



Leed Petroleum PLC

("Leed" or the "Company")

Operational Update

*Commencement of Drilling Programme at Ship Shoal Block 201,
Update on Sorrento Dome & Production Update*

Leed Petroleum PLC (AIM: LDP), the oil and gas exploration and production company focused on the Gulf of Mexico, today announces an operational update.

Highlights

- Turnkey contract to drill Ship Shoal 201 A-6 well signed
- Completion of acquisition of Ship Shoal 202 'A' Platform
- Production enhancement operations ongoing at Eugene Island, including completion of installation of a higher-capacity natural gas compressor
- Estimated net attributable Company production for the three months to 31 December 2009 averaged 1,152 boepd (approximately 2,365 boepd gross)

Ship Shoal

On 22 January 2010, the Company signed a turnkey contract with Applied Drilling Technology, Inc. to drill the Ship Shoal 201 A-6 well and anticipates that the well will be spudded shortly. The A-6 well will target one proved undeveloped sand containing audited gross 2P reserves of 2,537 mboe (85% gas) and test two exploratory objectives. The Company will own a 100% working interest and an 80.2% net revenue interest in the well.

The Company has also completed the acquisition of the Ship Shoal 202 'A' Platform, as first announced on 11 June 2009, and regulatory approval to reuse the platform has been granted. The Ship Shoal 201 A-6 well will be drilled from this platform in order to expedite commencement of anticipated production.

The Ship Shoal 201 Lease was acquired in the 2007 Central Gulf of Mexico Mineral Management Service Lease Sale 205 and is located 125 miles offshore, southwest of New Orleans, Louisiana in approximately 102 feet of water.

Sorrento Dome

The Company has made good progress towards returning the United Lands 14-1 well to production during the first quarter of 2010. A third party has commenced work to install a sales gas meter, and regulatory approval has been granted to convert the non-productive United Lands 11-1 well to a salt water disposal well. As previously reported on 16 September 2009, the United Lands 14-1 well was tested for an extended 4 day period at a stable but restricted flow rate of 1.3 mmcf/d (217 boepd), 1785 bwpd, 644 ftp on a 32/64in choke. Therefore, with minimal capital outlay, the Company has decided to re-establish production from the tested zone.

The Company plans to commence drilling of the United Lands 13-1 Sidetrack well during this calendar year when this drill-ready project can best be slotted into the Company's drilling plans.

Production

The Company estimates that net attributable production to the Company for the quarter ended 31 December 2009 averaged 1,152 boepd. The lower average daily production for the period was primarily attributable to downtime associated with installation of a higher-capacity natural gas compressor at Eugene Island. Enhancement activities remain ongoing and it is expected that the work currently being undertaken will result in improvements to production in subsequent periods.

Eugene Island

Estimated net attributable production to the Company from Eugene Island for the quarter ended 31 December 2009 averaged 1,002 boepd (approximately 1,616 boepd gross). Production volumes from the field were reduced by the construction operations related to the installation of a higher-capacity natural gas compressor on the Eugene Island platform and production vessel clean out operations, which resulted in a total of 21 days of deferred production.

During the quarter, the A-7 well was successfully recompleted in a new sand and restored to production. The well is producing at a stable rate of 771 boepd gross.

After returning to production following the compressor installation, the tubing string in the A-6 well plugged and ceased to flow. The Company is currently running diagnostics to determine the appropriate course of action to return the well to production.

The A-8 well continues to flow 327 boepd (522 boepd gross) from the Mid Tex zone, temporarily delaying work to perform the recompletion to the T-1 zone. The Company anticipates a substantial improvement to production flow rates from the A-8 well following the recompletion work.

Following the installation of a higher-capacity compressor, wireline work to maximise deliverability from the legacy gas lift wells was performed. The legacy gas lift wells are currently being brought up to full rate. It is expected that the increased compression capacity coupled with wireline work on the legacy wells will result in higher production rates from these wells during ensuing periods.

Non-Operated Properties

Production at the non-operated East Cameron 317 field was restored on 1 December 2009 at an average rate to date of 94 boepd (520 boepd gross).

Main Pass 64 averaged 121 boepd (633 boepd gross) during the quarter. The primary third-party oil sales line is temporarily out of service and may remain so for up to three months. During this period, oil sales may be restricted while production is diverted through a smaller pipeline.

Outlook

During the current quarter, the Company's focus will be on drilling activity at Ship Shoal 201, bringing the United Lands 14-1 well to production at Sorrento Dome and improving and stabilising production volumes at the Eugene Island field. The production enhancement work at the Eugene Island Field is projected to be completed during the first quarter of 2010 which should result in a substantial increase in production volumes from the field.

After bringing the United Lands 14-1 well to production in the Sorrento Field, the Company plans to commence drilling of a development well at the South Marsh Island 8 field followed by a development well at Sorrento Field.

Howard Wilson, President and Chief Executive of Leed Petroleum PLC, commented:

"We are pleased to announce the commencement of our drilling programme with the signing of the turnkey contract for the Ship Shoal 201 A-6 well. Leed has a contiguous 15,000 acre position in the Ship Shoal area and has identified several additional opportunities on the acreage which have the potential to make a substantial contribution to the Company's developed reserves and production growth."

We plan to continue the execution of our focused Gulf of Mexico strategy by performing several low cost, high quality projects over the next 12 months, which we believe will add material new 2P reserves and provide production diversity.

Increasing rig activity in the USA together with firming gas prices indicate that the industry is gaining momentum again as we enter 2010. This positions Leed well as our planned increase in production at Eugene Island takes effect and we recommence our drilling programme across our asset base."

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NOTES TO EDITORS

Review by a qualified person

The information contained in this announcement has been reviewed and approved by Dennis Jordan, P.E. (Certified Petroleum Engineer), Engineering Advisor to the Company who has a BS in engineering and is a member in good standing of the Society of Petroleum Evaluation Engineers (SPEE) and the Society of Petroleum Engineers (SPE), with over 37 years experience within the sector.

Operations

Leed Petroleum PLC is an AIM quoted independent oil and gas exploration and production company. The Company's operations are concentrated in the Gulf of Mexico region where Leed has established a significant portfolio of producing and development assets. The Company has interests in 16 offshore blocks and 1 onshore field in the region.

Leed's strategy is to grow the Company's portfolio through organic development of its existing assets and to utilise its regional expertise to identify and purchase value adding assets.

Glossary

boepd – barrels of oil equivalent per day, calculated on the basis of six thousand cubic feet of gas equals one barrel of oil

bopd – barrels of oil per day

mboe – thousands of barrels of oil equivalent, calculated on the basis of six thousand cubic feet of gas equals one barrel of oil

mmcfpd – million cubic feet per day

bwpd – barrels of water per day

2P – the combined total of Proved and Probable reserves

ftp – flowing tubing pressure