



25 October 2010

Company Announcements Office  
Australian Stock Exchange Limited  
10<sup>th</sup> Floor, 20 Bond Street  
Sydney NSW 2000

Dear Sirs

**CANNING BASIN OPERATIONS UPDATE  
BACKREEF-1 DRILLING REPORT NO.7**

The Directors of Oil Basins Limited (**OBL**, ASX codes **OBL**, **OBLOA** and **OBLOB**, or the Company) wish to make the following ASX announcement relating to the drilling operations at Backreef-1, Backreef Area, Canning Basin, onshore Western Australia (**WA**):

1. As at 2:20pm WST 24 October, the Hunt Energy & Minerals Co. Rig No.3 drilling with a 216mm (8-1/2 inch) diameter bit had drilled Backreef-1 to a depth of 1500mRT, **thereby satisfying the principal Farm-In condition under the Backreef Play Agreement**, whereby OBL now earns a 90% Beneficial Interest and Operatorship to both the Backreef-1 well and the Backreef Area (*subject to the normal assignment and stakeholder consents*).
2. Present operations – after conducting a wiper trip at 1551mRT, Backreef-1 will now drill ahead from the current depth of 1551mRT to 1650RT (revised TD) prior to running electric logs and possibly a Formation Tester (**FMT**) (refer to **Figure 1** – Time versus Depth curve).
3. During the drilling of the production hole the following hydrocarbon fluorescence was observed in the Lower Laurel Member and Yellow Drum Equivalent formations (which are known oil productive reservoirs in the nearby Meda and Blina wells respectively) and will be assessed with electric logs to ascertain productivity:

Formation	Interval mRT	Fluorescence
Lower Laurel Member	889-892	10% to 20% patchy
Lower Laurel Member	892-895	25% patchy
Lower Laurel Member	895-901	10% to 20% patchy
Lower Laurel Member / Yellow Drum Equivalent	901-1112	Trace patchy

4. Summary of predicted and assessed actual formation tops defined by Backreef-1 so far:

<b>Formation</b>	<b>Predicted Formation Top mRT</b>	<b>Actual Formation Top mRT</b>
<b>Blina Shale</b>	<b>54.4</b>	<b>45</b>
<b>Liveringa</b>	<b>74.4</b>	<b>80</b>
<b>Noonkanbah</b>	<b>201.4</b>	<b>185</b>
<b>Poole Sandstone Upper Member</b>	<b>439.4</b>	<b>415</b>
<b>Nura Nura Member</b>	<b>468.4</b>	<b>450</b>
<b>Grant A</b>	<b>516.4</b>	<b>520</b>
<b>Grant B</b>	<b>610.4</b>	<b>615</b>
<b>Lower Laurel Member</b>	<b>884.4</b>	<b>889</b>
<b>Yellow Drum Equivalent</b>	<b>910.4</b>	<b>910</b>
<b>Gumhole Formation</b>	<b>968.4</b>	<b>955</b>
<b>May River Unit</b>	<b>1236.4</b>	<b>1231</b>
<b>Clanmeyer Formation</b>	<b>1278.4</b>	<b>1275</b>
<b>Target Clanmeyer Clastics (sst)</b>	<b>1500</b>	<b>1501</b>
<b>Total Depth (TD)</b>	<b>1600</b>	<b>Revised TD 1650</b>

The OBL Directors are pleased with the performance of Hunt Rig No.3 and their petroleum advisers, appointed petroleum service companies and specialist logistic consultants in the drilling of the Backreef-1 well to date and successfully attaining the Farm-In depth pre-condition in a timely manner.

In accordance with ASX Listing Rules, during the conduct of Backreef-1 drilling operations, OBL will advise the market weekly (on Thursdays), or after concluding an important well drilling operation and/or obtaining an important assessment or result.

By funding 100% of the drilling and completion costs of Backreef-1, OBL is earning up to 90% of Backreef-1 and the Backreef Area.

A handwritten signature in black ink, appearing to read "Kim McGrath". The signature is stylized with a large, sweeping initial "K" and a long, horizontal stroke extending to the right.

Kim McGrath  
Chairman

# Backreef-1

## Time vs Depth Curve

