



NEWS RELEASE

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FOR IMMEDIATE RELEASE

October 17, 2007

Acquisition of Depth Imaging Company AGS Inc

October 17, 2007: Oslo, Norway, Petroleum Geo-Services ASA ('PGS' or the Company) announced today that it has entered into a definitive agreement to acquire Applied Geophysical Services, Inc. (AGS) for a price of USD 51 million, subject to certain adjustments for changes in working capital. PGS estimates an enterprise value for AGS of approximately USD 46 million. AGS is based in Houston, Texas and specializes in providing advanced depth imaging services. The transaction is expected to close during the course of this week.

AGS (www.appliedgeo.com) specializes in delivering depth imaging services to the oil and gas industry, currently focusing primarily on the depth market in the Gulf of Mexico, using a proprietary 3D beam migration technology. AGS has more than a 20 year track record in the Gulf of Mexico. For the year 2007 to date AGS has recorded revenue of approximately USD 20 million with net income before taxes of approximately 50% of recorded revenue.

Sverre Strandenes, PGS Group President Data Processing and Technology, stated the following:

“AGS and its technology will strengthen the PGS depth imaging capabilities and will constitute an important addition to our current data processing technology in line with our strategy. We are now in the position to deliver combined acquisition and processing solutions, including wide-azimuth and multi-azimuth, with unmatched efficiency and quality”.

Gregg Parker, PGS President Data Processing, added the following:

“This combination of technology and the global reach of PGS will provide our customers with high end depth solutions in all of the key hydrocarbon basins throughout the world.”

John W.C. Sherwood, President of AGS, stated the following:

“We believe that a combination with PGS will provide us with a stronger market position than as a stand-alone player going forward. AGS will continue to serve AGS’ core clients. PGS’ experience and reputation, their ownership of the world’s largest Multi Client Library, and world wide market organization and presence will definitely boost the reach of our technology services.”

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Petroleum Geo-Services is a focused geophysical company providing a broad range of seismic and reservoir services, including acquisition, processing, interpretation, and field evaluation. The company also possesses the world's most extensive multi-client data library. PGS operates on a worldwide basis with headquarters at Lysaker, Norway. For more information on Petroleum Geo-Services visit www.pgs.com.

The information included herein contains certain forward-looking statements that address activities, events or developments that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties as disclosed by the Company in its Annual Report on Form 20-F for the year ended December 31, 2006, as filed with the U.S. Securities and Exchange Commission. As a result of these factors, actual events may differ materially from those indicated in or implied by such forward-looking statements.

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