

Islamabad 25 October 2007

HIGHLIGHTS

“OGDCL only” Un-Audited Financial Results for the Quarter ended 30 September, 2007

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the quarter ended 30 September 2007. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Quarter include:

- Net crude production of 44,801 barrels per day (increase of 15.7% during corresponding period last year), net gas production was 926 MMcf per day (increase of 13.9% during corresponding period last year), net LPG production 364 tons per day (increase of 15.2% during corresponding period last year) and net Sulphur production was 69 tons per day (increase of 30% during corresponding period last year).
- OGDCL's net sales increased by 9.8% to Rs 27,769 million from Rs 25,296 million.
- Net profit before taxation stood at Rs 17,196 million.
- Net profit after taxation stood at Rs 12,337 million resulting in earnings per share of Rs 2.87.
- Operating profit margin and net profit margin were 60% and 44% respectively.
- Payable first interim dividend of Rs 1.75 per share.
- Average net realized price of crude oil sold was US \$ 56.7/bbl as against US \$ 60.3/bbl during corresponding period last year.
- Average net realized price for natural gas sold was Rs 139.7/Mcf as against Rs 153.2/Mcf during corresponding period last year.
- 555 L. Kms of 2D and 211 Sq. Kms of 3D seismic acquisition.

Quarter ended 30 September 2007	1Q 2006-07 Rupees '000	1Q 2007-08 Rupees '000	% Change
Net Sales	25,295,635	27,768,732	9.8
Profit before Taxation	17,461,812	17,195,528	-1.5
Profit after Taxation	12,327,803	12,236,860	0.1
Earnings per Share - Rs	2.87	2.87	-
Net Cash from Operating activities	12,513,476	13,153,683	5.1

OGDCL Consolidated Un-Audited Financial Results for the Quarter ended 30 September, 2007

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the quarter ended 30 September 2007. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the Quarter include:

- Net crude production of 44,801 barrels per day (increase of 15.7% during corresponding period last year), net gas production was 949 MMcf per day (increase of 16.7% during corresponding period last year), net LPG production 364 tons per day (increase of 15.2% during corresponding period last year) and net Sulphur production was 69 tons per day (increase of 30% during corresponding period last year).
- OGDCL's net sales increased by 10.3% to Rs 27,927 million from Rs 25,322 million for the quarter.
- Net profit before taxation increased to Rs 17,286 million from Rs 17,215 million for the quarter.
- Net profit after taxation increased to Rs 12,399 million resulting earnings per share Rs 2.88.
- Operating profit margin and net profit margin were 59 % and 44 % respectively.
- Payable first interim dividend of Rs 1.75 per share.
- Average net realized price of crude oil sold was US \$ 56.7/bbl as against US \$ 60.3/bbl during corresponding period last year.
- Average net realized price for natural gas sold was Rs 130.8 / Mcf as against Rs 138.6 / Mcf during corresponding period last year.
- 555 L. Kms of 2D and 211 Sq. Kms of 3D seismic acquisition.

Quarter ended 30 September 2007	1Q 2006-07 Rupees '000	1Q 2007-08 Rupees '000	% Change
Net Sales	25,321,637	27,926,861	10.3
Profit before Taxation	17,214,713	17,286,013	0.4
Profit after Taxation	12,036,692	12,399,484	3.0
Earnings per Share - Rs	2.80	2.88	2.9
Net Cash from Operating activities	10,983,581	13,291,002	21.0

Chairman's statement

Commenting on OGDCL's First Quarter results ended September 30, 2007, the Chairman and CEO of OGDCL, Mr. Arshad Nasar, said:

"I am delighted to report on our successful first quarter results. The period under review was characterized by strong volume growth of 15.7% in oil and 16.7% in gas as compared to the corresponding period last year, thus translating into a robust growth in sales of 9.8%."

"During the period, OGDCL benefited from enhanced crude oil production resulting in sustained financial results and strong cash flow. Based on production growth trend, we anticipate Company's overall performance to be in line with our expectations during the current financial year. We are also mindful of the fact that along with strong volume growth we must keep our operating costs under check and in control to maximize profitability."

"I greatly value our work force and thank this exceptional pool of human resource which is fully focused on achieving the challenging goals that we have set ourselves to achieve by sheer and unrelenting dedication, commitment and zeal. I am sure that this bodes well for our Company and our stake holders."

- Ends -

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Notes to Editors

OGDCL is the largest petroleum exploration and production, or E&P, Group in the Pakistan oil and gas sector, with a primary focus on gas. It holds the largest portfolio of the recoverable hydrocarbon reserves of Pakistan, at 32% of gas and 30% of oil, respectively, as at 31st December 2006. It contributed 24% of the country's total natural gas production and 61% of its oil production as at 30th June 2007 on net basis.

With a portfolio of 42 exploration licences, the Group has the largest exploration acreage in Pakistan, covering 33% of the total awarded acreage as of June 2007. While its focus to date has been on onshore exploration, the Group has also recently begun conducting offshore exploration activities; an area which has significant untapped potential.

OGDCL had a net profit after tax of Rs 45.25 billion for the year ended June 30th, 2006.

SUMMARY RESULTS

During the quarter ended September 30, 2007, sales revenue of the Company grew by 9.8% to Rs 27.769 billion compared with 25.296 billion during corresponding period last year. This increase is mainly driven by higher sales volume of crude oil, gas and LPG despite decline in net realized prices of crude oil and gas. Sales volume of crude oil, gas and LPG increased by 20.0%, 13.2% and 16.5% respectively which translated in increase of Rs 4.067 billion towards sales revenue. Decline in oil and gas prices during the period resulted into decrease in sales revenue by Rs 1.961 billion. However sales revenue increased by Rs 322 million on account of increased prices of LPG. During the period, net realized prices of crude oil and gas averaged at US\$ 56.7 / BBL and Rs 139.7 / Mcf respectively compared with US\$ 60.3 / BBL and Rs 153.2 / Mcf during corresponding period last year.

Despite increase in sales revenue, profit before taxation decreased by 1.5% to Rs 17.196 billion compared with Rs 17.462 billion in the same period last year mainly due to payment of Rs 1.139 billion as royalty related to prior years pertaining to condensate and LPG from Dhodak and Dakhni fields. Operating expenses also increased by 13.8% to Rs 3.758 billion compared with Rs 3.301 billion during same period last year. Within operating expenses amount of Rs 297 million increased on account of amortization and depreciation due to capitalization of new well / assets and increase in production. Exploration and Prospecting expenditure increased by 162 million mainly on account of higher cost related to dry / abandoned wells.

Profit after taxation for the first quarter ended September 30, 2007 was Rs 12.337 billion against Rs 12.328 billion during same period last year resulting in earnings per share (EPS) of Rs 2.87 which is at par with the earnings during the corresponding period of last year.

During the period under review net cash from operations after payment of corporate tax of Rs 4.741 billion was Rs 13.154 billion, an increase of Rs 640 million over same period last year. Net cash used in investing activities decreased by Rs 1.479 billion to Rs 2.524 billion against Rs 4.003 billion in the same quarter last year mainly due to decrease of Rs 1.998 billion in fixed capital expenditure which was Rs 2.946 billion in the quarter under review as against Rs 4.944 billion in first quarter of 2006-07. Net cash used in payment of dividend was Rs 2.093 billion as against Rs 15.815 billion resulting in net decrease of Rs 13.722 billion in cash used in financing activities. Increase in cash flow from operating activities, and net cash utilized in investing and financing activities resulted in net cash increase of Rs 8.536 billion to ending cash balance of Rs 26.531 billion.

DIVIDEND

Directors of the Company are pleased to declare a first interim dividend of Rs 1.75 per share (17.5 %) for the quarter ended September 30, 2007.

PRODUCTION

OGDCL's strategy of extensive exploratory and development drilling and ensuring sustained growth in its oil and gas production is firmly in place. During the quarter under review, the Company has witnessed a strong growth in its crude oil production which increased by 6,064 barrels per day compared with corresponding period of last year. Crude oil production from OGDCL's own fields and share in operated Joint Venture fields increased by 21.6% mainly due to start of production from Mela-1, Chanda-2 and Pasakhi North East-1 in addition to increase in production from Kunnar, Bobi, Tando Alam and Dakhni fields. Share of production from non-operated Joint Venture fields decreased by 9.2% resulting in net increase in crude oil production by 15.7% over same period last year. Company's gas production from own fields and its share in operated Joint Venture fields including production from subsidiary company increased by 25.4%. This increase is mainly driven by enhanced production from Dakhni, Uch, Qadirpur fields, restoration of production from Loti and Pirkoh fields and start of gas production from Mela-1 and Chanda-2. Share of gas production from non-operated JV fields decreased by 6.6% resulting in net increase in gas production of 16.7% over same period last year. LPG net production also increased by 15.2% during the period under review compared with same period last year.

Company's average daily production including its share in operated and non-operated joint venture fields was as follows:

		July - September 2006	July - September 2007
Crude oil	<i>Barrels per day</i>	38,737	44,801
Gas	<i>MMcfd</i>	813	949
LPG	<i>M.Tons</i>	316	364
Sulphur	<i>M.Tons</i>	53	69
<ul style="list-style-type: none">○ Daily production has been worked out at 365 days / year.○ Gas production includes subsidiary Company production. (23 Mmscfd)			

EXPLORATION AND DEVELOPMENT ACTIVITIES

During the quarter under review, OGDCL acquired two new exploration concessions namely Eastern Offshore-A and Shaan covering an area of 4,989.8 Sq. Kms. OGDCL is currently operator as well as working interest owner in 44 concessions covering an area of 85,574.3 Sq. Kms and partner in another 5 concessions operated by other E&P companies. During the quarter 555 Line Kms of 2-D and 211 Sq. Kms of 3-D seismic survey was acquired. The Company carried out drilling operations on number of exploratory, appraisal and development wells spudded in the later part of previous year. Three new exploratory / development wells namely Sono Deep-1, Sara West-2 and Qadirpur-30 were spudded in October 2007.

During the period, OGDCL completed drilling of four development wells namely Tando Alam-18 & 20, Thora-6 and Qadirpur-29 in addition to workover job at Qadirpur 27. Annual-Turn-Around (ATA) was completed at Uch, Dhodak and Bobi as part of scheduled annual maintenance. Thora-6 well and Tando Alam-20 well were brought into production during July-September 2007. Efforts are continuing to improve and enhance the operational efficiencies of the producing fields. Development work on various current and future development projects is also under implementation and efforts are being made to complete these projects on accelerated pace.

An offshore well, Anne-1X, was spudded on October 1, 2007 in one of our non-operated Joint Venture Block, Offshore Indus – E. M/s Shell is the Operator of the block with OGDCL having a 30% working interest. The well is currently under drilling.

FUTURE OUTLOOK

Company's strategy to grow through exploration and development with the objective of securing oil and gas reserves and enhancing its production base is firmly in place and we anticipate achieving the operational and financial targets set in the business plan. Discoveries made during the recent past coupled with successful development drilling will further strengthen the oil and gas production base which will continue to generate strong operating cash flow. The strength of the Company's balance sheet will facilitate the Company to enhance its business canvas by availing the opportunities of acquiring overseas acreage by buying stakes in the existing viable producing fields and looking at possibilities of E&P opportunities and joint venture collaborations outside Pakistan. The strategy of high impact exploration and development backed by strong financial position will surely contribute to further development of the Company and add significant value for our shareholders. We remain confident that the pace of growth will continue in the times to come.