



**PRESS RELEASE**

(Stock Symbol “CLT” – TSX)

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Calgary, Alberta

**CELTIC REPORTS FINANCIAL EXPOSURE TO FILING BY SEMCAMS FOR CREDITOR PROTECTION IN CANADA**

Celtic Exploration Ltd. (“Celtic” or the “Company”) has potential financial exposure to SemCAMS ULC (“SemCAMS”), a Canadian subsidiary of U.S. based SemGroup LP (“SemGroup”), relating to the marketing of a portion of the Company’s natural gas and associated by-products production.

SemGroup filed a petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. In addition, SemCAMS filed an application to obtain an order under the *Companies’ Creditors Arrangement Act (Canada)* in the Court of Queen’s Bench of Alberta Judicial District of Calgary.

Celtic has a potential financial exposure of approximately \$30.0 million relating to natural gas and associated by-product sales, net of processing costs. The Company is now marketing its natural gas through an alternative purchaser, with the agreement of SemCAMS. These new arrangements are effective immediately. At this time, Celtic cannot determine the period within which or the amount of the financial exposure that will ultimately be collected.

Celtic is diligently pursuing all options available to recover the amounts owing to the Company. Celtic has sufficient available bank credit lines to finance the potential financial exposure, without affecting the planned 2008 capital expenditure budget of \$180.0 million. The amount of the potential financial exposure represents approximately 17% of the Company’s forecasted annualized exit 2008 funds from operations of \$176.5 million. This forecast is based on commodity price assumptions of US\$96.00 per barrel for WTI oil and US\$9.75 per mmbtu for NYMEX natural gas. Applying the full potential financial exposure, Celtic’s debt to 2008 exit funds from operations ratio would remain under 1.0 times.

Information relating to SemCAMS

The website at <http://www.semcams.com> states that “SemCAMS is the largest licensed sour gas processor in Alberta, Canada. Based in Calgary, Alberta, SemCAMS’ assets include four gas processing plants and more than 600 miles of natural gas gathering pipeline in Alberta. SemCAMS provides an integrated gathering and processing service with several options for wet or dry, sweet or sour gas gathering and processing, as well as dehydration, field compression, liquid recovery and sulfur forming and handling. The four processing plants – three sour gas and one sweet gas – have combined licensed capacity of 1.5 billion cubic feet of gas per day. The company has gathering connections to the Central Foothills Gas Gathering System. It has sales gas connections to the Trans Canada West (Nova) Gathering System and Alliance Pipeline. Formed in the year 2000, SemCAMS was created to align and optimize the operation and business development activities relating to gathering and processing assets located in the west-central area of the province of Alberta.”

### New Montney Lands Acquired in the Greater Kaybob Area

Celtic has entered into a farm-in agreement with a major petroleum company on 7,040 (11 sections) gross and 5,133 net (8 sections) acres of land with Montney rights in the Kaybob South/Pine Creek area of Alberta. The Company has committed to drill two horizontal wells targeting the Montney formation, earning a 50% interest in three sections per well. The Company will continue to have an option to drill additional horizontal wells (earning in three sections per well) or vertical wells (earning two sections per well). This transaction is subject to third party preferential rights of first refusal, expiring in 30 days.

In addition, through various tuck-in acquisitions, Celtic has recently purchased approximately 55 BOE per day of Montney production, facility interests, and 12,032 (18.8 sections) gross and 11,859 (18.5 sections) net acres of land with Montney/Nordegg rights in the Greater Kaybob area. Celtic expects to spud its first horizontal well on these lands within the next 45 days.

### Measurements

Where amounts are expressed on a barrel of oil equivalent (“BOE”) basis, natural gas volumes have been converted to oil equivalence at six thousand cubic feet per barrel. The term BOE may be misleading, particularly if used in isolation. A BOE conversion ratio of six thousand cubic feet per barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

### Advisory Regarding Forward-Looking Statements

The information with respect to Celtic contained herein, contains forward-looking statements. These forward-looking statements are based on assumptions and are subject to numerous risks and uncertainties, certain of which are beyond Celtic’s control, including the impact of general economic conditions, industry conditions, volatility of commodity prices, currency exchange rate fluctuations, imprecision of reserve estimates, environmental risks, competition from other explorers, stock market volatility and ability to access sufficient capital. As a result, Celtic’s actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any events anticipated by the forward-looking statements will transpire or occur. In addition, the reader is cautioned that historical results are not necessarily indicative of future performance.

For further information, please contact:

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