

Niko Resources Ltd. Commences Production in KG-D6 Block

Niko Resources Ltd. (TSX:NKO) has commenced production of hydrocarbons in its KG-D6 block (KG-DWN-98/3) of Krishna Godavari Basin with the production of crude oil on September 17, 2008. The MA field is initially producing about 5,000 barrels of crude per day and is expected to increase to reach its target peak oil production of 40,000 BOPD over the coming months. A first of its kind hydrocarbons production from any deep water field in the country, the KG-D6 block will account for 40% of India's current indigenous hydrocarbon production.

Key Highlights of Initial Production of Hydrocarbons at KG-D6:

- The field produces sweet crude of 42^o API which can be processed by any refinery in the country.
- From the time of its discovery, commencement of production of oil in the MA field in just over two years making it one of the fastest green-field deep water oil development projects in the world.
- This production has been achieved against challenges like difficult ocean conditions, lack of adequate sub-sea data, low sea bed temperature (5^o C), severe supply chain constraints and shortage of technical manpower. The KG-D6 block is located in the Bay of Bengal at a water depth of 8,000 feet and 50 kilometres from the nearest coast of Kakinada in the state of Andhra Pradesh.
- The first vessel of its kind in Indian waters, the Dhirubhai-1 FPSO has the capability to operate in water depths of greater than 1,200 metres with features that can help withstand harsh sea environment. The dis-connectable Turret Mooring System; Insulated Manifold and short flexible Flow Lines are some of the state-of-the-art features that can ensure production of crude oil despite the tough weather conditions on the East Coast of India.

The KG-D6 block in Krishna Godavari basin was awarded to Niko and RIL under NELP-I and Niko Resources Limited holds 10% participating interest in the block.

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For further information, please contact:

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