

8 October 2004

## **DEVELOPMENT OF 180 MILLION BARREL ALVHEIM PROJECT APPROVED BY THE NORWEGIAN GOVERNMENT**

### **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 approval by the Norwegian Ministry of Petroleum and Energy of the plan for development and operation (PDO) for the Alvheim Field development. Production is expected to start in early 2007 and reach a peak rate of 80,000 boepd. The Alvheim project partners are operator Marathon Oil Corporation (65%), ConocoPhillips (20%) and Lundin Petroleum (15%).

The project will initially consist of developing the Kneler, Kameleon and Boa discoveries and the previously undeveloped East Kameleon accumulation. The Alvheim Field contains recoverable reserves of approximately 180 million gross barrels of oil equivalents. Recently, the Alvheim group reached agreement with Norsk Hydro Produksjon AS (Norsk Hydro) to tie-in the nearby Klegg discovery operated by Norsk Hydro. Additionally, the recent Hamsun discovery (Lundin Petroleum 35 % working interest) may be 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 80,000 gross barrels of oil equivalents per day. The Alvheim project partners will 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 Alvheim project will transport produced oil by shuttle tanker, will transport produced natural gas to the U.K. via the SAGE pipeline and reinject produced water.

Ashley Heppenstall, President and CEO comments: "We are very pleased that this major project for Lundin Petroleum will now be proceeding. We are grateful to the Norwegian Government for the timely receipt of approval and in addition for the practical approach of the Norwegian and U.K. governments in dealing with the cross border issues of the project which avoided unnecessary delays. This project will have major impact on Lundin Petroleum's production and reserves adding 13,000 boepd of net production. In addition we expect the development of Alvheim will be followed by commercialization of the recent Hamsun field discovery. Lundin Petroleum remains committed to the creation of value through exploration in Norway".

*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").*

For further information, please contact:

C. Ashley Heppenstall,  
President and CEO  
Tel: +41 22 319 66 00

or

Maria Hamilton  
Head of Corporate Communications  
Tel: +46 8 440 54 50