

Apache Proposes VIC-P42 Farmin Well

Apache Energy Ltd proposes to drill the Speke South-1 exploration well as its farmin obligation well on its Gippsland Basin acreage VIC-P42.

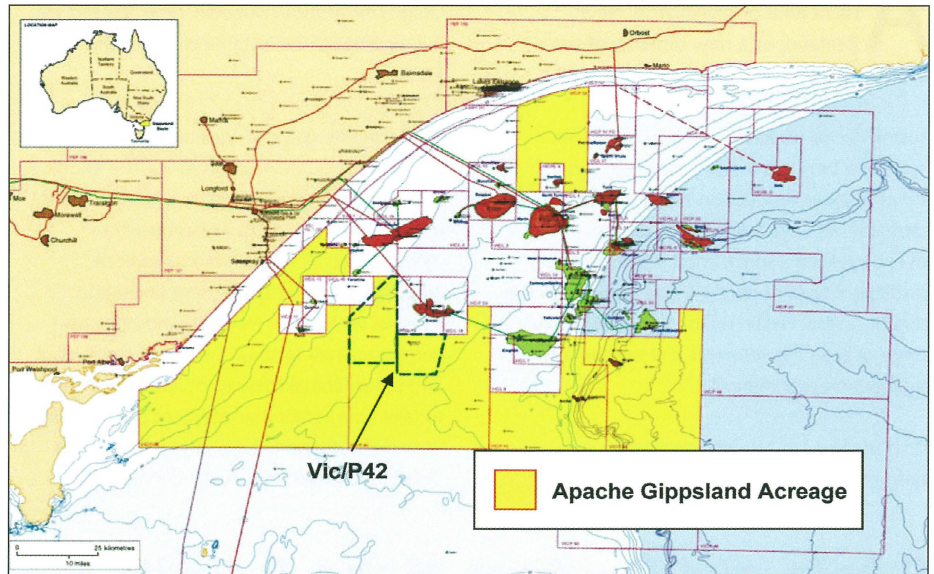
The well is located in a water depth of 56 m, and will test an unrisks mean prospective resource of 36 Mmmbbl.

Bass Strait Oil Company Ltd will be free-carried by Apache through the Speke South-1 farmin well, and will retain a 20% interest in the well and the permit.

The well will be drilled to a depth of approximately 2740 m.

The Speke South prospect shows closure a several levels, with the most significant volumes at the deeper Golden Beach Subgroup. The original Speke-1 well was drilled without the benefit of 3D seismic in 1984, and did not drill deep enough to penetrate the Golden Beach level, now clearly mapped as a significant feature.

The West Triton jack-up drilling rig has arrived from Singapore and is being prepared for the forthcoming drilling programme. Speke South-1 is scheduled to begin drilling in March, as the



VIC-P42 prospects and leads, Apache Gippsland acreage

third well of Apache's 2008 Gippsland Basin campaign.

Prior to the VIC-P42 well, Apache plans to drill a well in each of the adjacent permits to the west and east of VIC-P42.

Apache has prioritised Speke South on the basis of more favourable size and economics,

although the Tarra Southeast prospect remains a viable exploration target, and may be addressed in the future.

VIC-P42 lies adjacent to Kingfish, Australia's largest oil field, as well as a number of other Esso/BHP producing oil and gas fields. Gas and condensate discoveries at ZaneGrey (BAS, 2005) and Omeo, lie within VIC-P42. ■