

LOCAL NEWS

Joint venture for major oil exploration in Bahamas

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A NEW JOINT VENTURE has been established between a Norwegian company and BPC Limited for the first major oil exploration project in Bahamian waters in 23 years.

Both companies said they believe there is a high potential for valuable oil and gas pro-

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duction in the southwest Bahamas which will benefit the local population.

The partnership agreement between the Norway-based StatoilHydro and the energy exploration company BPC was signed on May 12, and the official announcement was expected to be made in London at 8am today.

Based on research so far, StatoilHydro said there could be as many as 500 MMBOE (Million Barrels of Oil Equivalent) oil fields in the areas identified by BPC in the southern Bahamas.

However, as the licences for exploration included in this joint venture agreement are new licence areas for BPC in the southwest of the Bahamas, they are still under application pending the approval of the Bahamian government, a joint press statement from Statoil-

Hydro and BPC said yesterday.

The two companies said they hope the licenses will be approved and processed before the end of this year.

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)."

BPC principals said they are confident the partnership with StatoilHydro will produce successful benefits for the company and for the Bahamas.

"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, and 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," BPC's resident manager in the Bahamas Idris Reid said.

BPC was granted five licenses for oil and gas exploration in five areas in the south central Bahamas in April, 2007. Since then, the company has carried out the background work including the collection and evaluation of scientific data and samples from previous exercises, the company said. "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," Mr Reid said.

Both companies assured the public that they are committed to the preservation of the environment during all phases of exploration and development.

StatoilHydro is considered to be a world leader in integrated technology-based, international energy company. The Norwegian government is a majority shareholder in the company.

BPC is registered in the Falkland Islands, but its main country of operation is the Bahamas. The company was formed to invest in an offshore oil exploration programme in licence areas in the territorial waters of the Bahamas.