



PRESS RELEASE

BROOM FIELD DEVELOPMENT CONSENT

DNO Heather Limited, and its partners Challenger Minerals Inc. (a subsidiary of GlobalSantaFe Corporation), Palace Exploration Company and D.N.O. (Heather Oilfield) Limited, are pleased to announce that the UK Secretary of State for Trade and Industry has given his consent for the development of the Broom field.



The Broom field is located some 93 km NE of the Shetland Islands in Blocks 2/05 and 2/04 and will be developed by a 7 km subsea tie-back to the existing Heather Alpha platform for processing and export.

It is planned to develop Broom in two phases. The first three wells, which are already drilled on the West Heather structure, will be completed as oil production wells, with first oil production planned for summer of 2004. Two down-flank water injection wells will also be drilled and completed shortly afterwards to maintain reservoir fluid pressure and sustain oil production.

It is planned that the North Terrace structure, which lies downdip of West Heather, will be developed subsequently when capacity becomes available through the Broom facilities.

Certified proved plus probable oil reserves in Broom are as follows:

| | Gross | Net DNO | |
|---------------|-------|---------|-------|
| West Heather | 35.3 | 19.4 | MMbbl |
| North Terrace | 10.7 | 5.9 | MMbbl |

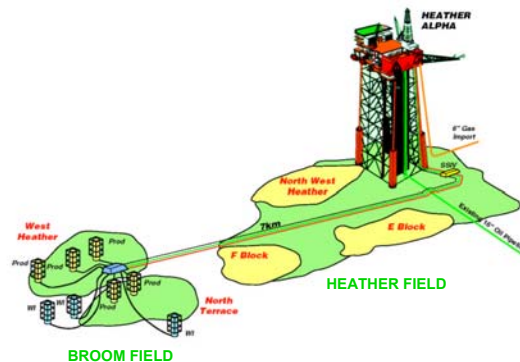
Commenting on the development, Helge Eide, Group Managing Director said “The development of the Broom field is a major milestone in the growth of DNO ASA’s business in the North Sea, and will add substantially to the company’s reserve base, not only for the reserves the field itself brings, but also because it will prolong substantially the life of the Heather field.”

Both Challenger Minerals Inc. and Palace Exploration Company are new entrants to the UKCS, and welcome the rapid development of the Broom field.

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