



PRESS RELEASE

(Stock Symbol "CLT" – TSX Venture)

December 16, 2002

Calgary, Alberta

CELTIC EXPLORATION LTD. COMPLETES ACQUISITION OF DORCHESTER ENERGY INC. AND RELATED ACQUISITIONS

Celtic Exploration Ltd. ("Celtic" or the "Company") has taken up and paid for approximately 97.84% of the issued and outstanding shares of Dorchester Energy Inc. which have been tendered to Celtic's offer of November 5, 2002. Celtic has also completed the acquisition of the remaining outstanding Dorchester common shares pursuant to the compulsory acquisition provisions of the Business Corporations Act (Alberta). In addition, Celtic has now completed the related acquisitions of all of the issued and outstanding shares of Denim Energy Corp. and of certain producing oil and gas assets located in the Richdale Area, Alberta. Dorchester shareholders have elected to receive in excess of the maximum of 1,879,285 Celtic shares which were available under the offer, of which 1,835,436 have been issued at this time. A further 416,981 Celtic shares were issued in connection with the acquisition of Denim Energy Corp. and 101,189 Celtic shares were issued in connection with the acquisition of the Richdale assets.

Celtic Exploration Ltd. is a growing junior oil and gas exploration and production company based in Calgary, Alberta. Common shares of the Company trade on the TSX Venture Exchange under the symbol CLT and has 18.4 million shares outstanding.

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, or

Sadiq H. Lalani, Vice President, Finance and Chief Financial Officer (403) 215-5310