

A Company Maker

The Bream (17/12-1) and Brisling (17/12-2) oil accumulations in the Egersund Basin of the North Sea were both discovered in the early 1970's. A few years later, albeit more than 25 years ago, the 18/10-1 oil accumulation was discovered in the same sub-basin.

All 3 discoveries were declared to be sub-commercial, and the acreage containing Bream and Brisling were relinquished in 1994, with recoverable reserves reported to be less than 1 million m³ (6.3 million barrels).

Following a careful geological evaluation of the basin, in 2004 PGS decided to invest in a multiclient 3D seismic survey. The first phase (600 km²) was so encouraging that PGS carried out a detailed and comprehensive evaluation report and prepared for a 3,500 km² extension.

One of the main concerns of the area has been insufficient generation of hydrocarbons to fill the structures. Our evaluation shows that the Upper Jurassic Tau Formation in the Bream area is an excellent source rock.

From this study it was estimated that the Bream discovery, with a 40% recovery rate, has oil reserves of 11 - 16 MMm³ (70-100 MMbo), although we claim that this is a relatively conservative figure based on a simple volume calculation. Such reserve volumes should, however, make any oil company happy with today's oil price. We have also identified at least 2 more prospects in the blocks.

The total volume of pre-stack time migrated data was available to the industry in May this year. This has allowed oil companies to fully evaluate the area before applying in the forthcoming licensing round (APA 2006). Moreover, it also enables the companies that will be awarded the acreage to immediately access a high quality 3D dataset and not be dependant on securing a 3D vessel in 2007, which promises to be a very tight seismic market. It also moves production at least one year ahead, as oil is already proven.

For small, independent oil companies, we believe the old discoveries in the Egersund Basin can turn out be a company

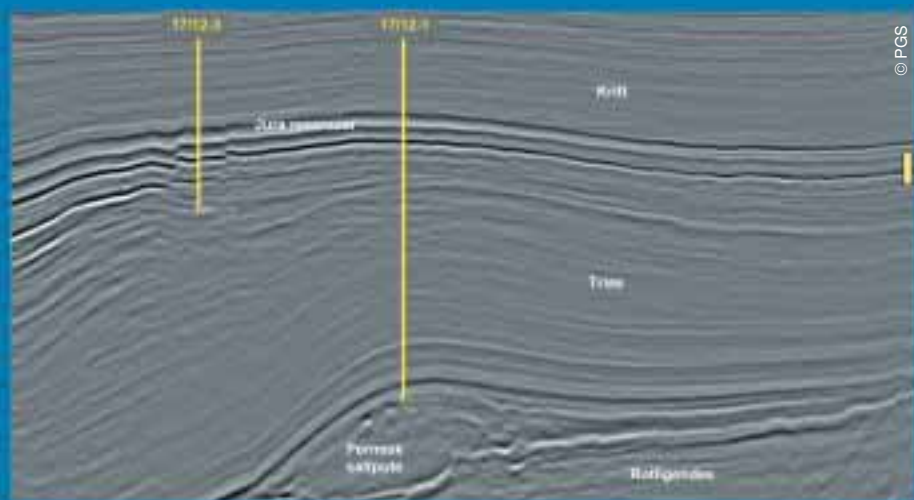
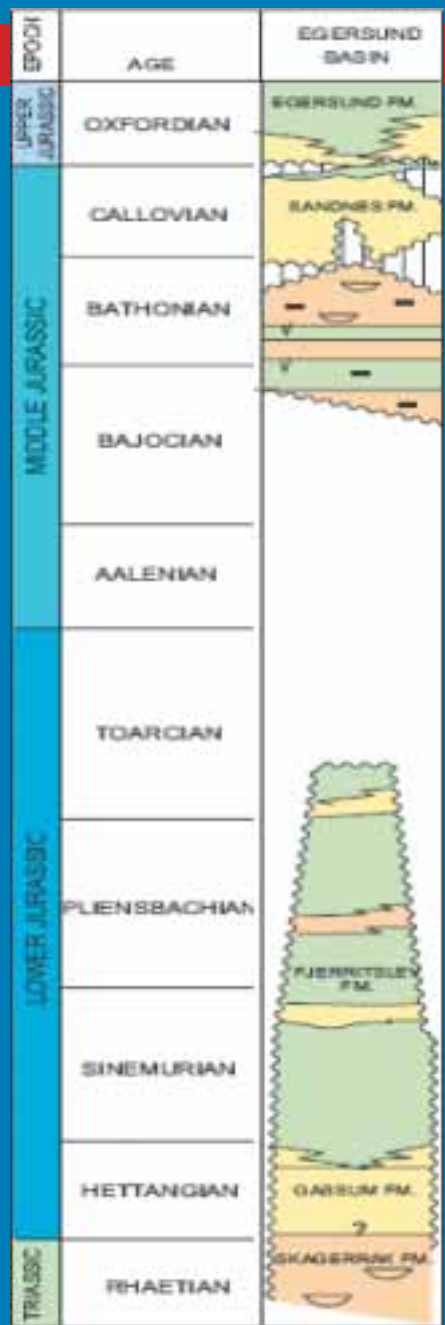
maker! In fact, there are very few places on the Norwegian shelf, if any, where undeveloped oil discoveries and prospects of such size exist and are up for grabs.

Tor Aakermoen, PGS



The multiclient seismic survey in the Egersund Basin covers open blocks available in the forthcoming licensing round (APA2006), shown in orange color, as well as licensed blocks, shown in yellow. Oil fields are marked in green.

Both reservoir rocks and source rocks are Jurassic in age.



Seismic section from the multiclient 3D survey through the Bream oil discovery with the location of the discovery well 17/12-1 and appraisal well 17/12-3. The reservoir interval, Middle Jurassic sandstones, is shown with a yellow bar.