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Faroe Petroleum announces Fulla oil discovery, West of Shetlands

Faroe Petroleum, the independent oil and gas company focusing principally on exploration, appraisal and production opportunities in the Atlantic Margin, the North Sea and Norway, has announced an oil discovery in its first operated exploration well on the Fulla Prospect in the west of Shetland (Faroe Petroleum 50% and operator). Highlights The 206/5a-3 exploration well discovers oil in the Fulla Prospect The well penetrated a gross oil column in the well of 133 feet and a net oil column of 45 ft. Reservoir quality is better than expected. The oil has been sampled and details of the oil quality will be confirmed by further analysis conducted in the onshore laboratory. Faroe's first operated exploration well has been successfully drilled in accordance with UK's HSE guidelines. Well 206/5a-3 on the Fulla prospect was spudded on 6th July 2011 and was drilled to a total depth of 7,711 feet total vertical depth sub-sea (TVDSS) in 407 feet water depth. This Atlantic Margin well, located 31 kms to the north east of the BP-operated Clair field platform, was targeting potentially oil-bearing Clair and Whiting reservoir sands with the primary objectives of confirming hydrocarbons within the structure and, if present, running a comprehensive suite of wireline logs and obtaining representative oil samples. The targeted reservoirs were encountered close to prognosis. The well drilled through a gross oil column of 133 feet and a net oil column of 45 ft. The average porosity in the net interval has been estimated at 23%. Oil samples were successfully recovered to allow detailed fluid analysis to be conducted in the onshore laboratory. Detailed data analysis will now commence on interpreting the results of this well, and subsequently, we will work to identify development options that include the Freya discovery made in 1980, which is located immediately to the south in the adjoining Block 206/10a

(Faroe 50% and operator). The Awilco-owned WilPhoenix semi-submersible drilling rig, which was used for the drilling operation, is now actively engaged in operations to plug and abandon the well as planned, and is expected to move away from the location in the coming days. In December 2010 Faroe farmed out a 50% interest in this licence to Canadian Overseas Petroleum on promoted terms. Graham Stewart, Chief Executive of Faroe Petroleum plc, commented - 'We are very pleased with the positive outcome of this frontier West of Shetlands exploration well. To announce a discovery in our first operated well is a significant achievement for Faroe Petroleum and is a realisation of the team's vision and ability. Further work will be conducted in the coming weeks to gain a deeper understanding of the structure and its contents. With better than expected reservoir quality and good indications of mobile oil, we believe there is potential for a commercial field development, most likely in combination with our nearby Freya discovery. 'Faroe Petroleum applied for and won this licence, which also contains the Freya discovery to the south, in the 22nd UK Licensing Round in 2005, and has worked continuously to de-risk this opportunity. This important new Fulla discovery is a great testament to the diligence and skill of our technical team. 'We look forward to three further exploration and appraisal wells to be drilled in Norway this year. The Butch well (exploration) with Centrica as operator is currently drilling, and we have two further wells, T-Rex (appraisal) and Kalvklumpen (exploration) planned to commence in the coming months.'Source - Faroe Petroleum