

PERENCO WILL PROTECT ITS RIGHTS IN ECUADORIAN OIL SEIZED IN DEFIANCE OF INTERNATIONAL ARBITRATION TRIBUNAL ORDERS

July 3, 2009 –

Perenco Ecuador Limited (“Perenco Ecuador”) today announced that it is prepared to take legal action against any company that purchases or transports crude oil the Ecuadorian Government has unlawfully seized.

Perenco Ecuador is the Operator of Blocks 7 and 21 in Ecuador. On February 19, 2009, the Republic of Ecuador and its oil company, Empresa Estatal Petróleos del Ecuador (“Petroecuador”), commenced a coercive process to collect from Perenco approximately \$327 million they claimed were due under a 2006 Ecuadorian law (“Law 42”) by which the Government asserts a right to 99% of the oil revenues above an arbitrary “reference price.” In March 2009, Petroecuador began seizing crude oil produced by Perenco and its consortium partner, Burlington Resources Oriente Ltd. (“Burlington”), from Blocks 7 and 21 in Ecuador to satisfy the alleged Law 42 debt.

However, on May 8, 2009, a three member international arbitration tribunal constituted under the auspices of the International Centre for the Settlement of Investment disputes (“ICSID”) unanimously ordered that the Republic of Ecuador and Petroecuador were restrained from “instituting or further pursuing any action” – including oil seizures – “to collect from Perenco any payments [they] claim are owed... pursuant to Law 42.” The tribunal made clear that such are orders “are binding on the party to which they are directed” and that the parties “are under an international obligation to comply” with them. A copy of tribunal’s order can be found on the ICSID website, www.worldbank.org/ICSID. Just this week, a different international arbitration tribunal in a separate ICSID arbitration commenced by Burlington issued a similar provisional measures order.

Despite these ICSID tribunal orders, the Ecuadorian Government has announced that it plans to go forward with a July 3 auction of the crude oil it has seized from Perenco and Burlington. The Government first attempted to sell the seized oil at an earlier auction in May, but no buyers materialized. Now it is trying again.

With the second auction looming and a third scheduled for later this month, Perenco Ecuador has indicated that it will take a firm stand to protect its rights. According to Rodrigo Marquez, Latin American Regional Manager for the Perenco Group, “Anyone who purchases the seized crude under the circumstances is buying property that Ecuador and Petroecuador are not entitled to sell. The arbitration tribunals’ orders establish that Perenco and Burlington continue to have the right to sell that oil, and that the disputed portion of the sale price should be placed into escrow. Consequently, anyone who buys at the Government auction may be liable for conversion or other

misdeeds. Perenco is prepared to enforce its rights wherever it becomes necessary to do so.”

At the same time, Perenco has continued to support a negotiated resolution of its dispute with Ecuador and Petroecuador. “We remain open to negotiations with the Government about fair terms for continued operations in Ecuador,” said Mr. Marquez. He noted, “Perenco has consistently made clear to the Government that we prefer to have an agreement rather than an arbitration. That remains true today.”

Perenco Ecuador Limited is part of a privately held upstream oil and gas company and is the operator of Blocks 7 and 21 in Ecuador.

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