



Oil Basins closer to drilling Canning Basin well

Thursday, 3 July 2008

OIL Basins and Arc Energy's subsidiary Terratek Drilling Tools have agreed to formal protocols for the drilling operations at Backreef-1 in the Blina Back Reef Play joint venture in Western Australia's Canning Basin.

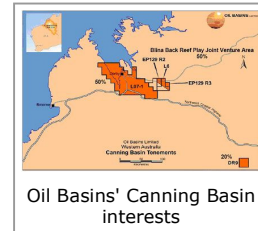
The agreement on a set of protocols will enable operations to be carried out efficiently and is an important step in finalising the Backreef-1 well, Oil Basins said.

Oil Basins added it is working closely with operator Backreef Oil on the necessary preparations and planning for drilling the well.

The agreement is also likely to help Oil Basins with its partial sale of an interest in the Blina Back Reef Play joint venture ahead of drilling Backreef-1.

The company said it remains confident it can farm-out an interest in the JV by August, but added it could satisfy its farm-in obligations in the absence of a suitable drilling rig or drilling of Backreef-1 before 31 August by providing \$1.5 million in funds.

Following the completion of Backreef-1, Oil Basins will have a 50% interest, Terratek Drilling Tools 30% and Backreef Oil 20%.



Oil Basins' Canning Basin interests

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