



CALGARY, ALBERTA: Storm Exploration Inc (TSX:SEO) has closed the previously announced acquisition of production, undeveloped land, and seismic at Parkland in the Peace River Arch Core Area. The effective date of the transaction is May 1 and the cash cost of the acquisition was \$25.2 million after typical closing adjustments were included. Revenue from the acquired production will be recognized effective June 1. The acquisition was financed through an expansion of Storm's credit facility to \$94 million.

Highlights of the transaction are as follows:

- Production acquired at Parkland is approximately 465 Boe per day with associated proved plus probable reserves of 1,068 Mboe (based on the 2006 year end reserve evaluation adjusted for production from January 1 to April 30, 2007).
- In addition to the cash payment of \$25.2 million, the purchase price included Storm's working interest in six oil wells at Red Earth which produced 110 net barrels of oil per day, with associated proved plus probable reserves of 376 Mboe (based on the 2006 year end reserve evaluation and adjusted for production from January 1 to April 30, 2007).
- Storm acquired 5,675 net acres of undeveloped land and 250 km² of 3-D seismic at Parkland.
- Using 3-D seismic and existing well control, potential gas in place of 110 BCF exists on the acquired lands in the Halfway and Doig formations. Approximately 55% or 60 BCF of this gas in place was recognized in our 2006 year end reserve evaluation. With a 60% recovery factor, this represents potential reserve upside of 1,200 Mboe net to the 23.5% average working interest that we are acquiring.

With the closing of the acquisition described above:

- Storm's current production is approximately 6,300 Boe per day and we expect to add another 400 Boe per day of net production by the end of July from five successful Peace River Arch wells that were drilled before spring break-up.
- Second quarter production is expected to be approximately 5,900 Boe per day. The acquisition at Parkland added 355 Boe per day for the month of June. However, this was offset by a plant turnaround at Junior that resulted in the loss of 350 Boe per day for 18 days in May and a third party gas plant turnaround at Parkland that resulted in the loss of 2,300 Boe per day for seven days in June.
- Debt plus working capital deficiency is expected to be approximately \$84 million at the end of the second quarter.

Storm's outlook for 2007 is as follows:

- Production exiting 2007 is now expected to be 7,400 Boe per day, an increase of 300 Boe per day from previous guidance of 7,100 Boe per day.
- Total capital expenditures for 2007, including the acquisition, will increase to \$94 million. Operations capital expenditures will remain at \$68 million.
- There is no change to guidance for operating costs (\$6.50 to \$6.75 per Boe), cash G&A costs (\$1.15 per Boe), or royalty rate (22%).

This transaction increases our working interest in an area that offers year round access, a high historical success rate, low operating costs and where we have facility dominance. We also increase our leverage to the large investment we have made to date in infrastructure and the additional investment we will make later this year in constructing a pipeline crossing the Peace River for a tie-in to the McMahon gas plant which enhances our ability to add value for our shareholders as cost effectively as possible.

Forward-Looking Statements – Certain information set forth in this press release, including management’s assessment of Storm’s future plans and operations, contains forward-looking statements. By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Company’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other industry participants, the lack of availability of qualified personnel or management, stock market volatility and ability to access sufficient capital from internal and external sources. Readers are advised that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. Storm’s actual results, performance or achievement, could differ materially from those expressed in, or implied by, these forward-looking statements. Storm disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This press release shall not constitute an offer to sell or the solicitation of any offer to buy securities in any jurisdiction. Storm’s common shares have not been nor will be registered under the United States Securities Act of 1933, and they may not be offered or sold in the United States absent registration or an exemption from registration.

Storm Exploration Inc. is a Calgary based junior oil and gas exploration company with operations in north eastern British Columbia and central and west central Alberta.

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