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Press Release

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Reprocessed 3D seismic reveals deeper potential in VIC/P57

Highlights

- Reprocessing of 3D seismic data in and around VIC/P57 is complete
- Significant improvement in data quality of deeper levels has been achieved
- Initial review of the Felix Prospect is very encouraging

The expected improvement in data quality from the reprocessing of 3D seismic data is particularly encouraging for the delineation of additional prospectivity in the deeper levels of the two most mature prospects in VIC/P57, Felix and Sea Lion.

Reprocessing of over 500 sq km of Northern Fields 3D seismic survey data in and around VIC/P57 has finally been completed by DownUnder GeoSolutions Pty Ltd. 3D Oil has now commenced, in earnest, a comprehensive evaluation of the data. While a prudent, thorough assessment of this new data will take several months to complete, an initial inspection indicates that the anticipated significant improvement in data quality in deeper horizons within the Latrobe Group has largely been achieved.

The original processing of the Northern Fields 3D seismic data was completed in 2003, and was not optimized for interpretation of the deeper horizons. Therefore, 3D Oil (and other operators across the offshore Gippsland northern margin using this data) struggled with attempts to obtain a satisfactory interpretation of the lower Latrobe Group. However, with the major improvements in seismic processing technology that have been demonstrated in recent years, it became apparent that significantly improved imaging of this strata should be possible. Almost one year ago 3D Oil commissioned state-of-the-art reprocessing, primarily to improve image quality in the deeper horizons which, along trend to the east, have been proven to have enormous potential, particularly for gas (e.g. South East Remora, Longtom and Kipper). Although finalisation of the reprocessing was delayed due to the incorporation of even newer techniques, the success in minimising noise and multiples in this very complex data set has proved worthwhile.

The deeper section, principally the Golden Beach and Emperor Subgroups, has been confirmed as an exciting new gas play in recent years. Nearby discoveries within these strata include the Longtom and Grayling gas fields and the SE Longtom-1 and SE Remora-1 wells, as well as the Judith and Kipper gas fields further east. The distribution of hydrocarbons in this section in the VIC/P57 area has been difficult to predict due to the previous inability to map seismic data with confidence. This was primarily due to the data being contaminated with shallow water multiples and inter-bed multiples from the upper Latrobe Group coals.

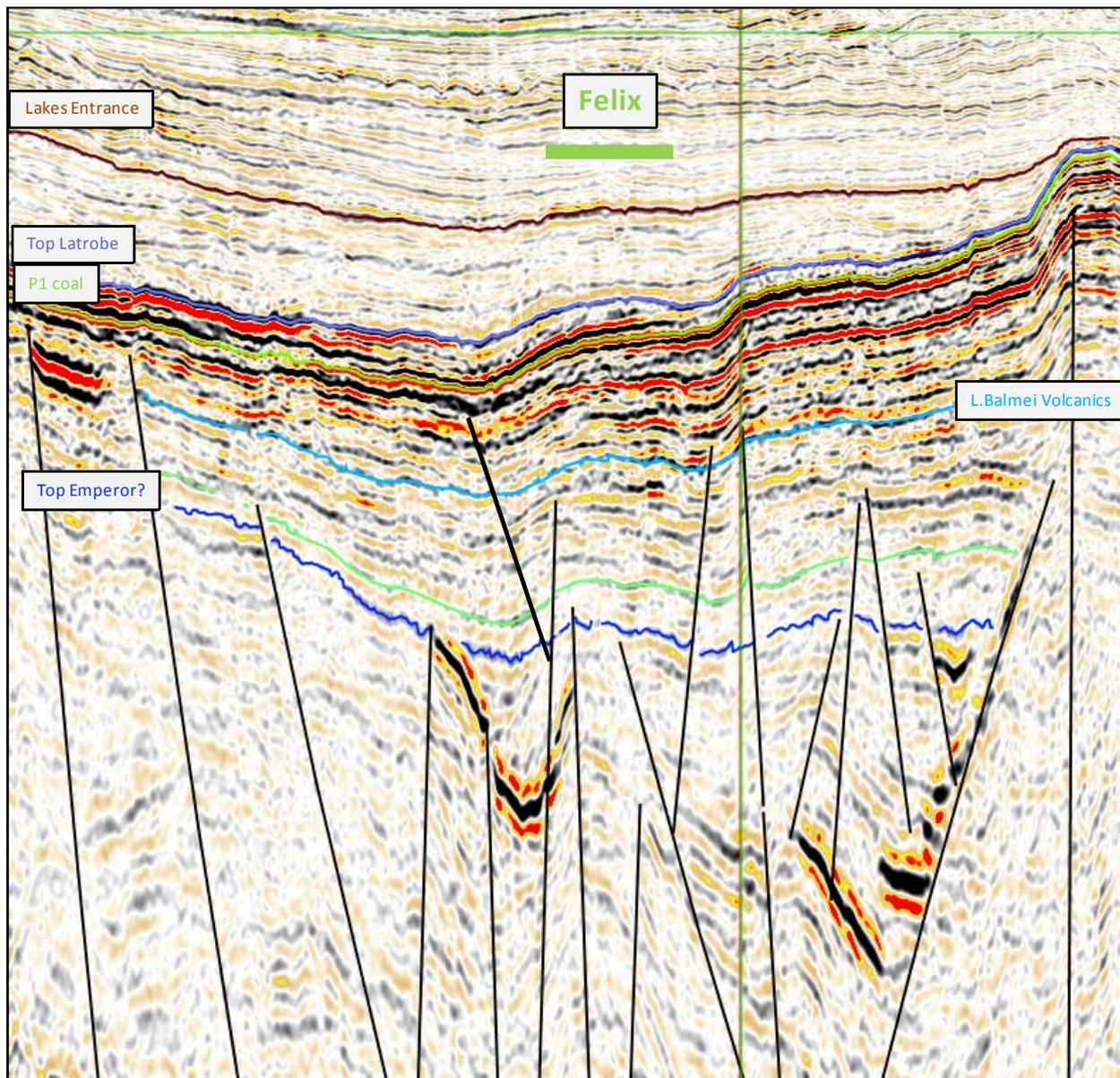
The reprocessed seismic line, below, over the Felix Prospect illustrates the reprocessing has been successful in removing a significant proportion of the multiples, which also yielded a more appropriate velocity field in the process.

The reprocessed data is enabling more robust mapping of both the main reservoir horizon at Felix, the *L. balmei* sub-volcanics reservoir, as well as at the Emperor Subgroup level. Furthermore, the improved fault interpretation will result in better constrained volumetric estimates for the Felix Prospect, and a reduction of risk with respect to definition of the structure. Initial review of the Felix Prospect is very encouraging.

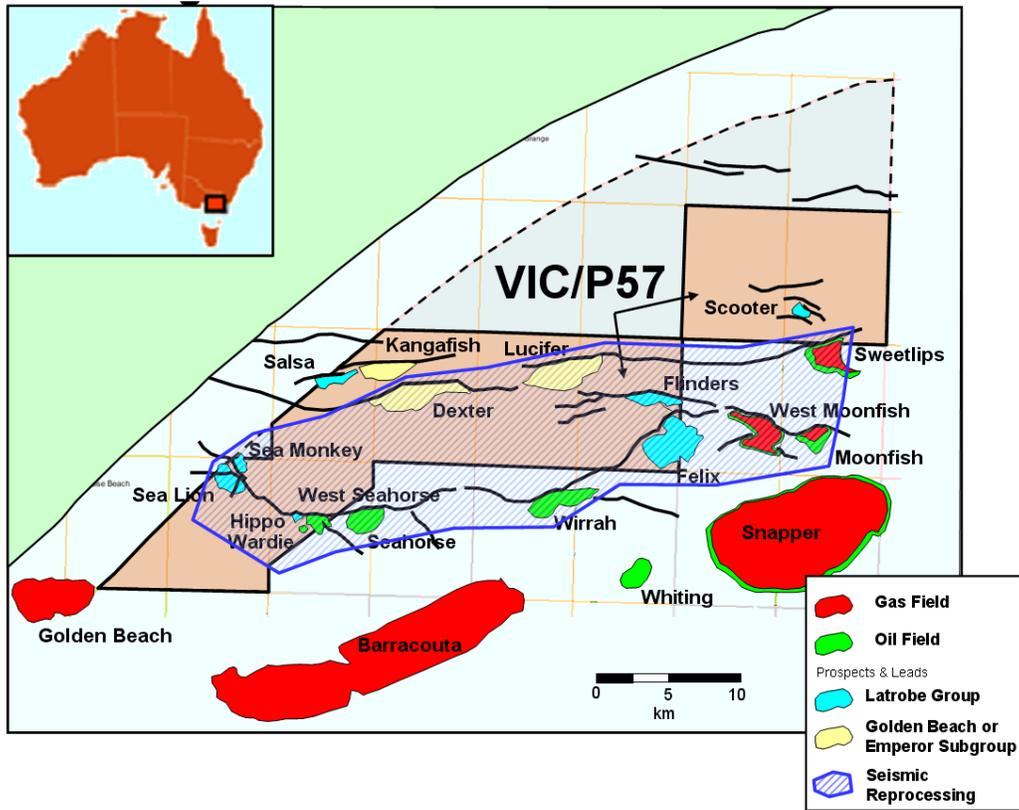
The Felix Prospect is also located within an established oil production fairway between the Moonfish oil field and the Wirrah discovery and has the potential to contain over 100 MMbbl.

The company is also undertaking a review of the deep prospectivity of the Sea Lion prospect, where recent work has highlighted the potential for a sizeable closure within the Golden Beach Subgroup.

3D Oil Limited is currently the operator and 100% owner of the VIC/P57 permit. The company has entered into a non-binding term sheet with Canadian oil and gas company, Oracle Energy Corp (OEC). Under the terms of the Term Sheet, OEC has the potential to earn 50% in the permit by drilling two wells with a total carried expenditure of up to \$30m. The key commercial terms of this non-binding agreement were announced on 3 November 2011 by 3D Oil.



Reprocessed data over the Felix Prospect illustrating significant improvement in deeper imaging



The reprocessed 3D seismic location and prospects and leads in Vic/P57

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