

New Oil Deal Signed

BPC Limited, an oil and gas company with 100 percent owned offshore license permits in the Bahamas, today officially announced a new joint venture with the Norwegian-based StatoilHydro Company to launch the first major exploration of oil in Bahamian waters since 1986.

The agreement was signed last week in Paris, France and under its provisions, BPC and StatoilHydro propose to jointly develop oil and gas exploration projects in The Bahamas, according to a statement released last night by BPC's resident manager in Nassau, Mr. Idris Reid.

In April 2007, BPC was granted five licenses for oil and gas exploration in five areas in the south central Bahamas, and since then, the Company has satisfactorily carried out the background work including the collection and evaluation of scientific data and samples from previous exercises.

The next stages of work to be undertaken will involve seismic evaluations, and ultimately, drilling. In that context and following examination of proposals sought from various companies, BPC has selected StatoilHydro of Norway as its partner in the ventures being proposed for the future.

StatoilHydro is a world leader in offshore technology with the majority shareholder being the Government of Norway.

The Company enjoys a high reputation globally for excellence in standards in the field of oil and gas exploration, and BPC, according to the statement, is confident that this partnership will produce successful benefits for the company and for The Bahamas.

The statement outlined that BPC is highly encouraged by the results of the exploratory work undertaken in The Bahamas, which indicates that there is high potential for successful and valuable oil and gas production within the territorial waters of The Bahamas.

The statement further outlined that in order to move the project to the next stage, an association with a reputable drilling company had to be developed.

"BPC therefore considers itself fortunate to have attracted StatoilHydro for involvement in its operations in The Bahamas," the statement read.

A competent persons report, published last year, stated that there could be multiple 500 million barrels of oil equivalent oil fields in 18 leads recognized in BPC's southern Bahamas licensed area.

Additionally, a U.S. Geological Survey study of the offshore northwest Cuba Basin estimates a potential of 7-14 billion barrels equivalent (oil and gas) of undiscovered resources.

Exploration Vice President Erik Finnstrom of StatoilHydro states "This joint venture strengthens StatoilHydro's position in this attractive exploration region of the northern Caribbean."

Meanwhile, the licences included in this joint venture agreement with StatoilHydro are new licenced areas for BPC in the south west of The Bahamas and are still under application pending the approval of the Government of the Bahamas.

The joint venture area is adjacent to four wholly owned licenses held by BPC in The Bahamas, as well as near an existing license held by StatoilHydro in adjacent Cuban waters.

The Joint Venture Agreement is conditional on the relevant new licences being awarded to BPC and assignment with StatoilHydro. It is hoped the applications will be processed before the end of 2009.

The last active exploration of oil in the Bahamas was in 1987 by Tenneco.

BPC's Chairman, Alan Burns said: "We are delighted to partner with a respected industry leader like StatoilHydro. It is testament to the prospects of the southern Bahamas and to BPC's contacts and commitment to the region that a large business such as StatoilHydro sees it as an important addition to their exploration portfolio.

"The terms of this agreement will strengthen BPC's capital position and eliminate the need for near-term fresh capital funding for the joint venture.

"Both companies are committed to preservation of the environment during all phases of exploration and development."

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StatoilHydro is an integrated technology-based, international energy company, primarily focused on upstream oil and gas operations. The Norwegian headquartered StatoilHydro, is listed on both the New York Stock Exchange and Norway's Oslo exchange.