

HIGHLIGHTS

“OGDCL ONLY” UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS ENDED 31 MARCH, 2008

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Nine months ended 31 March, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of Nine Months FY2008 include:

- OGDCL's net sales increased by 18.0% to Rs 88,512 million from Rs. 75,018 million for the comparable period last year,
- Net profit before tax increased by 18.3% to Rs 56,702 million from Rs. 47,932 million for the comparable period last year
- Net profit after tax stood at Rs 36,246 million resulting in earnings per share of Rs 8.43 as against Rs 34,627 million and earning per share of Rs 8.05 respectively during the comparable period last year.
- Operating profit margin and net profit margin for the period under review was 62% and 41% respectively.
- Payable third interim dividend of Rs. 2.25 per share.
- The Company spudded 15 wells out of which 5 were exploratory and made two hydrocarbon discoveries i.e., Moolan -1 & Pasakhi East-1.
- Net crude oil production of 43,642 barrels per day, net gas production was 967 MMcf per day, net LPG production 368 tons per day and net sulphur production was 71 tons per day.
- Average net realized price for natural gas sold was Rs 139.23 / Mcf, compared to Rs 145.34 / Mcf during comparable period last year.
- Average net realized price of crude oil sold was US\$ 64.79 / bbl as against US\$ 53.10 / bbl during comparable period last year.

	1H FY2007	1H FY2008	Nine Months FY2007	Nine Months FY2008	% Change
	Pkr in Millions	Pkr in Millions	Pkr in Millions	Pkr in Millions	
Net sales	49,526	56,568	75,018	88,512	18.0
Profit before tax	31,660	34,738	47,932	56,702	18.3
Profit after tax	23,113	24,002	34,627	36,246	4.7
Earnings per share	5.37	5.58	8.05	8.43	4.7
Net cash from operating activities	12,777	23,225	20,825	41,835	100.9

**OGDCL CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS
ENDED 31 MARCH, 2008**

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Nine months ended 31 March, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of Nine Months FY2008 include:

- OGDCL's net sales increased by 18.01% to Rs 88,878 million from Rs. 75,312 million for the comparable period last year,
- Net profit before tax increased by 18.7% to Rs 56,858 million from Rs. 47,900 million for the comparable period last year
- Net profit after tax stood at Rs 36,305 million resulting in earnings per share of Rs 8.44 as against Rs 34,497 million and earning per share of Rs 8.02 respectively during the comparable period last year.
- Operating profit margin and net profit margin for the period under review was 61% and 41% respectively.
- Payable third interim dividend of Rs. 2.25 per share.
- The Company spudded 15 wells out of which 5 were exploratory and made two discoveries during Nine Months FY2008, Moolan -1 & Pasakhi East-1.
- Net crude oil production of 43,642 barrels per day, net gas production was 986 MMcf per day, net LPG production 368 tons per day and net sulphur production was 71 tons per day.
- Average net realized price for natural gas sold was Rs. 137.96 / Mcf compared to Rs. 144.13 / Mcf during comparable period last year.
- Average net realized price of crude oil sold was US\$ 64.79 / bbl as against US\$ 53.10 / bbl during comparable period last year.

	1H FY2007	1H FY2008	Nine Months FY2007	Nine Months FY2008	% Change
	Pkr in Millions	Pkr in Millions	Pkr in Millions	Pkr in Millions	
Net sales	49,676	56,822	75,312	88,878	18.01
Profit before tax	31,511	34,888	47,900	56,858	18.7
Profit after tax	22,925	24,093	34,497	36,305	5.2
Earnings per share	5.33	5.60	8.02	8.44	5.2
Net cash from operating activities	12,923	23,181	21,200	41,671	97.0

Chairman's statement

Commenting on OGDCL's 3rd Quarter FY2008 Financial Results, Mr. Arshad Nasar, the Chairman and CEO of OGDCL said:

"It gives me great pleasure to report on another prosperous period for the Group. The period under review was characterized by a substantial 18% growth in sales and a consistent growth in oil and gas production. To continue to be able to add to our hydrocarbon reserves base, the Group is well set on its carefully chartered path of aggressive exploration program incurring higher exploration costs along the way which are in line with the Management's expectations.

During the period under review, the Group saw an increase of 7.5% in oil production and 5.6% in gas production and we are all set to achieve double digit production growth guidance of around 10-11% on a 3-year CAGR basis. The Group's exploratory efforts for the year till date resulted in four new discoveries which will add a reasonable amount of production in the near future.

We are fully aware of the prevailing and ever-increasing industry cost pressures and are keeping a very close eye on our operating costs and general and administrative expenses. We are fortunate to have a fleet of our own drilling rigs and a pool of allied drilling services to draw resources from, which has aided us, to a large extent, in mitigating the negative effects of the global hike in E&P costs.

I take pride in informing you that the superior performance of the Group could not have been achieved without the hard and intelligent work, dedication and commitment of the human resource pool that our Group is so fortunate to possess. I am positive that the mix of material and human resources that our Group enjoys will lead us to even higher grounds in times to come and bodes well for all our stakeholders."

- Ends -

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Notes to Editors

OGDCL is the largest petroleum Exploration and Production (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 34% of gas and 45% of oil, respectively, as at 30th June 2007. It contributed 25% of the country's total natural gas production and 61.5% of its oil production in December 2007 on net basis.

With a portfolio of 44 exploration licences, the Group has the largest exploration acreage in Pakistan, covering 33.5% of the total awarded acreage as of December 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, 2007 and Rs 24 billion for the six months ended December 31, 2007.

Board of Directors

During the period under review, Mr. Irshad Ahmed Kaleemi has been appointed as Director on Company's Board with effect from February 28, 2008 to fill vacancy created by the sad demise of Mr. Jalaluddin Qureshi who expired on August 23, 2007. We extend a warm welcome to Mr. Irshad Ahmed Kaleemi on the Company's Board.

Summary Results

During the nine months period under review, OGDCL maintained its growth and recorded further improvement in its operating results. Its Crude Oil and Gas production grew by 7.5% and 5.6% respectively over corresponding period of last year. Production growth along with continuing high realized prices of crude oil, LPG and other refined petroleum products contributed 18% increase in Company's sales revenue resulting into 4.7% increase in profit after tax over same period of 2006-07. Company's exploratory efforts continued during the period and yielded two (2) gas/condensate discoveries namely Moolan-1 and Pasakhi East-1 during the reported period. Subsequently, in April 2008, two more oil and gas/condensate discoveries at Moolan North-1 and Pakhro-1 were made by the Company. These newly discovered wells are located in Hyderabad district of Sindh province and have been tested to produce 1,150 BPD of Crude Oil, 393 BPD of Condensate and 29 MMcfd of gas. Reserves assessment of these fields is in the process of evaluation.

Financial Results

During the period under review, sales revenue of the Company grew by 18% to Rs 88.512 billion due to combination of increased sales volume of crude oil and gas and higher realized prices of crude oil, LPG, Sulphur and Naphtha. Sales volume of crude oil and gas increased by 11% and 5.7% respectively which contributed increase of Rs 5.712 billion towards sales revenue. Increase in net realized prices of crude oil, LPG, Sulphur and Naphtha contributed Rs 10.236 billion to the sales revenue. During the period, net realized prices of crude oil and gas averaged at US\$ 64.79/BBL and Rs 139.23/Mcf respectively as compared with US\$ 53.10/BBL and Rs 145.34/Mcf during the corresponding period last year.

High sales revenue contributed towards higher profitability of the Company, as profit before tax increased by 18% to Rs 56.702 billion as compared to Rs 47.932 billion during first nine months of last year. Profit after tax was Rs 36.246 billion against Rs 34.627 billion during the same period last year. Earnings per Share (EPS) rose to Rs 8.43 compared to Rs 8.05 per share.

During the period under review, net cash from operating activities after working capital changes and payment of income tax of Rs 13.132 billion (First nine months 2006-07: Rs 19.373 billion) was Rs 41.835 billion, an increase of Rs 21.010 billion over the same period last year. Net cash used in

investing activities increased by Rs 1.675 billion to Rs 8.435 billion against Rs 6.759 billion during the same period last year mainly due to increase of Rs 304 million in fixed capital expenditure and decrease of Rs 1.221 billion on interest and dividend income. Net cash used in payment of dividend was Rs 24.653 billion as against Rs 24.130 billion resulting in net increase of Rs 523 million 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 8.748 billion to ending cash balance of Rs 26.742 billion.

Dividend

The Board of Directors is pleased to announce a third interim dividend of 22.5% (Rs. 2.25 per share). This is in addition to two interim dividends at 37.5% (Rs 3.75 per share) already declared during the year.

Exploration and Development Activities

During the period under review, OGDCL continued to pursue its strategy of organic growth through extensive exploration activities with the objective of securing ever more oil and gas reserves and enhance its production by development drilling, improving operational efficiencies and ensuring timely hook up of the newly discovered fields to Company's production stream.

During first nine months of the year, OGDCL enhanced its exploration portfolio by acquiring two more exploration licenses namely Eastern Offshore Indus-A (100%) and Shaan (Block No. 3069-4). OGDCL presently holds the largest acreage position in Pakistan and as on March 31, 2008 was operating 44 exploration blocks covering an area of 85,536.28 Sq. Kms, 29 of these exploration blocks are 100% OGDCL owned whereas the remaining 15 exploration blocks are operated by OGDCL as joint venture with other companies. OGDCL is also operating in five offshore blocks, namely Indus Delta-A, Indus-G, Indus-S, Indus-R and Eastern Offshore Indus-A.

A cross assignment agreement was executed between OGDCL and BP on February 8th, 2008 whereby OGDCL agreed to transfer 50% of its working interest along with the Operatorship to BP in Offshore Block-S and an entry right of 25% working interest to BP in OGDCL's Offshore Block-G. In consideration, BP agreed to transfer 27.5% of its working interests in Blocks U & V each along with a 20% working interest in Block-W to OGDCL.

OGDCL seismic crews and contractor crews acquired 1,312 L. Kms of 2-D and 696 Sq. Kms of 3-D seismic data in various blocks during the period July 2007 to March 2008. The geological party of the Company deployed in Kalchas concession in Balochistan province has completed 200 L. Kms. structural traverse, collected more than 500 samples for reservoir/source study. The party has completed 206.8 Sq. Kms geological mapping of the concession.

Eight (8) exploratory/appraisal and development wells namely Moolan N-1, Kunnar S-1, Reti-1, Kunnar Deep-6, Kunnar Deep-7, Kunnar-7, Tando Alam 16-A and Qadirpur-31 were spudded during third quarter bringing cumulative figure to fifteen (15) wells for the first nine months of the year. One more development well Qadirpur-32 was spudded in April 2008 making a total of sixteen (16) wells during the current financial year. Locations for another nineteen (19) wells have also been marked on ground including four wells at Uch and Zin.

OGDCL is regularly evaluating the opportunities for overseas exploration. In this regard after technical evaluation, OGDCL participated in the 4th bidding round of Libya and is also planning to participate in the forthcoming bidding round of countries in West Africa (Angola and Mozambique). The Company has also completed technical evaluation and exploration potential review of various other target countries (Mauritania, Mali, Turkey and Algeria).

Production

OGDCL is pursuing its strategy of enhancing its production base and maintaining sustained growth in oil and gas production. In this regard, extensive development drilling, workovers, and improvements of field operational efficiencies are in progress. Additionally, Company has promptly completed annual turn around at our plants including Qadirpur, Uch and Dhodak. Company's overall net production of oil and gas is in line with the targets set in the business plan. Despite decrease in share of oil and gas production from non-operated fields and disturbances due to unfortunate incident in the last week of December 2007 in the southern region, Company's overall net production of crude oil and gas increased by 3,035 BPD and 52 MMcfd respectively over corresponding period of last year.

During the third quarter and nine months ended March 31, 2008, OGDCL's average daily production including its share in Operated and Non Operated Joint Ventures was as follows:

Products	UOM	First Half July-Dec 2007	Third Quarter Jan-Mar 2008	Nine Months July -07 to Mar-08
Crude Oil (including white Products)	BPD	44,085	42,748	43,642
Gas	MMscfd	963	1,034	986
LPG	MTD	382	340	368
Sulphur	MTD	68	78	71

- Daily production has been worked out at 365 days per annum.
- Gas production includes subsidiary company production (19 MMcfd).

During the nine months period under review, crude oil production from OGDCL's own fields and its share in operated joint venture fields increased by 13% compared with corresponding period last year mainly due to start of production from Mela-1, Chanda-2, Pasakhi North East-1 and Chak-66 North East-1 in addition to increase in production from Kunnar, Bobi and Tando Alam fields. Share

of production from non-operated joint venture fields decreased by 15% resulting in net increase in crude oil production by 7.5% over the same period last year.

OGDCL's gas production from its own fields and share in operated JV fields including production from subsidiary company increased by 9.7%. This increase is mainly due to enhanced production from Dakhni, Uch, Bobi and Qadirpur fields and start of gas production from Mela field. Share of gas production from non-operated JV fields decreased by 7% resulting in net increase in Company's gas production by 5.6% over same period last year.

During the third quarter, a new well Chak 66 North East-1 was brought on extended well testing which is producing around 1,000 BOPD. In April 2008, a new well Moolan North-1 has been connected which is contributing 1,150 BOPD. Company expects further enhancement in oil and gas production during the 4th quarter upon completion of on-going development wells including Mela-2 and Chanda-3.

Dhodak gas/condensate field has been producing since December, 1994. It is underlain by an active water aquifer and the reservoir drive mechanism is "Strong Water Drive". The water encroachment in the producing reservoir over the last one year has been abnormal which has resulted in accelerated natural decline. Efforts are being made to mitigate this decline by drilling a well to tap the deeper sands of Lower Goru Formation. Existing producers are also being chemically treated (Polymer treatment) to check water encroachment.

Future Outlook

First nine months of the current financial year represent a period of improved financial results and sustained production growth. The Company benefited from enhanced oil and gas production and higher realized prices of crude oil resulting in improved financial position. Based on the operational and financial achievements in the first nine months of the year, OGDCL expects to further stabilize its production activities through enhancement of operational efficiencies at its producing fields/wells by undertaking new development drilling and workover jobs which will surely contribute towards more favorable operating results. These results translated into strong financial position will help the Company in achieving the operational and financial targets set in the business and strategic plan for the benefit of all our stakeholders.