



Nalcor Energy detects gas migration into wellhead on suspended well in Parsons Pond – remedial plan underway

November 2, 2010, St. John's, NL - Nalcor Energy Oil and Gas (Nalcor) announced today that during a routine inspection last week, gas migration was detected within the wellhead of its first well of the Parsons Pond Drilling Program on Newfoundland's West Coast.

"We are executing the appropriate remediation plan, which follows the accepted standards for these situations," said Jim Keating, Vice President, Oil and Gas, Nalcor Energy. "This form of gas migration is a common occurrence in the petroleum industry in gas-prone areas."

The well, *Nalcor et al Seamus #1*, was spud in February 2010 and reached the planned total drilling depth of 3,160 meters in late May. The well has been suspended since May pending a test program to determine commercial potential. During a routine inspection of the well last Thursday, gas migration was detected in the wellhead.

"Our primary concerns are safety and the environment. Pressure has been detected at the wellhead indicating gas migration," said Keating. "The well is, and has always been, under control and the pressure is being monitored. A technical team is on-site to collect data and conduct appropriate testing to determine the cause of the migration. Remedial plans are underway."

Keating explained that gas migration of this nature is indicative of a breach in the primary cement barrier intended to keep any hydrocarbons from entering the well. The focus of Nalcor's remediation plan is to re-establish the cement barrier which, along with the wellhead provides a two barrier standard.

Nalcor is working closely with regulatory officials from the Provincial Department of Natural Resources to ensure protection of safety and the environment.



Nalcor Energy Oil and Gas has an average of 67 per cent gross working interest in three onshore exploration permits in the Parsons Pond area, on the Island's West Coast. In addition to Nalcor, there are four other partners with varying holdings in the three permits: Leprechaun Resources Ltd; Deer Lake Oil and Gas Inc; Investcan Energy Corporation; and Vulcan Minerals Inc.

Nalcor Energy Oil and Gas is also a working interest partner in the White Rose, Hibernia Southern extension and Hebron offshore projects.

-30-

Media Contact:

Dawn Dalley, Manager, Corporate Communications

t. 709.737.1315 c. 709.727.7715 e. ddalley@nalcorenergy.com

11 - 02 - 2010

02:00 p.m. NT