

The Basker Manta Project

In mid-August project partners Anzon Australia Limited and Beach Petroleum announced that the field development of the \$250 million Basker Manta project in the Gippsland Basin area of Bass Strait had commenced. The Basker-2 appraisal well spudded on August 14th in the Basker oil field, 90 km southeast of Lakes Entrance, with first production from the project due in October 2005.

Basker-2 will deliver the first offshore production for both Anzon and Beach, initially on test at up to 8,000 bopd. The well is the first of at least four proposed subsea production wells to be drilled in the Basker Manta field development. The semi-submersible rig, the *Ocean Patriot*, was expected to take up to 40 days to drill and complete Basker-2 to its total depth of 3,360 m.

In August, Subsea 7 (Australia) Pty. Ltd was awarded the contract by Anzon for the Basker Manta field development. The contract is worth around US\$13 million and includes the installation of the subsea equipment and moorings associated with the Extended Production Test (EPT) Development.

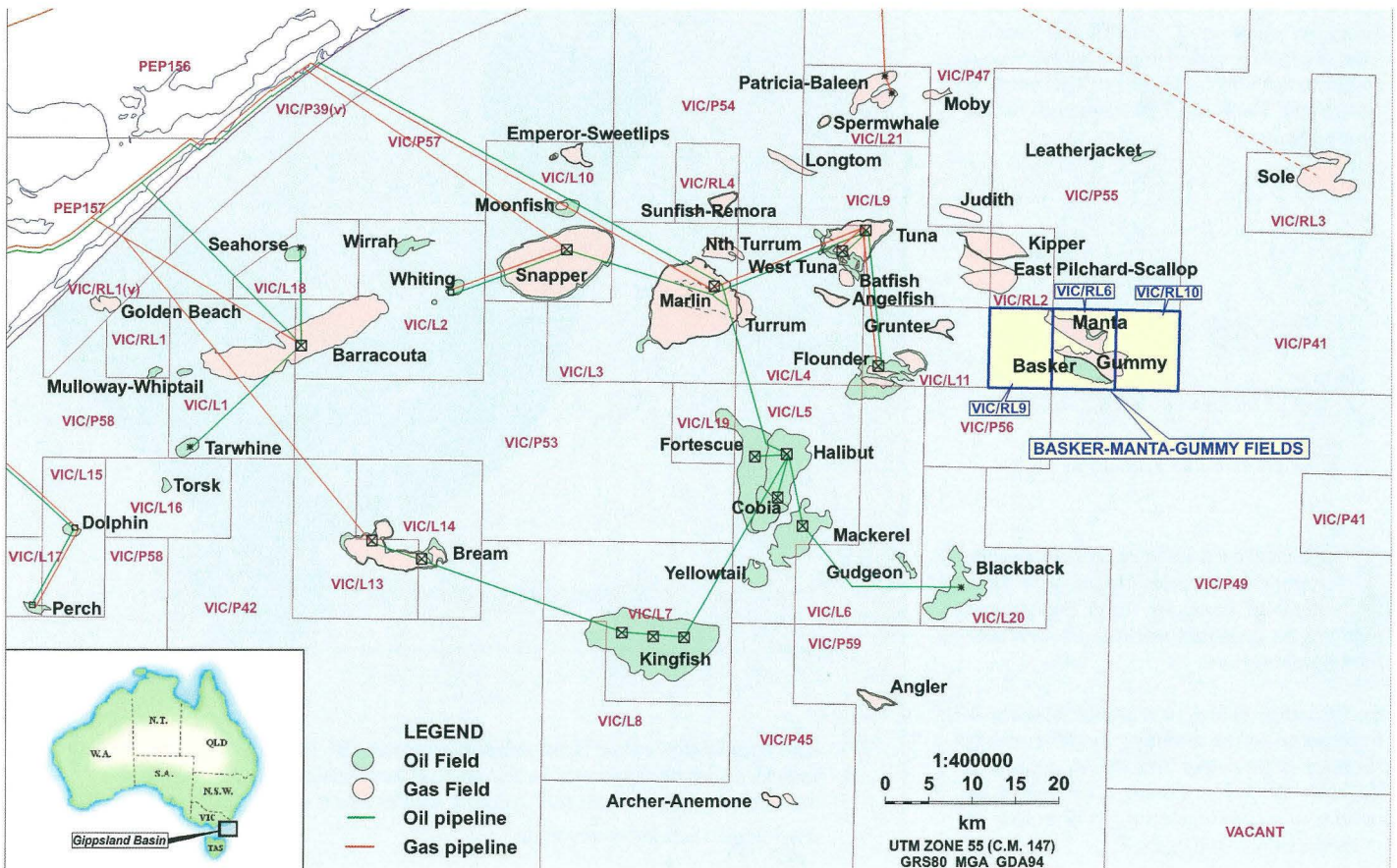
The fields

The Basker Manta project also includes the Gummy gas field and is located in Victorian Retention Leases VIC/RL 6, 9 and 10. The fields are situated 50 -75 km offshore from the Victorian coast in water depths of between 100 and 200 m. The Basker and Manta fields have Proven and Probable (2P) recoverable oil reserves of 23.3 MMbbl, and a contingent gas-condensate resource of 19.2 MMbbl of oil



equivalent has been identified in the Manta and Gummy fields.

According to Anzon Executive Chairman, Steven Koroknay, initial test rates were expected to be around 6,000 to 8,000 bbl of oil per day, rising



to around 20,000 bbl of oil per day when peak production is achieved after full development in mid-2006.

Anzon and Beach are currently negotiating sale agreements for the Basker Manta oil.

FPSO, storage tanker and rig

The Floating, Production, Storage and Offtake (FPSO) vessel, *Crystal Ocean*, arrived in Melbourne in late August for final fit-out before taking station in the field. It will provide the first innovative application of FPSO technology in the Bass Strait since development operations began there in the mid-1960s. The vessel has a crude oil capacity of 40,000 bbl and is contracted until at least January 2008, with an option for a total of three extensions for an additional four years on location in the fields. It will be moored 'without anchors' using a dynamic positioning system (DPS) with triple redundancy computers and bow, stern and central thrusters. The production well and gas injection well will be connected from the sea floor 155 m below the vessel, via flexible composite steel flowlines and control umbilicals to a disconnectable turret mooring (DTM).

The 680,000 bbl capacity storage tanker, *Basker Spirit*, is one of the largest tankers to be permanently anchored in Australian waters for oil storage and distribution. In conjunction with *Crystal Ocean* it will help streamline the production and distribution process. A crude

oil export flowline will transport the stabilised crude 1.5 km from *Crystal Ocean* to *Basker Spirit*. The storage tanker is due in Victorian waters in October 2005.

The project

"This is a dynamic southern Australian project offering a range of primarily oil and also potentially gas development options in several field configurations over the short to medium term", explained Steven Koroknay. "Achieving production approximately 10 months after listing on the ASX has to be a record breaking development." Production is also due less than 12 months from original concept.

Beach Petroleum's Managing Director, Reg Nelson, stated that the commencement of the Basker Manta project represented yet another progressive step-change for the company as it continued to diversify and balance its exploration and production performance. "This project will provide a much higher spread of potential revenue, production and earnings, and we anticipate our Basker Manta entitlements will lift Beach's annual production to between 2 and 3 MMbbl of oil by 2007."

"At the top end of the scale, this would triple Beach's production of just over 1 MMbbl for the latest financial year - and rank Beach alongside the likes of AWE, Roc Oil and ARC Energy", explained Mr Nelson. "Beach's onshore Cooper-Eromanga Basin oil production will remain our

engine-room for the foreseeable future, but Basker Manta introduces a new balance into our development and production profile."

Mr Koroknay said, "The known Basker Manta oil field production profile, followed by the planned gas development of the Manta and Gummy fields, creates a solid foundation for future growth by both joint venture companies." The project is the company's first revenue generating cornerstone project, which is in line with its strategy to acquire assets where it, as the operating company, can control its destiny and the return to its shareholders.

Theo Theophanous MP, Minister for Energy Industries & Resources, congratulated the joint Venture partners: "*Crystal Ocean* is a first for Bass Strait, marking an important historical event for oil development in offshore Victoria. In particular, the vessel is unique in its compact size (101 m long) and utilises the most modern technology available in the industry. The overall development involves a zero 'onshore footprint' and minimal 'offshore footprint'."

Interests

- Anzon Australia Limited - 62.5% interest and operator.
- Beach Petroleum - 37.5% with the right to acquire a further 12.5%
- Beach Petroleum also owns a direct 10% interest in Anzon. ■