Faroe Islands

Licence 015

Hydrocarbon Evaluation Report

Valiant Petroleum Norge AS

June 2012

1. Header

Licence No:	015
Licence Round:	3rd
Block Nos:	6103/9
Operator:	Valiant Petroleum Norge AS (100%)

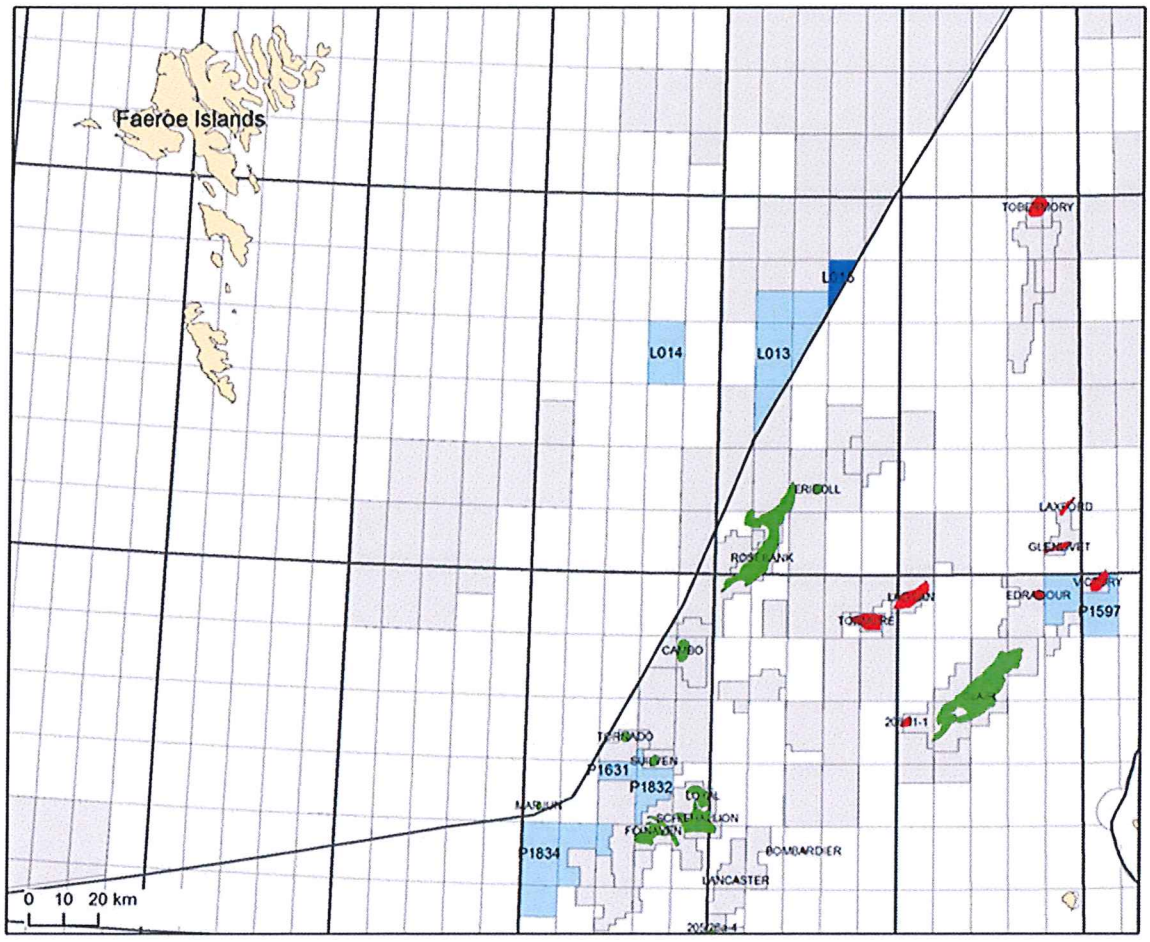

Figure 1 Location map.

2. Licence Synopsis

Licence 015 was awarded to Sagex Petroleum (now Valiant Petroleum) on 8th December 2008. It is located in the Faroe Shetland Basin, north of the Rosebank Discovery and along the border to UK the waters (Figure 1).

The original licence terms were (shortened version):

- Purchase 100 km of existing 2D seismic data
- Run PSDM on a minimum of 150 km of 2D seismic data
- Satisfactory processing, analyses interpretations and reporting of the data collected and work carried out
- Payment of Area and Environmental Impact Fee
- Contributions to Future Hydrocarbon Exploration and Faroese Competence Uplift
- On relinquishment of the licence, submit a final report on the hydrocarbon potential of the relinquished area

The work obligations have been fulfilled except for:

- The attached Licence Hydrocarbon Evaluation Report
- Some outstanding obligations on Faroese Competence Uplift. A project will be identified and forwarded to Jardfeingi for approval

As no prospectivity of commercial interest has been identified, the licence has been relinquished.

3. Licence Activities

Valiant Petroleum has completed the following activities:

- Obtained 190 km 2D data in 2010.
- Completed PSDM processing on 150 km 2D data (4 lines) in 2010, resulting in major uplift of data quality (Figure 2).
- Carried out licence specific and regional G&G interpretation including basin modeling study in 2010.

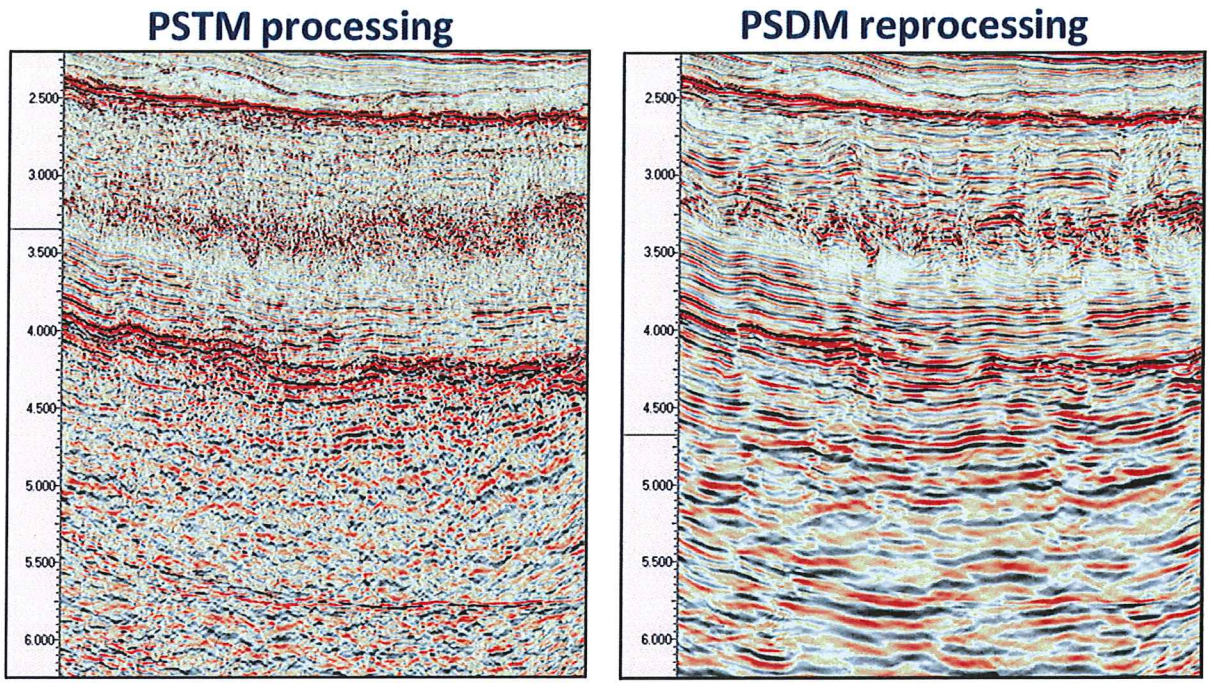

Figure 2. Seismic line illustrating uplift in seismic quality of PSDM reprocessing (PSTM processing to the left and PSDM reprocessing to the right).

4. Prospectivity Analysis

Minor 4-way dip closures have been identified at intra- and sub-basalt levels (Figure 3). These closures are to be too small to contain hydrocarbon volumes of commercial interest to Valiant Petroleum. The closures are also considered to be associated with high risk and the sparse 2D seismic grid does not provide necessary data to mature these leads to drillable prospects.

The licencee has therefore decided to relinquish Licence 015 by 8 December 2011.

5. Reserves Summary and Chance of Success

Due to the very small size of closures, no calculations of hydrocarbon volumes have been carried out. The Change of Success is estimated to be in the order of 5% to 10%.

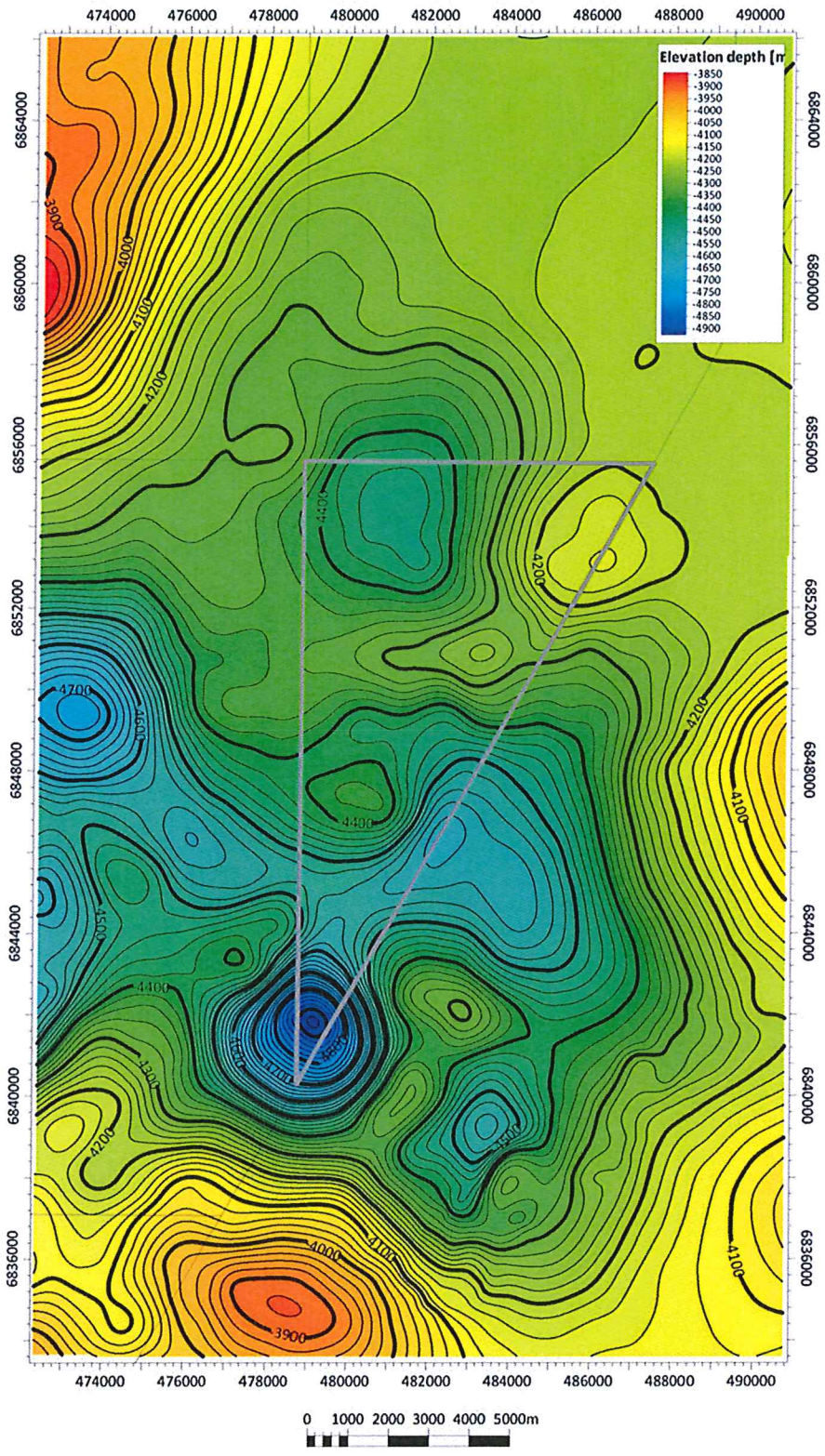

Figure 3 Structural depth map at Base Volcanics level.

For and on behalf of Valiant Petroleum Norge AS

Henrik Meyer

Exploration Business Manager