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ALVHEIM PARTNERS SUBMIT PLAN TO DEVELOP 180 MILLION BARRELS OF RESERVES OFFSHORE NORWAY

Proposed FPSO Development Targets First Production in 2007

Lundin Petroleum AB ("Lundin Petroleum") through its wholly owned subsidiary Lundin Norway AS and its Alvheim project partners has announced the submittal of the plan of development and operation (PDO) for the Alvheim Field development to the Norwegian Ministry of Petroleum and Energy. Approval of the PDO is anticipated in October of this year and production is expected to start in early 2007 and reach a peak rate of 85,000 boepd. The Alvheim project partners are operator Marathon Petroleum Company (Norge) (65%), ConocoPhillips AS (20%) and Lundin Norway AS (15%).

The project will initially consist of developing the Kneler and Boa discoveries and the previously undeveloped Kameleon accumulation. The Alvheim Field contains recoverable reserves of approximately 180 million gross barrels of oil equivalent. Recently, the Alvheim group reached agreement with Norsk Hydro Produksjon AS to tie-in the nearby Klegg discovery operated by Norsk Hydro Produksjon AS. Additionally, the recent Hamsun discovery (Lundin Norway AS 35% working interest) is a potential tie-back to Alvheim.

Production from the Alvheim/Klegg development is expected to reach capacity in 2007, with Alvheim production alone peaking at around 85,000 gross barrels of oil equivalent per day.

The Alvheim PDO outlines the companies plans to develop the field using an FPSO with a subsea infrastructure comprising five drill centres and flowlines. The FPSO will be a conversion of the multipurpose shuttle tanker Odin for which the Alvheim group signed a purchase and sale agreement with Statoil earlier in the year. The PDO also outlines transportation of produced oil by shuttle tanker; transportation of produced natural gas to the U.K. via the SAGE pipeline and reinjection of produced water.

Ashley Heppenstall, President & CEO comments: "The Alvheim development is a big project for Lundin Petroleum and will in conjunction with the potential Hamsun development have a major impact on our reserves and production. Alvheim alone will add close to 13,000 boepd of net production to Lundin Petroleum. The submission of the development plan is the first stage in the commercialisation of the recent successful Alvheim area discoveries which I am confident will be followed by Hamsun. We are also confident that our remaining exploration portfolio in Norway has the potential to realise similar successes".

PDF version

Lundin Petroleum is a Swedish independent oil and gas exploration and production company with a well balanced portfolio of world-class assets in France, Indonesia, Iran, Ireland, Netherlands, Norway, Sudan, Tunisia, UK, Venezuela and Albania. The Company is listed on the O-list at Stockholmsbörsen, Sweden (ticker "LUPE").

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