

HIGHLIGHTS

OGDCL UNAUDITED FINANCIAL RESULTS FOR THE NINE MONTHS FY2010 ENDED 31 MARCH, 2010

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its financial results for the Nine months ended 31 March, 2010. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of Nine Months FY2010 include:

- OGDCL's net sales increased by 8.3% to Rs 108,593 million from Rs 100,231 million for the comparable period last year,
- Net profit before tax increased by 4.7% to Rs 69,391 million from Rs 66,273 million for the comparable period last year
- Net profit after tax stood at Rs 42,609 million resulting in earnings per share of Rs 9.91 as against Rs 44,408 million and earning per share of Rs 10.33 respectively during the comparable period last year.
- Operating profit margin and net profit margin for the period under review was 62% and 39% respectively.
- Payable third interim dividend of Rs 1.50 per share.
- Net crude oil production of 38,610 barrels per day, net gas production was 974 MMcf per day, net LPG production 206 tons per day and net sulphur production was 68 tons per day.
- Average net realized price for natural gas sold was Rs 181.81 / Mcf, compared to Rs 173.39 / Mcf during comparable period last year.
- Average net realized price of crude oil sold was US\$ 60.87 / bbl as against US\$ 58.50 / bbl during comparable period last year.
- The Company spudded 15 wells and made 6 discoveries during Nine Months FY2010, namely Nashpa-1, Reti-1, Shah-1, Baloch-1, Dakhni-11 & Maru-1.

	1H FY2009 Pkr in Millions	1H FY2010 Pkr in Millions	Nine Months FY2009 Pkr in Millions	Nine Months FY2010 Pkr in Millions	% Change
Net sales	71,940	72,633	100,231	108,593	8.3
Profit before tax	48,428	45,421	66,273	69,391	4.7
Profit after tax	31,781	28,493	44,408	42,609	(4.1)
Earnings per share	7.39	6.62	10.33	9.91	(4.1)
Net cash from operating activities	23,451	31,624	33,053	47,634	44.1

MD and CEO's Statement

Commenting on OGDCL's nine-months FY2010 results, Mr. Shah Mehboob Alam (officiating MD and CEO of OGDCL) stated:

"I am pleased to announce that the results of OGDCL during the first nine months of our current fiscal year were as per Management's expectations in terms of both operationally and financially. The period under review saw an increase in net sales which grew by 8.3% to Rs 108,593 million compared to the same period last year. OGDCL saw a marginal decline in our production volumes which were expected and I am happy to inform you that this trend should taper off by the end of our current fiscal year due to various new hydrocarbon streams (from Nashpa EWT, Mela 3, Qadirpur, Dakhni and Rajian) coming on line.

"The Company is fully focused and geared to continue on our enhanced strategy of onshore exploration activities. OGDCL also made six (6) discoveries during the first nine months of our current Fiscal year. We are also cognizant of the prevailing inflationary cost pressures in the industry and we have set procedures to counter this trend. We are also ensuring the most efficient and effective utilization of plant and equipment, deployment of enhanced recovery techniques etc

"Before I conclude, 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 is relentlessly working towards maximizing the shareholder value for the benefits of us all."

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Notes to Editors

OGDCL is the largest petroleum exploration and production (E&P) company in Pakistan's oil and gas sector, with a primary focus on gas. It holds the largest portfolio of the recoverable hydrocarbon reserves of the Country, at 35% of gas and 46% of oil, respectively, as at 30 June 2009. It contributed 21% of the country's total natural gas production and 56% of its oil production as at November 2009.

Working in 45 operated fields in all the four provinces of Pakistan, the Company has the largest exploration acreage in Pakistan. 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 28.493 billion for the year ended December 31st, 2009.

SUMMARY RESULTS

During the period under review, OGDCL's operational performance and financial results have been satisfactory. This is despite prevailing inter-corporate debt issues and development projects under litigation.

During the period under review, Company's exploratory efforts resulted into six new Oil / Condensate and Gas discoveries in Guddu, Sinjhor, Nashpa, Dakhni and Tando Allah Yar concessions. On the basis of preliminary reserves estimates, these discoveries have added 12.22 million barrels (MMSTB) of Oil and 155.46 billion cubic feet (Bcf) of Gas to Company's reserves. Significant enhancement in Crude Oil, Condensate and Gas production is expected from these fields. Oil and Gas production from Nashpa during Extended Well Testing (EWT) is expected in June 2010 which will have considerable positive impact on Company's production and earning performance.

BOARD OF DIRECTORS

Due to the resignation of Mr. Zahid Hussain, Managing Director with effect from February 20, 2010, Mr. Shah Mahboob Alam is officiating as Managing Director / CEO of the Company. The composition of Company's Board of Directors has also changed with effect from December 30, 2009 due to appointment of Mr. Fahd Shaikh, Dr. Kaiser Bengali, Mr. Ahmad Bakhsh Lehri, Senator Mir Wali Muhammad Badini and Syed Masieh-ul-Islam as new directors on the Board in place of Mr. Sikandar Hayat Jamali (late), Mr. Tariq Iqbal Khan, Mr. Waqar A. Malik, Mr. Rafique Dawood and Mr. Iskander Mohammed Khan. The Board welcomes the new directors and also wishes to record its appreciation for the valuable contributions made and services rendered by all outgoing directors during their tenure.

REVIEW OF OPERATIONS

As of 31 March, 2010, OGDCL was operating in 35 exploration blocks (22 blocks with 100% share and 13 blocks as operated joint ventures) including 3 offshore blocks covering an area of 63,581.12 Sq. Kms. In addition, OGDCL also holds working interest in another 07 exploration licenses operated by other joint venture (JV) partners. During the period under review, four new exploration licenses namely Channi Pull, Mari East, Jandran West and Lakhi Rud were granted to OGDCL, three exploration licenses namely

Thatta, Thatta East, Khiranwala were relinquished / surrendered and operator ship of Offshore Indus-S transferred to M/s BP Alpha.

During the period under review, 1,873 L. Kms of 2-D and 192 Sq. Kms of 3-D seismic survey were carried out in various concessions operated by OGDCL. In addition, the Company also carried out drilling operations on number of exploratory / appraisal and development wells. 32 new locations have been marked on ground and 15 new wells including 9 exploratory / appraisal wells and 6 development wells were spudded. Subsequently, in April 2010, one more development well was spudded totaling to 16 wells during the current financial year.

In Offshore Indus-R E.L 1,325 L.Kms 2-D seismic data loading on work station is in progress for interpretation. Preliminary interpretation of data is completed. Processing of 1,804 L.Kms seismic data acquired in Eastern Offshore-A completed. Modalities are being finalized in Offshore Indus-G to handover 25% to each ENI, BPXA, and PPL with operator ship to ENI.

OGDCL has 45 operated development and production / mining leases besides working interest ownership in 16 non-operated leases. During the period under review, various steps have been taken by the Company to improve production base and productivity of the fields. Average daily net production for the first nine months including share in operated and non-operated JV fields was as follows:

PRODUCTS	UOM	9M 2008-09	9M 2009-10
Crude Oil	Barrels / day	41,487	38,610
Gas	MMcf / day	988	974
LPG	M. Tons / day	226	206
Sulphur	M. Tons/ day	66	68
Daily production has been worked out at 365 days / year.			

During the period under review, Crude Oil net production from Company's operated fields decreased by 10.3% despite increase in production from Thora and Dakhni fields. However, share of Crude Oil production from non-operated JV fields increased by 17.4%, resulting into net decrease in Crude Oil production by 6.9%. Company's gas production from its operated fields decreased by 4.9% compared with same period last year. However, share of gas production from non-operated JV fields increased by 11.3%,

resulting into net decrease of 1.4%. LPG production from OGDCL's operated fields decreased by 19.0% mainly from Dhodak and Bobi fields. This decrease was partially offset by 10.4% increase in share of LPG production from non-operated JV fields.

Company has been successful in keeping the natural decline to minimum through rig-less and with rig workovers, stimulation and other innovative techniques in the southern region where most of the wells are on artificial lift. Moreover, OGDCL is developing Nashpa (EWT), Bahu, Pakhro, Nim West and Baloch (EWT) using indigenous sources and seamless development strategy. In the short term, Company expects production enhancement from Qadirpur, Nashpa, Mela, Dakhni and Rajian after installation of compression in Qadirpur, EWT of Nashpa Well-1, and completion of Mela Well-3, Dakhni Deep Well-4 and Rajian Well-5.

The Company is actively working on completion of various on-going development projects like Qadirpur Wellhead Compression System, Nashpa Field Development, Bahu Gas Field Development, Dakhni Expansion Project, Uch-II Development Project and Jhal Magsi Development Project. Work on development projects like Kunnar Pasahki Deep-Tando Allah Yar (KPD-TAY) Integrated Development Project and Sinjhorro Development Project will be undertaken on accelerated pace after clearance of court cases.

Furthermore, Pakistan Petroleum Exploration & Production Association has recently taken up the issue of pricing of unconventional sources of gas (tight gas, shale gas, etc) and estimates considerable tight gas reserves in the Country. Once this is resolved, it will have considerable impact on OGDCL's future exploration and production strategy.

FINANCIAL RESULTS

Financial Results during the period reflected positive impact of Rs 13.673 billion in sales revenue on account of enhanced realized prices of Crude Oil, Gas and LPG mainly due to revision in Qadirpur wellhead gas price with effect from 01 January, 2008. However, negative impact of Rs 5.317 billion was witnessed due to decline in production of Crude Oil, Gas and LPG. Product sales revenue during the period under review of Rs 108.562 billion (9M 2008-09: Rs 100.206 billion) is inclusive of Rs 5.461 billion on account of price revision in respect of Qadirpur wellhead gas pertaining to the period 01 January, 2008 to 30 June, 2009.

Net realized prices of Crude Oil, Gas and LPG averaged at US\$ 60.87/bbl, Rs 181.81/Mcf and Rs 53,296/M.Ton respectively compared to US\$ 58.50/bbl, Rs 173.39/Mcf and Rs 38,113/M.Ton respectively during the same period last year.

Profit before taxation for the period was Rs 69.391 billion compared to Rs 66.273 billion during same period last year, reflecting 4.7% increase in Company's earning performance. However, Company recorded profit after taxation of Rs 42.609 billion compared to Rs 44.408 billion in corresponding period of last year resulting into decrease in Earnings Per Share (EPS) by 4.1% to Rs 9.91 (9M 2008-09: Rs 10.33).

Cash flow from operations for the period was Rs 47.634 billion (9M 2008-09: Rs 33.053 billion). After investment and financing activities of Rs 39.723 billion (cash outflow) and Rs 1.147 billion (inflow) respectively, the Company's cash and cash equivalent at the end of period were Rs 17.998 billion.

The prevailing inter-corporate debt crisis in the industry is negatively impacting OGDCL as its trade debt on 31 March 2010 includes overdue receivable of Rs 62.534 billion from refineries and gas companies. The Management of the Company has already taken up this issue with the Government of Pakistan and position of receivables is being reported to the Government on daily basis. Early resolution of this issue is critical to ensure smooth running of Company's operations, maintaining adequate liquidity position, carrying out Company's exploration and development programme and timely discharge of statutory obligations including payment of royalty, duties / taxes and dividend etc. Nevertheless, if the existing trend persists, the company may face liquidity concerns triggering borrowing requirement, which will in turn affect the Company's financial risk profile.

DIVIDEND

The Board of Directors of the Company is pleased to announce third interim cash dividend of Rs 1.50 per share (15%). This is in addition to two interim cash dividends of Rs 2.50 per share (25.0%) totaling to Rs 4.0 per share (40%) for the year ending 30 June 2010.

FUTURE OUTLOOK

During first nine months of the year, OGDCL has delivered significant exploration successes and enhanced oil and gas reserves base. The Company also progressed new seismic acquisition and exploratory & development drilling. Based on the results achieved in the current financial year together with favorable impact of revision in gas prices and expected production from newly discovered Nashpa Well-1, Mela Well-3 and other newly discovered fields, we look forward to Company's improved operational and financial results in the near future.