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The Company Announcements Platform
Australian Securities Exchange
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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 06:00 hours WST on 5 January 2011 to 06:00 hours WST on 12 January 2011, Zola-1 was drilled to a depth of 3,839 metres in 311mm (12¹/₄") hole. The rig is currently being secured for a possible cyclone evacuation.

Forward Plan

The rig is monitoring the weather and securing rig for a possible cyclone evacuation. On recommencement of drilling operations the well will be drilled to the total depth of the 311mm (12¹/₄") hole section and the final string of intermediate casing (244mm (9⁵/₈")) set, prior to drilling ahead toward the primary target in the Mungaroo formation.

Upon completion of evaluation the well will be plugged and abandoned in the normal course of offshore operations.

Background

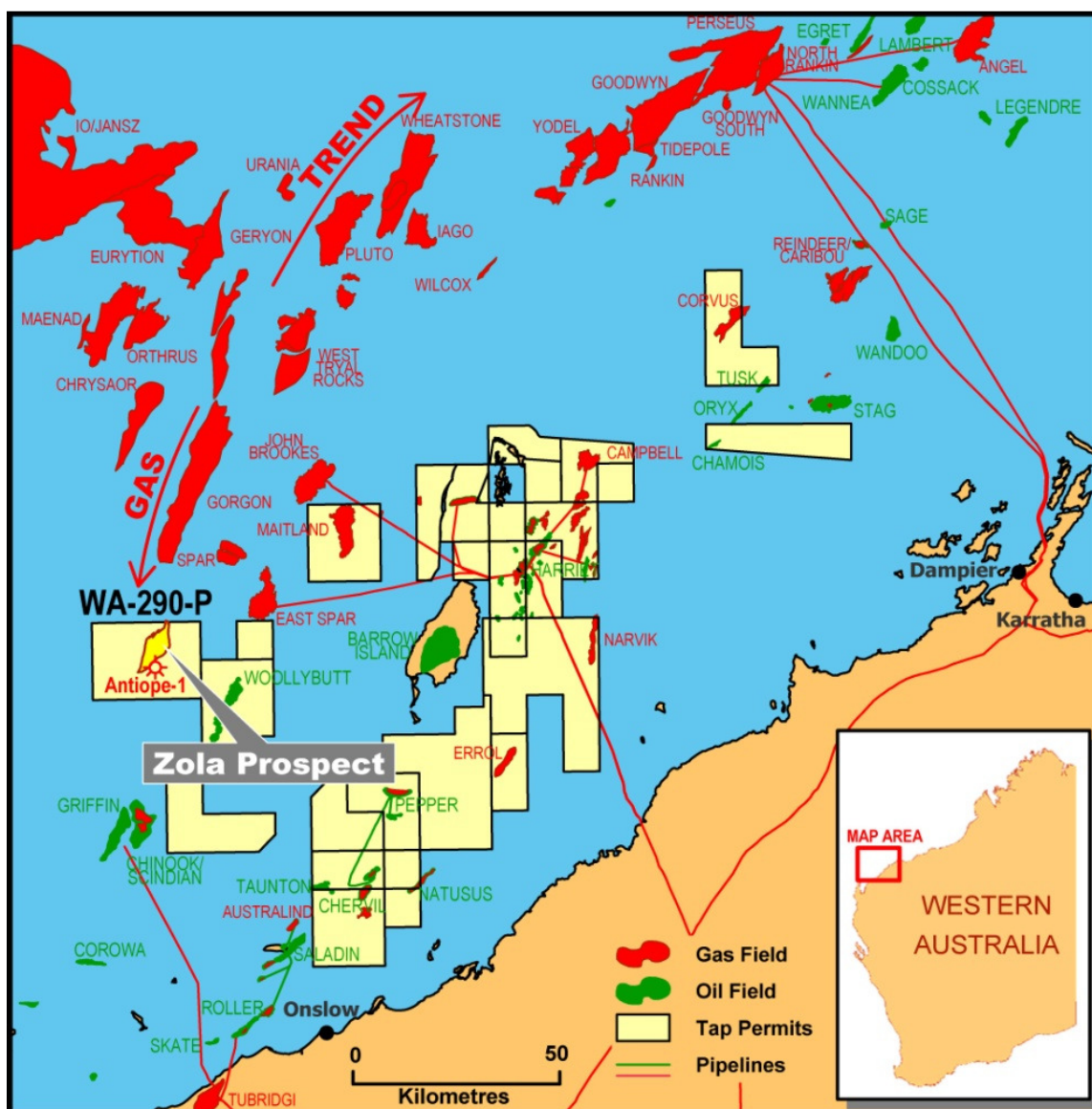
The Zola prospect is a very large Triassic tilted fault block on trend with the giant Gorgon gas field. One of the largest undrilled structural features in the Carnarvon Basin, Zola is covered by high quality newly reprocessed 3D seismic data and is considered a moderate risk prospect. Zola is estimated 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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