



*Building Value in Venezuela*

## PRESS RELEASE

### **Repsol YPF and Vinccler Oil and Gas Announce Gulf of Venezuela Partnership**

*Vinccler to Acquire 25 Percent of Cardon IV Block; Repsol Keeps 25 Percent; Eni Holds 50 Percent*

March 12, 2008, Caracas, Venezuela – Repsol YPF (NYSE: REP) and Vinccler Oil and Gas, the wholly-owned subsidiary of PetroFalcon Corporation (TSX: PFC), announced today the signing of a farm-in agreement on the Cardon IV Block in the Gulf of Venezuela.

Repsol and Vinccler recently signed a letter of intent whereby Vinccler will acquire a 25 percent working interest from Repsol in the offshore natural gas license for the Cardon IV Block. Under the terms of the agreement, Repsol will keep a 25 percent interest. Eni SpA (NYSE: E), an Italian integrated oil and gas company, holds the remaining 50 percent interest, and Petróleos de Venezuela, S.A. (“PDVSA”), the Venezuelan state-owned oil and gas company, retains the right to acquire up to 35 percent of the project after declaration of commerciality.

Max Torres, Latin America North Exploration Manager for Repsol, said, “We are pleased to have Vinccler Oil and Gas as our future local partner in Venezuela, and we look forward to exploring for natural gas together on the Cardon IV Block.”

Bill Gumma, PetroFalcon’s President, said, “The Cardon IV Block is strategically located next to our Cardon III offshore acreage with Chevron. Participating in Cardon IV will allow us to access the Robalo structure that drew our interest in the nearby Castilletes NE II Block in 2005. Robalo is one of the largest features identified in the unexplored Gulf of Venezuela. The geologic structure and its associated amplitude anomaly cover 93 square miles and 46 square miles, respectively, and together provide a world class exploration target at a relatively shallow drilling depth.”

The transaction is subject to the approval of Eni and the Venezuelan Ministry of Energy and Petroleum, as well as the negotiation and signature of a binding sale and purchase agreement.

Repsol and Eni were awarded the Cardon IV Block with the high bid of US\$34 million in the second phase of the Rafael Urdaneta Project in 2005. The Cardon IV Block covers an area of 924 square kilometers (approximately 228,000 acres) and is located in relatively shallow waters, 30 kilometers west of the Paraguaná Refinery Complex, the world’s largest refinery.

The acquisition of 700 square kilometers of 3D seismic data over the Cardon IV Block was completed in February 2007. The data is now being interpreted, and a drilling decision for an exploration well is expected in mid-2008, with a likely spud date in early 2009. A jack-up rig is being secured with a multi-operator group from adjoining blocks in the Gulf of Venezuela. If successful, first commercial production of natural gas is expected in 2011.

#### About Repsol YPF

Repsol YPF, S.A. is a Spanish integrated oil and gas company operating in over 30 countries. It is the leader in Spain and Argentina, one of the ten largest private oil companies in the world and the largest private energy company in Latin America in terms of assets. More information is available at: [www.repsolypf.com](http://www.repsolypf.com)

#### About PetroFalcon

PetroFalcon Corporation is a natural resource company with oil and gas operations in Venezuela. PetroFalcon's wholly-owned subsidiary, Vinccler Oil and Gas, C.A., owns 40 percent of PetroCumarebo, S.A., a joint venture with Petróleos de Venezuela, S.A. ("PDVSA"), the Venezuelan state-owned oil and gas company. PetroFalcon's other wholly-owned subsidiary, Lundin Latina de Petróleos, S.A., owns 5 percent of Baripetrol, S.A., a joint venture with PDVSA, Tecpetrol and Perenco. Subject to government approval, PetroFalcon is acquiring 30 percent of the offshore natural gas license for the Cardon III Block in the Gulf of Venezuela where Chevron Corporation is operator and majority partner. PetroFalcon is listed on the Toronto Stock Exchange (ticker symbol "PFC") and has existing proven and probable reserves before royalties of 36 million barrels of oil equivalent (mmboe) as of January 1, 2007.

For additional information please contact:

Garrett Soden – Chief Financial Officer

Telephone: +(58) (212) 263-9164 x510

Facsimile: +(58) (212) 266-8830

Website: [www.petrofalcon.com](http://www.petrofalcon.com)

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