

**FOR IMMEDIATE RELEASE:**

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**REACH EXPLORATION AWARDED 16 BLOCKS IN UK 23<sup>RD</sup> LICENSING ROUND AND WILL DRILL 5 WELLS**

Following the 23<sup>rd</sup> Round announcement today by Malcolm Wicks, UK Energy Minister, Reach Exploration confirms that it has been offered 16 Blocks with a total area of approximately 2400 square kilometres. These awards see Reach committing to a 5 well drilling programme over the next few years. This is in addition to the 3 wells that Reach will be drilling later in 2005.

These 16 blocks lie within three geographic areas. In the Inner Moray Firth, 8 blocks have been awarded to a Joint Venture operated by Petro-Canada UK Limited. Over the next few years the Joint Venture plans to acquire 3d seismic data and drill 4 exploration wells. Reach has 10% equity in these blocks. Reach was also awarded block 12/30 on a Promote Licence.

In the coastal area of the Inner Moray Firth, between the producing Beatrice Field and the coast, Reach has continued its strategy of acquiring proven and high potential acreage with the award of 6 blocks. In 2004 in the 12<sup>th</sup> Onshore Licensing Round Reach acquired a Licence, PEDL 158, situated along the Moray Firth coast, with the intention of drilling offshore targets by extended reach drilling from land-based rigs. Extended reach drilling technologies are used in environmentally sensitive areas where the impact on the environment can be minimised by locating surface facilities up to 11 kilometres from the target locations. The 6 blocks Reach and partner Caithness Petroleum, have been awarded are immediately offshore to PEDL158 and are centred on Block 11/24 on which there are two oil discoveries. Well 11/24-1, drilled in 1996, flowed 36°API oil at a maximum rate of 2040 bopd from the Beatrice Formation. This field lies 3.5 km from the coast. Wells 11/24-2 and 2Z, drilled in the year 2000, encountered hydrocarbons in the Beatrice Formation and overlying Brora Sand. This field lies approximately 8 km offshore. The Joint venture intends to produce these two oilfields from onshore locations by extended reach drilling. Reach will operate the joint venture with 70% equity.

Reach was also awarded block 16/3d in the South Viking Graben adjacent to the producing Brae trend of fields. This block contains a proven oil accumulation, drilled by well 16/3a-4, which tested light oil from the Brae Formation at 1583 bopd. There is also a significant exploration prospect. This block was released for incorporation in the 23<sup>rd</sup> Round as a result of the DTI fallow process.

## Notes to editors:

1. Reach is an oil and gas company focused on identifying and acquiring exploration and development opportunities in the UK North Sea. Reach has been active in the 20<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup> and 23<sup>rd</sup> UK Seaward Licensing Rounds.
2. Reach was formed in 2002 and is based near Aberdeen, Scotland.
3. Reach Exploration (North Sea) Limited has been awarded a 10% equity in Inner Moray Firth blocks 12/18, 12/19, 12/20(split), 12/21b(split), 12/24, 12/25, 12/28 and 13/21b(split). Blocks that are described as split have been subdivided aurally with other applicants. Petro-Canada UK Limited has 90% equity and will operate the Joint Venture. All these blocks will be covered by Traditional Licences and 4 firm wells have been bid. Reach has also been awarded 100% equity in a Promote Licence over Block 12/30.
4. Reach Exploration (North Sea) Limited has been awarded a 70% equity and operatorship in Moray Firth coastal blocks 11/23, 11/24, 11/25b, 11/27, 11/28 and 12/16(split). 11/24 will be covered by a Traditional Licence and the other blocks will be Promote Licences. Extended reach drilling technologies are used to produce hydrocarbons with minimum environmental impact, for example the Wytch Farm Field in Dorset, UK, and the Mitteleplatte Field in Germany.
5. Reach Exploration (North Sea) Limited has been awarded 100% of Block 16/3d in the South Viking Graben under a Promote Application
6. Sister company Reach Exploration Limited currently owns 5% equity in Premier-operated Licence P1048, covering four blocks, 20/10b, 20/15a, 21/6a and 21/11b. This company will participate in the Palomino exploration well which will be drilled in the 4<sup>th</sup> quarter of 2005.
7. Reach Exploration (North Sea) Limited currently also owns equity in six existing Licences covering 8 blocks in the UK North Sea. 2 exploration wells will be drilled on these blocks in the autumn of 2005.
8. For further information contact Miles Newman, Exploration Director, on telephone number 44-1330-826503 or by email at [miles@reachexploration.co.uk](mailto:miles@reachexploration.co.uk). Please also see the website on [www.reachexploration.co.uk](http://www.reachexploration.co.uk).