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## **News Release**

# **SOVEREIGN ASSISTS ORIENTAL WITH FARM-IN OF OKWOK FIELD, OFFSHORE NIGERIA, FROM EXXONMOBIL AND NNPC**

**Houston, June 26, 2006:** Sovereign Oil & Gas Company II, LLC (“Sovereign”) is pleased to announce Nigerian government approval of the farm-in by Oriental Energy Resources Limited of Nigeria (“Oriental”) into the Okwok Marginal Field (“Okwok”) located in Oil Mining Lease (OML) 67, which is owned by Mobil Producing Nigeria Unlimited (“Mobil”), a subsidiary of ExxonMobil Corporation, and the Nigerian National Petroleum Corporation (“NNPC”). The Okwok Field is located twenty-five miles (40 km) offshore in Nigeria’s prolific southeastern producing area ([see map](#)).

Sovereign, acting in its capacity as technical advisor to Oriental, conceived and negotiated the Okwok farm-in on Oriental’s behalf as a means for the Government of Nigeria to partially compensate Oriental for losses it sustained in late 2000 as a result of the maritime boundary treaty between Nigeria and Equatorial Guinea. This treaty, which formalized the maritime boundary between the two countries with respect to oil drilling and development rights of the giant Zafiro Field, also had the effect of ceding the southern 20% of Oriental’s OML 115 to Equatorial Guinea (see map). ExxonMobil operates Block B, the license on the Equatorial Guinea side, and was thus a beneficiary of the highly prospective OML 115 acreage lost by Oriental. On the Nigerian side of the boundary, Oriental’s OML 115 is surrounded by OML 67, acreage owned by ExxonMobil and NNPC that includes two undeveloped oil fields named Okwok and Ebok.

Under Nigerian law, the Petroleum Amendment Act of 1996 on Marginal Fields empowers the Government to designate as a Marginal Field any oil fields that are not developed within 10 years of discovery and to farm out such fields to investors and local entrepreneurs. Both the Okwok Field and the Ebok Field were discovered in 1967 and there has been no drilling in either field since 1970. It was therefore deemed appropriate for Oriental to receive the right to farm-in to these fields as compensation for its losses to ExxonMobil on the Equatorial Guinea side of the border.

Under the terms of the Farm-out Agreement (FOA) Oriental executed with Mobil and NNPC on May 9, 2006 and May 26, 2006 respectively, Oriental, a leading Nigerian oil independent, is now the Operator of the Okwok Field, an offshore oil field originally discovered and partially appraised in 1968 by Mobil and NNPC. In 2001, Mobil contributed the Okwok field to Nigeria’s Marginal Field Program which was established by the federal government to encourage more Nigerian company participation in the oil and gas sector. Oriental will be joined in the project by Addax Petroleum (Offshore Nigeria) Limited (“Addax Petroleum”), as Technical Advisor who, pursuant to a Joint Venture Agreement, will own a 40% participation interest when approved by the Nigerian government. Addax Petroleum is the Operator of the adjacent OML 123, currently producing in excess of 50,000 barrels of oil per day, and located immediately north of the Okwok Field.

Alhaji (Dr.) Mohammed Indimi, Executive Chairman of Oriental, said “We are pleased to have concluded the Okwok farm-out with Mobil and NNPC, and are equally delighted to have Addax Petroleum join with us in the project, as we move forward with our plans to fast track Okwok to early oil production. Addax Petroleum is Nigeria’s leading independent oil producer, and has enjoyed tremendous success growing

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their OML 123 oil production just a few miles from Okwok. We look forward to a fruitful cooperation with Addax Petroleum as we jointly develop the Okwok Field.”

Oriental and Addax Petroleum plan to drill up to three appraisal wells in the Okwok Field with the GSF High Island IX drilling rig, commencing in June 2006, to confirm the commercial potential of the field. A total of four wells were previously drilled in Okwok, three by Mobil/NNPC and one by Oriental/Conoco. Of these prior wells, two wells encountered several petroleum-bearing sands of significant thickness, but the wells were not production tested. The Okwok Field is defined by these wells and by recent 3D seismic data. If warranted, the new appraisal wells to be drilled by Oriental and Addax Petroleum will be production tested to confirm reservoir producibility and crude oil characteristics.

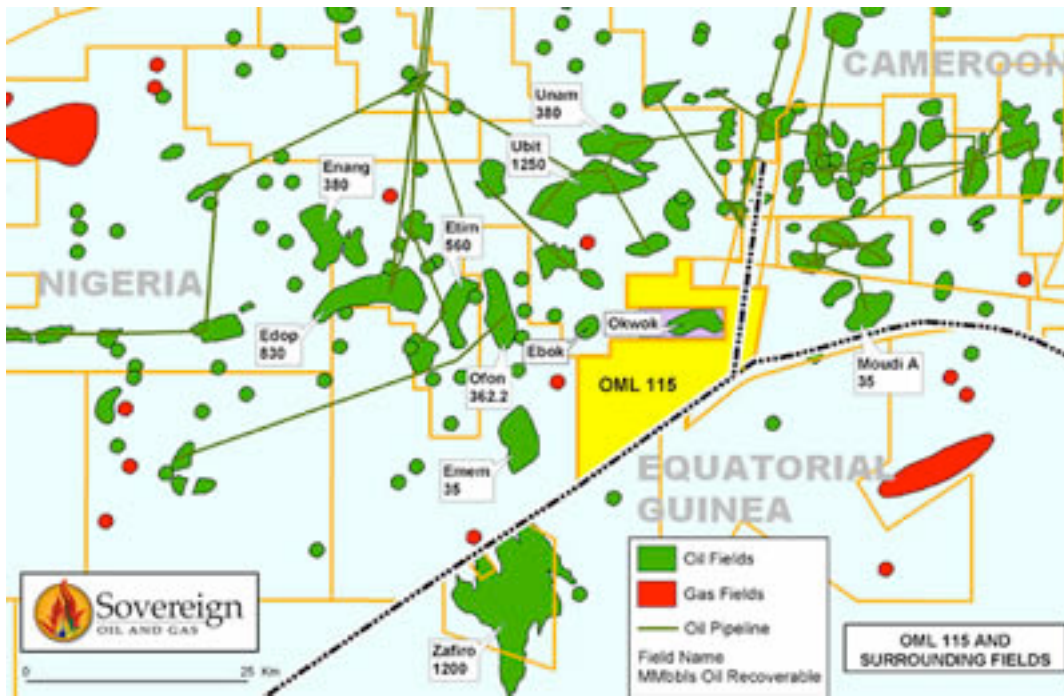
A successful appraisal program by Oriental and Addax Petroleum will be followed by field development operations. First commercial oil production from Okwok could commence as early as 2008.

Oriental was materially assisted by Sovereign Oil & Gas Company II, LLC of Houston, Texas, in obtaining the farm-out from Mobil-NNPC and in arranging the farm-in with Addax Petroleum. Sovereign will continue its role as technical advisor to Oriental and will assist Oriental with the farmout to qualified companies of a 40% participation interest in OML 115, the maximum percentage of foreign participation allowed in Nigeria. Sovereign has recently opened a data room for OML 115 at Sovereign’s Houston office.

Oriental Energy Resources Limited is a privately held, Nigerian oil exploration and production company with its headquarters in Abuja, the Federal capital of Nigeria. In addition to the Okwok Field, Oriental is the operator of OML 115, an oil mining lease located near Okwok in southeastern offshore Nigeria. Addax Petroleum is an international oil and gas exploration and production company focused on Africa and the Middle East. It is the largest independent oil producer in Nigeria and has increased its crude oil production from an average of 8,000 barrels per day for 1998 to approximately 80,000 barrels per day for the first quarter of 2006. In Nigeria, Addax Petroleum has a 100 percent interest in two Production Sharing Contracts for Blocks OML 123 (offshore), OML 124 (onshore), OPL 90 and OPL 225 (offshore). The Okwok Field, which is located immediately south of OML 123, represents the first farm-in for Addax Petroleum in Nigeria. For further information visit the company’s website at [www.addaxpetroleum.com](http://www.addaxpetroleum.com) Sovereign Oil & Gas Company II, LLC is an international upstream project developer with world-wide experience, specializing in West Africa. Sovereign has completed nine major upstream property transactions in the Gulf of Guinea in recent years involving bonuses and work commitments totaling approximately US\$400 million. Sovereign concentrates its efforts on assisting local upstream asset owners in the region obtain foreign technical partners and financing, and provides investment-ready drilling and development projects to the international upstream industry. Sovereign’s CEO has been involved in the drilling of more than 80 wells in West Africa, resulting in the investment of over US\$3.5 billion into the region over the past fifteen years. Projects he has successfully managed include the giant Zafiro Field discovery in Equatorial Guinea. Sovereign is a privately held Texas corporation with its headquarters located in Houston, Texas.

Sovereign is currently in the third year of an exclusive joint development agreement with Syntroleum Corporation (NASDAQ: SYNM) to source upstream E&P projects for Syntroleum worldwide. Syntroleum owns a proprietary process for converting natural gas or synthesis gas derived from coal and other carbon-based feedstock into synthetic liquid hydrocarbons. Syntroleum plans to use its technology to develop and participate in natural gas and coal monetization projects in a number of global locations. Sovereign is currently offering a portfolio of Syntroleum-owned upstream assets in Nigeria for participation to the international oil industry. For further information on these opportunities and on Sovereign please visit the company’s website at [www.sovereignoil.com](http://www.sovereignoil.com)

*Certain statements in this media release, other than historical information, may be regarded as “forward-looking statements”. As such, they are subject to various risks and uncertainties, such as the timely completion, cost and result of exploration, appraisal, and development activities, the results of seismic, wireline logging and other testing methods, and estimates of underground accumulations of oil and gas. Actual results may vary.*



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