

13 January 2005

## **LUNDIN PETROLEUM TO ACQUIRE INTEREST IN AJE DISCOVERY, OFFSHORE NIGERIA**

**Lundin Petroleum AB ("Lundin Petroleum") is pleased to announce it has signed agreements to acquire a 22.5% net revenue interest in Oil Mining Lease (OML) 113 offshore Nigeria containing the Aje oil and gas discovery ("Aje").**

### **History of the Aje**

Aje is located in OML 113 in the Benin Basin, offshore Nigeria as shown in the attached location map. Yinka Fawcett Petroleum Company (YFP) is the licensee and the operator of OML 113 which was granted for a 20 year term in June 1998. Aje is situated 24 kilometres offshore in water depths ranging from 99 to over 1,500 meter. Aje was discovered with the drilling of the Aje- 1 well in 1996 which encountered a thin oil rim in the gas-charged Turonian sandstone testing at a combined flow rate of 42 mmcf/d and 2,262 bopd from three zones. Due to mechanical problems with the well the Aje-1 well only reached the Turonian sandstone.

The Aje-2 appraisal well drilled in 1997, penetrated the deeper Cenomanian sandstone at a depth of 2,400 metres. The Cenomanian oil zone was tested by Aje -2 from a structurally low position at a rate of 3,866 bopd of 39 degree API oil from an 8 metre thick interval. The Cenomanian section encountered by Aje-2 has net reservoir thickness of 50 metres of sandstone.

A recent pre-stack depth migration (PSDM) processing of 3-D seismic indicates that the Aje-1 and Aje-2 well were drilled on the flank of the structure and there is significant reserve potential updip of the two discovery wells.

### **The Transaction**

Lundin Petroleum is part of a consortium of international oil and gas companies who will join YFP and Syntroleum in OML 113. The consortium will consist of:

YFP

Syntroleum Corp.

Lundin Petroleum AB

Palace Exploration Company

Challenger Minerals Inc

Providence Resources PLC

Howard Energy Company

As part of the deal Lundin Petroleum will assume responsibility as technical advisor to YFP, the operator of the project.

The agreements involve the payment of a signature bonus to Syntroleum and YFP as well as paying a carry on the costs to drill and test the Aje -3 appraisal well plus one further optional well. In addition, a further bonus on the commencement of commercial production will be paid to Syntroleum and YFP.

The parties have also entered into an Area of Mutual Interest covering areas adjoining OML 113.

The transaction is subject to the formal approval of the government of Nigeria.

### **Future work Program**

Following the approval of the transaction it is planned to drill the first appraisal well Aje-3 in the second or third quarter of 2005. The Aje-3 well has the potential to confirm significant volumes of oil and gas reserves. If successful it is likely that either a second appraisal well Aje-4 or an exploration well on a separate prospect known as South East Aje will be drilled back to back.

The primary focus of the Aje transaction is the development of the oil reserves to be confirmed from the forthcoming appraisal program. However Syntroleum Corporation owns a proprietary Gas to Liquids (GTL) process for converting natural gas into synthetic liquid hydrocarbons. It is planned to review the potential of this technology to monetise the Aje gas reserves as part of the forward work program.

Ashley Heppenstall President & CEO of Lundin Petroleum comments: "We are very pleased to have acquired a working interest in Aje, offshore Nigeria with such a strong group. The recent seismic reprocessing has confirmed significant reserve upside which we will test with the drilling of the Aje-3 well. OML 113 also contains further upside from large undrilled exploration prospects".

*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, Iran, Netherlands, Norway, Sudan, Tunisia and Venezuela. The Company is listed on the Attract 40-list at Stockholm Stock Exchange, Sweden (ticker "LUPE").*

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