



Immediate Release

7 April 2005

## **EQUATOR EXPLORATION LIMITED**

### **Equator Signs Agreement To Develop Oil Mining Lease 122 Offshore Nigeria With Peak Petroleum Industries Nigeria Limited**

- **Two Discoveries with Estimated Volumes Of 80 Million Barrels Oil/Condensate & 1.5 Trillion Cubic Feet (“TCF”) Gas**
- **Adjacent Undrilled Exploration Prospect with Estimated Volumes of 350 Million Barrels Oil & 1.3 TCF Gas**
- **Significant Additional Oil & Gas Exploration Potential**

LONDON, United Kingdom & LAGOS, Nigeria – 7 April 2005 – Equator (AIM: EEL.L) and Peak Petroleum Industries Nigeria Limited (Peak) are pleased to announce that they have signed an agreement to undertake the potential development of two oil and gas discoveries and drill a significant exploration prospect in Oil Mining Lease (OML) 122, offshore Nigeria.

OML 122 is located 25-60 km offshore in water depths of 40-300 metres and covers an area of 1,295 sq. km on the Western Niger Delta, east of Shell’s giant Bonga Field (estimated 1.4 billion barrels) on OML 118 and South west of Shell’s EA Field on OML 79.

The concession was initially granted to Peak as Oil Prospecting License (OPL) 460 in 1993 under the Nigerian Government’s Indigenous Program, which was put in place to encourage the development of an indigenous Nigerian upstream industry. OPL 460 was converted to OML 122 in May 2001 with an initial term of 20 years. Under the hydrocarbon laws of Nigeria, this conversion to an Oil Mining License marks the recognition by the Nigerian Government that an exploitable hydrocarbon accumulation has been discovered on an OPL. The term of OML 122 runs through 2021 and may be extended upon application to the Nigerian petroleum authorities.

OML 122 has two suspended oil and gas discoveries (Bilabri-1 & Orobiri) that were drilled in the 1970s. The Bilabri-1 well was production tested at a rate of 5,175 barrels of oil per day on a 48/64 choke, with 40 API gravity oil and a GOR rate of 600 scf/bbl. The Bilabri discovery has estimated hydrocarbon volumes of 25-45 MMbbls STOIP, and 1.2 TCF, GIIP. The Orobiri discovery has estimated hydrocarbon volumes of 25-35 MMbbls STOIP, and 0.3 TCF, GIIP. The discoveries and the exploration prospects on OML 122 are covered and defined by 3D seismic data acquired in 1994 to 1996 and 1999.

A further large structure on OML 122 (Owanare prospect), in a water depth of 122 metres, remains un-drilled. This structure is covered by 3D seismic data acquired in 1999 and will be drilled by Equator. The Owanare prospect has estimated potential hydrocarbon volumes of 1.3 TCF, GIIP and 350 MMbbls STOIP of high quality light crude.

OML 122 has additional “deepwater playtype” exploration potential, not identified to date. OML 122 lies on the boundary between the conventional delta playtype, drilled by the seven wells, and the Deep Water stratigraphic channel playtypes, like the giant Shell Bonga and



Bonga West Field (estimated 1.4 Billion bbls of oil). This Field lies on trend with, and 55 km SW of OML 122.

Equator plans to drill two wells on OML 122 in the second half of 2005, subject to drilling rig availability, including the Owanare exploration prospect and the Bilabri appraisal well. These exploration and appraisal wells have the potential to confirm significant volumes of oil, condensate and gas reserves. The estimated costs of the 2005 activities on OML 122 to Equator are US\$25 million including seismic license fees, G&A costs and the drilling of two wells. The commercial terms of the agreement, which are subject to confidentiality provisions, are based on a financing and profit sharing arrangement between the parties. Following drilling of the two wells, the Company will have an assessment of the technical and economic parameters of the Company's interest in the project which will be announced in due course.

Wade Cherwayko, President and CEO of Equator comments: "We are very pleased to have joined Peak Petroleum in OML 122 opportunity and are excited about the significant hydrocarbon potential on the exploration, appraisal and development opportunities on OML 122". Mr. Cherwayko adds, "the gas potential of the block is significant and well positioned to serve a number of the current and planned large-scale gas utilization projects in the region including the Brass LNG plant and the Chevron/Sasol GTL plant."

For further information, contact:

Wade Cherwayko, Chief Executive Officer	07785 298466
Bobby Morse / Ben Willey, Buchanan Communications	020 7466 5000

### **Background information:**

#### **Equator**

Equator ([www.equatorexploration.com](http://www.equatorexploration.com)) was founded in December 2000 and listed on the Alternative Investment Market of the London Stock Exchange in December 2004, raising £60 million to fund its exploration activities in the highly prospective waters of the Gulf of Guinea.

Equator's objective is to build a diversified portfolio of exploration, appraisal and production assets in the region. The Company will initially focus its efforts in West Africa, in particular the territorial waters of São Tomé and Príncipe where Equator has been active since 2001. Equator is also currently evaluating opportunities in Nigeria and Equatorial Guinea.

In recent years West Africa has become a world leader in offshore deepwater exploration and production. Deepwater discoveries in Equatorial Guinea and Nigeria, coupled with hydrocarbon finds offshore Gabon, suggest geological extensions into the territorial waters of São Tomé and Príncipe. In addition, seismic data for the region indicate widespread prospectivity in the waters of São Tomé and Príncipe.