



PRESS RELEASE

(Stock Symbol "CLT" – TSX Venture)

October 02, 2002

Calgary, Alberta

CELTIC EXPLORATION LTD.: STOCK OPTIONS GRANTED

Celtic Exploration Ltd. ("Celtic") (TSX - Venture: CLT) (formerly called Desco Exploration Ltd.) has granted stock options to purchase 700,000 common shares at an option price of \$2.90 per share, being the closing price on today's date.

The stock options have been granted to eligible participants under Celtic's stock option plan, which provides that the aggregate number of stock options granted thereunder shall not exceed 10% of the issued and outstanding shares of Celtic. Celtic has 12,025,000 common shares outstanding and now, following the foregoing grant, has a total of 825,000 stock options outstanding. The foregoing grant of stock options is subject to regulatory approval.

For further information please contact:

CELTIC EXPLORATION LTD., Suite 500, 505 – 3rd Street SW, Calgary, Alberta, Canada T2P 3E6

David J. Wilson, President and Chief Executive Officer (403) 201-5340, (E-mail dwilson@celticex.com), or
Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer (403) 215-5310, (E-mail slalani@celticex.com)