Year 5 commitments which if successful will see the obligation well deferred until September 2011. **If successful OBL's work program obligation throughout the remainder of the revised Year 4 work program 2009/10 is estimated at a modest \$30,000.**

As stated in the recent Rights Issue, it is the Company's firm intention to farmout Vic/P41. **During the quarter, the Company has held and presently continues to hold confidential discussions with Third Parties with respect to a strategic farmin into a portion of OBL's Rights to Vic/P41.**

Should any of these discussions lead to a successful farmout or partial divestment of the Company's Rights on acceptable terms, OBL will make an immediate announcement to the ASX.



**Figure 2**  
Location of OBL's permit interests in **Vic/P41 & Vic/P66** offshore Gippsland Basin



**Figure 3**  
Permit Vic/P41 illustrating structural relationships between Kipper Field and Kipling/Benchley 3D defined prospects (could form one closure) and the Basker / Manta / Gummy Fields and Oscar prospect trends

## GIPPSLAND BASIN – VIC/P66

**Location – Bass Strait** (refer to **Figure 2**)

**Ownership (OBL – 17%)**

The Vic/P66 Joint Venture consists of:

Bass Strait Oil Company Ltd (ASX code: BAS)	60% and Operator
Strategic Energy Resources Limited (ASX code: SER)	23%
<b>Oil Basins Limited (ASX code: OBL)</b>	<b>17%</b>
Over-riding Royalties	Nil

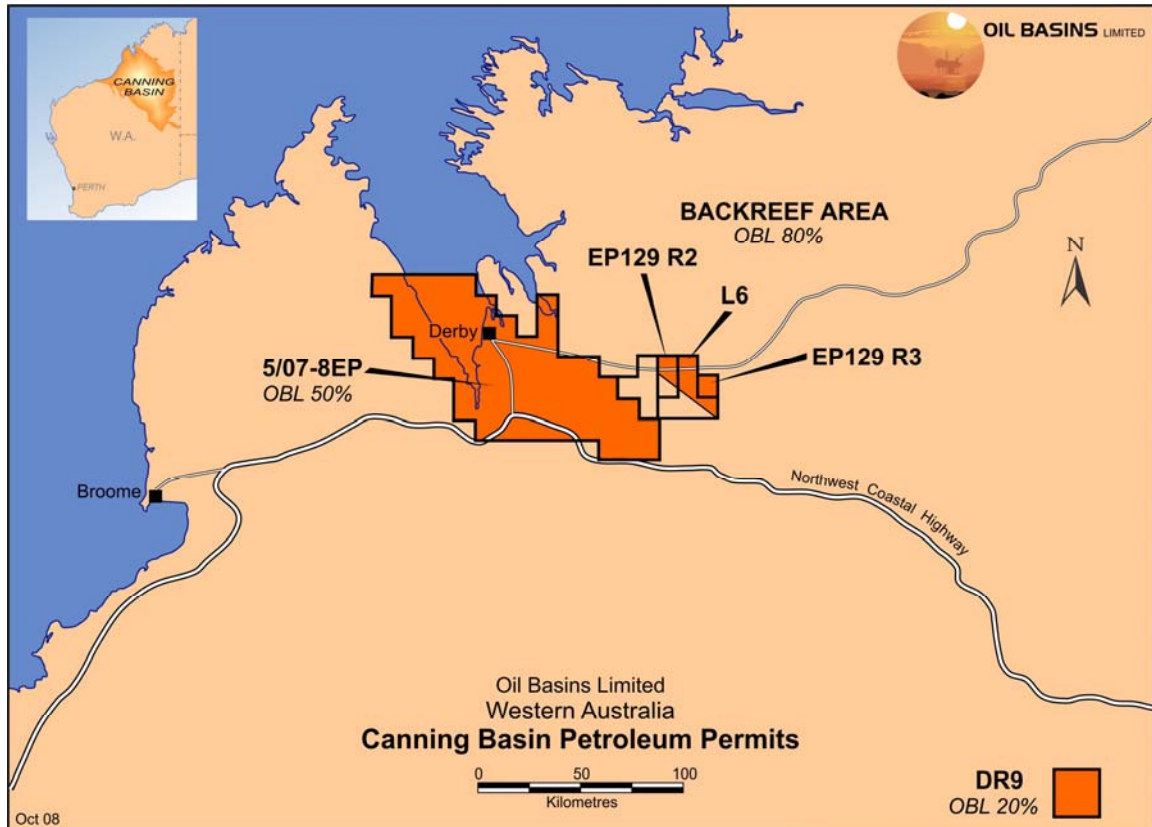
The Vic/P66 permit covers 2,160 square kilometres from approximately 50 kilometres offshore in the eastern Gippsland Basin. It spans water depths from 200 metres to over 2,000 metres. The eastern area of the Gippsland Basin containing Vic/P66 has not been targeted for significant exploration in the past. Distance from established fields and infrastructure and increasing water depths are two factors that likely limited earlier exploration.

The Vic/P66 permit complements and extends a strategic focus of the Company on the southeast Australia region. The Company has rights to farm in for 12.5% of the contiguous Vic/P41, where similar geological concepts are being pursued. Vintage data collection continues by the Operator and the finalization of the Joint Venture Operating Agreement remains pending.

OBL's work program obligations for the remainder of 2009 is considered modest at circa \$30,000 to \$35,000.

## CANNING BASIN – BACKREEF AREA

**Location – onshore Fitzroy Sub-Basin WA** (refer to **Figure 4**) in the Canning Basin



**Figure 4**

Oil Basins Limited's Canning Basin interests (post successful Settlement of ARC Energy Dispute)

## Ownership (OBL - Rights to 80%)

The Backreef Prospect is wholly contained within the Backreef Area which consists of Exploration Permit (EP) 129, Remainder Part 2 (R2) (part thereof) & R3 (all) and Production Licence (L) 6 (part thereof).

Following the completion of the Backreef-1 well, the ownership interests in Backreef Area will be as follows:

Backreef Oil Limited ( <b>BOL</b> ) Notes 1 & 2	20% (Operator)
<b>Oil Basins Limited (ASX code OBL)</b> (or Nominee) Notes 1 & 2	<b>50%</b> (subject to BRU 30% back-in rights)
<b>OBL Backreef No.5 Pty Ltd</b> Notes 1 & 2	<b>5%</b>
<b>OBL Backreef No.10 Pty Ltd</b> Notes 1 & 2	<b>10%</b>
<b>OBL Backreef No.15 Pty Ltd</b> Notes 1 & 2	<b>15%</b>
Titleholder Note 3	Nil% (holds back-in rights to 30% from OBL)

Note 1 Golden Dynasty Resources Ltd retains owns a 2% ORRI payable by Backreef Area JVPs

Note 2 European Gas Limited (ASX code EPG) owns a 3% ORRI payable by Backreef Area JVPs and Budside Pty Ltd owns a 1% ORRI over EP129, but excluding L6 & L8 – these royalties are payable by Backreef Area JVPs.

Note 3 EP129 and L6 Titleholder is Buru Energy Limited.

## Update

**Post Settlement of the Arc Energy Legal Dispute, notwithstanding that there are presently no obligations to drill Backreef-1 during 2009, it remains the Company's objective to create shareholder wealth by way of contracting the drilling the Backreef Prospect as soon as practicable in 2009 and if this is possible fund the Backreef-1 well by way of farmout or divestment of a partial interest in the Backreef Area.**

To assist the farmout / divestment strategy, OBL earlier commissioned an Independent Expert Geologist Report of the Hydrocarbon Potential of the Backreef Area (**refer to comprehensive OBL ASX Release made the 18 February 2009**). This report concluded that the Backreef-1 prospect is highly attractive and drill-ready with the following assessed significant hydrocarbon potential:

	<i>Low Estimate</i>	<i>Median Estimate</i>	<i>High Estimate</i>
<i>Unrisked Potential Recoverable Oil Resource:</i>	141 MMbbl	270 MMbbl	337 MMbbl
<i>Risked Potential Recoverable Oil Resource:</i>	17.6 MMbbl	33.8 MMbbl	42.1 MMbbl
<i>Unrisked Potential Recoverable Gas Resource:</i>	261 BCF	500 BCF	624 BCF
<i>Risked Potential Recoverable Gas Resource:</i>	33 BCF	63 BCF	78 BCF

- Potential reserves calculations indicate that the Backreef Prospect could host unrisked recoverable oil resources of 141 MMbbl, 270 MMbbl and 337 MMbbl in the low, median and high case estimates respectively.
- The corresponding figures for gas, if the Backreef Prospect hosts gas only, are 261 BCF, 500 BCF and 624 BCF respectively.

Whilst there is presently no obligation by OBL to drill Backreef-1 during 2009 nonetheless as stated in the recent Rights Issue, it is the Company's firm intention to undertake the following immediate actions:

- a) take all necessary steps during to access the viability of drilling Backreef-1 during 2009 including rig availability, and
- b) seek an immediate farmout of the Backreef Area (or equivalent) to enable the funding of Backreef-1.

During the June quarter, the Company

- a) has, through the efforts of Operator BOL, sourced a possible suitable rig (1,500m depth capacity) and is presently obtaining further information and engineering assessments prior to assessing the viability of using the same during 2009 and prior to seeking the necessary stakeholder approvals; and
- b) presently continues to hold confidential discussions with Third Parties with respect to a farmin into a portion of OBL's Backreef Area rights or via a straightforward partial divestment of OBL's Group interests.

In addition, the Company successfully applied to the Australian Securities and Investment Commission (**ASIC**) for the change of status of its wholly owned private company subsidiary OBL Backreef No.15 Pty Ltd to public company status and has also renamed this entity as Canning Basin Oil Limited.

## **CANNING BASIN – DRILLING RESERVATION 9**

**Location – onshore Gregory Sub-Basin WA** (refer to **Figure 4**) in the Canning Basin

### **Ownership (OBL - Rights to 20%)**

Following satisfactory execution of a Farm-In Agreement, the joint venture interests will be as follows:

Backreef Oil Limited (BOL)	80% (Operator)
<b>Oil Basins Limited</b> (or Nominee)	<b>20% Rights</b>
Over-riding Royalties	Nil

### **Update**

As detailed in the OBL Half Year Accounts announced to the ASX on March 2009, the Farm-In Option extended to 31 March 2009, but as BOL has presently not obtained all the pre-requisite and necessary Native Title Heritage clearances for the drilling of Emika-1, both parties have agreed that the previously agreed terms be rolled until such time as the earlier of Third Party Farmin or Company sourced funding has occurred.

OBL commissioned an Independent Expert Geologist Report of the Hydrocarbon Potential of the Emika Prospect contained within Drilling Reservation 9 (**refer to comprehensive OBL ASX Release made the 18 February 2009**). This report concluded that the Emika-1 prospect is also highly attractive and drill-ready with the following assessed significant hydrocarbon potential:

	<i>Low Estimate</i>	<i>Median Estimate</i>	<i>High Estimate</i>
<i>Unrisked Potential Recoverable Oil Resource:</i>	32 MMbbl	107 MMbbl	196 MMbbl
<i>Risked Potential Recoverable Oil Resource:</i>	4 MMbbl	13 MMbbl	24 MMbbl
<i>Unrisked Potential Recoverable Gas Resource:</i>	102 BCF	330 BCF	609 BCF
<i>Risked Potential Recoverable Gas Resource:</i>	13 BCF	41 BCF	76 BCF

- Potential reserves calculations indicate that the Emika Prospect could host combined unrisked recoverable oil resources of 33 MMbbl, 107 MMbbl and 195 MMbbl in the low, median and high case estimates respectively.
- The corresponding figures for gas, if the Emika Prospect hosts gas only, are 102 BCF, 330 BCF and 609 BCF.

**During the forthcoming quarter there are presently no permit work program obligations as no well is due to be drilled in DR9 until by 30 June 2010.**

OBL is exploring the feasibility of bringing forward the timing of Emika-1 drilling to be in alignment with the potential of either a successful farmout or funding of the Backreef-1 prospect occurring and with the potential sourcing of a possible rig being managed/coordinated.

Should this OBL initiative be successful, interests in DR9 maybe further revised or extended by agreement between the parties and / or OBL Group entities.

## CANNING BASIN – PERMIT 5/07-8 EP

Location – onshore Fitzroy Sub-Basin WA (refer to **Figure 4**) in the Canning Basin

### Ownership (OBL - 50%)

Following satisfactory execution of stakeholder and authorities agreements, the joint venture interests will be as follows:

Backreef Oil Limited	50% (Operator)
<b>Oil Basins Limited</b> (or Nominee)	<b>50%</b>
Over-riding Royalties	Nil

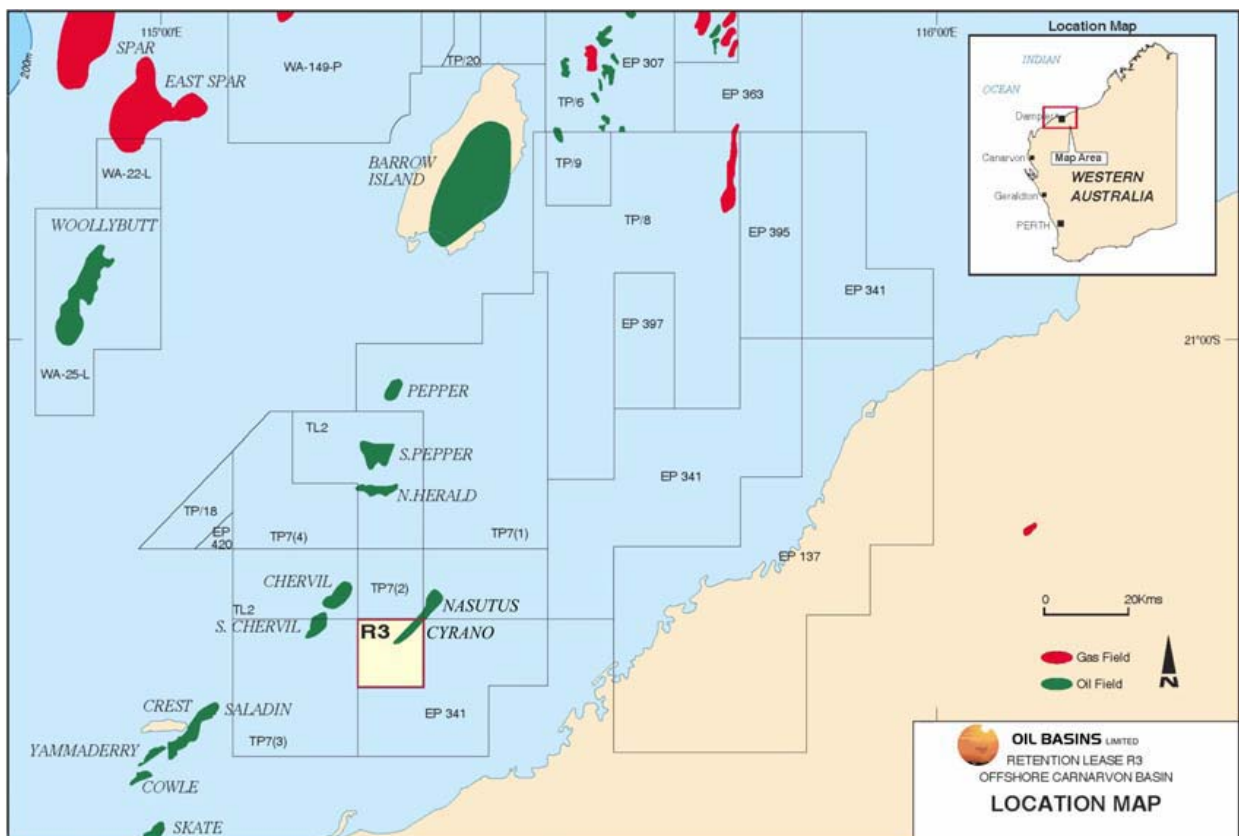
### Update

The Operator has advised that meetings have continued to be held last month and some progress is being made with formal negotiations with respect to the relevant stakeholders Native Title Claim over the application area.

**This is expected to take some time so no significant expenditures are anticipated to occur until approval from all relevant stakeholders and authorities are attained.**

## CARNARVON BASIN – RETENTION LEASE R3

Location – offshore (shallow water) Carnarvon Basin WA (refer to **Figure 5**)



**Figure 5**  
Location of Retention Lease R3 (Cyrano), Offshore Carnarvon Basin

## Ownership (OBL - 25%)

Tap (Shelfal) Pty Ltd (TAP Oil, a wholly owned subsidiary of Tap Oil Limited)	75% (Operator)
<b>Oil Basins Limited</b>	<b>25%</b>
Over-riding Royalties	Nil

## Update

As previously advised, the Company's 25% interest was formally assigned by Joint Venture partners in September 2008 and was formally registered by the Western Australia Department of Mines and Petroleum (DMP) in late January 2009.

**The present work program obligations amount to a gross \$20,000 of geological and geophysical studies per annum. Company obligations are therefore net \$5,000 per annum plus 25% of Operators expenses. To date, no new work has been reported by the Operator, TAP Oil (parent ASX code TAP) during the quarter.**

## B. CAPITAL RAISING

OBL successfully carried out a Placement and Rights Issue during the first half of 2009.

### (a) Placement and Rights Issue – Completed during the June Quarter.

Oil Basins Limited appointed Patersons Securities Limited (Patersons) by way of an executed mandate letter dated 12 March 2009 as Lead Manager and Underwriter to a Placement of 5 million new (ASX code **OBL**) ordinary shares at 1.0¢ per share immediately followed by a partially underwritten (as to \$250,000 by Patersons) 3 for 2 Rights Issue of 59,875,661 new (ASX code **OBL**) ordinary shares issued at 1.0¢ together with approximately 59,896,384 free attaching new class listed options (ASX code **OBLOA**) issued on the basis of a free attaching 1 for 3 new class listed option (exercisable at 1.5¢ by 30 June 2012) to Rights subscribers, and 1 for 2 Sub-underwriter commitment similar new class listed options, and issue of 10,000,000 free directors and management new class listed options (which together raised a gross amount of \$645,757).

The partially underwritten Rights Issue Prospectus was lodged with ASIC on 24 March 2009 and following formal approval by relevant authorities, the Rights Offer was posted to all shareholders on 7 April 2009. The Rights Issue closed on 23 April 2009.

At a General Meeting of shareholders subsequently held on 30 April 2009, OBL shareholders approved amongst other items the issue of new class listed options to Rights Sub-underwriters and directors.

On 15 May 2009, OBL announced a final shortfall allotment of 30,337,075 ordinary shares and 10,112,359 free attaching options comprising the final underwritten shortfall. In addition, a further 15,168,538 additional shortfall placement options (ASX code **OBLOA**) have been issued under the Company's 15% placement capacity.

Capital raising fees were 6% on all funds raised and net capital raising fees amounted to \$130,377.

### (b) Capital Structure Post-Rights Issue

The effect of the Rights Issue on Oil Basins' capital structure is set out below:

Item	Shares	Options Exercisable at \$0.20 up to 30/09/09	Options Exercisable at \$0.015 up to 30/06/12
	ASX Code: <b>OBL</b>	ASX Code: <b>OBLO</b>	ASX Code: <b>OBLOA</b>
Shares and Options on issue prior to the Rights Issue	39,717,107	33,969,991	
New Shares and New Options pursuant to Rights/Shortfall	59,575,661	-	55,127,087
<b>Total Number of Securities on issue after Rights Issue</b>	<b>99,292,768</b>	<b>33,969,991</b>	<b>55,127,087</b>

## C. CORPORATE

During the June quarter:

- a) As detailed in the Company's Right Issue Prospectus all of OBL's interests are presently available for farm-in. Subsequently, OBL prepared and successfully executed Confidentiality Agreements with Third Parties for (i) Vic/P41 Gippsland interests (both international and domestic), (ii) R3 (Cyrano) Carnarvon Basin interests and subsequent to the quarter (iii) all of its Canning Basins interests.
- b) Presently farm-out / divestment discussions with Vic/P41 and Canning Basin assets continue. Should any of these discussions lead to a successful farmout or a partial divestment of the Company's Rights on acceptable terms, OBL will make an immediate announcement to the ASX.
- c) The Company successfully applied to ASIC for the formal change of status of its wholly owned entity OBL Backreef No.15 Pty Ltd to public company status and has also renamed this entity as **Canning Basin Oil Limited**.
- d) OBL unsuccessfully bid for a non-operated offshore production property by sealed tender (after first using its specialist consultants to review the petroleum assets). As required by the Vendor all terms and information remain confidential.
- e) Work continues to finalise technical assessment reports on various permits held by SER, although final reports have been inadvertently delayed due to consultants' availability to finalise/peer review the reports.
- f) Company continues to screen both investment and Third Party opportunities.

Subsequent to the quarter, following the resignation of independent director Mr Graeme Menzies on 30 June 2009, the Company appointed a new independent director Mr Nigel Harvey. Mr Harvey previously worked for two decades in the financial markets for Chase Manhattan, Barclays, JPMorgan and Macquarie in marketing financial and commodity derivatives and other banking services to Australian and Asian customers and has subsequently become an independent consultant and director. His previous background of almost a decade in business journalism covering the Middle-East and oil related topics equipped him with a strong industry knowledge which he has applied to delivering tailored risk management and hedging solutions for producers, airlines and other clients across the Asia Pacific region.

Mr Menzies was a founding director of the revitalized Oil Basins Limited in June 2006 and the Company wishes to thank him for his exemplary services.

## D. CASH POSITION

Cash held at 30 June 2009 was \$0.301 million and the Company has no significant creditors.

This Quarterly Report will be available on the Company's website [www.oilbasins.com.au](http://www.oilbasins.com.au)

30 July 2009

## DISCLAIMER

Prospective Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from undiscovered accumulations. Investors should not infer that because “prospective resources” are referred to that oil and gas necessarily exist within the prospects. An equally valid outcome in relation to each of the Company’s prospects is that no oil or gas will be discovered.

Technical Reserves in this preliminary assessment are considered similar to the definition of Contingent Resources (ie Low Estimate and High Estimate) with the following important caveat - it must be appreciated that the risked volumes as reported in terms of undeveloped Contingent Resources and Prospective Resources are risk assessed only in the context of applying ‘Geological Chance of Success’. This degree of risk assessment does not incorporate the considerations of economic uncertainty and commerciality and consequently no future development as such can be assured.

The technical information quoted has been compiled and/or assessed by Company Director Mr Neil Doyle (from a number of sources) who is a professional engineer (BEng, MEngSc - Geomechanics) with over 30 years standing and a continuous Member of the Society of Petroleum Engineers since 1981 (SPE 25 Year Club Member) and by Mr Geoff Geary who is a professional geologist (BSc – Geology) with over 27 years standing and who is also a Member of the Petroleum Exploration Society of Australia. Both Mr Doyle and Mr Geary have consented to the inclusion in this announcement of the matters based on the information in the form and context in which they appear.

Investors should note the ASX materials previously quoted and the important definitions and disclaimers attached.

## GLOSSARY & PETROLEUM UNITS

M	Thousand
MM	Million
B	Billion
bbl	Barrel of crude oil (ie 159 litres)
PJ	Peta Joule (1,000 Tera Joules (TJ))
Bcf	Billion cubic feet
Tcf	Trillion cubic feet (ie 1,000 Bcf)
BOE <sub>6</sub>	Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE – approximately equivalent to 1 barrel of crude equating to 6,000 Bcf dry methane on an energy equivalent basis)
PSTM	Pre-stack time migration – reprocessing method used with seismic.
PSDM	Pre-stack depth migration – reprocessing method used with seismic converting time into depth.
AVO	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic.
TWT	Two-way time

## ABOUT OIL BASINS LIMITED

Oil Basins Limited (**ASX codes OBL & OBLO**) is an ASX listed E&P junior and highly leveraged development company, founded in mid-2006 and lead by a highly experienced team of energy professionals with a fairly unique skills set combining:

- Energy sector investment banking (capital raising/project financing, acquisition & divestment and corporate mergers & acquisitions and production hedges/swaps and derivatives).
- Comprehensive operational experience in all facets of upstream and downstream energy sectors – upstream includes all facets of offshore (platform, subsea and FPSO) and onshore oil and gas developments – downstream includes LPG, LNG, CNG, GtL and power generation.
- Key focus areas are Australia, New Zealand, Papua New Guinea and Indonesia where OBL has particular in-house strengths and the experience and skills set to conduct Basins Studies.
- OBL regularly screens new acreage and farmin opportunities and is presently reviewing production acquisition opportunities.
- After conducting its own inhouse technical peer reviews, OBL is presently focusing on farming out all of its acreage interests in the Gippsland, Canning and Carnarvon Basins.

## **DIRECTORS & MANAGEMENT**

Kim McGrath	Chairman
Neil Doyle SPE	Director
Nigel Harvey	Director
Melanie Leydin	Company Secretary
Geoff Geary	Technical Consultant

## **WEBSITE**

[www.oilbasins.com.au](http://www.oilbasins.com.au)