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Butch drilling terminated

Faroe Petroleum has announced that the company has terminated the side-track well on the Butch southwest prospect. Due to technical problems it was not possible to reach the intended exploration target. The well has now been secured and abandoned. After the Butch discovery was made and confirmed and the first side-track well drilled on the 7th of December 2011, the license holders announced they would drill another side-track well, from the same location, which is further to the south. Problems arising from the stability of the well hole resulted in it being too difficult to reach the intended exploration target and subsequently the well was abandoned. The Butch discovery, which was announced on the 18th of October 2011, created opportunities to open up a new exploration area and the first side-track well was very successful, producing and confirming oil of a very high quality. Preliminary calculations conducted by the operating company Centrica show that an estimated 30 to 60 million barrels of oil can be produced from the reservoir. The discovery is in 66 metres of water in the Norwegian sector of the North Sea, close to the important infrastructure, 7 kilometres east of the large Ulla production unit and 10 kilometres in a southeaster direction from the Tambar production unit and 20 kilometres north of the Gyda production unit. The Butch South West exploration prospect is still very interesting, together with several other exploration prospects in licenses PL405 and PL405B. Work has commenced upon a new evaluation- and exploration project to investigate several options in this new area. The oil companies involved in this license are; Centrica (40% operating company), Faroe Petroleum (15%), Suncor ASA (30%) and Spring Energy Norway AS (15%). Mr Graham Stewart, CEO - The drilling of the Butch South West side-track well was estimated as a quick opportunity to investigate good promising

prospects south of the Butch discovery, being fully aware that this was a large challenge. Even if we are disappointed at not being able to achieve our intended goals due to technical problems, it is very exciting that opportunities exist in the area and as soon as a suitable drilling rig is available, we hope to be able to drill again in licenses PL405 in 2012 or 2013. The Butch discovery is very interesting in its own right and has reduced the risk on several important exploration prospects surrounding the discovery. Currently Faroe Petroleum is drilling the T-Rex well and updates will be given when these are available. The company is preparing for a very active 2012 exploration campaign, which comprises North Uist on the Atlantic Margin frontier, the Kalvklumpen, Clapton, Cooper and Santana in Norwegian waters.