



## **Benton Oil and Gas to Sell Russian Interest for \$190 Million**

- Arctic Gas Sale Generates Net Proceeds of \$150 Million to Complete Financial Restructuring
- Company to Retire 11 5/8% Senior Notes Due May 2003
- Landmark Sale Validates Corporate Strategy

HOUSTON, Feb. 28 /PRNewswire-FirstCall/ -- Benton Oil and Gas Company NYSE: BNO) today announced it has signed a Sale and Purchase Agreement to sell its 68 percent interest in Arctic Gas Company to a nominee of The Yukos Oil Company for \$190 million. Benton will also receive approximately \$30 million as repayment of intercompany loans owed to Benton by Arctic Gas. Closing of the Arctic Gas sale is conditioned upon final consents from the Russian Ministry for Antimonopoly Policy and Support for Entrepreneurship. The transaction is expected to close within 30 days.

Benton intends to retire all of the \$108 million outstanding 11 5/8% senior notes in accordance with their terms. Benton also intends to use any remaining net proceeds and cash received from the repayment of loans to further reduce debt from time to time, accelerate the strategic growth of its assets in Venezuela and Russia, and for general corporate purposes.

Benton Oil and Gas Company President and Chief Executive Officer, Dr. Peter J. Hill, said, "This transaction demonstrates the validity of our business strategy, which supports steady investment, prudent risk management and timely harvest of large resources of hydrocarbons for attractive value. The sale of our interest in Arctic Gas also demonstrates the underlying value of the properties in the Benton portfolio, which, to date, has been largely unrecognized by the financial markets due to our heavy debt load. The net proceeds we expect to realize from the sale, after expenses, taxes, and the settling of certain related claims, are estimated to be approximately \$150 million, which will be available for debt reduction and strategic reinvestment. Retirement of all of the outstanding 11 5/8% senior notes alone eliminates a substantial interest burden and removes a near-term concern about the Company's liquidity. These cash proceeds, plus the gain on sale from the transaction, will allow us to fulfill our earlier commitment to restore our balance sheet strength by reducing our debt-to-capitalization ratio from over 90 percent to the 45 percent range."

Hill said that this sale represents a landmark transaction, demonstrates that value can be delivered to western investors in the Russian upstream sector, and that capable, independent Russian energy companies are willing to invest in the acceleration of large, low cost resources of oil and gas in their own country.

Hill continued, "Benton's management team, which has been in place for just over a year, remains committed to creating new value for our shareholders by concentrating on our attractive asset position in Venezuela and Russia, areas where we have demonstrated expertise. We believe the South Monagas Unit in Venezuela and Geoilbent in Russia have substantial remaining oil reserves and significant production and cash flow growth potential. Both properties also have large known natural gas resources which can be developed. We believe our longstanding experience in these two countries will allow us to participate in additional quality opportunities as a preferred partner."

The Company will host a conference call at 2:00 p.m. Central Time today on February 28, 2002. The conference leader will be Dr. Peter J. Hill, President and Chief Executive Officer. The conference call may be accessed five to ten minutes prior to the start time at (800) 882-6637 or (706) 679-5321. A recording of the conference call will also be available for replay at (800) 642-1687, access code 3349998 through March 4, 2002.

The conference call will also be transmitted over the Internet through the Company's web site at <http://www.bentonoil.com>. To listen to the live webcast, enter the web site fifteen minutes before the call to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay of the webcast will be available beginning shortly after the call, and will remain on the web site until March 28, 2002.

Benton Oil and Gas Company, headquartered in Houston, Texas, is an independent oil and gas exploration and development company with principal operations in Venezuela and Russia.

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This press release may contain "Forward-Looking Statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this release may constitute forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Actual results may differ materially from the Company's expectations due to changes in operating performance, project schedules, oil and gas demands and prices, and other technical and economic factors.