



Nalcor Energy Oil and Gas update on Parsons Pond exploration program

February 17, 2011, St. John's, NL - Nalcor Energy Oil and Gas (Nalcor) and its partners are announcing their intention not to pursue drilling of the third well, *Nalcor et al Darcy* well in the current Parsons Pond onshore exploration program.

“The results of our drilling, testing and seismic analysis have provided good quality data that has advanced our understanding of this West Coast basin,” explained Jim Keating, Vice President, Nalcor Energy Oil and Gas. “What we’ve gathered through this program is one of the most extensive datasets that exists as a result of drilling to depths never reached in this area before.”

The first two wells encountered gas shows while drilling. An analysis of the data obtained from those wells show that drilling in this third location, which is located directly between the first two wells, will likely result in similar results and provide limited additional information about this area’s oil potential. Based on this analysis, Nalcor has made the decision to not drill this well in this location at this time. The Stoneham 11 drilling rig will be demobilized while further analysis is undertaken.

“We have not altered our commitment to evaluating and furthering our understanding of this basin,” said Keating. “We will now integrate the data that’s been obtained from the wells with other known information about this area and determine our next steps. We are committed to further analysis of the petroleum potential of the basin.”

Nalcor's main operational objective was to gain information from this basin which will allow further insight and assessment of the geology and the petroleum potential. The Company will focus its efforts on analyzing and understanding the extensive dataset obtained from drilling the first two wells and testing conducted at the first well, *Nalcor et al Seamus*.



Nalcor Energy has an average of 67 per cent gross working interest in three onshore exploration permits on the island's west coast. In addition to Nalcor Energy Oil and Gas Inc., 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 Growth Project, 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

17-02-2011

02:30 p.m. NT