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ASX Release

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Milestone Purchase of Rig for the West Seahorse Oil Field

Highlights

- VIC/P57 Joint Venture has signed a US\$12 million purchase agreement for the GSP Britannia plus a related US\$3 million service agreement.
- The Britannia will be converted to a Mobile Offshore Production Unit (MOPU) for the West Seahorse oil field.
- The Joint Venture plans for the Britannia to be sold and leased back for the life of the West Seahorse oil field.
- The purchase secures a vital element of infrastructure for the West Seahorse project and enhances the Joint Venture's fast-track development potentially accelerating the schedule to first oil production.

3D Oil Limited (ASX: TDO) is pleased to announce the acquisition of a drilling rig which will serve as a production platform for the West Seahorse Oil Field (WSH) in the offshore Gippsland Basin. WSH is being developed for production by the VIC/P57 Joint Venture (JV) comprised of TDO 49.9% and Carnarvon Hibiscus Pty Ltd (Hibiscus) as Operator 50.1%.

The US\$12 million acquisition is a milestone event for the JV and for the WSH development project. A Sale and Purchase Agreement and related agreements were signed on 18 July 2013. The Hibiscus farmin proceeds will fund the purchase.

The GSP Britannia is a large 4 leg jack-up rig that will be converted to a **Mobile Offshore Production Unit (MOPU)** and



installed at the WSH location. It is well suited to the harsh operating conditions of the Bass Strait and, once converted to a MOPU with production facilities, its size will allow deck space for drilling of the WSH production and exploration wells with the use of a de-mountable modular platform rig.

This approach will be cost effective and will allow the JV to accelerate first oil from WSH.



GSP Britannia operating in the North Sea

Project phases:

- Purchase of the Britannia now secures the JV's rights to the rig.
- The JV plans to re-sell the Britannia to a MOPU contractor at or before the WSH project Final Investment Decision (FID) for conversion to a MOPU.
- The JV then intends to lease back the Britannia MOPU for the life of the WSH field.
- Existing drilling equipment will be removed from the Britannia.
- The MOPU Contractor will then install production equipment and facilities in order to complete conversion of Britannia to a Mobile Offshore Production Unit (MOPU).
- JV will contract a modularised platform drilling rig and place on the Britannia.
- JV will drill all VIC/P57 wells from the Britannia (including WSH production wells and potentially a nearby exploration well), then remove platform drilling rig.
- JV will commence WSH oil production utilising the Britannia as a MOPU.

Advantages of the Britannia purchase to the WSH project include:

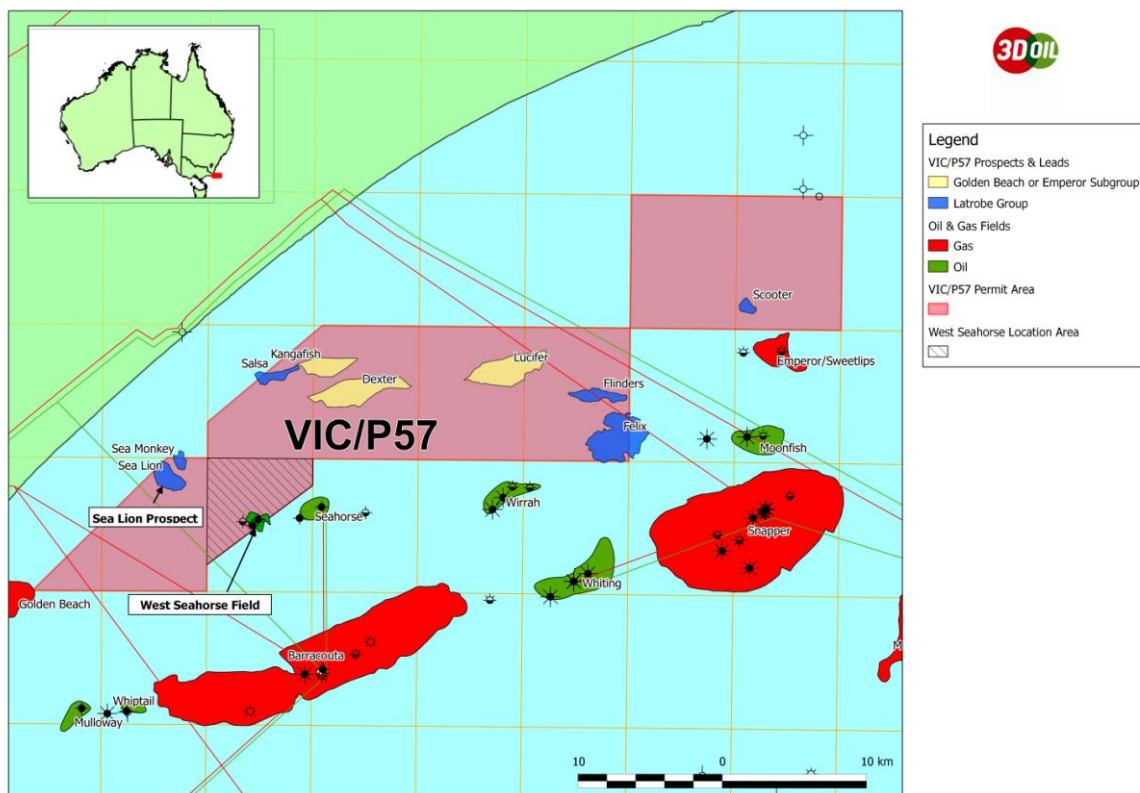
- Accelerates First Oil from the West Seahorse Project to potentially late 2014.
- Secures suitable rig for project at relatively low purchase price.
- Accelerates the Safety Case approval process as it focuses the team on the final development solution immediately.
- Reduces Capital Cost of the project.
- Reduces Drilling Cost of the project.

Britannia selection process

Multiple rigs were considered during the selection process to identify a rig suitable for conversion to the WSH MOPU, with a key factor being the ability to withstand conditions in the Bass Strait. Two potential rigs were identified, with the Britannia being selected on the basis of cost and suitability. Detailed inspections have been performed on GSP Britannia which was found to be in good condition. The Britannia had a long history of working for Shell in the North Sea and has been very well maintained. Initial inspections were performed in May 2013 and supplemented with ongoing work and dialogue with the owners since that time.

West Seahorse Oil Field Background

The West Seahorse field lies 14km offshore from Ninety Mile Beach in 39 metres of water, 18km SSE of the Gippsland town of Loch Sport. The area hosts existing oil and gas infrastructure, with West Seahorse located 38km east of the onshore Esso Longford Gas Plant and 11km from Esso's offshore Barracouta platform.



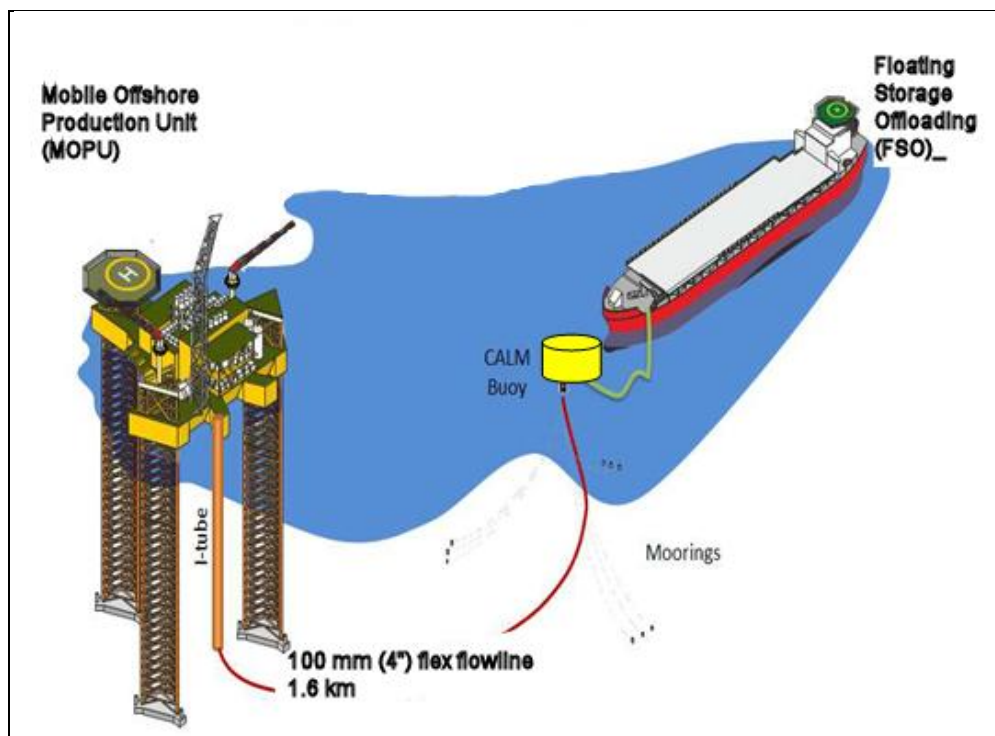
Location map showing the West Seahorse location

The West Seahorse oil reservoir is approximately 1400 metres below sea level in some of the same high-productivity sandstones that have historically contributed to the prolific oil fields of the Gippsland Basin. Initial oil production rates are expected to be as high as 12,000 barrels of oil per day.

Independent experts engaged by 3D Oil have determined a best estimate of 9.2 million barrels of recoverable oil from West Seahorse (2C Contingent Resources).

The West Seahorse Development Concept is described as follows:

- Two production wells will be drilled and completed via a modular platform drilling rig temporarily installed on the MOPU. The size of the Britannia allows the use of a modular rig thereby eliminating the need to contract a separate offshore drilling unit as had been previously considered. Two production wells will be connected directly to the MOPU through the use of surface completions.
- The Britannia jack-up rig will be refurbished and modified for duty as a MOPU. It will be fixed to the seabed at West Seahorse field location for the life of the project. The MOPU will include processing facilities to remove associated gas and water, to stabilise the crude oil, and export the stabilised crude. Produced gas will be processed and utilized for fuel gas and enhanced recovery (gas lift) with the remaining gas being flared. Produced water will be treated to regulatory requirement quality and disposed overboard.
- The stabilised oil will be produced via a 1.6km 4-inch flexible flowline to a catenary anchor leg moored (CALM) buoy and flexible hose to a Floating Storage Offloading (FSO) vessel. The FSO can then either load to another vessel in tandem mooring or shuttle the crude to a refinery.



The joint venture has adopted an aggressive project schedule and has assembled a project team who have been working on engineering, planning and approvals for the West Seahorse development project, with the objective of producing oil within approximately two years.

The VIC/P57 Joint Venture is comprised of:

Carnarvon Hibiscus Pty Ltd (a wholly owned subsidiary of Hibiscus Petroleum Berhad)	50.1% and Operator
3D Oil Limited	49.9%

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