

## **PETROFALCON CORPORATION**

FOR IMMEDIATE RELEASE TSX: “**PFC**”

January 22, 2004 - At the request of the Toronto Stock Exchange, **PetroFalcon Corporation** (the “Corporation”) provides clarification on the status of the ongoing negotiations between the Corporation and the Government of the Bolivarian Republic of Venezuela through the Ministry of Energy and Mines (“MEM”) and Petroleos de Venezuela, S.A., the state owned oil company of Venezuela (“PDVSA”) and provides an update on the ICO pipeline project in Venezuela.

The Oil and Gas Journal dated January 19, 2004 reported that PDVSA planned to move forward with the initial phase of the ICO pipeline connecting the Paraguana refinery complex with the gas fields of East Falcon. The Oil and Gas Journal also stated that PDVSA anticipates having the contract awarded in February, 2004 with construction to begin in March, 2004 or April, 2004 and that the first phase 70km pipeline will begin transporting gas in approximately January 2005.

This schedule disclosed by PDVSA is consistent with the Corporation’s estimated time table for delivery of gas from its oil and gas interests through such new pipeline system.

In addition, the Corporation has been engaged in and intends to continue to engage in negotiations with MEM and PDVSA regarding the long term pricing scenario for the proven gas and oil reserves of the East Falcon Block. The Corporation is pleased with the progress of the negotiations thus far and believes the parties are substantially in agreement on certain contract terms, but at this time no formal agreement has been completed.

The common shares of the Corporation trade on the Toronto Stock Exchange with the symbol “PFC”

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For further information please contact:  
Clancy Cottman, PetroFalcon Corporation  
Tel: (805) 684 - 1399  
Dubravka Kisic, PetroFalcon Corporation  
Tel: (58212) 265 - 6431