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FOR IMMEDIATE RELEASE

OGDCL UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS FY 2009 ENDED 31 MARCH, 2009

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its un-audited financial results for the nine months ended 31 March, 2009. Financial Statements have been prepared in accordance with International Financial Reporting Standards. On 28 January 2009, the Honorable Islamabad High Court approved the scheme of merger of Pirkoh Gas Company (Private) Limited (PGCL) with the Company effective from 01 January 2009. Consequently, PGCL has been merged with the Company and this condensed interim financial information has been prepared in accordance with the said merger scheme.

Highlights of Nine Months FY2009 include:

- OGDCL's net sales increased by **12.8%** to Rs. **100,231** million from Rs. **88,878** million for the comparable period last year,
- Net profit before tax increased by **16.6%** to Rs **66,273** million from Rs **56,858** million for the comparable period last year
- Net profit after tax stood at Rs **44,408** million resulting in earnings per share of Rs **10.33** as against Rs **36,305** million and earnings per share of Rs **8.44** respectively, during the comparable period last year.
- Operating profit margin and net profit margin for the period under review were **62%** and **44%** respectively.
- Payable third interim dividend of Rs. **2.0** per share.
- Net crude oil production of **41,487** barrels per day, net gas production was **988** MMcf per day, net LPG production **226** metric tons per day and net sulphur production was **66** metric tons per day.
- Average net realized price for natural gas sold was Rs **173.39** / Mcf, compared to Rs **137.96** / Mcf during comparable period last year.
- Average net realized price of crude oil sold was US\$ **58.50** / bbl as against US\$ **64.79** / bbl during comparable period last year.
- The Company spudded **20** wells (including **8** exploratory/appraisal wells) and made **2** discoveries (**Kunnar South-1 & Qadirpur Deep-1**) during nine months FY2009.

	1H FY2008 (Pkr in Million)	1H FY2009 (Pkr in Million)	9 Months FY2008 (Pkr in Million)	9 Months FY2009 (Pkr in Million)	% Change
Net sales	56,822	71,940	88,878	100,231	12.8
Profit before tax	34,888	48,428	56,858	66,273	16.6
Profit after tax	24,093	31,781	36,305	44,408	22.3
Earnings per share	5.60	7.39	8.44	10.33	22.3
Net cash from operating activities	23,181	23,451	41,761	33,053	(20.9)

MD and CEO's Statement

Commenting on OGDCL's nine-months FY2009 results, Mr. Zahid Hussain (MD and CEO of OGDCL) stated:

"I am pleased to announce a sustained and steady performance for the Company during the period under review. The nine month period of our current Fiscal Year saw a noteworthy increase in our sales revenue of 12.8% along with a notable increase in profit after tax of 22.3% when compared to the corresponding period last year. This was primarily because of high realized prices in rupee terms."

"Treading a well thought-out chartered course of enhanced exploration activities, efficient and effective utilization of plant and equipment, deployment of enhanced recovery techniques and endeavouring to develop the projects on a fast track basis lies at the core of our hydrocarbon assets growth strategy. The nine-month period of FY2009 saw the Company spudding 20 wells (8 exploratory / appraisal) and making two discoveries which is encouraging for future production growth. Company's net oil production decreased by 4.9% whereas net gas production remained stable when compared to the same period last year. The drop in oil production was primarily due to the natural decline at Dhodak and Lashari fields, non achievement of natural production from Kal-3 and delay in completion of Chanda-3, and less than expected production from our non-operated joint venture fields like, Pindori."

"Costs were generally kept to the bare minimum in terms of exploration activities due to our owning of drilling rigs, seismic crews, and logging and seismic data processing center. We are also keeping a close check on operating our plants in the most efficient manner so that the costs relating to consumables is also curtailed and brought down."

"Lastly, I feel proud to state that the skill, dedication and commitment of our workforce are the major force behind this consistent performance of the Company. I thank all employees of the Company for making it happen. I am also very pleased to inform all our stakeholders that the Company with all its resources, both material and human, is well on its path of progress and the future looks very bright"

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Notes to Editors

OGDCL is the largest petroleum exploration and production (E&P) company in the Pakistan's oil and gas sector, with a primary focus on gas. It holds the largest portfolio of the recoverable hydrocarbon reserves of Pakistan, at 36% of gas and 46% of oil, respectively, as at 30 June 2008. It contributed 24% of the country's total natural gas production and 62% of its oil production as at January 2009 on net basis.

With a portfolio of 41 operated exploration licences, the Company has the largest exploration acreage in Pakistan, covering 31.5% of the total awarded acreage as of March 2009. While its focus to date has been on onshore exploration, the Company has also begun conducting offshore exploration activities; an area which the Company believes has significant untapped potential.

OGDCL had a net profit after tax of Rs 44.338 billion for the year ended June 30th, 2008 and Rs 31.782 billion for the six months ended December 31, 2008.

SUMMARY RESULTS

During the period under review, the Company witnessed sustained progress across all key areas of the business. Operational performance to arrest decline together with high realized prices in rupee term led to the delivery of improved financial results which exceeded the results achieved in the corresponding period last year. Going forward considering the results achieved during first nine months, we remain confident of Company's continuing performance during remaining part of the year.

Company's sales revenue and profit after taxation during the period increased by 12.8% and 22.3% to Rs 100.231 billion and Rs 44.408 billion respectively resulting into Earnings Per Share (EPS) of Rs 10.33 compared to Rs 8.44 during the corresponding period last year.

Two Gas/Condensate discoveries at Kunnar South-1 (preliminary reserves estimated at 52.32 Bcf) and Qadirpur Deep-1 were made by the Company during the period under review. Both discoveries are located in Sindh Province.

During the period under review, OGDCL's daily production on working interest basis averaged 41,487 barrels of Crude Oil, 988 MMscf of Gas, 226 M.Tons of LPG and 66 M.Tons of Sulphur. Fourteen (14) new wells namely Dakhni Deep-2, Dhodak Deep-1, Nandpur-10, Qadirpur/HRL-2, Qadirpur-33, Pasahki-5, Thora-7, Kunnar-8, Pasahki-6, Qadirpur-35, Qadirpur-36, Qadirpur/HRL-3, Qadirpur/HRL-4 and Qadirpur/HRL-5 were brought into production.

Company acquired 3,536 L. Kms of 2-D and 751 Sq. Kms of 3-D Seismic data in the various blocks during July-March, 2009 and spudded twenty (20) new wells [eight (8) exploratory / appraisal and twelve (12) development wells]. Workover jobs on thirteen (13) wells were also carried out.

DIVIDEND

The Board of Directors is pleased to announce a third interim dividend of 20% (Rs 2.0 per share). This is in addition to two interim dividends at 37.5% (Rs 3.75 per share) already declared during the year totalling to 57.5% (Rs. 5.75 per share) for the year ending June 30, 2009.

MERGER OF SUBSIDIARY COMPANY

Board of Directors of OGDCL and its subsidiary company, Pirkoh Gas Company (Pvt.) Limited (PGCL), in their meetings of August 20, 2008 and August 19, 2008 respectively approved merger of PGCL with OGDCL with effect from July 01, 2008. Consequently, on the directions of the Honourable Islamabad High Court, meetings of the members of both the companies were held on December 24, 2008 under the chairmanship of Registrar of Companies to consider and approve the scheme of merger. The members of both the companies approved the scheme of merger which was subject to sanction by the Honourable Islamabad High Court. On January 28, 2009, the Honourable High Court approved the scheme of merger

with effect from January 01, 2009. Audited financial statements of PGCL for six months ended December 31, 2008 have been approved by the Board of Directors of PGCL for merger of the Company with OGDCL and therefore, the process of merger was completed effective January 01, 2009. The annexed interim financial statements have been prepared in accordance with the said merger scheme.

FORMULATION OF STRATEGIC DIRECTION

Pursuing the resolution passed by Board of Directors' in its meeting held on January 20, 2009, Strategic Direction Workshop was organized by the Company on March 27-29, 2009 which was attended by the Board Members and Senior Management of OGDCL. The purpose of holding this workshop was to revisit the strategic direction of the Company with the objectives of revamping the Vision & Mission Statements, developing a common understanding of company's present standing and its future outlook, identifying weaknesses, threats, and difficulties that are to be surmounted collectively to reach the goal, devising initiatives in line with revised Vision & Mission Statements and chalking out action plans to be completed to attain the new goals.

During the three-day workshop, the participants reviewed and deliberated upon many aspects of formulating the Strategic Direction of the Company including approval of new Vision & Mission Statements and Financial, Learning & Growth, Customer and Internal Process goals. In order to achieve new goals / targets specific initiatives with responsibilities were identified and action plans were agreed for implementation.

PRODUCTION

The Company operates a total of 41 Development & Production Leases / Mining Leases in all four provinces of the country. During the nine months period, Company's average daily net production including its share in operated and non-operated joint venture (JV) fields was as follows:

PRODUCTS	UOM	9M 2007-08	9M 2008-09
Crude Oil	Barrels/day	43,642	41,487
Gas	MMscf/day	986	988
LPG	M. Tons/day	368	226
Sulphur	M. Tons/day	71	66
<i>Daily production has been worked out at 365 days / year.</i>			

Compared with corresponding period of last year, Crude Oil production from Company's 100% owned fields and share in operated JV fields decreased by 2.5% (937 barrels per day) mainly due to decline in production from Dhodak, Thora, Lashari, Bobi, Sono and Chanda fields partially offset by increase in production from Kunnar, Pasahki, Mela and start of production from Moolan North and Chak-66 NE fields. Share of Crude Oil production from non-operated JV fields was also lower by 19.3% (1,219 barrels per day) resulting into a net decrease in Crude Oil production by 4.9% (2,156 barrels per day).

Compared with targets, Crude Oil production from 100% owned fields and share in operated JV fields was on the lower side by 4.1% (1,558 barrels per day) mainly due to non-achievement of forecast production from Thora, Lashari, Bobi, Qadirpur and Mela fields on account of mechanical problems, natural decline at Dhodak and Lashari fields, non achievement of natural production from Kal-3 and delay in completion of Chanda-3. However, production from Sono, Pasahki, Rajian and Kunnar fields was higher than the business plan targets. Company could not achieve targeted share of Crude Oil production from non-operated JV fields which was lower by 1,318 barrel per day.

Company's gas production during the period under review was slightly higher than the business plan targets and actual gas produced during corresponding period. Yield improvements resulted into increase in gas production from Nandpur-10, Dakhni Deep-2 and Mela-1. However, gas production targets from Dhodak and Uch fields could not be achieved because of natural decline and lower than projected intake of gas by Uch Power Limited (UPL). Abandonment of Dakhni Deep-3 & Dakhni SW as non producer and delay in completion of Chanda-3 also affected gas production.

Compared with corresponding period and business plan targets, LPG production during the period decreased by 38.7% and 30.5% respectively mainly due to water break through at Dhodak field, abandonment of Dakhni Deep-3 & Dakhni SW as non producer and operational problems at Bobi field. Share of LPG production from non-operated JV fields was also on the lower side as anticipated in the business plan.

EXPLORATION AND DEVELOPMENT ACTIVITIES

At March 31, 2009, OGDCL was operating in 41 Exploration Blocks (26 blocks with 100% share and 15 blocks as operated JVs) including 5 Offshore Blocks covering an area of 76,651.06 Sq. Kms and one Reconnaissance Permit over Jhampir covering an area of 1,326.62 Sq.Kms. Exploration Blocks held by OGDCL constitute 31.52% of the Country's total exploration acreage. During July-March 2009, OGDCL surrendered four exploration blocks namely Dhermund, Bagh-o-Bahar, Pakhiwala and Dhok Sultan.

During the period under review, the Company could not start exploration activities in 10 Concessions due to non availability of security clearance from the concerned authorities. However, Government of Baluchistan has granted security clearance for start of activities in Shahana, Samandar and Shaan Concessions. Seismic data acquisition in Kalchas E.L is in progress.

During the period under review, OGDCL achieved 3,536 L. Kms of 2-D seismic data acquisition in Bagh South, Hundi D&PL, Khewari, Nashpa South, Sinjhor, Multan North, Bitrism, Kalchas, Rachna, Jhampir concessions and Offshore Block and 751 Sq. Kms of 3-D seismic data acquisition in Soghri and Thal South Concessions

OGDCL carried out drilling operations on number of exploratory/appraisal and development wells. During the period, thirty one (31) locations were marked on ground, out of which twenty (20) new wells [eight (8) exploratory / appraisal wells namely Dakhni North-1, Wahid Buksh-1, Thatta East-1, Allah Waria-1, Dhodak Deep-2, Pasahki West Deep-1, Qaim-1 & Balouch-1) and twelve (12) development wells namely Chak Naurang-5, Dakhni-11, Qadirpur-34, Qadirpur-35, Qadirpur HRL-3, Chak Naurang-5A, Pasahki Deep-2, Pasahki-6, Toot-20, Qadirpur-36, Qadirpur HRL-4 and Qadirpur HRL-5] were spudded during July-March 2009. Two (02) more exploratory and development wells were spudded in April 2009 making a total of 22 exploratory / appraisal and development wells as of reporting date.

OGDCL recently acquired 27.5% interest in Offshore Blocks U&V and 20% interest in Block 'W' of BP Exploration (Alpha) Limited. Moreover, Company is also evaluating opportunities for overseas exploration. Discussions are underway for acquiring working interest in offshore blocks in Yemen and West Timor (Indonesia). In addition, opportunities in offshore blocks in French Guyana & Vietnam and onshore blocks in Tanzania, Morocco, Turkey and Romania are under review for possible acquisitions by the Company.

DEVELOPMENT PROJECTS

The Company is actively working on the development of the following projects and efforts are being made to complete these projects on accelerated pace.

UCH-II Development Project

The UCH Gas field is located about 67 Km south-east of Dera Bugti in Balochistan province. OGDCL has drilled 15 wells and is supplying 106,000 million Btu gas per day to the Uch Power Plant (UPL). After carrying out a detailed study of UCH Gas Field, it is envisaged that OGDCL is in a position to commit around additional 160 MMcf per day for 25 years to a power producer. The project is expected to be completed in December 2011, subject to security clearance to start drilling activities in Dera Bugti Agency and LOI issuance to IPP by PPIB.

Qadirpur Gas Compression Project

Qadirpur field is expected to start depleting in near future and in order to maintain the plateau, compression facilities are required to be installed which will help maintain the production plateau to 650 MMcf per day of gas supply up to 2017. The Contract for Engineering, Procurement & Construction on lump sum turnkey basis was awarded to M/s China Petroleum Engineering & Construction Corporation (CPECC) in November, 2006. The activities were held up due to litigation however an alternate arrangement (Wellhead Compression) for a period of 3 years is being worked out. The Well Head compressors are expected to start work by Oct/ Nov, 2009.

Dhakni Expansion Project

Dakhni Gas processing plant started commercial production in early 1990 with a design capacity of 30 MMcf per day. Over the years the composition of H₂S contents of raw gas has increased considerably resulting in processing limitation on the existing plant. Due to this change the existing plant is currently

processing 18-20 MMcf per day of sour feed gas. The incremental production after expansion will be Sales Gas: 12 MMcf per day, Condensate: 720 barrels per day, Sulphur: 80 M. Tons per day and LPG: 12 M. Tons per day. Contract for the supply of Sulphur Recovery Unit (SRU) was signed in May, 2008. Delivery of the unit is expected in September, 2009. Most of the material / equipments received at site except Power Generation, Refrigeration package & Instrument Cable, which are in pipeline. The project is expected to be completed by December 2009.

Sinjhero Development Project

The Project is located at district Sanghar, Sindh. The surface facilities to be installed by the Company include gas gathering system for 14 wells, field compression, Trunk line from Sinjhero to Bobi field, gas treatment plant, LPG recovery and compression system etc. The project will enhance OGDCL production capacity of 2100 barrels per day of Crude Oil, 25 MMcf per day of gas about 138 M.Tons per day of LPG. Tenders for development of the field were advertised on February 20, 2009 however the bidding process is held up under the Sindh High Court directive till next hearing.

Kunnar & Pasakhi Deep (KPD) / Tando Allah Yar (TAY) Integrated Development Project

The KPD-TAY Integrated Development Project is located in district Hyderabad in Sindh Province field. 18 wells have been drilled in KPD & 8 wells in TAY. The fields are being developed jointly by installing gas gathering system, liquid separation unit, gas dehydration unit, CO₂ removal unit, condensate stabilization unit, LPG removal unit and laying of 30 Kms Gas transport pipeline from the plant to M/s SSGCL tie-in point. The expected cumulative production is Gas: 278 MMcf per day, Crude Oil: 4,300 Barrels per day and LPG: 325 M. Tons per day. Tenders for development of the field were advertised on February 20, 2009 but the bidding process is held up under the Sindh High Court directive till next hearing.

Sara West Development Project

The Sara West field, located in district Khairpur, Sindh Province, was discovered in 1996. So far three wells have been drilled at the field. The field has gas of low hydrocarbon contents and can be used for power generation only. The Company intends to develop the field for supply of gas to a power generation company. The development of the field is dependent upon negotiating a suitable gas price.

Jhal Magsi Project

Jhal Magsi field located in Dera Murad Jamali was discovered in 2003. It is a joint venture between the OGDCL, (GHPL) and (POL). Three wells have been drilled at the field with two producers. The field has high contents of H₂S which would require removal before the gas is injected into the transmission network. The commerciality has been approved by DGPC and development plan is under preparation. The Basic design Engineering Package for Development of the field will be prepared after approval of Development Plan.

FINANCIAL RESULTS

During the period under review, Company's product sales revenue increased by Rs 11.379 billion to Rs 100.206 billion, a growth of 12.8% over the same period last year. Increase in sales revenue is mainly driven by higher realized prices in rupee terms which contributed Rs 16.069 billion towards increase in sales revenue. However, decline in sales volume of Crude Oil, Gas, LPG, Sulphur and other refined petroleum products resulted in a decrease of Rs 4.690 billion in sales revenue.

Net realized prices of Crude Oil, Gas and LPG averaged at US\$ 58.50/bbl, Rs 173.39/Mcf and Rs 38,113/M.Ton respectively compared to US\$ 64.79/bbl, Rs 137.96/Mcf and Rs 36,661/M.Ton respectively during the same period last year.

Profit before taxation for the period was Rs 66.273 billion compared to Rs 56.858 billion for the corresponding period last year, reflecting 16.6% increase in Company's earning performance. Profit after taxation during the period was Rs 44.408 billion compared with Rs 36.305 billion for the corresponding period last year. Consequently, earnings per share (EPS) rose to Rs 10.33 (9M 2007-08: Rs 8.44), an increase of 22.3%.

During the period, net cash from operations after working capital changes and payments of royalty and corporate tax of Rs 31.122 billion, was Rs 33.053 billion against Rs 41.761 billion in the corresponding period last year. Despite increase in profit, increase in net cash from operating activities is comparatively low because of higher figures of trade debts which increased by Rs 24.041 billion during the period under review as against increase of Rs 5.997 billion during the corresponding period of last year. Payment of Rs 19.797 billion as capital expenditure and receipt of Rs 1.812 billion as interest and dividend income resulted into net cash utilization in investing activities of Rs 16.441 billion against Rs 7.966 billion in the corresponding period of last year. Net cash used in payment of dividends was Rs 21.292 billion as against Rs 24.653 billion. Cash flow from operating activities, and net cash utilized in investing and financing activities resulted in a net cash decrease of Rs 4.681 billion to ending cash balance of Rs 13.596 billion.

FUTURE OUTLOOK

In order to increase oil and gas reserves base, OGDCL intends to carry out an aggressive exploration programme based on seismic surveys, drilling of wells and acquisition of new exploration acreage through competitive bidding. Company's Strategic Plan for the period 2009-10 to 2013-14 is under preparation which also focuses on continuous reserves addition through design and maintenance of a balanced exploration portfolio of blocks ranked according to size of reserves, profitability, and associated risks. Another strategy to increase oil and gas production is through early development of new discoveries through implementation of projects on fast track basis. OGDCL is also exploring possibilities of formation of new joint ventures with leading E&P companies inside and outside the country for oil and gas projects. OGDCL is also endeavouring to increase exploration activities in the off-shore.