



## ASX RELEASE

# ACTIVITIES FOR QUARTER ENDED 31 DECEMBER 2010

### Acting CEO Comments

ROC achieved an average daily production rate of 8,483 BOEPD in 2010, which was within the guidance range of between 8,000-9,000 BOEPD. This result was particularly pleasing given that 35 days of production were lost at Zhao Dong due to severe weather conditions in 1Q 2010 and that oil production from the Basker-Manta-Gummy fields was suspended on 19 August 2010. Despite the production disruptions, Zhao Dong met the production target set at the start of the year and continues to perform strongly, with oil production year-to-date averaging above 21,000 BOPD.

Despite lower production during the Quarter, sales revenue increased by 26% to US\$75.3 million. Total sales revenue for 2010 was US\$235.5 million and ROC had a net cash balance of US\$31.3 million at 31 December 2010.

Following CNOOC Limited approval of the Beibu Gulf Project Investment and Overall Development Plan, international joint venture partners are now progressing to a Final Investment Decision, which is expected by the end of February 2011. ROC is proud of the cooperation achieved with CNOOC Limited on the Beibu Gulf project, which is the first instance where CNOOC Limited has entered into arrangements to share existing and new infrastructure with international joint venture partners to facilitate the development of multiple Chinese offshore oil fields, and looks forward to further strengthening the relationship over the next two years. First oil is anticipated before year-end 2012.

Appointment of a permanent Chief Executive Officer is anticipated during February 2011.

## Key Activities

### 1. Consolidated Revenue & Production

- 1.1. Total working interest production of 0.772 MMBOE (8,390 BOEPD); down 3% compared to 0.798 MMBOE (8,670 BOEPD) in the previous quarter.
- 1.2. Sales volumes of 0.888 MMBOE; up 10% compared to 0.804 MMBOE in the previous quarter. ROC's net crude oil underlift position at Quarter-end decreased by 0.19 MMBOE to 0.05 MMBOE.
- 1.3. Total sales revenue of US\$75.3 million; up 26% compared to US\$59.9 million in the previous quarter.
- 1.4. Average realised oil price (excluding hedging) in the Quarter of US\$84.95/BBL; up 14% compared to US\$74.55/BBL in the previous quarter. The Brent crude oil price averaged US\$86.46/BBL in the Quarter.

### 2. Production Assets

#### 2.1. Zhao Dong C & D Oil Fields, Bohai Bay, Offshore China (ROC: 24.5% & Operator)

Gross oil production averaged 19,322 BOPD (ROC: 4,734 BOPD); down 1% compared to the previous quarter. Late in the Quarter, high winds temporarily interrupted oil barge shipments to port.

During the Quarter, four new producing wells were completed and brought online from ODA and ODB drilling platforms and four new water injection wells were also drilled and completed (three from ODA/ODB and one drilled from the C4 platform).

Following the commissioning of a gas pipeline, gas sales commenced on 9 December and averaged 4.1 MMSCFD through to the end of the Quarter. Gas sales will eliminate the need for offshore gas flaring during normal operations.

#### 2.2. Zhao Dong C4 Oil Fields, Bohai Bay, Offshore China (ROC: 11.575% unitised & Operator)

Gross oil production averaged 1,823 BOPD (ROC: 211 BOPD); down 27% compared to the previous quarter due to natural field decline. There was no development drilling in the C4 Field during the Quarter.

Gas sales from the C4 Field also commenced on 9 December and averaged 1.0 MMSCFD through to the end of the Quarter.

#### 2.3. Cliff Head Oil Field, WA-31-L, Offshore Western Australia (ROC: 37.5% & Operator)

Gross oil production averaged 3,861 BOPD (ROC: 1,448 BOPD); up 14% compared to the previous quarter. Production in 3Q 2010 was impacted by a planned maintenance shut-down. During the Quarter, planning continued for a workover to install a higher-rate downhole electric submersible pump at the CH12 production well. Workover operations were initiated in early-January 2011.

**2.4. Basker-Manta-Gummy ("BMG") Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 30% & Operator)**

There was no oil production during the Quarter as the field has been offline since 19 August 2010. During the Quarter, preparations commenced to enter the field into a Non-Production Phase ("NPP"). While production operations utilising the Crystal Ocean FPSO and the Basker Spirit shuttle tanker have been suspended, the vessels will be required to complete the field preparations for the NPP. NPP activities are expected to be completed in 3Q 2011 subject to approvals and vessel availability.

**2.5. Blane Oil Field, North Sea (ROC: 12.5%)**

Gross oil production averaged 10,972 BOPD (ROC: 1,371 BOPD); up 42% compared to the previous quarter due to continuous production since August 2010 (following a 35 day shut in for planned repairs during 3Q 2010) and the reimplementation of gas lift operations in October 2010.

**2.6. Enoch Oil and Gas Field, North Sea (ROC: 12.0%)**

Allocated gross oil production averaged 2,835 BOPD (ROC: 340 BOPD), which was 18% less than the previous quarterly allocation. Although production levels were similar for 3Q 2010 and 4Q 2010, early provisional allocations in 3Q 2010 were finalised during the Quarter.

**2.7. Chinguetti Oil Field, PSC Area B, Offshore Mauritania (ROC: 3.25%)**

Gross oil production averaged 7,343 BOPD (ROC: 239 BOPD); down 2% from the previous quarter due to natural field decline.

**3. Development Assets**

**3.1. WZ 6-12 and WZ 12-8 West Oil Field Development (Block 22/12 Petroleum Contract), Beibu Gulf, Offshore China (ROC: 19.6%)**

Following internal and external expert reviews, CNOOC Limited, as the delegated authority, has internally approved the Project Investment and the Overall Development Plan ("ODP") of the Beibu Gulf project. The Project Investment and ODP will be submitted to Chinese Government Authorities for formal approvals. Early development preparation activities such as preliminary engineering design work and bidding for long lead equipment are already under way.

Each international joint venture partner is now progressing to a Final Investment Decision ("FID"), which is expected by the end of February. On FID, estimated 2P Reserves of 24 MMBBL will be booked for the project (ROC working interest: 4.7 MMBBL).

**3.2. Zhao Dong C & D Oil Fields, (ROC: 24.5% & Operator) and C4 Oil Field (ROC: 11.575% unitised & Operator), Bohai Bay, Offshore China**

The 2010 drilling programme of 24 wells (17 producers and seven injectors) was successfully completed during the Quarter on schedule and under budget. In addition to the drilling programme, nine well interventions/workovers were undertaken during the Quarter, including two electric submersible pump changes and the conversion of a production well to an injector.

**3.3. Basker-Manta-Gummy Oil and Gas Fields, VIC/L26, VIC/L27 & VIC/L28, Offshore Victoria (ROC: 30% & Operator)**

During the NPP period, the evaluation of options for a separate Phase-2 gas development will continue.

**4. Exploration and Appraisal Assets**

**4.1. PEP38524, Offshore Taranaki, New Zealand (ROC: 20%)**

Geological and geophysical analyses of the Tuatara-1 well (drilled in 3Q 2010) are being completed ahead of a permit-wide prospectivity review. New Zealand Government approval has been requested by the joint venture to continue into the optional permit term – 1 October 2010 to 31 March 2012 – with a 25% relinquishment.

**4.2. PEP52181, Offshore Taranaki, New Zealand (ROC: 50% & Operator)**

Reprocessing of the Kaheru 3D seismic dataset continues and completion is planned during 1H 2011. The joint venture anticipates the application to extend permit acreage by 140km<sup>2</sup> to be approved by the New Zealand Government in 1Q 2011.

**4.3. WA-286-P & WA-31-L, Perth Basin, Offshore Western Australia (ROC: 37.5% & Operator)**

Following the completion of prospectivity studies, the joint venture withdrew its application for renewal of WA-286-P and the permit expired on 30 November 2010.

Additional reserves potential on the western flank of the Cliff Head field in WA-31-L is being assessed based on revised seismic interpretation and depth mapping.

**4.4. WA-351-P, Carnarvon Basin, Offshore Western Australia (ROC: 20%)**

During the Quarter, ROC agreed to sell its 20% interest in WA-351-P to Woodside Energy Ltd for US\$15.75 million subject to working capital adjustments. The effective date of the sale is 1 January 2011. The agreement was subject to the receipt of joint venture and government approvals. (see *Section 7.2*)

**4.5. PEP38259, Canterbury Basin, Offshore New Zealand (ROC: 15%)**

An extension of the drilling commitment date by two years to August 2012 has been requested from the New Zealand Government to allow for the evaluation of rig availability and drilling costs for the Barque-1 prospect, with an additional work programme of 500km 2D seismic reprocessing.

**4.6. Cabinda Onshore South Block, Angola (ROC: 10%)**

The Castanha-3 ST-1 appraisal well was drilled to a total measured depth of 2,525 metres during the Quarter. Initial evaluation indicated that the well encountered a gross hydrocarbon column of approximately 7 metres in the Chela Formation. The well was suspended and production testing is planned to commence during 1Q 2011.

The Castanha-4 appraisal well commenced drilling on 14 November and was drilled to a total measured depth of 2,343 metres. Following the end of the Quarter, initial evaluation indicated that the well encountered a gross hydrocarbon column of approximately 15 metres in the Chela Formation. The well was suspended and production testing is planned to commence during 1Q 2011.

Acquisition of a 169km<sup>2</sup> 3D seismic program (overlapping the north of Castanha-1 discovery) to define new exploration leads and assist with mapping the Castanha discovery continued during the Quarter. Completion of the survey has been delayed until 1Q 2011 due to adverse weather. A 3D seismic reprocessing project is in progress and is expected to be completed in 1Q 2011.

**4.7. Belo Profond Block, Offshore Madagascar, Mozambique Channel (ROC: 75% & Operator) and Juan de Nova Maritime Profond Block, Mozambique Channel (ROC: 75% & Operator)**

ROC is now seeking the targeted divestment of its African assets, including its interests in the Belo Profond and Juan de Nova Maritime Blocks.

**4.8. Block H, Offshore Equatorial Guinea (ROC: 37.5% & Technical Manager)**

The government of Equatorial Guinea formally approved a one-year extension to the current term of Block H to 3 February 2012. ROC is now seeking the targeted divestment of its African assets, including its interests in Block H.

**4.9. Offshore Mauritania (ROC: 2 - 5.49%)**

The Cormoran-1 exploration well in Block 7 (ROC: 4.95%) was drilled to a total true vertical depth of 4,695 metres subsea and was plugged and abandoned as a gas discovery. The well encountered several hydrocarbon columns in the various target objectives. A drill stem test was undertaken across a 33 metre interval (between 3,679 and 3,712 metres) in the Lower Pelican Group and flowed at stabilised rates of up to 22 to 24 MMSCF/day on a 32/64 inch choke. The operator considers that higher rates could have been obtained had flow not been constrained by sand production. (see also Section 7.1)

The sale of ROC's Mauritanian assets continues to be promoted.

## 5. Corporate

**5.1. Health, Safety, Environment and Community ("HSEC") Issues**

During the Quarter, an HSE review of the Cliff Head operation was completed and the Omnisafe HSE Data Management System was implemented at the Sydney office and Zhao Dong operation (the system will be implemented at remaining ROC operations during 2011). One Lost Time Injury was sustained by a drilling contractor at the offshore Zhao Dong operation during the Quarter.

**5.2. Appointment of Acting Chief Executive Officer ("CEO")**

On 29 October, ROC's Chief Operating Officer ("COO"), Mr Alan Linn, was appointed as Acting CEO following the resignation of Mr Bruce Clement. The Board immediately commenced an international search for Mr Clement's successor. The search has included both external and internal candidates, and was expected to take several months. A decision on the appointment of a permanent CEO will be made during February. Mr Clement was available for a transitional hand-over until 31 January 2011.

### 5.3. Change of Personnel

As previously advised, Mr David Minns (General Counsel and Joint Company Secretary) and Mr John Mebberson (General Manager of Exploration) elected to resign effective 12 November 2010. Ms Leanne Nolan continues in her position as Company Secretary and has been appointed as General Counsel. A search is currently underway for Mr Mebberson's replacement.

### 5.4. Sydney Office Relocation and Postal Address Change

During the Quarter, ROC's Sydney office relocated and changed postal address.

Postal Address

PO Box Q1496  
 Queen Victoria Building  
 NSW 1230  
 AUSTRALIA

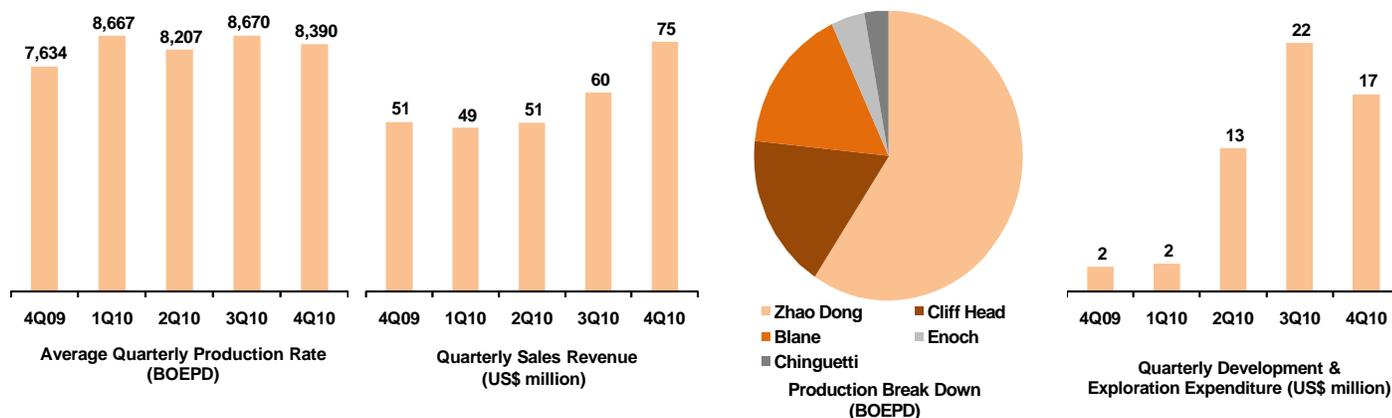
Office Address

Level 18  
 321 Kent Street  
 Sydney  
 NSW 2000  
 AUSTRALIA

## 6. Financial

At Quarter-end ROC had net cash of US\$31.3 million: US\$81.0 million of cash offset by gross debt of US\$49.7 million.

### 6.1. Overview



**6.2. Production (Working Interest)**

	4Q 2010	3Q 2010	FY 2010	% Change (3Q to 4Q)
<b>Oil Production (BBL)</b>				
Zhao Dong C&D Fields	435,521	438,218	1,520,169	(1)
Zhao Dong C4 Field	19,418	26,493	80,862	(27)
Cliff Head	133,217	116,853	553,790	14
Blane	126,175	88,735	411,906	42
Enoch	31,302	38,083	175,104	(18)
Chinguetti	21,955	22,512	92,688	(2)
BMG	-	63,917	243,004	(100)
Other	51	81	343	(37)
<b>Total Oil Production</b>	<b>767,639</b>	<b>794,892</b>	<b>3,077,866</b>	<b>(3)</b>
<b>Gas Production (MSCF)</b>				
Enoch	(846)	-	29,379	n/a
<b>NGL Production (BOE)</b>				
Blane	4,423	2,755	13,651	61
<b>Total Production (BOE)</b>	<b>771,921</b>	<b>797,647</b>	<b>3,096,414</b>	<b>(3)</b>
<b>Average Rate (BOEPD)</b>	<b>8,390</b>	<b>8,670</b>	<b>8,483</b>	<b>(3)</b>

6.3. Sales

	4Q 2010		3Q 2010		FY 2010	
<b>Oil Sales (BBL)</b>		<b>US\$'000</b>		<b>US\$'000</b>		<b>US\$'000</b>
Zhao Dong C&D Fields	494,189	41,818	350,848	25,738	1,305,939	102,084
Zhao Dong C4 Field	52,965	4,456	46,711	3,424	132,342	10,333
Blane	151,713	13,018	124,490	9,626	411,671	33,450
Cliff Head	132,644	11,257	116,940	8,716	553,681	43,210
Enoch	28,830	2,457	41,165	3,175	191,948	15,133
Chinguetti	25,258	2,221	28,698	2,136	101,120	8,113
BMG	-	-	94,643	7,084	276,345	21,363
Other	51	5	81	6	343	27
<b>Total Oil Sales</b>	<b>885,650</b>	<b>75,232</b>	<b>803,576</b>	<b>59,905</b>	<b>2,973,389</b>	<b>233,713</b>
<b>Gas Sales (MSCF)</b>						
Enoch	(846)	30	-	-	29,379	180
<b>NGL Sales (BOE)</b>						
Blane	2,345	75	795	32	35,181	1,573
<b>Total Sales (BOE)</b>	<b>887,854</b>	<b>75,337</b>	<b>804,371</b>	<b>59,937</b>	<b>3,013,467</b>	<b>235,466</b>

#### 6.4. Exploration and Development Expenditure Incurred

	4Q 2010	3Q 2010	FY 2010
<b>Exploration</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Mauritania	4,722	1,751	6,473
Angola	2,239	2,868	4,133
Mozambique Channel	552	312	2,030
New Zealand	428	5,654	6,702
China	281	534	1,498
Equatorial Guinea	43	80	393
Australia	44	37	802
Other	1,534	1,182	3,599
<b>Total Exploration</b>	<b>9,843</b>	<b>12,418</b>	<b>25,630</b>
<b>Development</b>			
Zhao Dong C&D Fields	7,426	8,226	24,670
Zhao Dong C4 Field	83	996	2,970
BMG	341	301	1,405
Chinguetti	(21)	20	(11)
Blane	(182)	(144)	(336)
Enoch	(165)	-	(162)
<b>Total Development</b>	<b>7,482</b>	<b>9,399</b>	<b>28,536</b>
<b>Total Exploration &amp; Development</b>	<b>17,325</b>	<b>21,817</b>	<b>54,166</b>

#### 6.5. Hedging

Remaining hedge positions from 1 January 2011 to 31 December 2011 are 875,997 Brent Oil Price Swaps, at a weighted average Brent price of US\$63.71/BBL. Hedge book mark-to-market valuation at 31 December 2010 was a liability of US\$27.3 million.

## 7. Post Quarter Events

### 7.1. Offshore Mauritania (ROC: 2 - 5.49%)

The Gharabi-1 exploration well in Mauritania Block 6 (ROC: 5.0%) commenced drilling on 7 January. The well is planned to be drilled to a total depth of approximately 4,880 metres and is located approximately 22 kilometres southwest of the Cormoran-1 gas discovery.

## 7.2. WA-351-P, Carnarvon Basin, Offshore Western Australia (ROC: 20%)

On 18 January, Tap (Shelfal) Pty Ltd (a wholly owned subsidiary of Tap Oil Limited - TAP), an existing joint venture party, gave notice to Roc Oil (WA) Pty Limited of the exercise of its rights of pre-emption on the sale of ROC's interest in WA-351-P to Woodside Energy Ltd. The sale to TAP, which is on the same terms and conditions as the sale to Woodside, is subject to normal industry terms and conditions, including the receipt of relevant government approvals.

## 8. Further Information

For further information please contact Matthew Gerber, General Manager, Corporate Affairs and Planning:

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<b>Facsimile:</b>	<b>(02) 8023 2222</b>	<b>Website:</b>	<b>www.rocoil.com.au</b>
<b>Postal Address:</b>	<b>PO Box Q1496 Queen Victoria Building NSW 1230 AUSTRALIA</b>		
<b>Office Address:</b>	<b>Level 18 321 Kent Street, Sydney NSW 2000 AUSTRALIA</b>		

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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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## Definitions

<b>BBL(S)</b>	<b>barrel(s)</b>
<b>BMG</b>	<b>Basker-Manta-Gummy Oil and Gas Fields, Bass Strait, Australia</b>
<b>BOE</b>	<b>barrels of oil equivalent (6 MSCF = 1 BOE)</b>
<b>BOPD</b>	<b>barrels of oil per day</b>
<b>BOEPD</b>	<b>barrels of oil equivalent per day</b>
<b>CNOOC</b>	<b>China National Offshore Oil Company Limited</b>
<b>ERA</b>	<b>Extended Reach Area</b>
<b>FPSO</b>	<b>Floating production, storage and offloading vessel</b>
<b>MSCF</b>	<b>thousand standard cubic feet</b>
<b>MMSCF</b>	<b>million standard cubic feet</b>
<b>MMSCFD</b>	<b>million standard cubic feet per day</b>
<b>MMBBL</b>	<b>million barrels</b>
<b>MMBOE</b>	<b>million barrels of oil equivalent</b>
<b>PSC</b>	<b>Production Sharing Contract</b>
<b>Quarter</b>	<b>the period 1 October 2010 to 31 December 2010</b>
<b>ROC</b>	<b>Roc Oil Company Limited and includes, where the context requires, its subsidiaries</b>
<b>US\$</b>	<b>US dollars</b>
<b>YTD</b>	<b>year to date</b>