



27 July 2009

**Tap Oil Limited**

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## **JUNE 2009 QUARTERLY REPORT**

Herewith is Tap Oil Limited's Quarterly Report for the period ended 30 June 2009.

Copies of these documents are available at the ASX and can be viewed on the Company's website [www.tapoil.com.au](http://www.tapoil.com.au) under the heading "Investor Centre".

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## Quarterly Report

For the Quarter Ended 30 June 2009

### Highlights

- 24% increase in revenue on previous quarter to A\$19 million
- Production at Harriet returned to pre-incident rates - currently producing at 5,400 barrels and 95 TJ per day
- US\$11 million received so far in interim insurance proceeds in relation to the Varanus Island incident
- Tap's net cash position continues to be strong at A\$53 million with no debt at the end of June 2009

### Managing Director's Summary

"During the quarter, the Harriet Joint Venture made a welcome return to pre-incident production levels and sales of third party gas also increased to full contracted daily volumes as the Varanus Island Repair Project neared finalisation.

At Woollybutt, the scheduled life extension work program on the FPSO is underway, with production anticipated to resume at the end of November 2009.

In Block M, onshore Brunei, 3D seismic acquisition is well underway over the Belait field, with drilling anticipated to follow in 2010. In WA-351-P, seismic interpretation is underway with preliminary results expected in the third quarter. Tap views this block as having moderate to low risk exploration potential for LNG-scale gas.

Tap ended the quarter with \$53 million cash on hand. Our existing cash, diversified production and cash generating interests and high potential exploration blocks mean that Tap is well positioned in the current business environment," Mr Peter Stickland, Managing Director / CEO.

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## Revenue and Production

Revenue for the quarter was A\$19.1 million; Tap achieved an average of A\$69 per barrel for its liquids. The company has no commodity hedging in place.

SALES REVENUES	Mar '09 Qtr	Jun '09 Qtr	Qtly % Change	Comment
Liquids – net (\$000)	9,380	12,144	29%	<i>Liftings at HJV and WBT.</i>
Gas – net (\$000)	4,728	6,939	47%	<i>Increased production from HJV &amp; third party gas.</i>
Tolling – net (\$000)	1,262	6	-99%	<i>Third party oil lifted through HJV.</i>
<b>Total Oil &amp; Gas Revenue (\$000)</b>	<b>15,370</b>	<b>19,089</b>	24%	
<b>Average realised oil price A\$/bbl</b>	<b>73</b>	<b>69</b>	-6%	

PRODUCTION VOLUMES – Tap Share	Mar '09 Qtr	Jun '09 Qtr	Qtly % Change	Comment
Liquids - Harriet JV (bbls)	32,273	64,102	99%	<i>Increased production at Varanus Island.</i>
Liquids - Woollybutt (bbls)	110,716	32,903	-70%	<i>Production shut in on 28 April 2009.</i>
<b>Total Liquids (bbls) – net</b>	<b>142,989</b>	<b>97,005</b>	-32%	
Total Daily (bopd) – net ave.	1,589	1,066	-33%	
<b>Gas - Harriet JV (TJ) - net<sup>1</sup></b>	<b>728</b>	<b>878</b>	21%	<i>Increased production at Varanus Island.</i>
Total Gas (TJ/D) – net <sup>1</sup>	8.1	9.6	19%	
<b>Total production – boe</b>	<b>250,340</b>	<b>226,512</b>	-10%	
Liquids inventory – bbls	168,167	84,468	-50%	<i>Lower inventory due to improved liftings for the quarter.</i>

<sup>1</sup> Production of sales gas (i.e. after losses, fuel and flaring). The March 2009 numbers differ from numbers reported last quarter.

### Harriet Joint Venture Fields (Tap 12.229%, Apache Operator)

- Production rates at the Harriet Joint Venture continued to increase over the quarter and are now back to pre-incident levels. The Varanus Island Repair Project is largely completed with one part of the plant remaining to be returned to service. Final optimisation and non-critical activities are continuing on the Island. This has been a significant achievement with the facility returned to pre-incident production levels within approximately 12 months and within budget.
- Liquids production rates averaged 5,750 bopd gross for the period with production now back to expected levels.
- Gas production also increased and production is currently running at approximately 95 TJ per day (gross).
- Tap received additional interim insurance payments in April of \$US1.65 million for the business interruption and property damage claims relating to Varanus Island bringing the total received to US\$11 million.

### Woollybutt Field (Tap 15%, ENI Operator)

- Field production was shut in on 28 April after which a final lifting was completed and the Four Vanguard FPSO was cleaned and prepared for sailing to the shipyard in Singapore. The shipowners are completing a life extension work program on the Four Vanguard FPSO to ensure it is capable of remaining on station to the end of the field life, which is anticipated to be December 2013. In addition to the vessel owner's shipyard and dry dock activities, the Joint Venture Partners are improving various aspects of the vessel to further optimise future operations. Current estimates have the shipyard work being completed in the fourth quarter with production to re-commence at the end of November 2009. Tap is working closely with all parties to optimise this essential and important activity. Delays were experienced by the shipowner prior to entering the shipyard but these problems have been resolved and the work is now proceeding as planned.
- Production from the Woollybutt field was in line with production targets prior to the shut in on 28 April 2009.

### Other Gas Sales - Third Party Gas Contracts (Tap 100%)

- Gas sales from the resale of John Brookes gas increased to full contracted daily volumes during the quarter.
- The gas volumes available for resale are 95% contracted at CPI linked domestic rates and take advantage of Tap's low contracted purchase price. These contracts are fixed in AUD and hence are not exposed to changes in either commodity prices or exchange rates.

## Financial & Corporate

Tap's net cash position continues to be strong at A\$53.4 million with no debt at the end of June 2009.

Cash Position	Sep '08 \$000	Dec '08 \$000	Mar '09 \$000	Jun '09 \$000
Cash on hand *	47,319	53,783	52,406	53,370
Debt	-	-	-	-
<b>Net Cash/(Debt)</b>	<b>47,319</b>	<b>53,783</b>	<b>52,406</b>	<b>53,370</b>

\* Cash on hand includes estimated cash held in Joint Ventures to Tap's account.

At the end of the June 2009 quarter Tap had 156,485,921 ordinary shares on issue. There were no share issues during the quarter.

At 30 June 2009, Tap had on issue a total of 8,623,747 options to acquire fully paid shares with option expiry dates varying from 25 September 2009 through to 15 July 2013 and exercise prices in the range \$0.61 to \$2.75. All of these options are held by current or former Tap executive directors and employees. A total of 133,200 options were issued and 260,100 options were cancelled or expired during the quarter.

On 21 June 2009 Mr Paul Underwood resigned as a Non-Executive Director of the company. Mr Underwood was one of the company's founding directors at the time of Tap's listing on the ASX in 1996. He was Tap's CEO and Managing Director until 31 December 2007.

## Exploration, Development, Operating and Other Expenditures

	Tap Oil Share		
	Mar '09 Qtr \$000	Jun '09 Qtr \$000	Comments
Exploration & Appraisal	3,884	4,772	Major activity was the mobilisation for and commencement of the seismic acquisition in Brunei.
Development, Plant & Equipment	1,035	-	
<b>Total Capital Expenditure</b>	<b>4,919</b>	<b>4,772</b>	
Production Operating Costs *	7,326	13,584	Includes Varanus Island repairs, Woollybutt dry dock costs and increased gas purchases from third parties.
Production Royalties and PRRT	132	-	
<b>Total Production Expenditure</b>	<b>7,458</b>	<b>13,584</b>	

\* excludes depreciation and amortisation charges. Includes third party gas purchases and inventory movements.

## Appraisal and Development Activities

Tap did not participate in any drilling during the June quarter.

A wireline program was conducted on the Linda, Lee, North Alkimos, Albert and Simpson fields (all within the Harriet Joint Venture) during the June quarter. Information acquired will be utilised to optimise field production and reserve determination. Initial tests indicate the re-perforating of the Lee-4 well has resulted in improved deliverability.

Results from the pressure data at Linda North-1 confirm communication between Linda-3 and Linda North-1. As a result, gas from the northern lobe is being drained by the existing well and there are no current plans to tie-in Linda North-1.

Bambra field (within the Harriet Joint Venture) reservoir studies are ongoing to better understand this key field with further development drilling being planned.

## Exploration Activities

In WA-351-P (Tap 25%, BHP Operator), Carnarvon Basin Australia, initial interpretation of the Aragon 3D seismic has indicated a significant number of leads which are now being assessed, with preliminary interpretation results anticipated to be available during the third quarter. The majority of the permit is covered by the Aragon 3D seismic survey which was acquired in 2008 and processed in early 2009. The three gas discoveries made in 2008 by Hess in the adjacent permit WA-390-P highlight Tap's view that this permit has a good chance of containing undiscovered gas resources.

In Brunei Block M (Tap 39%, Operator), Tap is pursuing parallel strategies of appraising the existing Belait field and assessing the wider potential of this 3,011km<sup>2</sup> onshore block. A permit-wide airborne gravity-magnetic survey was interpreted in the second quarter of 2009, with results currently being incorporated into the overall evaluation of the block. Acquisition of 60 line km of 2D seismic and 118 km<sup>2</sup> of 3D seismic has commenced and is expected to be completed by the end of the third quarter of 2009, with data processing and interpretation to follow. Drilling in the central Belait area (including Mawar-1 and Mawar-2) is anticipated in mid 2010.

In Philippines Block SC41 (Tap 50%, Operator), the main activity in the quarter was reprocessing and inversion of the Alpine 3D seismic survey. Reprocessing has now been completed, with inversion due to be finished late in July 2009. Results from the 2008 Lumba Lumba-1A well have been integrated into Tap's geological understanding of the Sandakan Basin, enabling the proper characterisation of further potential drilling targets. Several different independent play types remain untested in the permit. Tap believes that SC41 has the potential to host commercial hydrocarbons and could be a "game changer" for the company. Tap will undertake a farmout campaign on behalf of the Joint Venture to facilitate further drilling.

## Wells drilled or drilling since 1 April 2009

No wells were drilled by Tap Oil in this quarter.

## Upcoming Key Events

Tap has several key events in the forthcoming quarter as follows:

- ▶ Interpretation of the 3,500km<sup>2</sup> Aragon 3D seismic survey in WA-351-P expected to be completed.
- ▶ Completion of seismic acquisition in Brunei Block M.
- ▶ Progression of the dry dock program for the Woollybutt FPSO.

The indicative forward Drilling Schedule for the next 12 months is as follows:

Well	Permit	Tap Share %	Well type & estimated gross pre-drill size (recoverable)
Gas Exploration wells	WA-351-P	25	Possible gas exploration wells (LNG scale).
Zola-1	WA-290-P	20	Possible gas exploration well (1 TCF).
Mawar-1 (Belait appraisal)	Brunei Block M	39	Oil/gas appraisal well (1-2 mmstb).
Mawar-2 (Belait appraisal)	Brunei Block M	39	Oil/gas appraisal well (1-2 mmstb).

**Note** Tap's indicative exploration drilling program is detailed in the above table. Timing is subject to rig availability, joint venture and regulatory approvals. Volume size ranges represent approximate pre-drill estimates within a range of outcomes. Estimated recoverable volumes may change as interpretations are progressed. Other prospects are also currently being considered for drilling in the near term. Please refer to Tap's website ([www.tapoil.com.au](http://www.tapoil.com.au)) for the latest information on the forward drilling program.

## Abbreviations and Definitions

Please refer to Tap Oil Limited's Annual Report Glossary or Glossary and Definitions on Tap's website for explanations of any abbreviations used in this report.

## Investor Relations

Information contained on Tap's website is regularly updated and includes recent ASX announcements and investor presentations. 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 / CEO, Mr Peter Stickland by phone (+61 8 9485 1000) or email [info@tapoil.com.au](mailto:info@tapoil.com.au).

## Disclaimer

*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.*