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PRESIDENT OBAMA OPENS MORE COOK INLET AREAS

On the 31 March 2010 President Obama announced a new US Federal Government policy outlining a strategy that would open areas for exploration and development in offshore areas, specifically opening previously inaccessible offshore areas in Alaska, Florida and the Gulf of Mexico. This policy is an attempt to increase US domestic oil and gas production and help reduce reliance on foreign oil imports.

Large parts of the Upper Cook Inlet come under the control of the Alaskan Department of Natural Resources, which controls leasing for exploration and development. However the Lower Cook Inlet comes under the control of the federal Mineral Management Service (MMS) and leasing is conducted under MMS run auctions.

The policy announced on 31 March included a commitment to hold at least one MMS run auction during 2011 over areas within the Lower Cook Inlet that were previously banned from oil and gas exploration.

Buccaneer Energy Limited wholly owned subsidiary Buccaneer Alaska, LLC will review the areas proposed to be leased with a view of participating in those lease auctions.

The new policy also announced areas within Alaska that are to be classified as environmentally sensitive and where exploration would either be banned or additional scientific studies would be required. These areas are not within the Cook Inlet and do not affect any of the leases recently acquired from Stellar Oil & Gas, LLC.

An extract of the 31 March 2010 policy as it relates to Alaska is attached.

ENDS

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Yours faithfully

BUCCANEER ENERGY LIMITED

Mr Dean Gallegos
Director

Outer Continental Shelf Oil and Gas Strategy

31 March 2010

As part of President Obama's comprehensive energy plan for the country, the Department of the Interior is pursuing a balanced, science-based strategy for exploring and developing oil and gas resources on the Outer Continental Shelf.

Under this strategy, Interior is expanding offshore oil and gas exploration and development in the right ways and in the right places, providing order and certainty to industry and investors, and delivering a fair return to American taxpayers for the use of their resources. The Obama Administration's strategy uses science and new technologies to expand oil and gas production on the Outer Continental Shelf, while protecting fisheries, tourism, and places off our coasts that are too special to drill. The Administration is working to expand development and production in new areas, such as the Eastern Gulf of Mexico; significantly increase oil and gas exploration in frontier areas, such as the Arctic Ocean and areas in the Atlantic Ocean; and protect areas that are simply too special to drill, such as Alaska's Bristol Bay.

DEVELOP: We are opening new areas for offshore oil and gas development as part of a comprehensive energy plan for the country.

EXPLORE: We are expanding offshore oil and gas exploration and scientific analysis to gather the information we need to develop resources in the right places and the right ways.

PROTECT: We are protecting special places that are simply not appropriate for oil and gas drilling.

ALASKA

Alaska's coastal waters hold rich fisheries, significant oil and gas reserves, and environmental resources that support tourism and sustain Alaska Native nations.

Cook Inlet

We plan to hold one lease sale before 2012 in the Cook Inlet, which has existing oil and gas infrastructure and about which we have several decades of information.

Very little of the Cook Inlet Planning Area is under lease, so MMS will hold a Cook Inlet sale in the current program if there is sufficient industry interest. The area also will be studied for inclusion in the 5-Year Program for 2012-2017.

The PRP retains the two special interest sales included in the PFP. Under that process, a request for industry interest is issued periodically to determine whether to proceed with the presale process. Such a request will be issued in the near future for Sale 219, scheduled for 2011. If there is industry interest, the presale process will proceed through the various decision points. Because there was no interest expressed in a 2008 request, Sale 211, scheduled for 2009, was not held pursuant to the process for special interest sales. This area is included for scoping for the next 5-year program EIS.



There are two active leases in the area that are part of the Cosmopolitan Unit, formed in 2001 with the two Federal and eight State leases in Lower Cook Inlet. The Unit is currently under a suspension of operations to allow time for evaluation of different development options.

The MMS estimate of undiscovered, economically recoverable resources for the Cook Inlet Program Area is 0.7 – 1.0 billion barrels of oil and 0.9-1.2 TCF of natural gas.

Bristol Bay

Fisheries, tourism, and environmental values in Alaska’s Bristol Bay make the area a national treasure and inappropriate for oil and gas drilling – it should be removed from future consideration for development. Together with the State and local communities, Secretary Salazar will look at what long-term protections might be appropriate.

Chukchi and Beaufort Seas

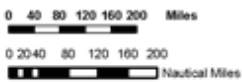
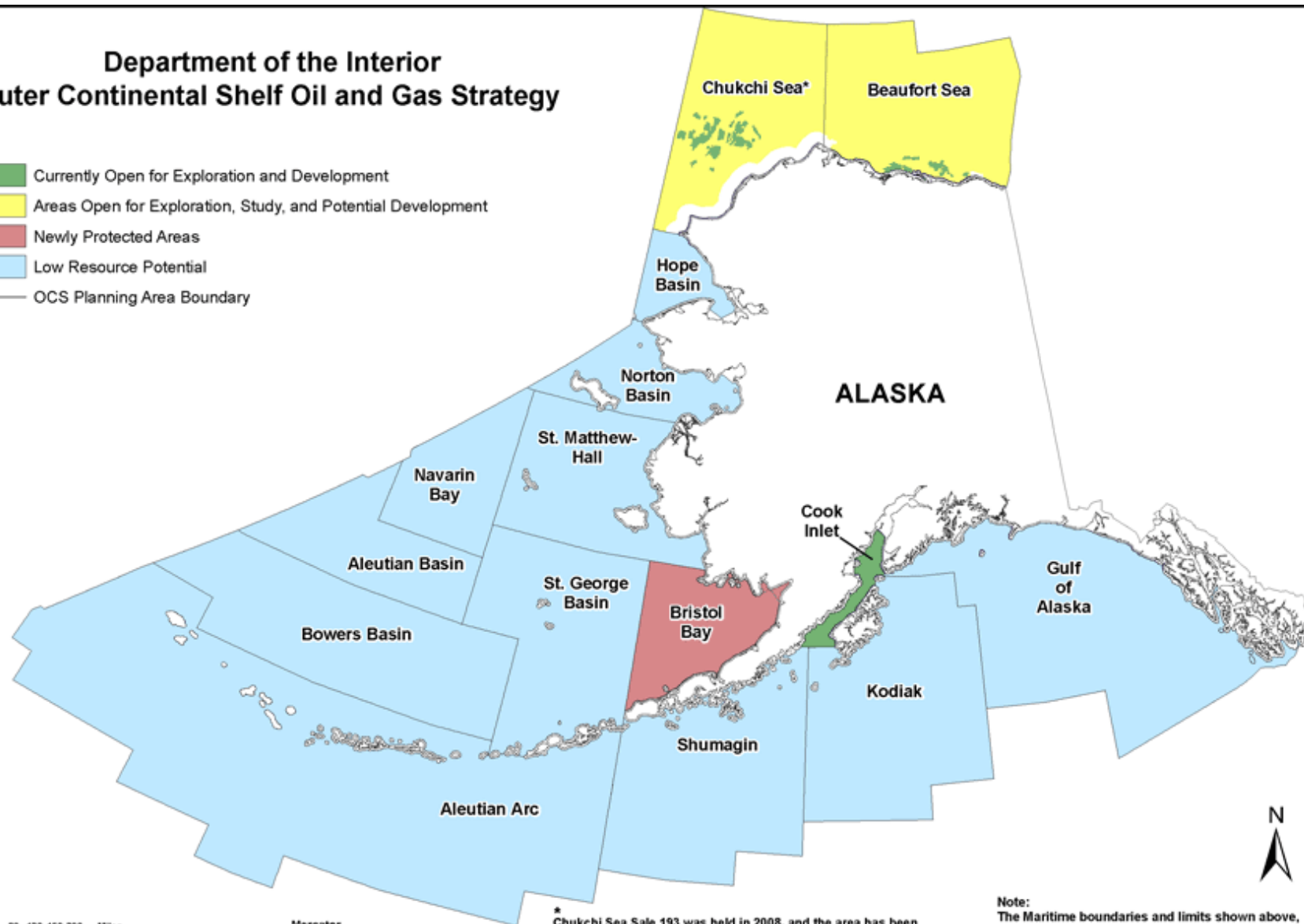
Although the Chukchi and Beaufort Seas in the Arctic Ocean may hold significant oil and gas reserves, these frontier areas need additional exploration and scientific, environmental, and spill risk analysis before new areas are offered for leasing. Exploratory drilling in the Chukchi and Beaufort Seas that may begin as early as this summer, and which will help develop critical information about this frontier area. We will gather scientific information, conduct environmental scoping, and hold public meetings on potential leasing in the Chukchi and Beaufort Seas in the Arctic Ocean under the 2012-2017 plan. Secretary Salazar has also requested that the United States Geological Survey (USGS) conduct an initial, independent evaluation of science needs to understand the resilience of Arctic coastal and marine ecosystems to OCS resource extraction activities. The study will summarize what information is available, where knowledge gaps exist, and what research is needed to mitigate risks.

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Department of the Interior Outer Continental Shelf Oil and Gas Strategy

- Currently Open for Exploration and Development
- Areas Open for Exploration, Study, and Potential Development
- Newly Protected Areas
- Low Resource Potential
- OCS Planning Area Boundary



Mercator
North American Datum 1983

* Chukchi Sea Sale 193 was held in 2008, and the area has been designated for study in the next 5-year EIS, but there are no further Chukchi sales on the current 5-year schedule.

Note:
The Maritime boundaries and limits shown above, as well as the division between planning areas, are for initial planning purposes only and do not prejudice or affect United States jurisdiction in any way.