

Thursday 14 December 2006

Serica Energy plc

["Serica" or "the Company"]

Award of new Indonesian Production Sharing Contract and UK drilling update

London, December 14th, 2006 - Serica Energy plc (AIM and TSX Venture: SQZ) is pleased to announce that it has been awarded the Kutai Production Sharing Contract ("the PSC"), and provides a UK drilling update.

Award of new Indonesian PSC

The Kutai PSC covers an area, both onshore and offshore, of approximately 4729 sq km within the prolific Kutai Basin of East Kalimantan, Indonesia. Serica is the operator of the PSC and will hold a 52.5% interest in the Block. Serica's partner, PT Ephindo, will hold the remaining 47.5% interest. The PSC contains several previously drilled wells that successfully established the presence of hydrocarbons. Serica will be acquiring a limited amount of new 2D and 3D seismic to augment the pre-existing seismic data set, as part of its work programme to assess the prospectivity of the block, which will also include the drilling of up to four exploration wells.

Chris Atkinson (Chief Operating Officer) commented:

"We are delighted to have been awarded this extremely promising Indonesian PSC, which fits in with our strategy to expand our South East Asia portfolio into new areas in which we have specific technical knowledge. Our technical team and our partner, PT Ephindo, have a detailed understanding of the Kutai Basin which comprises Indonesia's second most prolific petroleum province. Serica is very much looking forward to exploring this area under better fiscal terms than were previously available and with the benefit of modern 3D seismic data and the latest interpretation techniques."

UK Drilling Update

Unusually extreme weather conditions are currently being experienced in the UK North Sea and therefore it has not yet been possible to commence testing the Columbus well in Block 23/16f. However, Serica expects to be able to commence flowing the well within the next week and results of the tests should be available by the end of the month.

Paul Ellis (Chief Executive Officer) commented:

"We remain very positive about the potential of the prospect being targeted by the Columbus well in the UK North Sea and by its implications for the prospectivity of the new acreage that we are acquiring in Block 23/21 through our recent agreement with BG Group. We look forward to being in a position to announce the results of the tests in the near future."

Information on the Kutai PSC

The Kutai PSC comprises several contiguous blocks, most of which were the result of first phase relinquishments by the current main operators in the basin, Total, Chevron and VICO. The PSC lies in and around several giant fields including Tunu (>1.600mmboe) and Attaka (>800mmboe).

The blocks forming the PSC straddle the prolific Mahakam River delta both onshore and offshore in water depths that range from zero in the west to less than 200 metres at the eastern margin. The adjacent major fields on the shelf were mainly discovered in the late



1960's and 1970's by Total, Unocal and VICO. To date the area has produced over two billion barrels of oil and 20 trillion cubic feet of gas and is currently providing over four billion cubic feet of gas per day to the Bontang LNG facility under long term contracts to supply gas into the rapidly expanding markets of northern Asia.

Background Notes

In Indonesia, Serica also operates the Biliton PSC, the Asahan Offshore PSC and the Glagah Kambuna TAC and the drilling of six exploration, development and appraisal wells across the assets is scheduled in 2007.

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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.

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