

October 5, 2007

**To: The Shareholders
Officer Basin Energy Inc.**

Dear Shareholders:

Re: Shareholder Update #1

Officer Basin Energy Inc. (“OBE”) is pleased to provide you with an update on recent activities:

Financing

In August 2007 OBE closed a private placement in two tranches with the issuance of 13,342,982 units at \$0.75 per unit (with each unit consisting of 1 common share and 1 common share purchase warrant) for gross proceeds of \$10,007,237. Our investment banker, Tristone Capital Inc., was excellent and very professional in completing its work on our behalf.

Operations - South Australia

The required Statement of Environmental Objectives (“SEO”) and the Environmental Impact Report (“EIR”) for OBE’s 2007 seismic program have been successfully filed with the South Australia government and were recently gazetted by Primary Industries and Resources South Australia (“PIRSA”).

Elders from the Maralinga Tjarutja (“MT”) tribe and anthropologist Scott Kane are in the field completing the required heritage clearing over OBE’s proposed seismic lines. Heritage clearing ensures that the proposed seismic lines do not cross any sacred sites of the MT people.



Heritage Clearing in the Officer Basin, South Australia (Great Victoria Desert).



OBE has contracted Oak Valley Contracting (a MT owned and operated company) to physically clear the lines where the seismic program will be shot. Line clearing commenced on Oct. 3, 2007 after an operating and safety indoctrination meeting at Oak Valley.



A bulldozer from Oak Valley Contracting parked amongst solar panels in Oak Valley, Officer Basin, South Australia (Great Victoria Desert).

Terrex Seismic will be commencing our seismic program during the week of October 19, 2007. OBE will receive seismic data weekly and begin processing the data in Calgary, Alberta when a material volume of seismic data has been accumulated. We expect the first year seismic program will be completed sometime in the first quarter of 2008. A full seismic interpretation will follow shortly after the completion of the Terrex seismic field operations.

The second year seismic program is scheduled to begin around mid-2008. The 2008 program will be based off the interpreted 2007 acquisition results. The capital budget for the 2008 program may be financed by another equity financing or farm out arrangement.

Seismic License Approval

On September 24, 2007, Officer Basin Energy Pty Ltd. (“OBEPL”) (our Australian subsidiary) received its approved seismic survey application from PIRSA. Our survey is officially called Maralinga Lands Seismic Survey 1 (MLSS1). This approval was the last one required before commencing the seismic acquisition on the first part of the survey over the west side of our lands. We are still waiting for approval from the Commonwealth government for access to the extreme east side of the survey (Woomera Prohibited Area – a weapons range). Rob McDonald, OBE’s Adelaide lawyer, says we should be receive approval shortly as our activities will be in an inactive part of the area.

Additional Acreage in South Australia

Management has identified a large seismic anomaly on open lands in the Officer Basin in South Australia. By way of application, OBEPL is attempting to acquire additional acreage covering this prospective seismic anomaly. Early indications, from the very limited seismic data available in the public domain, show seismic amplitude anomalies that may, under the right circumstances, be indicators of hydrocarbon entrapment. OBEPL hopes to learn the results of the application within the next few weeks.

Operations - Western Australia

OBE’s two Special Prospecting Authority Applications (“SPA”) have now been accepted by the Western Australia government. They are now officially named Special Prospecting Authority 6/06-7 AO and 5/06-7 AO. OBE is working to obtain permission from the Aboriginal (Spinifex) people of Western Australia to access these two SPAs. Although OBE only intends to enter the SPA airspace, government procedure still requires that we go through a consultation period to obtain permission. Once access is granted, OBE will source a contractor to fly aero-gravity and aero-magnetics over the SPA’s.



Photos from OBE’s successful land access negotiations with the MT people in 2007. Oak Valley, South Australia (Great Victoria Desert).



Farmout to EnSearch

We are presently finalizing the required documents with our farmout partner, EnSearch Petroleum PVT. Ltd. (and its two subsidiaries). EnSearch has agreed to pay 50% of the cost of our program for the first two years at an estimated cost to EnSearch of \$9,000,000 to earn an undivided 25% interest in Petroleum Exploration Licences 81 and 253.

Summary of Landholdings to Date

	Gross Acres (MM)	Net Acres (MM)
South Australia		
PEL 81:	6.1	6.1
PEL 253:	1.5	1.5
South Australia Total:	7.6	7.6

	Gross Acres (MM)	Net Acres (MM)
Western Australia		
SPA 5/06-7 AO	4.3	3.2
SPA 6/06-7 AO	3.4	2.6
Western Australia Total:	7.7	5.8

	Gross Acres (MM)	Net Acres (MM)
South/Western Total:	15.3	13.4

Note: acreage in South Australia is subject to a 25% reduction after EnSearch earns in 2008.

Looking for a CFO

OBE is currently interviewing candidates for the position of CFO with OBE. Please feel free to refer candidates to Matthew Philipchuk if you know any qualified individuals looking for a new and exciting opportunity.

Yours sincerely,
Paul Bennett
President & C.O.O.