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ZOLA-1 WELL DRILLING UPDATE

Tap Oil Limited (ASX Code: TAP) provides the following update on the Zola-1 exploration well, offshore Carnarvon Basin, Western Australia.

Location / Proposed Depth

The Zola-1 well is located in permit WA-290-P, immediately south of the giant Gorgon gas field in the Carnarvon Basin, Western Australia. The well is being drilled in 285 metres of water and the primary Mungaroo Formation target will be intersected at approximately 4,300 metres below sea level. Further secondary targets will see the well drilled to a target depth of 5,000 metres.

Progress

During the period from 0600 hours WST on 8 December 2010 and 0600 hours WST on 15 December, 508 mm (20") surface casing was run and cemented at 1,696 metres (MD), a blow-out preventer (BOP) was installed and tested, and the well was drilled from 1,701 metres (MD) to 3,425 metres (MD). Current hole size is 406 mm (16").

Forward Plan

The well will be drilled ahead in 406mm (16") hole to the intermediate casing point at 3,500 metres (MD). After intermediate casing is run and cemented, drilling will recommence.

Zola-1 is planned to take approximately 40-50 days from spud to reach a final total depth of approximately 5,000 metres. Upon completion of evaluation the well will be plugged and abandoned in the normal course of offshore operations.

Background

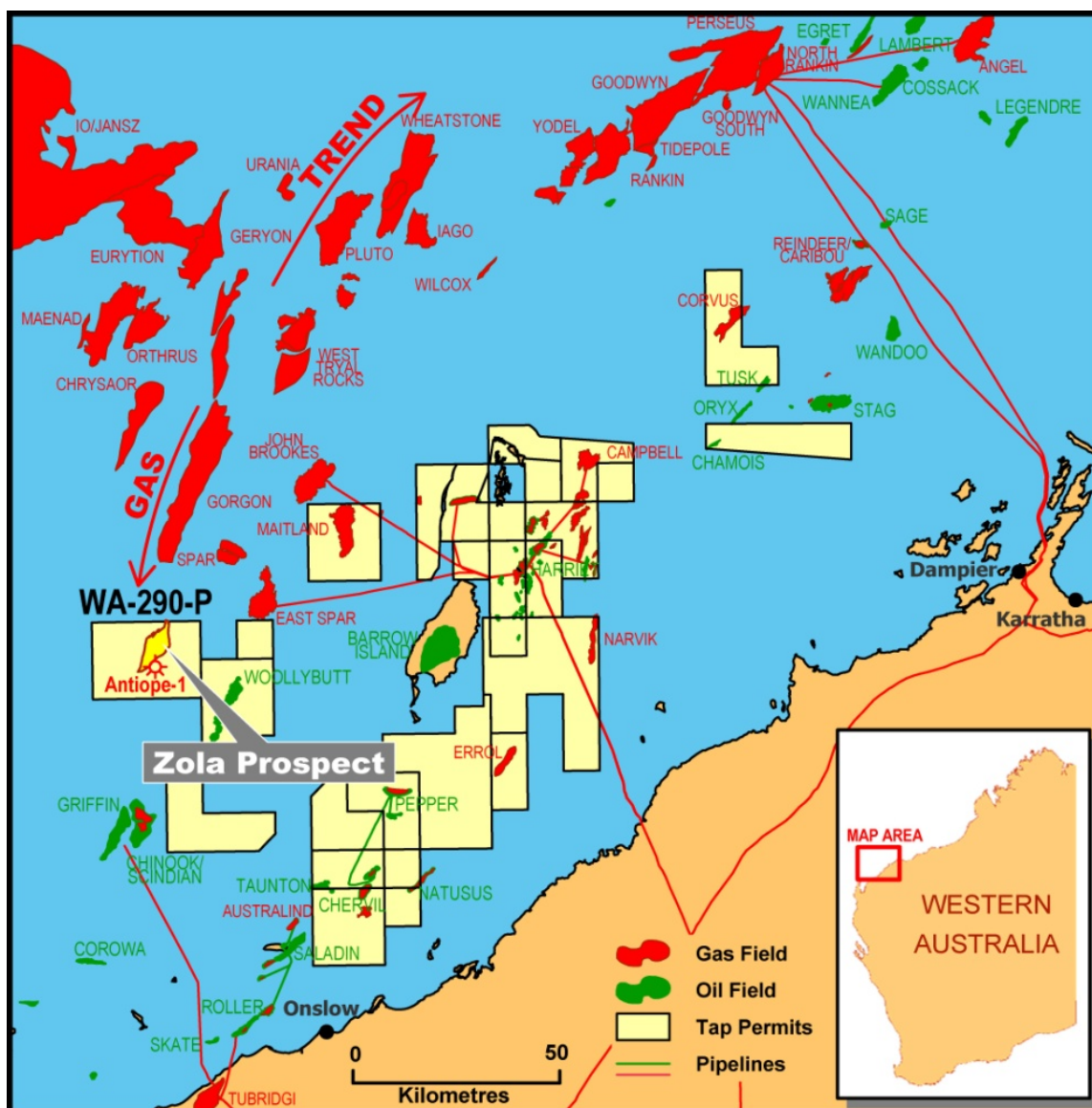
The Zola prospect is a very large Triassic tilted fault block on trend with the giant Gorgon gas field. One of the largest undrilled structural features in the Carnarvon Basin, Zola is covered by high quality newly reprocessed 3D seismic data and is considered a moderate risk prospect. Zola is estimated by Tap to contain mean recoverable gas volumes of 1.0 trillion cubic feet with upside potential for 2.0 trillion cubic feet. The well will test the gas potential of several top and intra Mungaroo Formation sands – the primary reservoir at Gorgon. In addition it is possible that some Jurassic reservoirs may be developed flanking the main Triassic structure.

Previous drilling in WA-290-P focused on the shallower Jurassic and Cretaceous interval, resulting in the Antiope gas discovery in 2000 and the minor Lauda oil discovery in 2005.

Located close to existing and developing gas infrastructure, Zola would have multiple potential development options should it be a discovery. Any development at Zola could also encompass the overlying Antiope gas discovery (estimated at ~120 Bcf).

WA-290-P Joint Venture Participants

Tap (Shelfal) Pty Ltd	10.00%
Apache Northwest Pty Ltd (Operator)	30.25%
Nippon Oil Exploration (Dampier) Pty Ltd	15.00%
OMV Australia Pty Ltd	20.00%
Santos Offshore Pty Ltd	24.75%



Zola-1 Location Map

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