



# OIL BASINS LIMITED

ABN 56 006 024 764

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18 May 2015

ASX Markets Announcements  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
Sydney NSW 2000

Dear Sirs

## ***SIGNIFICANT RESERVE UPGRADE IN RETENTION LEASE R3/R1 (CYRANO)***

### **HIGHLIGHTS**

- **An independent review confirms R3/R1 (Cyrano) holds 1P, 2P and 3P recoverable reserves assessed at 2.18 MMstb 1P, 3.01 MMstb 2P and 3.89 MMstb 3P respectively.**
- **These reserves were booked with the WA Department of Mines and Petroleum, in accordance with their guidelines, on 30 April 2015.**
- **The independently assessed reserves and prospective resources are also in accordance with ASX Listing Rules 5.31 and 5.33 and SPE PRMS (2011).**

The Directors of Oil Basins Limited (ASX code **OBL**, or the **Company**) are pleased to make the following update on the Company's booked reserves and prospective resources at its wholly owned Retention Lease R3/R1 (Cyrano), in accordance with SPE PRMS (2011)..

Yours faithfully

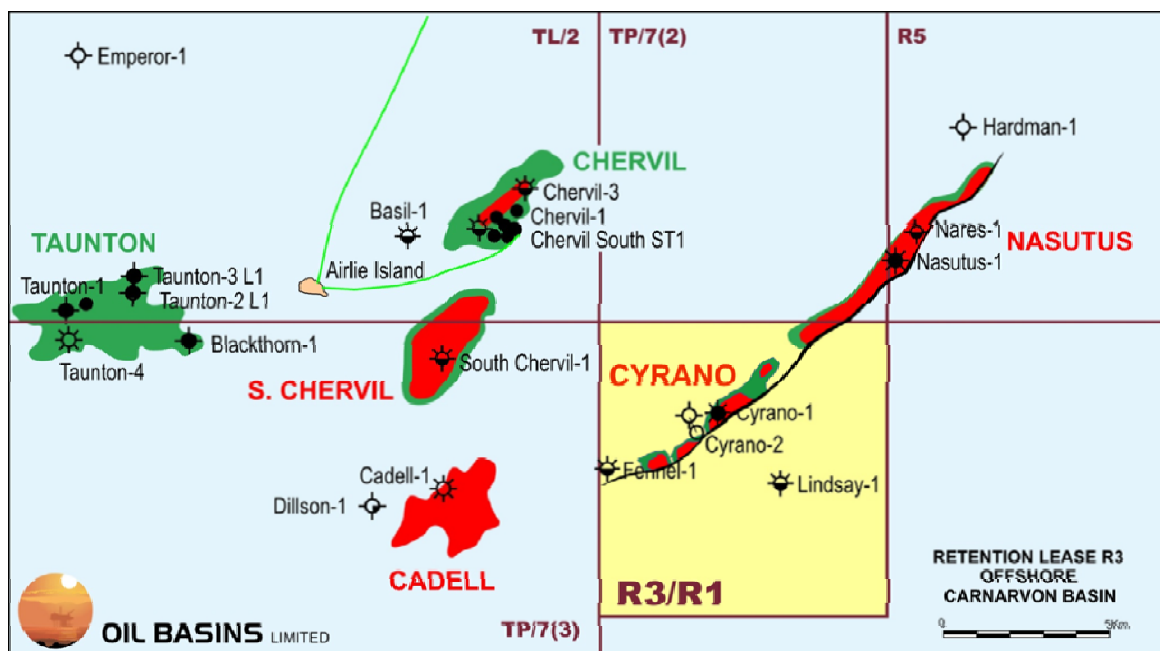
Neil Doyle SPE  
Director & CEO

## Cyrano Oil Project – OBL 100% & 2% Royalty

### Key attributes:

- Nearby to Airlie Island – Jetty & 2 x 150,000 storage tanks, gas lift & gas/water separation facilities.
- Cyrano Oil Field defined by 4 vintage wells and modern 3D seismic (estimates over \$50 million expenditure in \$2015 terms).
- Field contains 10m net heavy 22.8 API, low Sulphur oil, and 21m gas cap crude oil viscosity 3.95cp.
- Water depth only 15m-17m and vertical wells are a shallow circa 600m total depth.

OBL, as operator of Retention Lease R3/R1 (**Figure 1**), during 2013/2014 commissioned a new and comprehensive independent study by 3D-GEO Pty Ltd including geophysical and geological in Petrel™ and petro-physical assessment (vintage electric well logs were reassessed in modern Weatherford CPX) of the hydrocarbon potential with specific focus on the assessment of highly productive Barrow Group reservoirs within the Retention Lease including the Cyrano Oil Field and on-trend extensions utilizing the newly available (after acquisition of the open-file 3D seismic data) Flinders 3D Seismic Survey which in addition covers the nearby oil and gas fields.



**Figure 1**

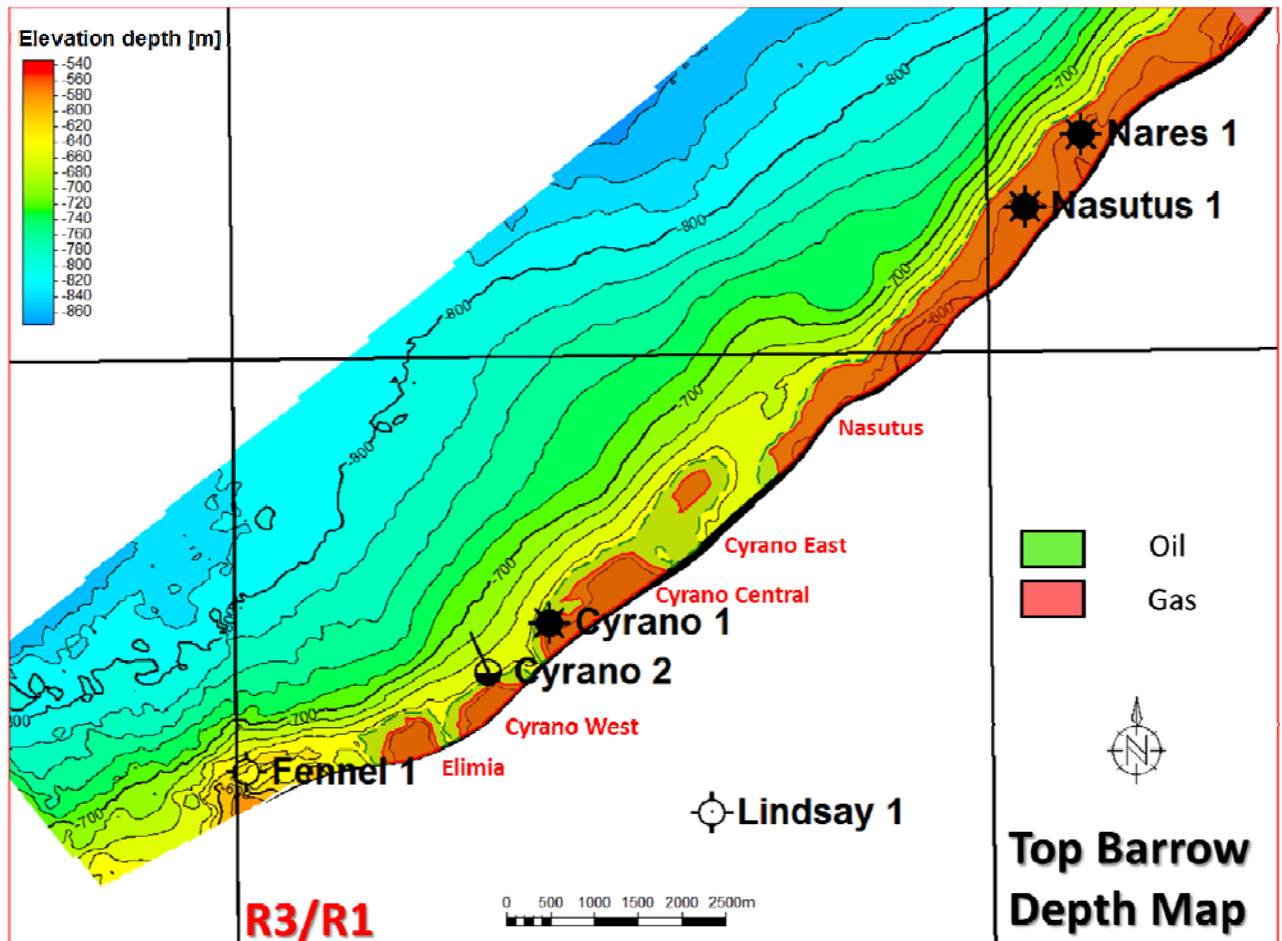
Regional Location of R3/R1 and latest view of the Cyrano Oil Field (Top of Barrow Group)

New mapping indicates that the Barrow reservoir oil resources over Greater Cyrano are split into three (3) discrete oil pools comprising: Cyrano Central, Cyrano East and Cyrano West (refer to **Figure 2**).

Exploration upside in the Barrow reservoir has been delineated in the newly defined Elimia Prospect (previously defined as part of the Cyrano Oil Field) which is located on-trend and up-dip immediately west of Greater Cyrano.

When resources from the Nasutus Extension (from nearby Apache Energy operated Retention Lease R5) are included, the overall recoverable reserves within R3/R1 are independently assessed at 2.18 MMstb 1P, 3.01 MMstb 2P and 3.89 MMstb 3P respectively.

This new independent study developed a comprehensive 3D reservoir model for both the Mardie and Barrow reservoirs based on interpretation and mapping of 3D seismic incorporating well data, and presently uses the basic SPE PRMS guidelines 10%, 15% and 20% recovery factors in its assesemnt of 1P, 2P and 3P reserves.



**Figure 2**

Top Barrow Depth Map by 3D-GEO showing Cyrano Central (oil discovery), the Cyrano East and Cyrano West oil and gas pools, Nasutus Oil Field Extension into R3/R1, and the new Elimia Prospect.

Key reservoir characteristics and parameters of individual oil pools and prospects in both the deeper Barrow Group reservoirs and the shallower and volumetrically larger Mardie Greensand reservoir were applied to all Base Case Assessments. These independently assessed risk-weighted estimates based upon Monte Carlo simulation are, in the Company's opinion, very conservative as the methodology of assessment used ignores the use of optimised modern development technologies and reservoir simulation modelling.

***This is a further major upgrade of the Cyrano Oil Project.***

				Oil MMstb			Gas Bscf		
				1P	2P	3P	1P	2P	3P
Cyrano	Oil Pool		Barrow	1.500	1.900	2.300	0.320	0.470	0.650
	Oil Pool		Mardie	0.480	0.780	1.100			
Nasutus Extension	Oil Pool		Barrow	0.200	0.330	0.490	0.500	0.800	1.200
				<b>2.180</b>	<b>3.010</b>	<b>3.890</b>	<b>0.820</b>	<b>1.270</b>	<b>1.850</b>
				Oil MMstb			Gas Bscf		
				P90	P50	P10	P90	P50	P10
Cyrano West	Prospect		Barrow	0.187	0.260	0.385	0.090	0.140	0.200
Cyrano East	Prospect		Barrow	0.125	0.358	0.625	0.010	0.020	0.090
Elimia	Prospect		Barrow	0.200	0.310	0.485	0.120	0.180	0.270
				<b>0.512</b>	<b>0.928</b>	<b>1.495</b>	<b>0.220</b>	<b>0.340</b>	<b>0.560</b>

**Table 1**  
Booked Reserves and Probable Resources (3D-GEO)

An independent review of the well data to determine the fluid contacts is indicative of a major upside potential to the overall Cyrano oil pool. The review of the actual fluids encountered in the wells (gas down-to, oil up-to) has had significant impact on the calculated reserves of the Barrow reservoir (**Table 1**). New interpretation of the well and seismic reveals that the potential target reservoir has a higher quality than what was previously assumed.

Although gas was encountered in Mardie, the gas reserves were not included in this report. Further analysis and reservoir simulation can reveal the likely potential and impact of the gas trapped in Mardie and how it can be best implemented.

## ABOUT OIL BASINS LIMITED

Oil Basins Limited (ASX code: **OBL**) is involved in exploration and development of oil and gas in the offshore Gippsland Basin, Victoria, the onshore Canning Basin of Western Australia and the offshore Carnarvon Basin, Western Australia.

## ABOUT 3D-GEO PTY LTD

3D-GEO Pty Ltd is a seismic and structural modeling consultancy based in Melbourne, Australia. With a collaborative mixture of petroleum industry experience and academic rigour, 3D-GEO provides innovative solutions to a broad range of clients across the Australasia region and the Middle East. 3D-GEO has extensive exploration experience in fold and thrust belt structural analysis, as well as demonstrated expertise in the extensional basins of Austral-Asia and the Sub-continent.

## COMPETENT PERSON STATEMENT

Information on the Reserves and Resources in this release is based on an independent evaluation conducted by 3D-Geo Pty Ltd (3D-GEO). 3D-GEO is a Melbourne-based private consultancy. The work was undertaken by a team of petroleum engineers, reservoir engineers, geoscientists and petrophysicists and is based on data supplied by OBL. The technical assessment was performed primarily by Mr Hadi Nourollah, Director 3D-GEO. Mr Nourollah holds the qualification MSc (Petroleum Geoscience) from Imperial College London, has over 13 years of experience as a geophysicist and is an active Member of Society of

Exploration Geophysicists (SEG). 3D-GEO's approach has been to review the data supplied by OBL for reasonableness and then independently estimate ranges of in-place and recoverable volumes. We have estimated the degree of uncertainty inherent in the measurements and interpretation of the data and have calculated a range of recoverable volumes, based on predicted field performance for the property. 3D-GEO and Mr Nourollah have given their consent at the date of the release to the inclusion of this statement and the information in the form and context in which they appear in this release.

## **APPLICABLE RESERVES & RESOURCES REPORTING GUIDELINES & DEFINED TERMS**

In the determination and classification of Reserves and Resources, Oil Basins Limited applies the Society of Petroleum Engineers Petroleum Resources Management System (**PRMS Guidelines**). The terms "Contingent Resources" and "Prospective Resources" used in this release are as defined by the PRMS Guidelines (relevant extracts as provided below):

### **PROVED RESERVES**

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations.

If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate. The area of the reservoir considered as Proved includes:

- the area delineated by drilling and defined by fluid contacts, if any, and
- adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.

Often referred to a P1, sometime referred to as "proven".

### **PROBABLE RESERVES**

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.

It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria. Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.

### **POSSIBLE RESOURCES**

Possible Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves

The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate. Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of commercial production from the reservoir by a defined project. Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.

## **CONTINGENT RESOURCES**

Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingent Resources are a class of discovered recoverable resources.

Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

## **PROSPECTIVE RESOURCES**

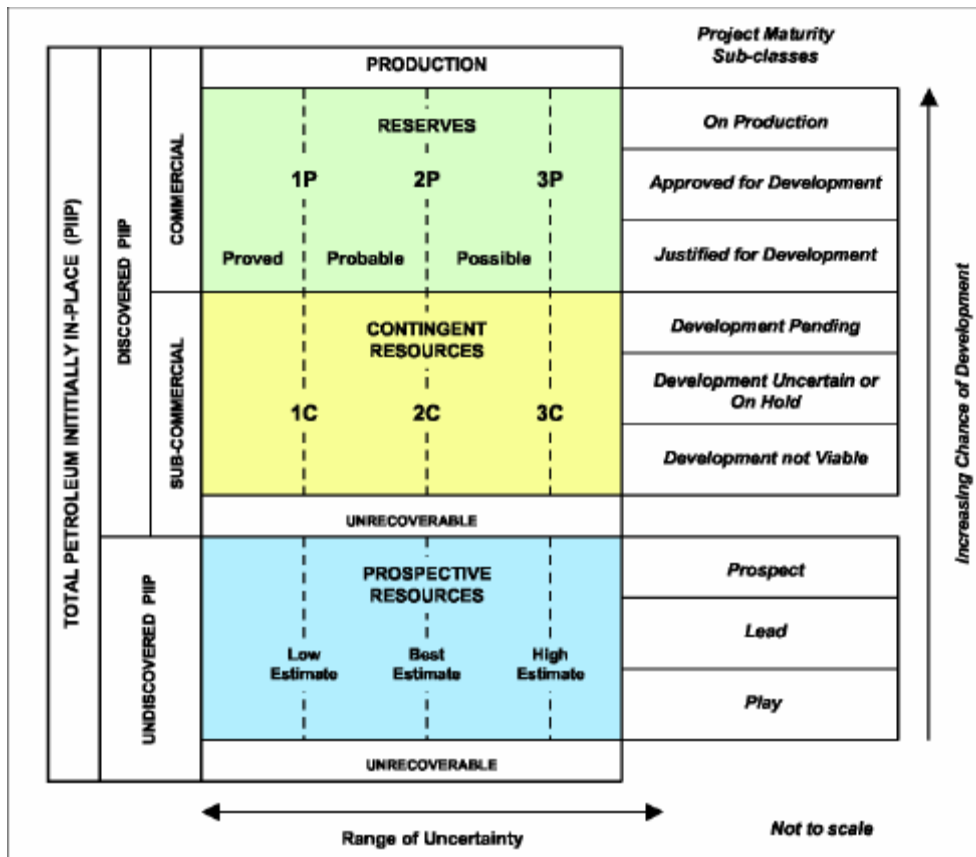
Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Potential accumulations are evaluated according to their chance of discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analogue developments in the earlier phases of exploration.

**Prospect** – A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target. Project activities are focused on assessing the chance of discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.

**Lead** – A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation in order to be classified as a prospect. Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the lead can be matured into a prospect. Such evaluation includes the assessment of the chance of discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.

**Play** – A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation in order to define specific leads or prospects. Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific leads or prospects for more detailed analysis of their chance of discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.



## GLOSSARY & PETROLEUM UNITS

<b>M</b>	Thousand
<b>MM</b>	Million
<b>B</b>	Billion
<b>bbl</b>	Barrel of crude oil (ie 159 litres)
<b>stb</b>	Stock tank barrel – barrel of stabilised crude oil at atmospheric pressure
<b>PJ</b>	Peta Joule (1,000 Tera Joules (TJ))
<b>Bcf</b>	Billion cubic feet
<b>Tcf</b>	Trillion cubic feet (ie 1,000 Bcf)
<b>Bscf</b>	Billion standard cubic feet (raw gas)
<b>BOE6</b>	Barrel of crude oil equivalent – commonly defined as 1 TJ equates to circa 158 BOE – approximately equivalent to 1 barrel of crude equating to 6,000 Bcf dry methane on an energy equivalent basis)
<b>PSTM</b>	Pre-stack time migration – reprocessing method used with seismic.
<b>PSDM</b>	Pre-stack depth migration – reprocessing method used with seismic converting time into depth.
<b>AVO</b>	Amplitude versus Offset, enhancing statistical processing method used with 3D seismic.
<b>TWT</b>	Two-way time
<b>USG</b>	Unconventional Shale Gas
<b>STOIIP</b>	Stock Tank Oil Initially In Place – stabilised crude at atmospheric pressure