Announcement from P/F Atlantic Petroleum (FO-ATLA)

Approval of the Ettrick Field Development Plan

The UK Department of Trade and Industry has approved the development plan for the Ettrick oil field, which is located in blocks 20/2a and 20/3a in the North Sea. This approval will allow the Co-ventures in the field to proceed with development, with first oil expected by the first quarter of 2008. Peak production from the field is expected to be 20,000 bopd (gross); 1,650 bopd (net) to Atlantic Petroleum, plus associated natural gas production.

The Ettrick field was discovered in 1981 and has been appraised by seven wells drilled between 1982 and 1985. Field development will be on a phased basis, with the first phase consisting of three producing wells and one water injection well. The second phase will consist of one or two additional water injection wells, dependent upon field performance. The phased development is proposed in order to mitigate the risks of connectivity and compartmentalisation, well connected volumes, aquifer influx and capital exposure.

The wells will be tied back to the leased floating production storage and offloading vessel (FPSO) “Aoka Mizu”.

Commenting on the news, Wilhelm Petersen, CEO, said:
“We are proud to announce our second approval of a field development plan. In November 2005 the Development Plan for the Chestnut field was approved by the UK Department of Trade and Industry. The production from these two fields will create additional value to Atlantic Petroleum’s shareholders and allow further development of the Company”.

Announcement Regarding Approval of Ettrick Field Development Plan

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Notes for Editors:

Ettrick Partners and Interests

Nexen Petroleum U.K. Limited, operator, hold 79.73% interest with partners Bow Valley Petroleum U.K. Limited 12% and Atlantic Petroleum UK Limited 8.27%.

The Ettrick field is located in the UK sector of the Central North Sea. The field lies in the Outer Moray Firth and is approximately 120km NE of Aberdeen. The field unitised area straddles UKCS blocks 20/2a and 20/3a in the South Halibut Basin (Ettrick Sub-Basin), which are covered by P.273 and P.317 licenses.

The Ettrick field was discovered in 1981 by the 20/2-1 well, which penetrated oil-bearing sandstone in the Upper Jurassic, Middle Volgian Ettrick Sands at 10,300ft TVDSS. From 1982 to 1985 the field was further appraised by seven wells, four of which produced hydrocarbons to surface.

A phased development is proposed in order to mitigate the risks of connectivity and compartmentalisation, well connected volumes, aquifer influx and capital exposure. Phase 1 will consist of three producing wells and one injector, with a further two injectors planned for Phase 2.
As previously announced by Atlantic Petroleum, the wells will be tied back to the leased floating production, storage and offloading vessel "Aoka Mizu", which will undergo an extensive conversion programme for the project. Design capacities are: 30 MBOPD processing, 35 MMSCFD gas compression, and 55 MBWPD injection. Bluewater plans to install and commission the Aoka Mizu to commence production at the Ettrick field by the 1st quarter 2008.
Facts About Atlantic Petroleum

Atlantic Petroleum is an upstream Oil and Gas company, currently with activities in the Faro Islands and in the United Kingdom. The Company is listed on the Iceland Stock Exchange's main list (ICEX), with the ticker FO-ATLA.

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Further Details

Further details can be obtained from Wilhelm Petersen, Managing Director, tel +298 35 01 00 (wilhelmp@petroleum.fo) or Teitur Samuelsen, Financial Manager Officer, tel +298 35 01 00 (teiturs@petroleum.fo).

This announcement, together with other information, will be available on the company’s website: www.petroleum.fo.