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# PANTHEON RESOURCES PLC

30 Farringdon Street  
London  
EC4A 4HJ

## **Pantheon Resources Expands in South Texas**

- Pantheon expands its natural gas exploration activities in south Texas
- Three prospects to be drilled commencing early July 2006, with another being evaluated
- This will coincide with higher impact drilling at Padre Island scheduled to commence in early July
- Estimated total maximum cost outlay for all four prospects of US\$ 650,000 net to Pantheon
- Low risk exploration complements the Padre Island drilling programme
- Multiple targets per well improve chance of success
- Further prospects identified on acreage offering significant upside potential
- Consistent with Pantheon's stated strategy to focus on hydrocarbon exploration and production onshore or near shore in the Gulf of Mexico
- Good potential for early, tax efficient cash flow generation. Payback per well projected at less than 12 months
- Operator of venture, Everest Resource Company, is highly experienced in the region with proven track record

## **Details of farm-in**

The board of Pantheon Resources plc ("Pantheon") announces that it has farmed-into a natural gas exploration venture in Wharton County, south Texas. This venture is operated by the Everest Resource Company ("Everest") which has a long successful history operating in the Texas Gulf Coast area.

The initial obligation covers three prospects which are ready to drill. Pantheon will pay 25% of the drilling costs to earn an 18.75% working interest in Dakota and Mohawk and at the third, Zebu, Pantheon will pay 12.5% to earn 9.375% interest. The terms of this farm-in are similar to those for the deep JV of the Padre Island Project Area ("PI Project Area"). A further farm-in prospect is being evaluated.

The prospects are regarded as small with reserves estimates per well ranging from 0.5 to 4.0 billion cubic feet ("bcf"). The exploration risk is regarded as low, ranging from 50% to 80%. This compares with 15% to 36% for the deep JV of the PI Project Area. Each well has multiple objectives. As not all objectives have been included in the evaluation,

this provides additional upside potential. The prospects have been identified using high-quality 3D seismic. This project provides Pantheon with low risk/reward plays to balance the higher risk/reward plays at the PI Project Area.

Drilling programme due to commence in late June with first results expected in early July. The wells are shallow (less than 5,000 feet) leading to short drilling times per well of less than one month. The expected total dry hole cost outlay is around US\$400,000 and the successful completed total cost outlay is around US\$650,000 for four wells. In the event of success, there is easy access to infrastructure.

Success with any of these exploration wells will lead to numerous additional drilling opportunities within surrounding acreage. There are another 13 prospects that could be pursued in the event of success which would represent a material reserve addition to Pantheon. These are also regarded as low risk with good early cash flow generation potential. These would not be subject to the farm-in terms and hence have a higher value.

Pantheon has an aggressive exploration drilling campaign. It combines a good mixture of low risk/return projects from this project combined with the higher risk/reward projects at Padre Island

### **Background to Everest**

Everest has a long history of generating high quality oil & gas prospects in the onshore trends of coastal Texas where Pantheon intends to build its business. Its expertise is working up prospects and drilling the Wilcox, Frio, and Yegua trends along the Gulf Coast of Texas where infrastructure is already in place and reserves are quickly brought into production. It has a history of successes in all these trends and it intends to build upon that success.

The Everest Companies were founded in Corpus Christi in 1969 by E. A. Durham, II. Mr. Durham and a small group of private investors built their energy exploration and production business as a series of limited partnerships in which Mr. Durham and/or one of his closely held corporations or partnerships served as the general partner.

In accordance with the AIM Rules, the information in this report has been reviewed and signed off by Mr Robert Rosenthal, (BSc Geology, MSc Geology), Technical Director at Pantheon Resources Plc, who has over 30 years relevant experience within the sector.

### **Contacts:**

#### **Pantheon Resources Plc**

Sue Graham, Chairman +44 20 7379 0118

#### **Oriel Securities Limited**

Scott Richardson Brown +44 20 7710 7600