



## Summer Seismic Surveys

Argos Resources, Rockhopper Exploration and Desire Petroleum have signed contracts for marine seismic acquisition services with Polarcus Limited.

Seismic vessel *MV Polarcus Asima* will acquire a substantial 3D seismic survey for Argos Resources covering their North Falkland Basin licence PL001 and adjacent areas. The vessel is expected to commence surveying for the company in early January.

Rockhopper Exploration will share use of the *Asima* with Argos Resources in order to acquire seismic data in its adjacent licences and other areas.

The combined timetable for the Argos and Rockhopper surveys is expected to take some 90 days to complete, subject to weather.

Desire Petroleum and Rockhopper Exploration have also signed contracts with Polarcus to share a second vessel, *MV Polarcus Nadia*.



*MV Polarcus Nadia*

Rockhopper will acquire a 3D seismic survey over areas of its licence PL024 and adjacent areas not previously defined by 3D seismic as well as participating with Desire Petroleum in respect of PL003 and PL004 in which Rockhopper has a 7.5% working interest. Desire Petroleum also intends to use the *Nadia* to acquire further data in Licences PL003, PL004, PL005 and the northern part of PL006 and adjacent areas. It is expected that the *Nadia* will commence its surveying programme in early December and complete it around mid-April.

## Desire Petroleum drills Rachel

The *Ocean Guardian* returned to Desire Petroleum, having spent the last few months undertaking operations for Rockhopper Exploration and BHP Billiton, and spudded the Rachel well on 27<sup>th</sup> September 2010. The well reached a total depth of 2877m. Wireline logging showed that no hydrocarbons had been found, but a substantial thickness of sandstones was encountered. The data from this well enabled the identification of further sandstones 'down dip', closer to mature oil source rock. As a result of this information it was decided to run a sidetrack from the Rachel well to these targets.

To 'sidetrack' means to re-enter a well from the well's surface location with drilling equipment for the purpose of deviating from the existing well bore. This can be to explore and retrieve further data, or achieve production, from an alternate zone or bottom hole location, or to remedy an engineering problem encountered in the existing well bore.



*Ocean Guardian and support vessel Maersk Pacer operating in the North Falkland Basin*  
Photo: Capt Allan Jensen, Maersk Traveller

Desire Petroleum was unable to conduct wireline logging on the sidetrack due to mechanical failure of the wellbore. However, data acquired during drilling operations indicated around 25 metres of sand with oil shows was encountered. It was not possible to fully assess the significance of these results in the absence of wireline logging but from the data acquired from the Rachel well and sidetrack Desire Petroleum selected another location on which to drill a vertical well in order to further evaluate the potential of the Rachel prospect. Well FI 14/15-2. 'Rachel North' is currently being drilled at this location.

## Visitors

The Department has had a number of oil company visitors during October and November.

Desire Petroleum Chairman, Stephen Phipps, and Chief Executive Officer, Dr Ian Duncan, spent a week in the Islands in early October and had a series of useful meetings with FIG during their visit.

Chair of Argos Resources, Ian Thomson also visited the department towards the end of the month and was able to give a thorough briefing on the arrangements for the forthcoming seismic survey and the company's intended future work timetable.

Falkland Oil and Gas Board Members, Chairman Richard Liddell, Finance Director Tim Jones, Chief Executive Officer Tim Bushell, and Exploration Director Colin More visited the Islands in late November and held a board meeting in Stanley. They also met with the Mineral Resources Committee during their stay.



*FOGL representatives (L to R) Colin More, Richard Liddell, Tim Bushell and Tim Jones visit the Department of Mineral Resources*

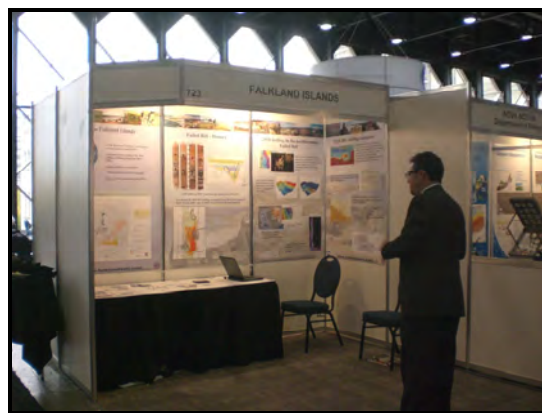
## Sea Lion Well Test

Rockhopper Exploration announced on 17<sup>th</sup> September the successful test of well FI 14/10-2, 'Sea Lion'. The well was flowed for 18 hours with a maximum flow rate of 2304 barrels per day (BOPD). Rockhopper believes that higher flow rates could have been achieved with specialist equipment.

Rockhopper is now preparing to progress its operational programme which will include appraising the Sea Lion discovery, shooting additional 3D seismic and drilling further exploration and appraisal wells.

## AAPG Calgary

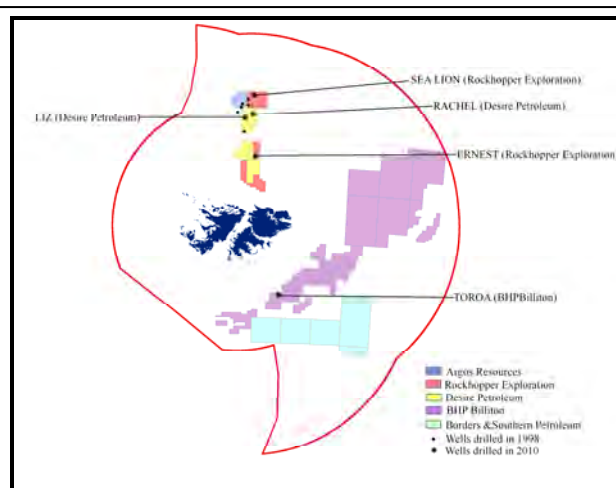
The Falkland Islands were represented at the International American Association of Petroleum Geologists (AAPG) Convention held this year in Calgary from the 12<sup>th</sup> – 15<sup>th</sup> of September.



*The Falkland Islands stand at the AAPG Convention*

The Convention provided an opportunity for the Director of Mineral Resources, Phyl Rendell, and BGS Consultant, Phil Richards to give oil company exploration managers an update on the drilling programme and detail future opportunities for companies interested in the area. Regulators from a number of other countries including South Africa, Namibia, Iceland, Uruguay, Gabon, Morocco, Tanzania, Madagascar, Nova Scotia and Newfoundland also attended, enabling useful contacts to be made. The event attracted around 2000 visitors.

## Map of Offshore Exploration Areas



*Map of Offshore Exploration Areas showing current licensed blocks and 1998 and 2010 well locations*