

15 February 2011

**China Oil Fields Final Investment Decision**  
**Beibu Gulf project joint venture parties and the Joint Management Committee (which includes CNOOC) approve Final Investment Decision for development of three oil fields in Block 22/12, Beibu Gulf, China**

Petsec Energy Ltd ("PSA") is pleased to report that the Company and its joint venture partners and the Joint Management Committee which includes China National Offshore Oil Corporation Limited ("CNOOC") have approved the Final Investment Decision ("FID") for the development of the 6.12, 6.12 South and 12.8 West oil fields in Block 22/12, Beibu Gulf, China.

FID approval for the development of the three oil fields was announced yesterday by the operator of the Block 22/12, Beibu Gulf, China, joint venture, Roc Oil Company Limited (see attached Roc release).

Independent estimated gross 2P reserves of 24 MMbbl of oil (Petsec Energy's share: 2.94 MMbbl) will be booked for the 6.12, 6.12 South and 12.8 West oil fields development project.

The participants in the development of the 6.12, 6.12 South and 12.8 West oil fields are now:

CNOOC Limited (operator)	51.00%
Roc Oil (China) Company	19.60%
Horizon Oil (Beibu) Limited	14.70%
Petsec Energy Ltd	12.25%
Oil Australia Pty Ltd (Majuko Corp)	2.45%

The development encompasses the drilling of eleven development wells and potentially three to four exploration wells targeting potential reserves of 20 to 40 million barrels from two unmanned well head platforms at the 6.12 South and 12.8 West oil fields. These platforms will be connected by pipelines to a new CNOOC processing platform, adjacent to CNOOC's 12.1.1 platform. The project will have access to 20,000 barrels of oil per day processing capacity from which oil will be transported through CNOOC's 16 " pipeline 32 km to storage and export terminal at Weizhou Island.

Engineering design work and bidding for long lead equipment has begun and first oil production is expected before year end 2012.

Development capital expenditure is estimated at US\$300 million. Petsec Energy share is estimated at US\$37m over the period 2011 to mid 2013 of which approximately US\$10 million is required in 2011. Operating costs are anticipated to be similar to CNOOC operating costs in the 12.1.1 area.

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Petsec Energy also owns a 25% working interest in two other oil fields within Block 22/12, the 12.8 East and 12.3.1 oil fields, which are estimated to hold potentially recoverable oil reserves of 15 to 72 MMbbl gross. CNOOC is currently conducting feasibility studies on both of these fields. Subject to satisfactory economics, development of these two oil fields is anticipated to commence in 2011/2012, and will connect to the infrastructure built for the 6.12/12.8W project.

Block 22/12 holds eight undrilled oil prospects estimated to hold 100 MMbbl gross potential. It is anticipated that up to four exploration wells would be drilled from the 6.12 South and 12.8 West platforms during the 6.12, 6.12 South and 12.8 West development, which would test oil reserve potential of about 20 to 40 MMbbl gross.

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14 February 2011

## ASX RELEASE

# BEIBU GULF PROJECT FINAL INVESTMENT DECISION

Roc Oil (China) Company advises that the Beibu Gulf project joint venture parties and the Joint Management Committee (which includes CNOOC Limited) have approved the Final Investment Decision ("FID") in respect of the WZ6-12 and WZ12-8 West Oil Fields in Block 22/12, in the Beibu Gulf, South China Sea. ROC advised on 31 January 2011 that CNOOC Limited, as the delegated authority, had internally approved Project Investment and Overall Development Plan ("ODP") and that each international joint venture partner was progressing towards FID. The Project Investment and ODP have now been submitted to the relevant Chinese Government Authority for formal approval.

As a result of FID approval, 2P reserves of 24 MMBBL will be booked for the project (ROC working interest: 4.7 MMBBL).

Participating interests in the Beibu Gulf project are:

CNOOC Limited.....	51.00%
Roc Oil (China) Company .....	19.60%
Horizon Oil (Beibu) Limited .....	14.70%
Petsec Petroleum LLC .....	12.25%
Oil Australia Pty Ltd (Majuko Corp) .....	2.45%

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*The reserve and resource information contained in this report is based on information compiled by Mr Neil Seage, Chief Reservoir Engineer, Roc Oil Company Limited, BA, BEng (Hons), MBA and Dip App Fin. Mr Seage, who is a member of the Society of Petroleum Engineers, has more than 30 years of relevant experience within the industry and consents to the information in the form and context in which it appears.*

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