Acquisition of Barnett Shale Combo Play (Oil + Gas) Assets

February 26, 2010

Introduction

- **Norse Energy Corp ASA (NEC) has signed a letter of intent (LOI) and exclusivity agreement with Strategic Petroleum Investment Consultants Enterprise Inc, Paris Oil & Gas Corporation and Eleon Operators LLC (collectively referred to as "Sellers"), to acquire substantially all assets of Spice/Paris for USD 70m in a combination of NEC shares and cash**

- **The Sellers hold approximately 19,700 acres of oil & gas in the Barnett shale in Texas, and is a competent player in the emerging Barnett combo oil & gas play**
  - 4,760 acres in the Midway area of the Barnett
  - 13,600 acres in the Bellevue area of the Barnett
  - 4.1% working interest in 32,500 gross acres operated by EnCana/EOG in the Barnett

- **EOG Resources is the largest active player in this emerging Barnett combo play**
  - EOG Resources, Inc. is a large independent (non-integrated) oil and natural gas companies in the United States with a market cap of USD 23bn. EOG is listed on the NYSE (ticker "EOG")

- **The transaction is subject to confirmatory due diligence, the execution of a PSA (Purchase Sale Agreement) and approval by a NEC EGM (to be called)**

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Key Deal Terms 1 (2)

- **The USD 70m purchase price to be paid as follows:**
  - USD 55m will be paid for by issuing NEC ASA shares to Spice/Paris shareholders upon closing with the reference price NOK 4.70 per NEC ASA share
  - USD 3m will be paid in cash upon closing of a transaction,
  - USD 12m will be a sellers credit for a period of up to 18 months from closing,

- **In addition, a USD 5m contingent earn-out will be paid subject to certain production standards to be met for the first 6 wells to be drilled in the Bellevue area post closing**

- **The majority (80%) of the shares issued will be subject to a lock-up arrangement**
  - 20% of the shares to issued will be subject to 6 months lock-up from closing
  - 30% of the shares to issued will be subject to 12 months lock-up from closing
  - 30% of the shares to issued will be subject to 18 months lock-up from closing

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Key Deal Terms 2 (2)

- **The principal seller and President of Spice/Paris, Dr. Dimitrios Kousparis, will continue in a full time exclusive role with the company for a minimum period of 3 years**
  - Spice/Paris, its affiliates and the principals of Spice shall be subject to a non-compete agreement as set forth in the PSA
  - Spice/Paris will make comprehensive representations, warranties and indemnities to NEC to be set forth in the PSA

- **The effective date of the sale/purchase will be 1 March 2010, and the assets shall be debt free at closing. The assets acquired will include all revenues and expenses accruing after that date**

- **With the signing of the LOI and exclusivity agreement, the next steps are completion of due diligence and execution of a definitive PSA (Purchase Sale Agreement) no later than the NEC EMG to held in March**

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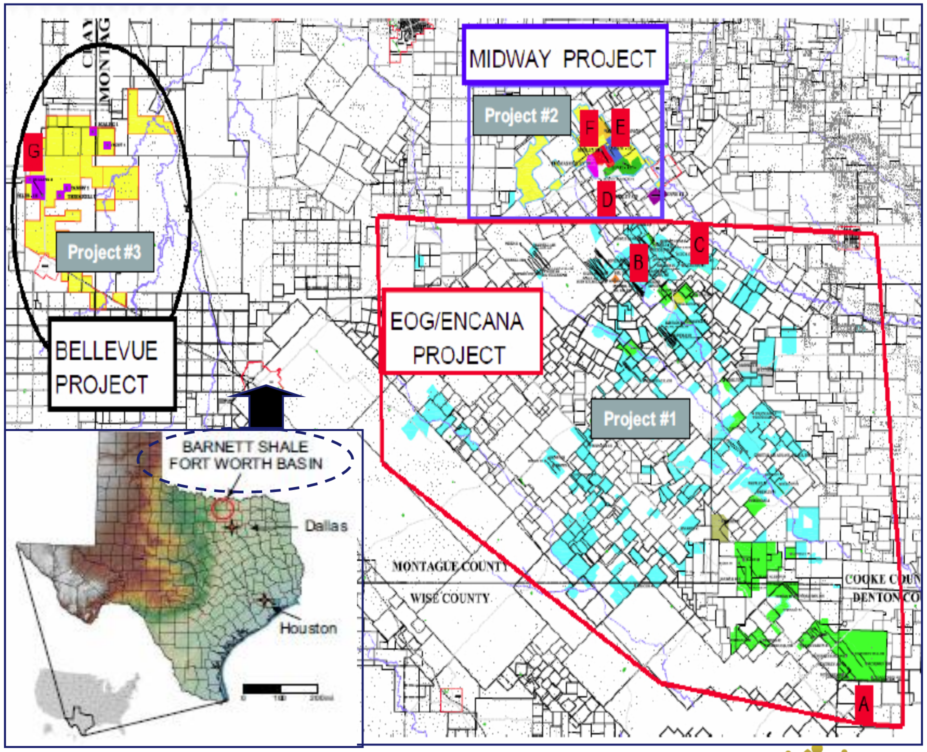
Barnett - Asset overview

- **Barnett shale is an oil & gas "combo play" proven through horizontal drilling**
  - **Significant upside with improvement in drilling completion enhanced recovery technologies**
- **Barnett assets to be acquired by NEC:**
  - **4,760 acres in the Midway area**
  - **13,600 acres in the Bellevue area**
  - **4.1% working interest in 32,500 gross acres operated by EnCana/EOG**
  - **3.7 million boe 2P reserves***
  - **4.4 million boe 3P reserves***
  - **48.6 million boe contingent resources***
  - **Approximate net daily production of 600 boe (net of royalties).**
- **Von Gonten (independent engineering company) estimated 2010 cash flow of USD 6m**
- **Assets to be acquired debt-free at closing**

Project	Gross acres	Working interest	Net acres
EOG/EnCana JV	32 500	4 %	1 333
Midway	5 805	82 %	4 760
Bellevue	14 783	92 %	13 600
TOTAL	**53 087**	**N/A**	**19 693**



* The contingent resource estimate on the Barnett combo play is based on internal estimate, and the 2P and 3P reserves are based on third party information

Emerging Barnett combo play experience

- **Midway area - the 2 most recent horizontal wells have good production results**
  - Current production of the best well at 300 barrels of oil per day and 150 Mcf per day
  - Cumulative production of the same well in the first seven months of **49,000 boe** (July 2009-January 2010)

- **Bellevue area - drilled 1 horizontal well to date with good production results**
  - Current production of 90 barrels of oil per day and 1,000 Mcf per day
  - Cumulative last six months production of **24,000 boe** (August 2009-January 2010)

- **Average cost per well is USD 2.5m with a pay-back period from initial production of 1-1.5 years**

- **EOG in the Combo Play- drilled 111 vertical wells and 43 horizontal wells with good production success**
  - Seller has participated in 137 wells in the Barnett combo play with an average working interest of 2.7%

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Strong strategic fit

- **Another “game changing” unconventional shale play in the US**
- **Create a robust, more diversified platform as a separate listed company**
- **Capitalize on**
  - expertise in geology, exploration and development of unconventional gas resources
  - organizational set-up: lean, flexible, quick
  - experience and skills with horizontal drilling in shale
- **Increasing upside while reducing risk through diversification of commodity, geology and regulatory regimes**
- **Very attractive stand-alone investment opportunity**
  - Risk/reward
  - Strategic and organizational fit
  - Timing

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Indicative timeline

- **End Feb:** **Signing of the LOI and start of exclusivity period**
- **Early March:** **Call for NEC EGM**
- **Mid March:** **Signing of definitive PSA (Purchase Sale Agreement)**
- **End March:** **NEC ASA EGM**
- **April:** **Expected Closing**

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Transactions in the Barnett combo play

EOG Resources Inc, holds 194,000 net acres in Cooke and Montague counties in north eastern Texas, including the 25,000 net it added just this past year for USD 134 million in cash and stock (equivalent to <u>USD 5,360 per acre</u>)

- **EOG Resources Inc. remains optimistic for its potential for economic oil from the northern Barnett shale combo play**
- In November, the company reported its **Christian A #1H** had **initial production of 1,000 barrels of oil per day** and its **Christian B #1H** made **600 per day**, both in Cooke County and horizontal. Its vertical **Fitzgerald #1** had an **IP of 1,100 barrels a day** and its vertical **Stephenson #1** made **450**.
- Earlier in 2009, its horizontal **Bowen A#1H, Bowen A#2H and Bowen B#1H went into sales at between 150 and 400 barrels per day**. **Seibold Unit #3H** was **completed at 500 per day** and **Seibold Unit #4H** was **completed at 550**. Its **Tunnicliff B#1H and Tunnicliff B#2H went into sales at 400 barrels per day each.**
- **Initial gas production from each of the 11 wells ranged from 1.2 million cubic feet per day to 3 million cubic feet per day.**
- **EOG had four rigs working its "Barnett Combo" play in 2009** and expected to increase that to **seven rigs by year-end**. While its fourth-quarter report is due February 10, it estimated in November that its results from eastern Montague and western Cooke counties <u>suggest **reserves of more than 280,000 barrels of oil equivalent per well**</u>, up 80% from 2008 expectations

Source: Oil & Gas Investor, "Squeezing oil out of Barnett shale", 20 January 2010