



## **Amerada Hess Sets Out Way Forward On Chestnut**

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Amerada Hess (NYSE: AHC), London - Following the announcement made on Tuesday by Premier Oil, Amerada Hess Limited (AHL) has now confirmed its plans for the development of the Chestnut field.

The Company has assumed operatorship and will continue to fund the ongoing phase I activities, namely drilling and completing the horizontal production well 22/2a-11 with the drilling rig 'John Shaw', then, contingent on the success of the well, carrying out an extended well test (EWT) with the Brovig FPSO 'Crystal Ocean'. The EWT is intended to produce up to 1.25MMBO (due to complete in September 2001) to confirm the development case reserves of 18 MMBO. AHL has the rights to all oil produced from the EWT.

Providing the EWT is successful, and subject to regulatory and co-venturer approvals, the full field development will proceed, funded by the Chestnut joint-venturers. The primary value of the project to AHL will be the 50% equity interest it will have in the full field development. Phase II of development will allow AHL to deploy its skills and proven track record of fast-tracking FPSO projects to achieve first oil from Chestnut in June 2002.

Commenting on the farm in arrangements, Nick Fairbrother, Managing Director of Amerada Hess Limited said,

"Amerada Hess was delighted to be able to respond positively and swiftly to secure the development of the Chestnut development following an approach by the field owners. After an intense period of negotiation, an agreement was reached which meets the objectives of the existing co-venturers in developing the field and delivers an attractive new asset to AHL's operated portfolio.

The speed with which we were able to respond demonstrates the Company's flexibility and our commitment to investing in new opportunities on the UKCS that are capable of delivering value to the Company."

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