31 October, 2003

The Manager Companies
Australian Stock Exchange
20 Bridge Street
Sydney NSW 2000

Dear Sir,

Quarterly Report for the period ended 30 September 2003

Following is the Company’s Quarterly Report for the period ended 30 September 2003.

Yours sincerely,

[Signature]

Geoff Fulcher
Company Secretary
QUARTERLY REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2003

DRILLING

Programme for the December 2003 quarter.

USA

Offshore Louisiana
Gulf of Mexico
Vermilion 258

Early December, two wells to drill test 36 billion cubic feet (bcf) of unrisked mapped potential gas (net to Petsec 30 bcf).

CHINA

Beibu Gulf
Block 22/12

Late December, two wells plus three contingent wells to test in excess of 40 million barrels (bbls) of unrisked mapped potential oil (net to Petsec 10 million bbls).

OPERATIONS

USA

Offshore Louisiana
Gulf of Mexico
West Cameron 343

Petsec: 75% working interest (61.75% net revenue interest)
Operator: Petsec.

The West Cameron 343 #A-19 well was drilled in September 2003 to a depth of 2,508 metres (8,225 feet) measured depth and encountered two hydrocarbon bearing sands with a total of 10 metres (32 feet) of net gas pay. The well was completed and brought into production in October 2003 concurrently with the West Cameron 352 #A-14ST well.

West Cameron 343 is located 80 kilometres offshore Louisiana in approximately 20 metres of water, north of and adjacent to the West Cameron 352 lease.

Petsec drilled the West Cameron 343 #A-17 and #A-18 wells in October/November, 2002, discovering gas in three sands and four sands respectively. The wells were brought into production on 23 January 2003 from the West Cameron 352 'A' platform which is located on the adjoining lease.

Production for the September quarter was down on previous quarters, largely due to disruptions during drilling of the West Cameron 343 #A-14, #A-14ST and West Cameron 352 #A-19 wells and work over operations. It was announced on 22 October that all of the five West Cameron wells were in production at a rate of approximately 28 mmcmd (15.8 mmcmd net to the company).
West Cameron 352  
**Petsec: 75% working interest (57.375% net revenue interest bpo, 46.31% apv.)**  
Operator: Petsec

In August and September 2003 Petsec drilled the West Cameron 352 #A-14, #A-14ST and the West Cameron 343 #A-19 wells from the “A” platform.

Target sands in the West Cameron 352 #A-14 well, drilled to 2,287 (7,500 feet) measured depth, were found to be depleted of gas. The well was then plugged back to a depth of 976 metres (3,200 feet) and side tracked (designated #A-14ST) to test two target sands initially planned to be tested by the West Cameron 352 #A-15 well.

The #A-14ST well was drilled to 2,508 metres (8,227 feet) measured depth and encountered three hydrocarbon bearing sands with a total of 13 metres (43 feet) of net gas pay. The well was completed for production in October 2003.

Petsec’s other producing well on the lease, the West Cameron 352 #A-13 well was drilled in October, 2002, discovering gas in three sands. The well was brought into production on 23 January 2003.

Ship Shoal 184 and 191  
**Petsec: 7% Overriding Royalty Interest**

Production to Petsec was 242 million cubic feet of gas and 15,274 bbls (barrels) of oil for the nine months to 30 September 2003.

**Vermilion 246, 257, 258**  
**Petsec: 100% Working Interest**

Petsec proposes to drill two wells in early December on the Vermilion 258 lease to test 36 bcf of unrisked mapped potential gas (net to Petsec 30 bcf).

This mapped potential includes an estimated 8 bcf of gas discovered, but not developed, in 1988.

Should the wells be successful, construction of facilities would begin in early 2004, with production expected by mid 2004.

Following production start up, a further 21 bcf (net to Petsec 19 bcf) of unrisked mapped potential is expected to be drill tested in the third quarter of 2004.

There are multiple targets in each well, all amplitude supported, at the same stratigraphic intervals as the productive leases to the immediate north (Vermilion 245, cumulative production 460 bcf gas, 45 million bbls oil) and south (Vermilion 265, cumulative production 220 bcf gas, 21 million bbls oil).

Vermilion 258 was acquired in 2000 for US$2.7 million; the adjacent leases, Vermilion 246 and 257 were acquired in March 2003 for US$458,000 each.

**Main Pass 89; West Cameron 462, 480; High Island 33.**

No activity during the quarter.
CHINA

Beibu Gulf
Block 22/12,
Petsec: 25% Working Interest
Operator: Roc Oil Limited

A five well drilling programme is scheduled to commence in late December to test, in the Company’s estimation, in excess of 40 million barrels of unrisked mapped potential of recoverable oil (Petsec 10 mbbls). The joint venture has approved two wells and three further wells contingent on the outcome of the first two.

The first well will test the sizeable 12.7 prospect, located in the mid western part of the 22/12 block. The target sand is in the Weizhou Formation at some 1,400 metres depth. The Weizhou is the prolific oil producer in this region. The 12.7 east prospect is located 8 kilometres along strike and west of the 12.3.1 oil discovery in Block 22/12 and 10 kilometres east of the substantial new oil discovery at Weizhou 11.1.1 made by CNOOC in the adjacent block. The well flowed 8,200 bopd and 13 mmcmd of gas on test. CNOOC is currently drilling close to our western border.

Success in the 12.7 well would be followed by an appraisal well and a well to test the 12.7 west prospect in the adjacent fault block, a similar size to the 12.7 east prospect.

The 12.8.3 well will follow the 12.7.1 well. The 12.8.3 well will appraise the 12.8.2 oil discovery made in 1994 which Petsec estimates to contain in the order of 15 mbbls of potentially recoverable oil. The 12.8.1 oil discovery is located 8 kilometres to the west.

Sufficient engineering analysis has been done this year on the 12.8.2 oil field that a commitment to proceed with the development could be taken in the second quarter of 2004 should the quantum of reserves be proved, resulting in production in the second half of 2005.

Should the 12.8.3 be successful, the joint venture is likely to drill an appraisal well on the nearby 12.3.1 oil discovery, 2.5 kilometres to the north, which could be developed in conjunction with the 12.8.2 field.

The block is located approximately 60 kilometres off the southern coast of China, northwest of Hainan Island in shallow water, 25 to 40 metres deep. Four oil discoveries were made on the lease in the early 1980’s and 1990’s. The Wei 12-1, 11-4 and 10-3/3N oilfields, operated by CNOOC, are located nearby to the north and west with production via a pipeline to the Weizhou Island oil processing facilities, 10 kilometres to the north of 22/12.

Petsec earned a 25% interest in the contract area in March, 2002 by participating in the drilling of the Wei 6-12-1 well which discovered nine metres of net oil pay.

To better define these five oil discoveries, as well as the remaining exploration potential, the joint venture completed a 3-D seismic survey over the entire block in September of 2002.
FINANCE

Net production to Petsec of 3.22 bcf gas equivalent in the nine months to 30 September 2003, generated revenues of $30.3 million after payment of royalties.

Lease operating expenses for the nine months amounted to $1.82 million.

Cash and liquid assets on hand at 30 September 2003 were the equivalent of $11.5 million.

Exploration expenditure incurred for the quarter was $0.56 million.

Development expenditure incurred for the quarter was $7.7 million.

Dated: 31 October 2003

For further information, please contact:

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