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JARVER 1 GEOLOGICAL PROGNOSIS

Geological Objectives:

The Jarver Prospect is located in Permit T/33P, in the Sorell Basin, offshore western Tasmania.

The Sorell Basin is considered to be a southern extension of the Otway Basin. The Jarver prospect will test a similar Late Cretaceous play to that which has been proven in the Shipwreck Trough region of the offshore Otway Basin.

The Jarver Prospect targets a 4-way dip closure with Belfast Mudstone top seal and Thylacine Sandstone Member reservoir, charged from the Eumeralla Formation. This play has been proven in the Thylacine and Geographe Fields in the offshore Otway Basin.

The Thylacine Sandstone is located at the base of the Belfast Mudstone and is an amplitude-driven play. Regional mapping of this unit shows high amplitude low frequency anomalies at the Geographe and Thylacine gas fields in the Otway Basin, with a string of similar amplitude anomalies extending southwards through the Sorell Basin. These amplitude anomalies include the Aragorn Prospect in the Woodside-operated Permit T/34P, the Florey Prospect in T/35P, Wolseley and Savage Prospects in T/32P and Taylor and Jarver Prospects in T/33P. Jarver is the southern-most of these anomalies, and the largest of these prospects in shallow enough water to be drilled by the Ocean Patriot semi-submersible rig, which is contracted to Santos in 2008.

The Jarver Prospect is defined by an area of elevated amplitude anomalies, which roughly conform to a moderate relief 4-way dip anticline. Upside is given by potential stratigraphic trapping as sands pinch out onto the margins of a palaeo-high.

Distance from analogue fields and difficulty of correlation increases the risk on this prospect.

Success or failure of this prospect will impact the risk and uncertainty ranges of remaining prospects along this play trend in the Sorell Basin.

Regional Prospect Setting

The Sorell Basin formed during oblique rifting between the Australian and Antarctic continents in the Late Cretaceous. While relatively open ocean conditions existed to the north and west in the Otway Basin, a restricted marine embayment was formed in the Sorell region, bounded to the southeast by a land-bridge between the two continents, which did not separate until the Eocene.

Late Cretaceous reservoir sandstones, belonging to the Waarre Formation, Flaxman Formation and Thylacine Sandstone Member, form the main productive zones within fields such as Casino (Santos-operated), Minerva, La Bella, Thylacine and Geographe, located north of the deep water acreage trend. These sandstones exhibit excellent reservoir quality with average log porosity in the range of 15-28% and permeabilities of up to 8 Darcies.

These sandstones are mapped extending southwards into Santos' deepwater permits. Deposition of coarse-grained siliciclastics in the Turonian-Santonian is associated with periodic fluvio-deltaic pulses into an overall upwards-deepening/fining section (Belfast Mudstone), providing an effective reservoir-seal couplet. Regional regression in the Campanian led to renewed coarse-grained, fluvio-deltaic input to the basin as the Paaratte and Timboon sandstones. Potential sealing sequences of the Skull Creek and Timboon mudstones and the Massacre Shale are observed to thicken into the basin. Mild structural inversion in the latest Cretaceous was followed by rapid subsidence and transgression resulting in retrogradation of

the deltaic systems and deposition of the Wangerrip Group in the Palaeogene. Eventually the marginal sedimentary systems were drowned and, in association with the opening of the seaway in the late Eocene and subsequent formation of the Circum-Antarctic current, deposition came to be dominated by cool-water carbonates that persist through to the present day.

Eight offshore discoveries have been made to date proving in excess of 1.7 TCF recoverable gas. These discoveries have been full to spill, with liquids content increasing generally from north to south. Hydrocarbon charge in the basin is considered to come from Albian-aged, Eumeralla Formation source rocks.

Formation Tops

HORIZON	TWT (m/s)	Depth (m)	Error margin (m)	Isochron (ms)	Isopach (m)
Heytesbury Group	760	580	+/- 5m	670	775
Wangerrip Group	1430	1355	+/- 50m	265	375
Sherbrook Group	1695	1730	+/- 100m	365	540
Intra-Paaratte Marker		2145	+/- 100m		
Belfast Shale	2060	2270	+/- 100m	380	610
Thylacine Member	2440	2880	+/- 150m	220	400
Waarre Formation		3200	+/- 150m		
Basement	2660	3280	+/- 150m		

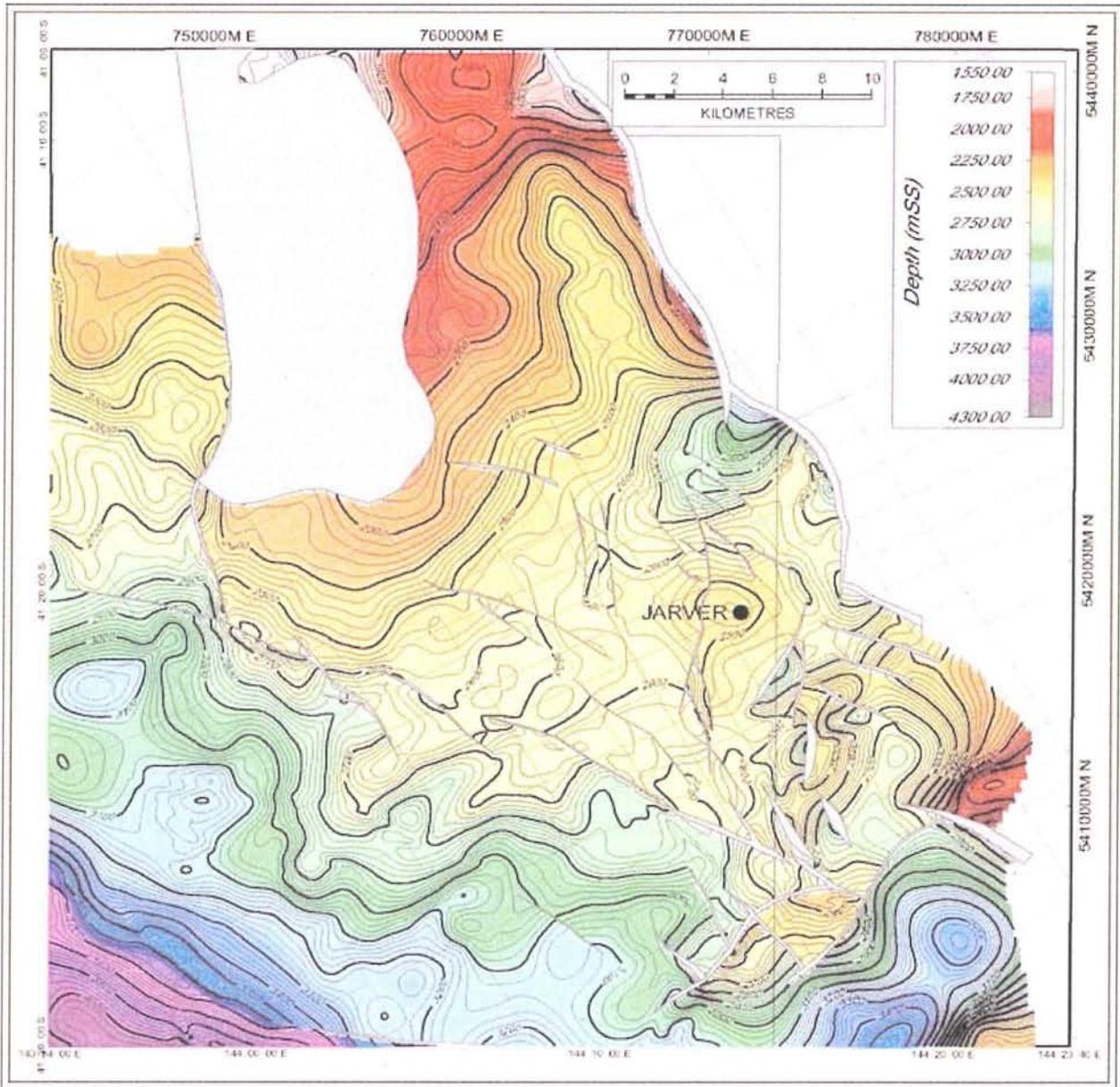
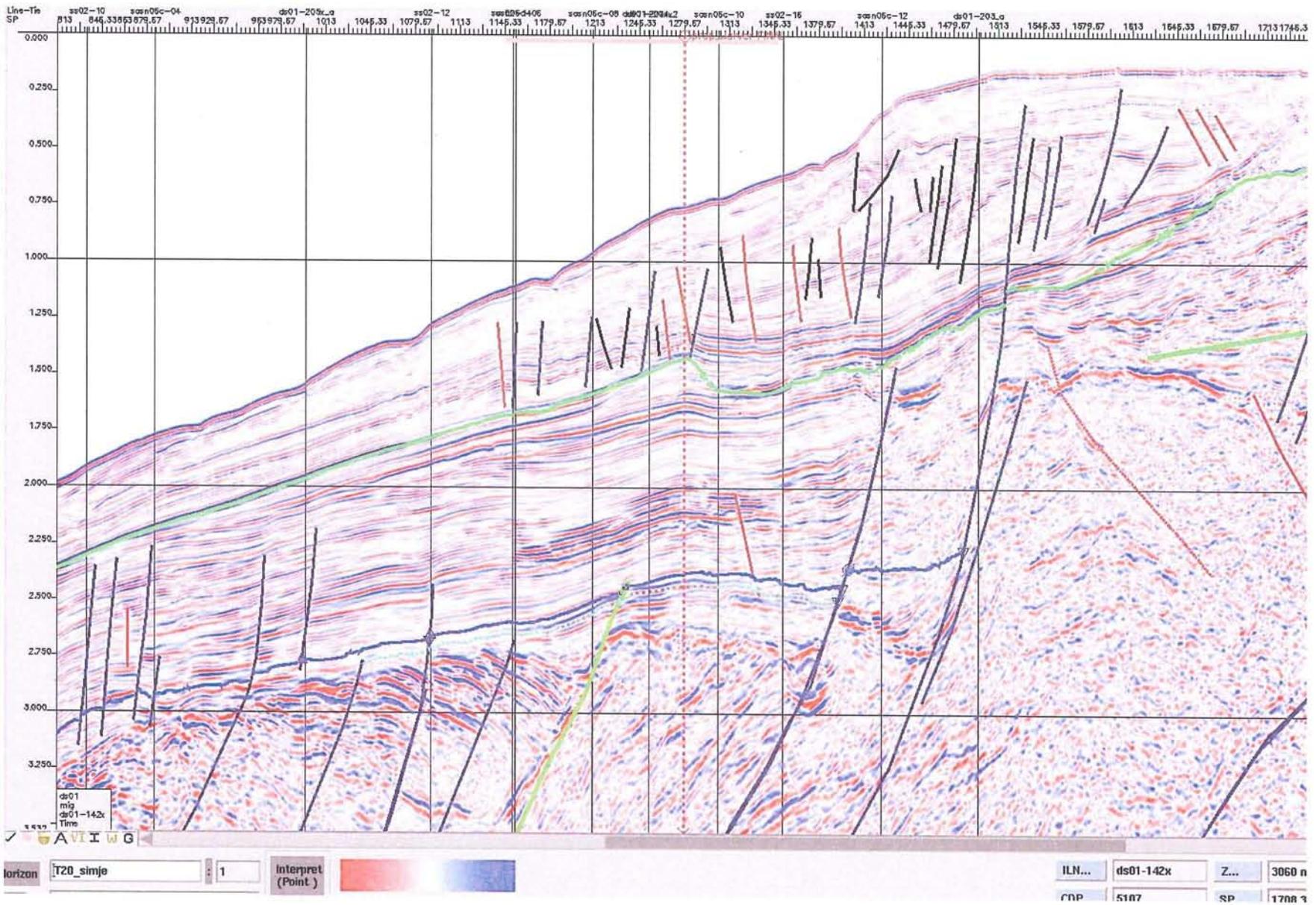


Figure 1: Thylacine Depth Map (mSS).

Figure 2: Seismic line DS01-142x showing proposed Jarver well location.



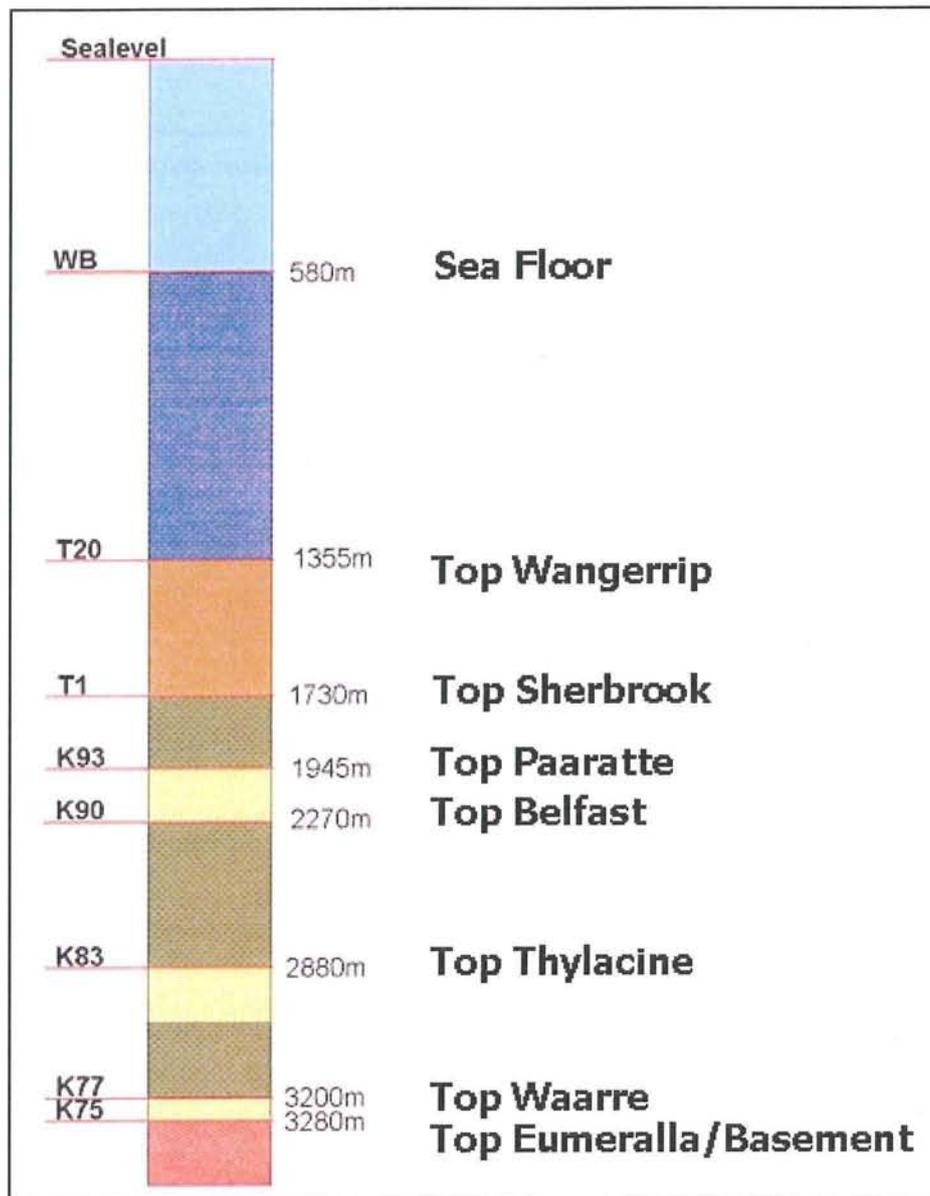


Figure 3: Prognosed stratigraphic column for Jarver-1.