

ROC To Buy Apache's China Assets For \$354 Million

ROC Oil has agreed to acquire a 24.5% operated interest in the Zhao Dong Block in the Bohai Bay, offshore China, for a cash consideration \$354 million via the purchase of 100% of the shares of Apache China Corporation, a wholly owned subsidiary of the \$27 billion Houston-headquartered Apache Corporation from 1st July 2006.

ROC Chief Executive Officer, John Doran, said the block is part of a prolific producing petroleum province which offers considerable upside potential. He said ROC will be the third largest foreign operator in China, in an operated gross production sense.

"Gross production from the two producing fields in the Block is in the order of 30,000 bopd and gross proved and probable remaining reserves are about 61 MMbbl", he said.

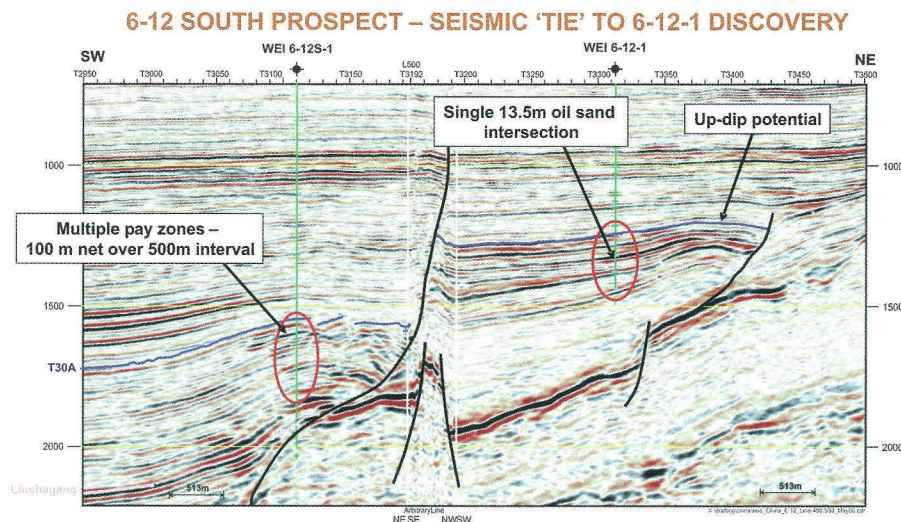
"When completed, the acquisition, which ROC first identified in 2001, will have a profound effect on the company", he said. "The transaction is a great example of the efficiency of the industry food chain. For Apache, with its US\$20 billion market capitalisation and two billion barrels of proved reserves, the asset may have become less material. For ROC, a much smaller company, the transaction will provide a substantial boost to its reserve and production trajectory."

Doran said the acquisition was the next logical growth step for ROC. "Quite apart from the fundamental quality and upside promise of the assets, the deal delivers a number of other benefits ranging from reserve and production growth in a designated core area to increased technical and operating mass", he said.

"Apache has been an outstanding operator of the Zhao Dong Block and ROC will be looking to deliver more of the same by retaining the existing operating structure." The acquisition will complement ROC's other operations at the Cliff Head Oil Field Development, offshore Western Australia, which is just being completed, and in the Beibu Gulf, offshore China, where ROC has just started an aggressive appraisal programme relating to its recent oil discovery.

"With this operating capacity being an important component of the transaction, the timing of the Zhao Dong deal could hardly have been better."

Doran said, subject to completion, the acquisition will deliver a number of technical, commercial and strategic benefits which will have a very positive impact on ROC's global operations. Specifically: Net proved and probable oil reserves will double from 15 MMbbl to 30 MMbbl.



The 6-12 prospect seismic 'tie' to the 6-12-1 discovery. All images courtesy: ROC Oil.

"Production will increase by more than 150% from about 4,500 bopd to about 12,000 bopd. Exposure to very significant upside potential has already been identified and/or inferred, in the form of more or less continuous appraisal, development and close-in exploration drilling opportunities through to 2011 and beyond."

The block, which covers 27.5 km², is located in very shallow water close to shore in the Bohai Bay, offshore China, approximately 200 km southeast of Beijing. Within the Block there are

two producing oil fields (C and D) and part of a third field (C4) which is due to be developed in 2007 and come on to production in 2008. The Apache China Corporation operates the planned C4 development in which it has an 11.575% unitised interest.

The block is administered under the terms of a standard Petroleum Sharing Contract the other parties to which are PetroChina Company Limited (51%) and New XCL-China, LLC (24.5%). ■