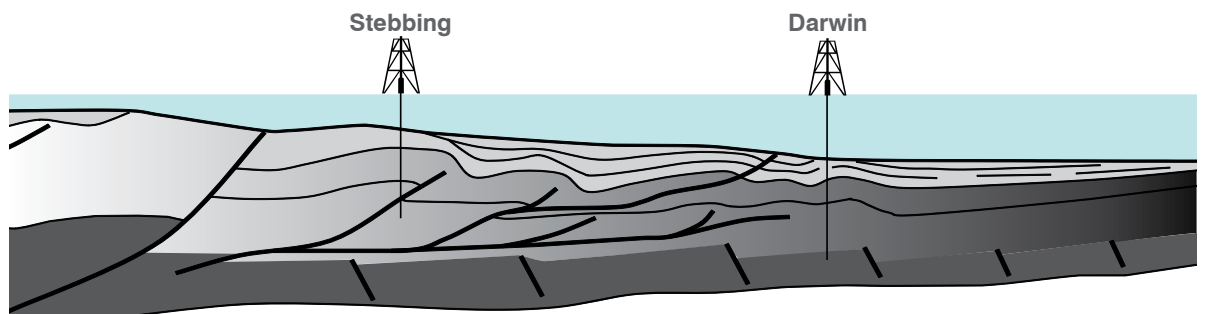


Borders & Southern has operatorship of five Production Licenses in the South Falkland Basin (80 blocks, 19,598 sq km). The basin contains numerous large untested structures.

key features

- ▶ Fiscal terms: 9% royalty, 26% corporation tax
- ▶ Equity interest: B&S 100% (operator)
- ▶ Exploration term: 8 years from 1 November 2004 (option to renew for further 5 years)
- ▶ Seismic acquired: 2,862 km of 2D; 1,492 sq km of 3D
- ▶ Multi-billion barrel recoverable prospect potential defined
- ▶ Multiple play types, robust structures, amplitude and AVO anomalies



Schematic cross section illustrating the Stebbing and Darwin prospects.

geology of basin

The geology of the basin is similar to the contiguous Malvinas and Magallanes Basins located to the west. The Magallanes Basin has yielded discoveries of approximately six billion barrels of oil equivalent.

The petroleum system comprises Late Jurassic/Early Cretaceous marine source rocks (proven in DSDP wells to the east of the Falkland Islands and in exploration wells in the contiguous basins to the west) along with Cretaceous and Tertiary clastic reservoirs. Structures are associated with an east-west trending foreland fold and thrust belt. Thermal modeling studies of the source rock interval predict that both oil and gas will be generated within the licensed acreage.

prospectivity

Borders & Southern has compiled an extensive prospect inventory with multi-billion barrel recoverable potential. Trap types comprise thrust-cored anticlines, tilted fault blocks and stratigraphic traps. Structural closures measure up to 150 sq km.

Two prospects have been selected as the first tests: Darwin and Stebbing. These prospects are completely independent other than they require the same source rock to be present throughout the area.

Darwin is a tilted fault block. The reservoir is interpreted to be Lower Cretaceous shallow marine sandstone. The prospect has a flat spot, amplitude conformance to structure and an AVO anomaly. The company's P50 recoverable resource estimates for the amplitude anomaly alone are 300 million barrels. P50 recoverable resource estimates for the entire structure down to the mapped spill point are 760 million barrels.

Stebbing is a thrust-cored anticline. Stacked reservoirs are interpreted to be Upper Cretaceous and Tertiary deep water marine sandstone. The prospect has AVO anomalies in the Tertiary. The company's P50 recoverable resource estimates for two combined reservoir intervals are 1,280 million barrels.

key contact

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