

## FORMATION OF STRATEGIC PARTNERSHIP

4/18/2006

UNITED KINGDOM (April 18, 2006) --

Venture Production plc, the Aberdeen based, UK independent oil and gas production company, today announces that it has formed a strategic partnership with a group of North American based investors to acquire and develop 'stranded' gas assets in the southern sector of the UK North Sea. The partnership, known as North Sea Gas Partners, will initially have a total of \$300 million in commitments, which will invest alongside Venture in acquisition and development opportunities. Venture will provide 33.3% of the total commitments to the partnership - \$100 million, which will be satisfied out of Venture's cash resources.

The North American investors are led by ArcLight Capital Partners, a US based private equity firm that specialises in investment in the upstream E&P and power generation sectors. ArcLight will commit \$125 million to the joint venture with \$75 million being provided by two further North American institutional investors in equal amounts.

North Sea Gas Partners will acquire and develop assets in the Southern North Sea alongside Venture Production, which will act as the field development and production operator of the developments. In return, Venture will receive an enhanced rate of return if the projects NSGP participates in exceed a specified return on investment.

Forming the partnership enables Venture to achieve three key objectives:

- 1) pursue larger opportunities than would be possible alone;
- 2) enables Venture to benefit from the value that it creates as operator; and
- 3) further diversifies Venture's portfolio while retaining operational control.

Commenting on the news, Mike Wagstaff, Chief Executive of Venture said

"North Sea Gas Partners represents a fantastic opportunity for Venture to deploy additional resources in developing 'stranded' gas assets in the North Sea at a time when bringing gas onstream is a strategic priority for the UK. We are delighted to have attracted a lead investor of ArcLight's calibre and resources. We are currently looking at a range of opportunities in the Southern North Sea and North Sea Gas Partners will provide us with an ability to develop a larger portfolio of assets whilst also providing an enhanced return on each Venture pound invested."