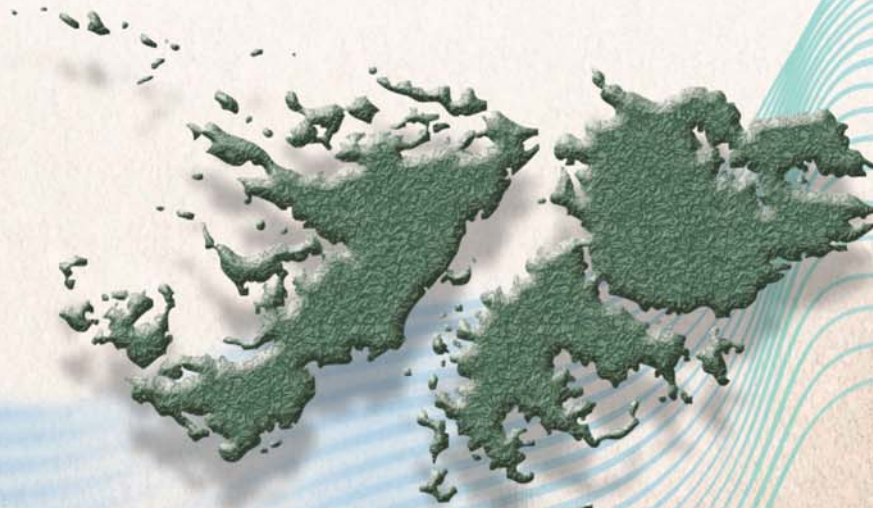


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North Falkland Basin

Rig Update – 22 April 2009

Rig Contracting

- The Requirement.
- The Market.
- The Challenges.
- Current Situation.

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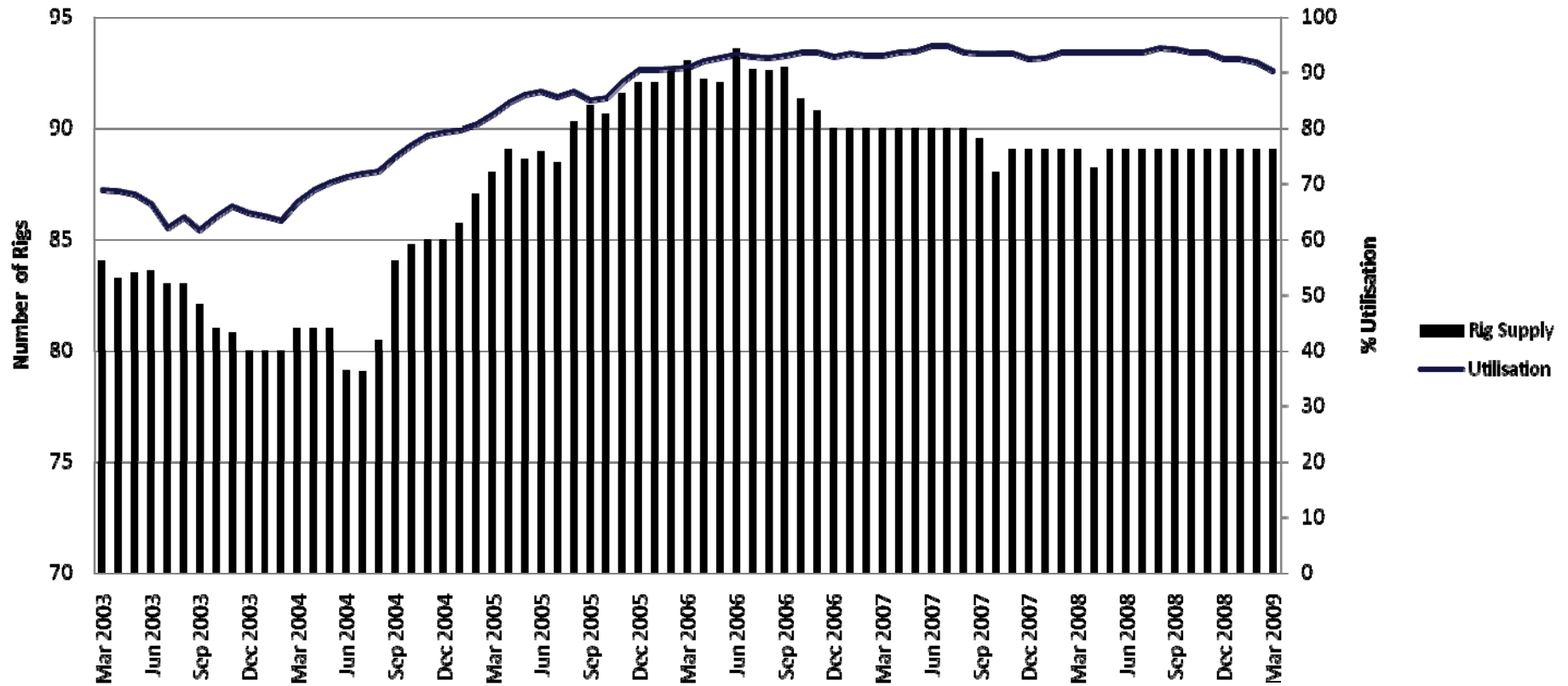
The Requirement

- Mid water floating drilling unit – semi submersible or drill ship.
- 2nd/3rd generation moored semi is acceptable.
- More modern deepwater units could be used, however much more expensive.
- Drillship would have to be DP due to weather vaning.
- Large number of drilling units worldwide acceptable from a technical specification perspective.

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The Market

Semi Sub (Midwater) Utilisation 2003 - 2009



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The Challenges

- Market and rig availability.
- Rig rates and mobilisation/demobilisation.
- Remote location.
 - Mob/Demob.
 - Willingness of contractor.
 - Support.
- UK equivalent safety case.
- Political issues.
- Partner requirements.

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Transit Times

	Distance (NM)	Towed Semi	Self Propelled Semi	Drillship
Brazil	1730	18	10	8
South Africa	3300	35	19	15
Angola	3900	41	23	17
Gulf of Mexico	6600	69	38	29
North Sea	7180	75	42	31

Notes:

- 1.All times single trip in days.
- 2.Towed semi transit speed of 4 knots.
- 3.Self propelled semi transit speed of 7.5 knots.
- 4.Drillship transit speed of 10 knots.



Current Situation

- Market has eased:
 - Units available.
 - Rates dropping.
- Still not many opportunities that can be considered suitable when project specific issues are considered.
- Worldwide availability fully understood and all opportunities considered and assessed.
- Discussions already held/ongoing with a number of contractors/operators.

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Current Situation

- Objective to secure the right unit on favourable contractual terms:
 - Commercial (Rate, mob, demob).
 - Technical capability and performance.
 - Compliance.
 - Timing.
 - Availability of options.
- Flexibility in regard to NFB only or combined NFB/SFB.

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