

FOR IMMEDIATE RELEASE:

15th December 2006

**REACH AND MARATHON FORM COLLABORATION CONCERNING THE
DRUM PROSPECT, UKCS LICENCE P1300, BLOCK 16/3E**

Reach Exploration (North Sea) Limited today announces that it has entered into a Letter Agreement with Marathon Oil U.K., Ltd, a wholly-owned subsidiary of Marathon Oil Corporation (NYSE: MRO), on behalf of certain partners in the Brae Group to investigate the feasibility of drilling the Drum Prospect, Block 16/3e, from the Brae East Platform, that lies on the adjacent Block 16/3a, Licence P108.

The Drum Prospect is a Middle Jurassic tilted fault block at 15,000 feet, approximately four and one half kilometres south-west of the producing East Brae Field. Drum has the potential to be a significant gas-condensate accumulation with producing analogues in the Beinn and Kingfisher Fields which are approximately 10 kilometres to the southwest and south of Drum, respectively.

Under the terms of the agreement, Marathon will undertake a drilling study to examine the potential for an extended reach exploratory well from the East Brae Platform to test two reservoir objectives. Marathon and certain partners from the Brae Group will then have the option to take a combined 60 percent interest in the deep portion of 16/3e in order to mature the Drum Prospect for drilling. Marathon would serve as operator. It is expected that in the event of a discovery, these reservoirs will be developed and produced through the East Brae facilities.

Miles Newman, Exploration Director of Reach Exploration (North Sea), said "We are very pleased to be working with Marathon and the Brae Group on the Drum Prospect and I think our collaboration shows that innovative deals can be done around infrastructure that will help prolong the life of the UK's existing producing fields."

Notes to editors:

1. Reach is an oil and gas company focused on acquiring exploration and development opportunities in the UK North Sea. Reach has been

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active in the 20th, 21st, 22nd, 23rd and 24th UK Licensing Rounds.

2. Promote Licences are granted by the Department of Trade and Industry to companies specialising in the application of geological and engineering skills in order to identify previously overlooked hydrocarbon potential.
3. Reach plans to drill 4 to 5 wells in 2007.
4. Reach will retain 100% equity in the shallow portion of Licence P1300.
5. For further information contact Miles Newman, Exploration Director, on telephone number 44-1330-826503 or by email at miles@reachexploration.co.uk. Please also see the website on www.reachexploration.co.uk.