



**Tap Oil Limited**  
ABN 89 068 572 341

LEVEL1, 47 COLIN STREET  
WEST PERTH WA 6005  
AUSTRALIA

PO BOX 1783  
WEST PERTH WA 6872

TEL+61 8 9485 1000  
FAX+61 8 9485 1060  
Email [info@tapoil.com.au](mailto:info@tapoil.com.au)  
[www.tapoil.com.au](http://www.tapoil.com.au)

24 July 2003

The Company Announcements Platform  
Australian Stock Exchange  
Exchange Centre  
20 Bond Street  
SYDNEY NSW 2000

## **JUNE 2003 QUARTERLY REPORT**

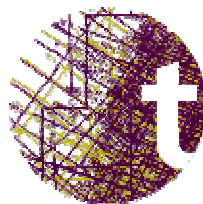
In accordance with Listing Rule 5.1, Tap Oil Limited releases the Fourth Quarter Report for the Quarter ending 30 June 2003.

Any enquiries regarding this Report should be directed to the Managing Director, Mr Paul Underwood, or in his absence the undersigned.

**TED JACOBSON**  
**TECHNICAL DIRECTOR**

# TAP OIL LIMITED

(ABN 89 068 572 341)



## Quarterly Report

*for the Quarter ended 30 June 2003*

### **HIGHLIGHTS**

- Liquids production up 176% on last quarter
- Record Quarterly Operating Revenues of A\$27.4M
- Woollybutt Oil Field development completed
- Woollybutt Oil Field producing at 40,000 bopd
- Linda Gas/Condensate Field development approved
- Up to 15 wells scheduled for drilling in the next six months

**TAP OIL LIMITED**  
**(ABN 89 068 572 341)**

**Quarterly Report**

*for the Quarter ended 30 June 2003*

**CONTENTS**

**PAGE**

1) Production & Revenue	2
2) Development Projects Update	3
3) Exploration & Appraisal Activity	4
4) Capital & Production Expenditure	7
5) Financial & Corporate	7
6) Definitions	9

## 1) PRODUCTION & REVENUE

Production and revenue from Tap's 12.2229% interest in the HJV and 15% interest in the Woollybutt Joint Venture have been as follows:

PRODUCTION	Sep '02 Qtr	Dec '02 Qtr	Mar '03 Qtr	Jun '03 Qtr	% Change	2003 FYTD
HJV Production Liquids (bbls) - net	187,093	226,314	228,646	299,040	+31%	941,093
Woollybutt Production Liquids (bbls) - net	-	-	-	332,707		332,707
<b>Total Liquids Production (bbls) – net</b>	<b>187,093</b>	<b>226,314</b>	<b>228,646</b>	<b>631,747</b>	<b>+176%</b>	1,273,800
Total Daily Liquids Production (bopd) – net	2,034	2,460	2,541	6,942		3,490
HJV Sales Gas (TJ) – net	1,125	746	764	994	<b>+30%</b>	3,629
<b>Total Daily Gas Sales (TJ/D) – net</b>	<b>12</b>	<b>8</b>	<b>8</b>	<b>11</b>		10

REVENUE	Sep '02 Qtr	Dec '02 Qtr	Mar '03 Qtr	Jun '03 Qtr	% Change	2003 FYTD
Total Liquids Revenue – net (\$000)	9,451	11,104	12,442	25,384	+104%	58,381
Gas Revenue – net (\$000)	2,540	1,452	1,465	1,793	+22%	7,250
Tolling Revenue – net (\$000)	197	214	214	204	-5%	829
<b>Total Operating Revenue (\$000)</b>	<b>12,188</b>	<b>12,770</b>	<b>14,121</b>	<b>27,381</b>	<b>+94%</b>	<b>66,460</b>

### Liquids Production & Revenues (Oil, Condensate & NGL)

- **The Woollybutt Oil Field commenced production on 29 April 2003.** After an initial ramp up period the field has performed well with current rates averaging around 40,000 bopd.
- The West Simpson-1 and Simpson-7 development wells were brought on-line at the beginning of the Quarter resulting in **record levels of HJV liquids production peaking at 40,000 bopd.** Notwithstanding the natural decline in field productivity, continued well interventions and successful workovers have enabled current HJV production to average between 24,000 and 25,000 bopd.
- With the Woollybutt Oil Field on-line, Tap now has two significant operational oil production assets. **Combined gross liquids production from these two assets is currently around 65,000 bopd (Tap share ~ 9,000 bopd).**
- Tap realised an average oil price of A\$40.18/bbl during the Quarter, down 26% from the A\$54.42 realised during the March quarter. However, **increased oil production resulted in Tap's fourth consecutive quarter of record revenues.**

### Gas Sales

- HJV gas deliveries averaged 89 TJ/d during the Quarter which exceeded budgeted sales. The increased sales were due to additional gas take from existing customers.
- Tap has been advised that **Burrup Fertilisers commenced construction of their plant on the Burrup Peninsular** and is on schedule to take first contracted gas from the HJV (Tap 12.2229%) in the second quarter of 2005.

## **2) DEVELOPMENT PROJECTS UPDATE**

### **Woollybutt Oil Field Development (Tap 15%, Eni Operator)**

- Notwithstanding some minor delays, the FPSO was installed and commissioned during the Quarter. **The development phase was completed within budget** at around A\$100 million (Tap A\$15 million).
- Production during May and June averaged 33,000 and 39,000 bopd respectively. Overall field production has been broadly in line with anticipated levels and is currently producing at uninterrupted rates of around 40,000 bopd. **Cumulative production to date is nearly 3 million bbls**, with five successful export liftings since start-up.

### **Linda Gas/Condensate Field Development (Tap 12.22%, Apache Operator)**

- **The HJV has approved development of the Linda Gas/Condensate Field** with production anticipated to commence in the second quarter of 2004. The estimated development cost for the project is A\$50 million (Tap A\$6.1 million).
- The development will consist of a multi-slot platform to allow development of the Linda Gas/Condensate Field via two to three wells. The platform is also positioned to allow development of the Rose and Lee Gas/Condensate Fields and other future exploration successes in the area. The platform will be connected to the Campbell pipeline with ultimate processing at Varanus Island.

### **Varanus Island Gas Expansion Project (“VGEP”) (Tap 12.22%, Apache Operator)**

- Tap has recently approved its participation in the VGEP which will provide additional sales gas capacity to meet future HJV contracted commitments, including Burrup Fertilisers.
- **The VGEP will expand the capacity of the HJV Varanus gas plant and compression to a nominal level of around 220 TJ/d from the current 100TJ/d.**
- The gross cost for the project is estimated at A\$70 million (Tap A\$8.5 million) and provides for a new sales gas compressor, new gas processing train, new stabilisation train and upgrade of existing trains and compressors. The project will begin, following the required safety and environmental approvals, during the next quarter with completion expected in early 2005.

### **Kahili Gas/Condensate Development (Tap 30%, Indo-Pacific Operator)**

- **The extended flow test results have confirmed that productivity from this field has increased by as much as 40%.** Preliminary gross proved and probable reserves are estimated at around 5 bcf of gas and 150,000 bbls of condensate, with gas likely to flow at around 3.5 mmscf per day.
- **Discussions with potential gas customers are underway** and it is expected that a final development decision will be completed during the next quarter. The time estimated to resource and install the necessary surface facilities and pipeline to bring hydrocarbons to market is approximately six months with the aim of commencing production from Kahili in the first half of 2004.

### **3) EXPLORATION & APPRAISAL ACTIVITY**

#### **Wells drilled during the Quarter**

##### *Carnarvon Basin Western Australia*

<b>Well</b>	<b>Permit</b>	<b>Status</b>	<b>Tap Share</b>
Montgomery-1	WA-149-P	Unsuccessful	22.47%

Montgomery-1 was drilled to a total depth of 2,964 meters measured depth within the lower Barrow Group. Oil and gas shows were recorded within the upper Barrow Group and lower Barrow Group sandstones. However, due to encountering high pressures the well was terminated prior to reaching the deeper Dupuy Sandstone target.

Although the well did not intersect commercial quantities of hydrocarbons, the oil and gas shows encountered have provided encouragement for further drilling in the area. The 3D seismic data within the permit is now being reprocessed and the results of the well will be incorporated in a new interpretation of the area.

#### **Wells drilled subsequent to the Quarter**

##### *Carnarvon Basin Western Australia*

<b>Well</b>	<b>Permit</b>	<b>Status</b>	<b>Tap Share</b>
Ginger-1	HJV	Exploration well – currently drilling	12.22%

The Ginger-1 well spudded on 20 July 2003. This well will target a Jurassic Biggada prospect which exhibits bright seismic amplitudes similar to those at the Linda Gas/Condensate Field. The prospect has the potential to contain 100 PJ of recoverable gas.

#### **Forward drilling programme**

##### *Carnarvon Basin Western Australia*

<b>Well</b>	<b>Permit</b>	<b>Status</b>	<b>Tap Share</b>	<b>Estimated Target &amp; Mean Size – Pre Drill (gross)</b>
Gipsy-3	HJV	Exploration	12.22%	Oil – 5 mmbbbls
Felicia-1	HJV	Exploration	12.22%	Oil – 1 mmbbbls
Taunton-3 and 3ST	TL/2	Appraisal	10.00%	Appraising additional oil
North Pedirka-1	HJV	Exploration	12.22%	Oil – 1 mmbbbls
Hoover-2	HJV	Development	12.22%	Development well
Hyssop-1 *	TP/7	Exploration	12.47%	Oil – 13 mmbbbls
Twickenham-1	HJV	Exploration	12.22%	Oil – 2.2 mmbbbls
Mosman-1	TL/2	Exploration	12.47%	Oil – 16 mmbbbls
Toobada-1	WA-192-P	Exploration	13.77%	Oil – 20 mmbbbls
Campbell-6	HJV	Exploration	12.22%	Gas - 40 PJ
Bricklanding-1	TP/7	Exploration	12.47%	Gas – 360 PJ
Amulet-1	WA-8-L	Exploration	20.00%	Oil - 10-15 mmbbbls
Sheila-1	WA-291-P	Exploration	15.00%	Oil – 89 mmbbbls
Cyrano-2	EP-364	Appraisal	90.00%	Appraising additional oil
Jabberwocky-1	TP/18, EP-420	Exploration	50.00%	Oil – 20 mmbbbls

\* Tap will not participate in the drilling of this well but has the right to back into the well at a later stage.

Tap's indicative Carnarvon Basin forward drilling programme is detailed in the previous table. Although these proposed wells are being planned for drilling, timing is subject to rig availability and Joint Venture and regulatory approvals. Other prospects are also currently being considered for drilling in the near term. Please refer to Tap's website for the latest information on the forward drilling programme.

#### **HJV - TL/1, 5, 6 & 8, TR/1 (Tap 12.22%, Apache Operator)**

- **Upcoming HJV Drilling:** Up to six HJV exploration wells are currently planned for drilling during the second half of 2003 targeting a range of different reservoirs including the Triassic Mungaroo sandstone, Jurassic Biggada sandstones and Cretaceous Flag sandstone. The first of these, Ginger-1, is currently drilling.

The Hoover-2 development well will also be drilled during the second half of 2003. This will be drilled from the Victoria platform and if successful will be immediately tied-in for oil production.

#### **WA-192-P (Tap 13.77%, Tap Operator)**

- **Toobada-1:** The drilling of Toobada-1 has been delayed due to rig constraints. The well is expected to be drilled during the next quarter.

#### **TL/2 (Tap 10%, Apache Operator)**

- **Upcoming Drilling:** Three wells, with a fourth likely, are being planned for drilling in the second half of 2003. Taunton-3, and a side track Taunton-3ST, will appraise the northern extent of the Taunton Oil Field. If these wells prove successful, the Taunton Oil Field will be considered for development with a tie-in to the Airlie Island production hub. A new exploration play will also be targeted in this drilling round. Mosman-1 will target a stratigraphic trap with significant upside in the lower Barrow Group sandstones. The prospect has the potential to contain a mean recoverable volume of 16 mmbbls of oil with an upside of 51 mmbbls.

#### **TP/7 (Tap 12.47%, Santos Operator)**

- **Upcoming Drilling:** It is also planned to drill the Hyssop-1 well in the second half of 2003. The Hyssop prospect comprises a fault bound trap at the top of the Barrow Group along the eastern margin of the TP/7 permit. The prospect has the potential to contain a mean recoverable volume of 13 mmbbls of oil with an upside of 32 mmbbls. It should be noted that Tap will not participate in the drilling of this well but has the right to back into the well at a later stage.

#### **EP-364 (Tap 90%, Tap Operator)**

- **Cyrano Discovery:** Studies of the well data are currently being undertaken to evaluate the commerciality of the Cyrano oil discovery. An appraisal well Cyrano-2 is being planned for late this year or early next year subject to rig availability. In addition to appraising the main Cyrano structure, the well will also be designed to investigate additional potential of a barrier bar sand interpreted from seismic data to cut across the prospect.

### **TP/18, EP-420 (Tap 50%, Tap Operator)**

- Reprocessing of the 3D seismic data covering the permits has now been completed. Several prospects have been identified within the lower Barrow Group sandstones which have resulted from intense slumping within the basal front of the Barrow Delta. The proposed Jabberwocky-1 well will target a channel sand identified on this seismic which has infilled one of these slump structures. This prospect has the potential to contain 20 mmbbls of recoverable oil with additional potential for significant upside.

### *Taranaki Basin New Zealand*

<b>Well</b>	<b>Permit</b>	<b>Status</b>	<b>Tap Share</b>	<b>Estimated Target &amp; Mean Size – Pre Drill (gross)</b>
Bluff-1 (NZ)	PEP 38746	Exploration	25.00%	Oil – 2 mmbbls
Wawiri-1 (NZ)	PEP 38753	Exploration	25.00%	Oil – 2 mmbbls
Waitariki-1 (NZ)	PEP 38741	Exploration	50.00%	Gas – 100 PJ

### **PEP 38741 (Tap 50%, Indo Pacific Operator) & PEP 38748 (Tap 50%, Tap Operator)**

- **Kaimata 3D Seismic Survey:** This extensive 3D seismic programme covers the abovementioned permits. Field recording was completed last quarter and processing is now being completed. Interpretation of the data will commence shortly with the aim of preparing several wells for drilling later this calendar year and into next year.

### **PEP 38753 (Tap 25%, Indo Pacific Operator)**

- **Wawiri-1:** Preparations are underway for the drilling of Wawiri-1, which is anticipated to spud in late September. The Wawiri prospect comprises a shallow Mt. Messenger stratigraphic target which exhibits bright seismic amplitudes interpreted to indicate the presence of reservoir sandstones. The prospect is located onshore close to existing infrastructure.

### **PEP 38746 (Tap 25%, Indo Pacific Operator)**

- **Bluff-1:** This well will be drilled back to back with Wawiri-1 and is currently being prepared for drilling. As with Wawiri, the Bluff prospect is targeting the Mt. Messenger formation and is located onshore close to existing infrastructure.



#### **4) CAPITAL & PRODUCTION EXPENDITURE**

<b><u>Capital and Production Expenditure</u></b>	<b>Tap Oil Share</b>				
	<b>Sept '02 Qtr \$000</b>	<b>Dec '02 Qtr \$000</b>	<b>Mar '03 Qtr \$000</b>	<b>Jun '03 Qtr \$000</b>	<b>2003 FYTD \$000</b>
Exploration & Appraisal	5,919	2,618	10,009	3,639	22,185
Development, Plant & Equipment	9,075	4,584	5,794	2,838	22,291
<b>Total Capital Expenditure</b>	<b>14,994</b>	<b>7,202</b>	<b>15,803</b>	<b>6,477</b>	<b>44,476</b>
Production Operating Costs *	784	886	934	2,814	5,418
Production Royalties	1,105	964	1,191	1,299	4,559
<b>Total Production Expenditure</b>	<b>1,889</b>	<b>1,850</b>	<b>2,125</b>	<b>4,113</b>	<b>9,977</b>

\* excludes amortisation/depreciation charges

- Exploration and appraisal expenditure of \$3.6 million related to the finalisation of Tap's operated well costs from the previous quarter together with the drilling of the Montgomery-1 well. Included in exploration expenditure for the Quarter is Tap's acquisition costs relating to the purchase of ExxonMobil's interest in petroleum licences TP/7 and TL/2 and the related seismic uplift obligations.
- Development and plant and equipment expenditure of \$2.8 million for the Quarter was primarily attributable to final Woollybutt Oil Field development and HJV infill well costs.
- Production operating costs on Varanus Island (\$1.1 million) has increased slightly from previous quarters due to continued pigging and wireline operations. Total Tap production operating costs for the quarter also includes two full months of Woollybutt operations (\$1.7 million).
- Royalties increased from last quarter due to higher HJV production levels. Woollybutt PRRT is not expected to be payable until 2004 due to carried forward deductible credits.

#### **5) FINANCIAL & CORPORATE**

##### **i) Cash Position**

	<b>Sept '02 \$000</b>	<b>Dec '02 \$000</b>	<b>Mar '03 \$000</b>	<b>Jun '03 \$000</b>
Cash on hand (i)	9,274	5,740	4,405	11,029
Debt	(7,349)	(7,065)	(9,997)	(6,003)
<b>Net Cash/(Debt)</b>	<b>1,925</b>	<b>(1,325)</b>	<b>(5,592)</b>	<b>5,026</b>
Gearing Ratio	(1%)	1%	4%	(3%)

(i) Cash on hand excludes Joint Venture held cash

- Tap's improved net cash position of \$5 million reflects cashflows from two full months of Woollybutt production.
- Tap repaid US\$2 million in short term debt during the Quarter. At 30 June 2003, Tap has drawn US\$4 million (A\$6 million) of it's A\$20+ million facility.
- Notwithstanding forecast development and exploration expenditures, Tap is expected to maintain a strong cash build going forward as a result of revenues from Woollybutt and HJV oil production.

## **ii) Hedging**

Forward Hedging at 30 June 2003	QTR Sep-03	QTR Dec-03	QTR Mar-04	QTR Jun-04	TOTAL / AVERAGE
<i>Petroleum Liquids</i>					
Average price US\$/bbl	\$25.02	\$28.70	\$26.20	\$25.85	\$26.52
Average rate A\$/US\$	\$0.5799	\$0.5933	\$0.6449	\$0.6272	\$0.6094
Average swap price A\$/bbl	\$43.15	\$48.37	\$40.63	\$41.21	\$43.51
Quantity (bbl)	125,000	125,000	125,000	70,000	445,000

- Tap's open hedge book covers approximately 16% of its forecast net liquids production over the hedge term.
- Further modest levels of hedging may be considered in light of the latest market outlook and Tap's growing production profile.

## **iii) Reporting Calendar (indicative)**

	Expected Release Date:
30 June 2003 Preliminary Final Results	22 August 2003
Circulation of Annual Report	15 September 2003
Annual General Meeting	17 October 2003
September 2003 Quarterly Report	24 October 2003

As announced to the ASX during the Quarter, Tap has resolved to change its financial year end date from 30 June to 31 December. This is to align Tap's financial year with that of its major joint venture operations to assist in the coordination of its accounting, audit, budgeting and taxation functions.

Tap will report as usual for the 30 June 2003 financial year and then again for the six month period ending 31 December 2003. Thereafter Tap's financial year will end on 31 December of each year with AGM's to be held no later than 31 May.

## **iv) Investor Relations**

Tap's website is regularly updated detailing recent activities and analyst briefings. We encourage all interested stakeholders to visit [www.tapoil.com.au](http://www.tapoil.com.au) or for further information please contact the Managing Director, Mr Paul Underwood, on:

Phone: +61 8 9485 1000  
E-mail: [paul.underwood@tapoil.com.au](mailto:paul.underwood@tapoil.com.au)

*This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by the nature of the business and no assurance can be given by Tap that its expectations, estimates and forecast outcomes will be achieved.*

## **6) DEFINITIONS**

"bbls"	means barrels
"bcf"	means billion cubic feet
"bopd"	means barrels of oil (and condensate/NGL) per day
"BOE"	means barrels of oil equivalent
"FPSO"	means floating production storage and offloading system (converted oil tanker)
"Gearing Ratio"	means Net Debt divided by (Net Debt + Equity)
"HJV"	means Harriet Joint Venture
"MMD"	means metres measured depth
"mmbbls"	means one million barrels
"mmboe"	means one million barrels of oil equivalent
"mmscf"	means million cubic feet
"MWD"	means measurement while drilling
"PJs"	means petajoules
"PRRT"	means Petroleum Resource Rent Tax
"Quarter"	means the period from 1 April 2003 to 30 June 2003
"Tap"	means Tap Oil Limited (ABN 89 068 572 341)
"TJ/D"	means terajoules per day
"TD"	means total depth
"2D"	means two dimensional
"3D"	means three dimensional