



Tuesday 10 October 2006

Serica Energy plc farm-out of UK block 54/1b & UK drilling programme

LONDON, Oct. 10 /CNW/ - Serica Energy plc (AIM and TSX Venture: SQZ) announces that it has concluded a farm-out of part of its interest in UK North Sea Block 54/1b, where it expects to commence drilling the Oak prospect later this month. Serica will also commence drilling of an exploration well on the Columbus prospect in Block 23/16f during the fourth quarter of 2006.

In the Southern Gas Basin, the ENSCO 92 jack-up rig will drill the Oak prospect in Block 54/1b, targeting the Permian-aged Leman sandstone reservoir at a depth of around 7,500 feet. Drilling operations are scheduled to take about 30 days. Serica is the operator of the Block and the well will be drilled under a contract with Peak Well Management Limited.

As part of its strategy to spread exploration risk and manage costs, Serica will reduce its interest in Block 54/1b from 100% to 50% through the farm out of a 50% interest to Centrica Resources Limited ("Centrica"), a wholly-owned subsidiary of Centrica plc, in consideration for Centrica bearing 100% of the costs of drilling the Oak well up to the point where the total costs have reached (pnds stlg)8.5 million or a decision to test the well has been made, whichever occurs first.

In the Central North Sea, the semi-submersible GlobalSantaFe Rig 140 will drill the Columbus prospect in Block 23/16f, in which Serica has a 50% interest, targeting the Paleocene-aged Forties Sandstone reservoir at a depth of around 9750 feet. Drilling operations are scheduled to take about 30 days.

The well will be drilled by Applied Drilling Technology Inc. (ADTI), a division of GlobalSantaFe Corporation, under a contract with Serica's partner in Block 23/16f, Endeavour Energy UK Limited.

Chris Atkinson, Chief Operating Officer, commented:

"The next 12 months will be an exciting period for Serica with intensive drilling across our assets targeting a range of prospects in terms of risk and reward. This includes exploration wells on Block 54/1b and Block 23/16f in the North Sea this year and exploration and development wells in Indonesia in 2007."

"The farm out in Block 54/1b reduces drilling costs and exploration risk to the Company ahead of the drilling of the Oak prospect, and we welcome Centrica as our new partner in the Block."

Background Notes

Serica Energy plc is an international oil and gas exploration company with operations in Indonesia, the UK North Sea, Spain, Ireland and Vietnam.

The Company's ordinary shares are listed in London on AIM and on the Canadian TSX Venture Exchange under the symbol "SQZ". The 2005 Annual Report and Accounts are available here and at www.sedar.com.





Forward Looking Statements

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive there from.

The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

To receive Company news releases via email, please contact heather@chfir.com and specify "Serica press releases" in the subject line.
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