



**KMS Technologies**

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## **EMGS acquires exclusive rights to new proprietary shallow water EM technology**

Electromagnetic Geoservices ASA (EMGS) has acquired the exclusive worldwide rights to patented EM technology developed by KMS Technologies (Houston) that broadens its ability to support oil and gas exploration companies searching for new reserves in shallow waters. The KMS technology offers an alternative to EMGS' proprietary methodologies in shallow water applications significantly broadening EMGS' product offering for oil companies.

To acquire these proprietary rights EMGS has teamed with fast-growing Reservoir Exploration Technology ASA (RXT) to jointly acquire KMS Technologies in a 50:50 joint venture.

Earlier this year RXT signed an agreement with KMS Technologies for exclusive rights to their cable-based seafloor EM technology. RXT will retain these rights. EMGS will have exclusive rights for KMS Technologies time-domain, node-based system ("tCSEM™") that fits well with EMGS' existing survey equipment.

"KMS' tCSEM™ technology is a significant new development since EMGS invented the EM industry. Through the acquisition of KMS Technologies EMGS improves the mix of products that we can offer to our clients.

The add-on benefit for the industry has already been proven through use of the technologies of EMGS and KMS Technologies in a survey in Egypt for one of the major energy companies late last year", said EMGS CEO Terje Eidesmo.

"Deepwater electromagnetic imaging continues to improve discovery rates and reduce finding costs for our customers in frontier and mature regions. KMS Technologies' new time-domain system is an important development in electromagnetics", said Eidesmo. "The integration of this technique alongside our existing EM systems will broaden our portfolio and extend the range of benefits we can deliver to customers. This will further strengthen EMGS position as the market leader in EM", adds Eidesmo.

EMGS will pay USD 10 million in EMGS shares and USD 7 million in cash for its 50% ownership of KMS and the rights to the node-based tCSEM™ technology. In addition, EMGS will pay \$11 million over 12 years in royalty payment to KMS, and an incremental \$3 million in retention-oriented compensation for KMS's scientific team.

The transaction is expected to close in late November 2007.

### **EM**

EM technology, unlike traditional seismic technology, can differentiate between hydrocarbons (oil/gas) and water. Successful application of EM reduces the number of dry wells, thereby reducing the oil companies' exploration cost. The technology is complementary to seismic, not competitive. Using EM in conjunction with traditional seismic can significantly increase exploration and field development success rates. EMGS' Seabed Logging ("SBL") has become a proven technology, and is becoming an important tool to the oil and gas industry.

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**About EMGS:**

EMGS is the market leader in deep electromagnetic (EM) imaging. EMGS spawned the EM industry in 2002 with the commercialization of seabed-logging, a proven exploration method that uses electromagnetic (EM) energy to find offshore hydrocarbons without drilling wells.

EMGS has developed this proprietary and patented technology over the past 10 years. Its ability to indicate hydrocarbons directly is enabling EMGS customers to dramatically improve their exploration performance in frontier and mature provinces. The company employs over 250 people from its three main offices in Trondheim, Norway; Houston, USA; and Kuala Lumpur, Malaysia. EMGS operates the world's largest seabed-logging vessel fleet and has since its incorporation as a separate company in 2002 conducted more than 250 surveys for many of the world's leading energy companies.

[www.emgs.com](http://www.emgs.com)

**About RXT:**

Reservoir Exploration Technology ASA (RXT) is a marine geophysical company specializing in multi component seismic sea-floor acquisition. Multi component seismic solves several imaging challenges that cannot be resolved with towed streamer seismic. This results in improved oil recovery from existing fields as well as better quality data for exploration. Seafloor cables are also the solution where towed streamers are impractical due to, for example, a high density of platforms and/ or shallow water. The Company has offices in Oslo, London and Houston. RXT is listed on the stock exchange in Norway (OSE ticker: RXT).

[www.rxt.com](http://www.rxt.com)

**About KMS:**

KMS Technologies, a division of KJT Enterprises Inc. of Houston, Texas, develops advanced electromagnetic methods for the energy industry, which enable operators to improve hydrocarbon discovery and recovery rates. KMS staff includes industry-recognized geoscience experts, prolific authors, inventors and technical award winners.

Over the past 6 years KMS has patented, engineered and field tested a diverse range of EM technologies for borehole, marine and permanent monitoring applications, and it is currently commercializing these technologies.

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