

Update on New Builds in Spain

January 11, 2009: Reference is made to earlier announcements regarding the vessels under construction at the Factorias Vulcano shipyard in Spain. Petroleum Geo-Services ASA ('PGS' or the 'Company') announced, on March 23, 2009, that its subsidiary Arrow Seismic Invest II Ltd. ('Arrow') had terminated the shipbuilding contract for New Build number 532. PGS further announced on 30 March, 2009, that the yard disputed Arrow's right to terminate the contract, and that the dispute would be submitted to arbitration in Norway.

The arbitration court has now announced a ruling in favor of PGS. The yard was ordered to pay Arrow the full amount claimed for, EUR 39 658 000, with the addition of interest and full legal costs. The arbitration ruling is final and binding.

Arrow will immediately pursue its claim for payment in accordance with the decision of the arbitrators. Approximately EUR 32 million plus interest out of the amount awarded by the arbitrators is covered by bank guarantees.

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Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including acquisition, processing, interpretation, and field evaluation. The company also possesses the world's most extensive multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway. For more information on Petroleum Geo-Services visit www.pgs.com.

