

RELEASE

ZANEGREY – 1 EXPECTED TO SPUD MID JANUARY 2005

Bass Strait Oil Company Ltd (ASX Code : BAS) advises that the ZaneGrey-1 well is expected to spud in mid January 2005, using the Ocean Patriot Semi-submersible drilling unit. The spud date of the well has been delayed due to extended operations by the previous operator. Possible further minor delays may still occur.

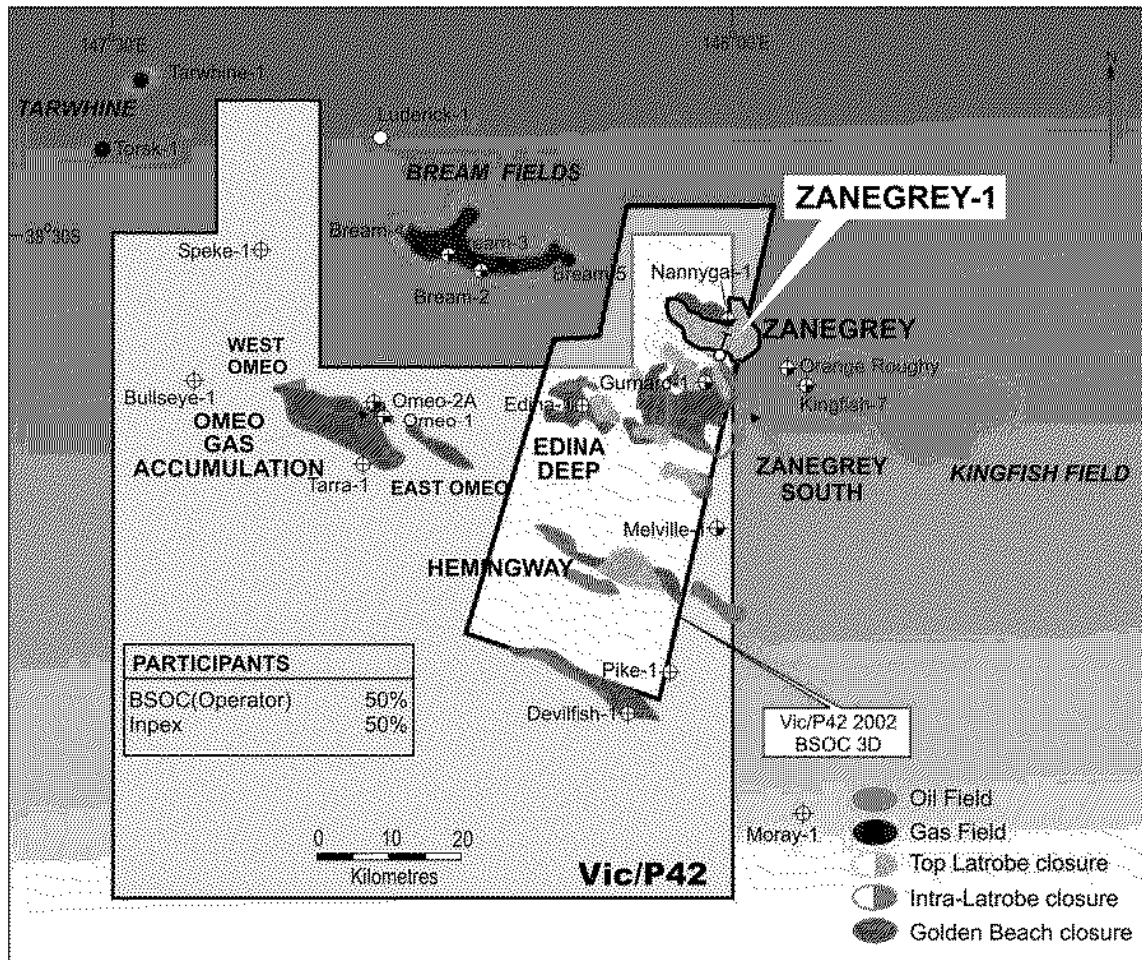
The ZaneGrey Prospect is located in permit Vic/P42 in the offshore Gippsland Basin, 30km off the coast of Victoria (see attached location map).

ZaneGrey is a faulted anticlinal structure updip of Nannygai-1, a well drilled in 1972 on older 2D seismic data, which encountered good oil shows and an interpreted 6m of live oil in intra-Latrobe Group sandstones. BAS' evaluation of their 2002 3D seismic data indicates that the Nannygai-1 well may have drilled on the northern closure limit at intra-Latrobe Group levels. It is interpreted that the 6m of oil in the well may be part of a more significant accumulation over ZaneGrey.

BAS estimates the ZaneGrey prospect has scope to contain an unrisks prospective resource of 134 million barrels of recoverable oil within Vic/P42. The ZaneGrey prospect lies just 7 km west of Australia's largest oil field, the 1.2 billion barrel Kingfish field, and is mapped to partially extend into the Kingfish production licence area. It is understood that the Kingfish production facilities are underutilised suggesting that there could be, subject to commercial negotiation and agreement, an opportunity to connect any ZaneGrey discovery to this infrastructure. None-the-less, stand alone development options would likely also be considered for any ZaneGrey discovery.

E.G. Albers
Chief Executive Officer

22 December 2004



ZaneGrey location in Vic/P42 and other identified prospects & leads