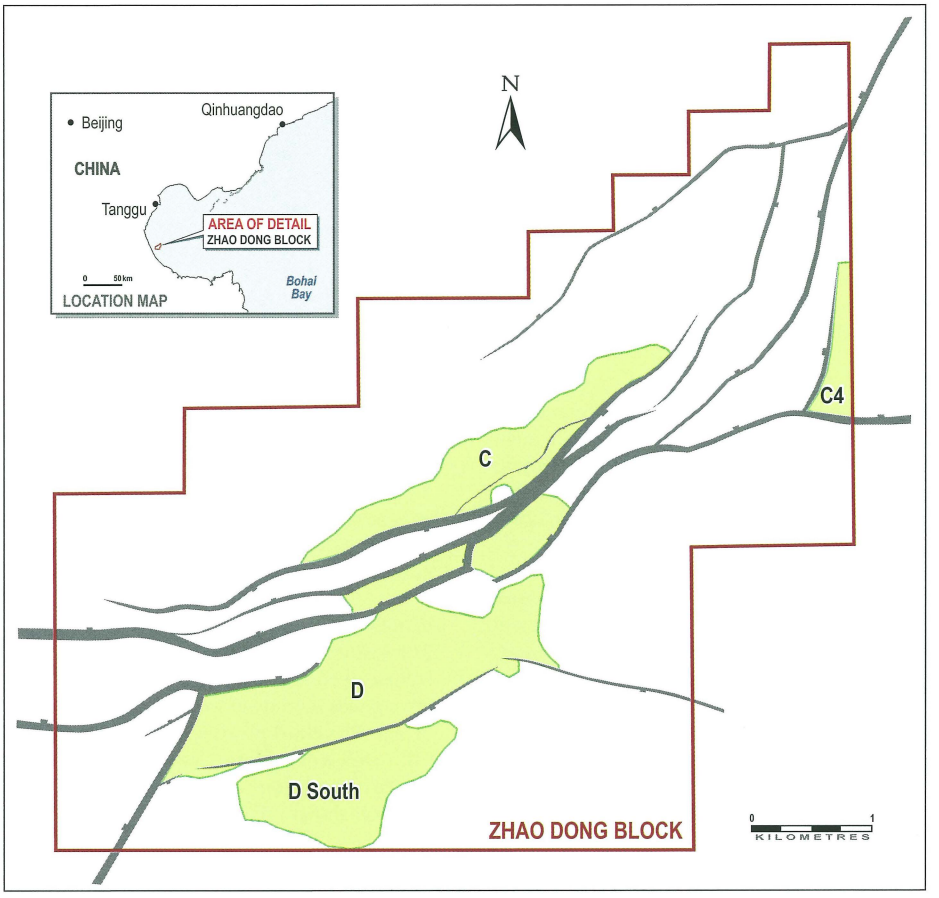
Better Production Yields Lead To China Cutback For Roc Oil

Roc Oil has had to cut production from two oil fields in the Zhao Dong Block, Bohai Bay, offshore China from about 30,000 bopd to 22,000 bopd, possibly until the end of the year, because it has performed above expectations.

Roc Chief Executive Officer, John Doran, said the cutback had been instituted by the Chinese government because the daily gross production from the C and D fields had 'far exceeded' the production level originally approved by the government. "The government's requirement that all production rates should strictly adhere to the approved development plan has resulted in both fields being temporarily subject to constrained production rate", Doran said.

He said Roc, which is the operator in the block and has 24.5% equity, and its co-venturers, including PetroChina (51%) are discussing the annual production forecast for 2007 to ensure that it appropriately reflects the fields' productive capabilities. In the meantime, a proposal to expand the production capacity of the fields is being prepared for government consideration so that production may be restored to a higher level.

"Western oil companies don't often come across the concept that oil production may need to be temporarily reduced because a field has out-performed expectations", he said. "In fact, we are much more familiar with situations where production is reduced because a field has under-performed. Roc greatly values its developing relationship with PetroChina and it fully recognises that the government has specific planning criteria which need to be reflected in the late 2006 production profile at Zhao Dong."



Roc Oil Chief Executive Officers, John Doran, said the temporary reduction of production at Zhao Dong will not cause Roc to lose any reserves.

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Doran said the temporary reduction of production at Zhao Dong will not cause Roc to lose any reserves. "But rather it will defer a small portion of the company's production to a later stage of the fields' lives. Although in the immediate term Roc's net production from Zhao Dong will be reduced by almost 2,000 bopd, possibly until end-2006, Roc's company-wide production will reduce by about 1,000 bopd due to a partially offsetting recent increase in production at the Cliff Head Oil Field, offshore Western Australia."

Recent gross oil production from Cliff Head (operator and 37.5%) has generally ranged between 11,000 bopd and 12,500 bopd (Roc net: 4,125 bopd and 4,687 bopd respectively) with a high of 15,800 bopd (Roc net: 5,925 bopd). Doran said the range reflects intermittent downstream constraints, most recently relating to trucking capacity, which he said are being addressed.

Roc's share of production from the Chinguetti oil field, offshore Mauritania has recently averaged about 1,000 bopd from total of 30,000 bopd. Roc's equity in Chinguetti is 3.25%.

Meanwhile, exploration drilling of the Aigrette-1 well by the *Atwood Hunter* in Block 7, offshore Mauritania by operator Dana Petroleum began on 7 October.

Doran said Aigrette-1 is located in a water depth of 1,380 m about 43 km north, northwest of the 2003 Pelican-1 gas discovery and 193 km north, northwest of the Chinguetti oil field. "The planned total depth is 4,925 metres which is expected to be reached in early November", he said.

On completion of Aigrette-1 the *Atwood Hunter* will return to drill the remaining wells in the Woodside-operated programme: Kibaro-1 exploration well in PSC Area A and Chinguetti-18 development well. Roc has 4.95% equity in Block 7. Other Joint Venture partners are Dana Petroleum (operator and 36%), Gaz de France Exploration BV (27.85%), Hardman (16.2%) and Woodside (15%). ■