



Thursday 07 June 2007

Serica Energy to retain 50% interest in North Sea Columbus discovery well

LONDON, June 7 /CNW/ - Serica Energy (UK) Limited ("Serica") and BG International Limited ("BG") have mutually agreed not to complete the transaction, announced on November 14, 2006, under which Serica would have exchanged a 25% interest in Block 23/16f (containing the Columbus discovery) for a 25% interest in the neighbouring Block 23/21, operated by BG. Serica and BG have agreed to continue to pursue the development of Columbus for their mutual benefit and that of their respective co-venturers.

Serica, as Operator of Block 23/16f, will now retain its 50% interest in the Block and in the Columbus discovery well and will press forward with appraisal of the discovery and potential early development. Discussions have already commenced with nearby infrastructure owners with a view to reaching a development sanction decision by the end of the year in the event of a successful outcome to appraisal drilling.

Serica has contracted the SEDCO 704 drilling rig to drill up to two Columbus appraisal wells in Block 23/16f commencing in the third quarter of this year.

Paul Ellis, Chief Executive of Serica, said that,

"We are confident that, with the positive results already obtained from the Columbus discovery well, the field is capable of rapid appraisal and development and we intend to press ahead with this programme as a high priority, particularly given our increased stake in the project."

Background Notes:

Serica announced the results of the first well drilled on Columbus on 20th December 2006. The well encountered a gross gas column of at least 125 feet in the Palaeocene Forties sandstone. A total of 85 feet of the reservoir was tested and the stabilised average production rates on a 56/64 inch choke during a five hour period were 17.5 million cubic feet of gas per day and 1,060 barrels per day of 47.5 degrees API condensate. The wellhead flowing pressure was 1,200 pounds per square inch and the inert gas content was less than 2%.

On the basis of an independent report carried out by RPS Energy Limited on behalf of Serica following the drilling of the discovery well, the most likely net contingent resources of oil equivalent lying in Block 23/16f attributable to Serica's 50% interest are 10.8 million barrels. The purpose of the appraisal wells to be drilled this year is to confirm the most likely resource figures and investigate the potential upside to these figures, while obtaining the further data required to refine the development concepts.

Serica's partners in Block 23/16f are Endeavour Energy UK Limited (25%) and EOG Resources United Kingdom Limited (25%).

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 therefrom.

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 kelly@chfir.com and specify "Serica press releases" in the subject line.

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