

CONSTRUCTION OF NEW NORTH SEA OIL PIPELINE

11/2/2006

UNITED KINGDOM (November 2, 2006) --

Venture Production plc ("Venture", "the Company"), the Aberdeen based UK independent oil and gas production company, today announces its intention to build and operate a new 33 km pipeline that will export oil produced from the Greater Kittiwake Area ("GKA"). At present there are four fields exporting oil via tanker from the Venture-operated Kittiwake platform and the new 10 inch pipeline will provide a fixed link between this platform and the existing Forties Pipeline System ("FPS").

Gross production from GKA has risen from around 5,000 barrels of oil equivalent per day ("boepd") in November 2003, when Venture became field and platform operator, to over 30,000 boepd today. The decision to invest in this new piece of North Sea infrastructure reflects the Company's confidence that the GKA fields will continue to produce economic volumes for at least another decade. These volumes include current production from the existing Kittiwake, Mallard, Gadwall and Goosander fields as well as potential production from the as yet undeveloped Christian, Grouse, Durward and Dauntless discoveries, all of which are operated by Venture. In addition, the new pipeline will have sufficient throughput capacity to make it a viable export route for any new discoveries in the surrounding area. Any such discoveries could well be too small to justify their own dedicated export infrastructure.

The current GKA oil export system consists of a dedicated storage and shuttle tanker that periodically ships the produced crude to its point of sale. When this tanker reaches the end of its permitted life in 2007 the new pipeline will be ready to provide for continuous export from the GKA fields. This will increase operational uptime by removing the need to periodically shut down production across the Kittiwake platform whilst the tanker either unloads or is off-station during adverse weather. The pipeline will, therefore, materially increase average daily GKA production whilst at the same time lowering overall operating costs. These two improvements will maximise recoverable reserves and thereby extend the economic field life of the GKA assets.

The pipeline will be owned by a new joint venture company that has been established by Venture and an affiliate of ArcLight Energy Partners Fund III, a fund managed by Arclight Capital, one of the investors in the recently established North Sea Gas Partners joint venture. This new pipeline-owning company will make use of a term debt facility arranged by The Royal Bank of Scotland Group and it has entered into agreements with Venture and its GKA partner, Dana Petroleum plc, with regard to export tariffs for GKA production. The pipeline company will also benefit from third party tariff revenue from any nearby discoveries that may be developed across the new infrastructure. Alongside the finance providers, Venture will have a significant minority ownership position in the pipeline company. The new arrangements remain subject to customary regulatory and other approvals.

Venture is planning to lay the pipeline from the Kittiwake platform to the BP-owned Forties Unity platform where it will be tied in to the FPS which will then transport the oil to market. The Company estimates the total construction cost of the pipeline to be between £65 million and £70 million with an expected start-up date in late 2007.

Dave Blackwood, Head of BP's North Sea Business said "BP is pleased to be involved in this important project and we look forward to welcoming another new customer to the Forties Pipeline System. In recent years, we have developed increasingly competitive offers for access to the Forties Pipeline System, to support the development of smaller fields and new entrants to the North Sea as well as existing customers. This project will be an important addition to a vital element of North Sea infrastructure, and make available a reliable export route for a new set of potential customers."

Commenting on the news, Mike Wagstaff, Chief Executive said:

"Our success in increasing current and future production across the Kittiwake platform has driven our decision to build this new piece of North Sea infrastructure. Since we acquired our interest and operatorship in November 2003 we have taken gross GKA production from around 5,000 boepd to over 30,000 boepd today. We have also significantly increased remaining proven and probable GKA reserves through both tying back existing but unexploited discoveries and drilling a number of in-fill wells into existing fields. Over the next twelve months we expect further production gains from new water injector wells drilled on both Gadwall and Mallard. The new pipeline is also a

potential source of additional revenue for us should it provide an export route to make undeveloped discoveries surrounding the GKA area viable as producing fields.

Our ability to put together a large, complex project such as this is testament to the co-operation of all the parties involved, including BP, the Forties Pipeline System operator, and all of the contractors involved in the project. In addition, building the new pipeline secures the economic life of the GKA production hub to well beyond 2015 and is further evidence of Venture's North Sea focused business model being able to deliver added value long-term."