(d) Seal/Source

The regional top porosity seal is the Eocene Demons Bluff which disconformally overlies the Eastern View. The Lower Paleocene is very shale prone and will seal the Upper Cretaceous over the greater part of the basin. The most prospective rocks, as in Gippsland, are the Upper Cretaceous. Three out of four core samples have been rated as good to very good oil sources. The Paleocene and Lower Eocene have proven potential for large volumes of gas and condensate while the Middle Eocene appears to have generated some oil and could have good potential if buried more deeply.

The most significant play area is the basin margin where heat flow is highest and the Upper Cretaceous idealy placed for maturation. No closures have been drilled in this area. We have mapped eight structures near the basin margin and more are likely as this previously neglected area is explored.

(e) Economics/Politics

Australia has a short fall in crude production of some 250,000 BOPD and which will increase to over 400,000 BOPD by 1990.

Oil receives world parity price and while the shortfall in production exists a market is assured for 100% of crude produced.

Gas condensate is sold on a free market and will generally attract a A$2 per BBL premium over crude.

LPG's are marginally restricted for export, the net result being that price received averages some 85% of world parity.

Ethane can be sold without restriction locally or overseas, noting there is no feedstock ethane market at present.

Natural gas throughout Australia is sold under arms length contracts, prices ranging from 30 cents to more than $3.50 per MCF. Although Tasmania is a small industrial market it is in