

Favourable Independent Market Due Diligence performed on MPF-01

The report shows that our project is well known and favourably perceived among the international oil companies and that the timing is ideal in a growing market.

MPF is currently working with leading international banks and export credit agencies to arrange construction finance as well as long term senior financing. As part of a survey process conducted earlier this summer Infield Systems Limited (ISL) performed a market due diligence on our project. The 88 page report is positive and supports MPF's marketing strategies.

ISL has thoroughly looked into our project, analyzed and forecasted the market and conducted detailed interviews with key executives in the largest international oil companies. The following convey the significant relevant information and conclusions from the independent report:

1. ISL's report states that the MPF-01 concept is favourably perceived and relatively well known among the specialists contacted. Some of the oil companies approached in their survey expressed interest in discussing potential applications for the vessel or asked for a detailed presentation of the vessel's capabilities.
2. The report concludes that the market potential is strong. It forecasts significant growth in the oil and gas fields suitable for deployment of such a system and that the deployment of MPF-01 in 2009 is ideally timed.
3. The US Gulf of Mexico and West Africa are the prime areas deemed suitable for deployment of the MPF-01, although other deepwater areas, particularly those lacking in infrastructure, are also likely.
4. The report states that MPF-01 provides a greater versatility than known competing solutions, which have been developed for specific field development. Furthermore, the flexibility provided by this project's productive capabilities facilitates a swift change in strategy if an unwanted scenario, such as oversupply, were to arise.
5. According to the report it is expected that the MPF-01 will have a secure contract prior to delivery in 2009. It suggests day rates, if used simply as a drillship, within a range between \$450,000 / day and \$500,000 / day. The ability to store and test relatively large quantities of oil and condensate may increase the day rates beyond \$500,000/day.

In our view the report from Infield Systems Limited supports our own experience from ongoing and detailed discussions with several oil companies. Further quotes from the report are included in the attachment hereto.

Wilhelm P. Blystad
President/CEO
MPF Corp Ltd

Market Due Diligence – Customer Referencing

“The MPF-01 concept is favourably perceived and relatively well known amongst the specialists in this field contacted for this survey (9 out of 13 interviewed were aware of the MPF-01 prior to interview).

“The vessel is believed to be suited to the following types of projects;

- Short term extended drilling and appraisal projects
- Longer term drilling and production projects (typically lasting 2-3 years)…”

“As a result of discussions held within this interview programme a strong interest has been found within ____, who are interested in discussing the potential application of the MPF-01 to develop a prospect within the US Gulf of Mexico (further to establishing details of the precise depth of well the MPF-01 can drill). ____ have also asked for a presentation of the vessel’s capabilities…”

** Source: MPF-01 Market Due Diligence, by Infield Systems Limited*

Market Due Diligence – Market Prospects

“The MPF-01 is expected to focus its activity on the key deepwater exploration and production hotspots of the US Gulf of Mexico, Latin America, West Africa and potentially the North Sea. Within these areas a number of specific locations appear to be particularly suitable for the deployment of the MPF-01…”

…

“Market entry of the MPF-01 in 2009 will be ideally timed to meet the forecast significant growth in the number of offshore oil and gas fields coming onstream annually that are (based upon the criteria specified above) deemed suitable for the deployment of a system such as the MPF-01. The number of such fields coming onstream annually is expected to increase from 3 in 2006 to 10 in 2008…”

…

“The international oil companies (BP, Chevron, ConocoPhillips, ENI, ExxonMobil, Shell and Total) are expected to provide the majority of future market prospects for the MPF-01, however, national oil companies are expected to become increasingly prominent, particularly from 2012 onwards. Of a total of 51 identified prospects for the period between 2002 and 2011, the international oil companies are expected to account for 33, national oil companies 11 and independent operators 7. Over the period between 2012 and 2016 international oil companies are expected to provide 32 of 67 identified prospects, compared with 12 from national oil companies (specifically Norsk Hydro, Pemex, Petrobras and Statoil) and 5 from the independents (specifically Maersk, Anadarko and Devon Energy).”

** Source: MPF-01 Market Due Diligence, by Infield Systems Limited*

Market Due Diligence – Day Rates

...

“For the 28 target drillships expected to be operational through to 2010 contracts are currently in place for the deployment of 20. Related day rates range between a high of \$525,000 / day and a low of \$189,600 / day. As the contracts already placed for the use of drillships continue through to 2013 in some cases, when used simply as a drillship the MPF-01 (given its high specification and the current tightness of the market), could realistically expect to receive a day rate within a range of between \$450,000 / day and \$500,000 / day.”

Furthermore, the ability to store and test relatively large quantities of oil and condensate will increase the potentially realisable day rate for the MPF-01. This is something that we have no direct comparison for, however, depending on market conditions we would suggest that potentially realisable day rates may rise beyond \$500,000 / day.”

** Source: MPF-01 Market Due Diligence, by Infield Systems Limited*

Market Due Diligence – Competitive Analysis

“The key difference between the proposed MPF, Sevan Drilling and Prosafe FDPSO’s is that the latter two have been developed for specific field developments, which has heavily influenced their specifications. As a speculative vessel the MPF-01 provides a greater versatility than the larger processing capability of the Prosafe FDPSO and the greater drilling capability of the Sevan Driller. No other speculative FDPSO’s are currently known to be under development.”

...

“A further key consideration when assessing the potential commercial benefits of the MPF-01 are the cost savings that such a concept can facilitate. The choice of an FDPSO allows operators to eliminate the cost of securing a deepwater drilling rig within the current tight market, save on the combined construction costs of a high specification drillship and floating production unit and avoid costly downtime between the completion of the work of a drilling rig and the inception of production from a floating production unit...”

...

“Furthermore, the MPF-01 can be a key enabler in allowing operators to perform the required extended well testing and additional appraisal drilling that is currently being foregone on small to mid-sized reservoirs where there is a high degree of uncertainty over reservoir characteristics, with the affect of significantly delaying first production. A combination of the current tight market for drilling rigs and concern over reservoir characteristics has had the effect of prohibiting operators from completing the additional well testing and appraisal drilling that they require before they can proceed with developing an offshore field with the required level of certainty.”

** Source: MPF-01 Market Due Diligence, by Infield Systems Limited*



Market Due Diligence – Conclusions

“The barriers to previous FDPSO concepts are widely acknowledged to have been commercial rather than technical. The current operating environment, specifically the high commodity prices and tight drilling market, suggest that the period to 2011 will represent an ideal opportunity to finally develop the FDPSO concept. Based upon current market conditions and the high specification of the MPF-01 we fully expect MPF to secure a contract to deploy the MPF-01 prior to delivery in 2009...”

...

“The majority of [oil company] respondents forecast 3 to 5 deployments for MPF-01 type vessels over the next five years...”

...

“In conclusion, we believe the market potential for the MPF-01 to be strong at present, buoyed by its inherent versatility and flexibility of project scheduling. However, if the current surge in rig building is maintained such buoyant prospects may be reversed as the potential for oversupply, particularly of high specification drillships, remains a threat. If such a scenario were to arise the flexibility provided by the MPF-01’s productive capabilities would facilitate a swift change in strategy that MPF would be well placed to make.”

** Source: MPF-01 Market Due Diligence, by Infield Systems Limited*

For further information:
Christian L. Holst, CFO
Cell: +47 95255849
Email: clh@mpf-corp.com