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## **LUNDIN PETROLEUM REVISES 2006 PRODUCTION FORECAST**

**Lundin Petroleum AB ("Lundin Petroleum") announces a downward revision to its 2006 production forecast particularly as a result of its production operations in the United Kingdom and Venezuela. This shortfall has been partially offset by the addition of the Russian production from the recently announced acquisition of Valkyries Petroleum Corp. and earlier than expected production from the Oudna field, offshore Tunisia.**

Excluding Russian production, the revised 2006 total production forecast is reduced to between 29,000 boepd and 30,000 boepd from the current 36,000 boepd forecast. The revised production forecasts will negatively impact 2006 forecast profit and operating cash flows for Lundin Petroleum. Revised forecasts will be announced on 16 August 2006 at the time of the release of the financial statements for the six months ended 30 June 2006. Year end 2006 production is forecast at in excess of 40,000 boepd including Russia and will increase to over 50,000 boepd by end 2007 following start-up of production from the Alvheim field, offshore Norway.

### **Background**

In early July 2006, an agreement was completed between Lundin Petroleum and its partners and the Venezuelan national oil company Petróleos de Venezuela S.A. (PDVSA) in connection with the conversion of the Colon Unit Operating Services Agreement (Lundin Petroleum 12.5% working interest) into a joint venture company with direct participation by PDVSA. Under the terms of the agreement, Lundin Petroleum holds a 5% equity interest in the new joint venture company. This new arrangement was effective from 1 April 2006 and as such Lundin Petroleum will from this date account for its investment in Venezuela as an equity holding and will not report its share of the production. The net impact of not reporting Venezuelan production for 9 months is approximately 1,400 boepd on an annualised basis.

In the United Kingdom, production has been negatively impacted particularly as a result of facility related issues. In the Broom field, production has been negatively affected by an extended period of limited or no water injection capacity on the Heather platform, particularly during the second quarter. This has resulted in significant pressure depletion in the reservoir which has negatively impacted and will continue to negatively impact production until reservoir pressure has been restored. In addition, production performance from the Broom-North Terrace well has been below forecast due to steeper production declines than anticipated. Similarly, the lack of water injection capacity on the Heather and Thistle platforms, coupled with delays to the Heather drilling program, negatively impacted both the Heather and Thistle field production. Water injection has recently been successfully restored on both platforms and as a result, UK production is increasing albeit below previously forecast levels.

United Kingdom production forecasts for 2006 have, as a result of these issues, been reduced by approximately 6,000 boepd. It is not expected that the reduction of the United Kingdom 2006 production figures will have any material impact upon recoverable United Kingdom reserves as the production shortfall will be deferred to later years.

The result of expected earlier production from the Oudna development offshore Tunisia and infill drilling in the Jotun field offshore Norway have positively impacted production forecasts for 2006 by approximately 800 boepd on an annualised basis.

The acquisition of Valkyries Petroleum Corp. and its Russian production assets will have a positive impact of approximately 4,500 boepd from 31 July 2006, the date of acquisition.

*Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in Albania, France, Indonesia, Ireland, Netherlands, Nigeria, Norway, Russia, Sudan, Tunisia, United Kingdom and Venezuela. The Company is listed on the O-list, Attract 40 at Stockholm Stock Exchange, Sweden (ticker "LUPE").*

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