

Islamabad 26 February 2009

FOR IMMEDIATE RELEASE

“OGDCL ONLY” UNAUDITED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER, 2008

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its un-audited financial results for the half year ended 31 December, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the year include:

- OGDCL's net sales increased by 26.8% to Rs 71,719 million from Rs 56,568 million for the same period last year
- Net profit before tax increased by 39.2% to Rs 48,362 million from Rs 34,738 million compared to the same period last year
- Net profit after tax stood at Rs 32,069 million resulting in earnings per share of Rs 7.46 as against Rs 24,002 million and earnings per share of Rs 5.58 respectively during the same period last year.
- Operating profit margin and net profit margin for the year was 63% and 45% respectively.
- Payable interim dividend of Rs 1.75 per share.
- Net crude oil production of 41,573 barrels per day, net gas production was 949 MMcf per day, net LPG production 229 tons per day and net Sulphur production was 66 tons per day.
- Average net realized price for the natural gas sold was Rs 170.95/Mcf, compared to Rs 137.46/Mcf during the last year
- Average net realized price for the crude oil sold was US\$ 69.00/BBL, compared to US\$ 60.97/BBL during the last year
- The Company spudded 14 wells and made one discovery during the year, (Kunnar South-1).

(Rs. in Million)

	1Q 07/08	1Q 08/09	HY 07/08	HY 08/09	% Change
Net Sales	27,769	41,282	56,568	71,719	26.8
Profit before Tax	17,196	28,789	34,738	48,362	39.2
Profit after Tax	12,337	18,976	24,002	32,069	33.6
Earnings per Share	2.87	4.41	5.58	7.46	33.6
Net Cash from Operating activities	13,154	11,729	23,225	24,081	3.7

OGDCL CONSOLIDATED UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2008

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announces its un-audited financial results for the half year ended 31 December, 2008. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Highlights of the year include:

- Group's net sales increased by 26.6% to Rs 71,941 million from Rs 56,822 million for the same period last year
- Net profit before tax increased by 38.8% to Rs 48,428 million from Rs 34,888 million compared to the same period last year
- Net profit after tax stood at Rs 31,782 million resulting in earnings per share of Rs 7.39 as against Rs 24,093 million and earnings per share of Rs 5.60 respectively during the same period last year.
- Operating profit margin and net profit margin for the year was 63% and 44% respectively.
- Payable interim dividend of Rs 1.75 per share.
- Net crude oil production of 41,573 barrels per day, net gas production was 964 MMcf per day, net LPG production 229 tons per day and net Sulphur production was 66 tons per day.
- Average net realized price for the natural gas sold was Rs 168.57/Mcf, compared to Rs 136.11/Mcf during the last year
- Average net realized price for the crude oil sold was US\$ 69.00/BBL, compared to US\$ 60.97/BBL during the last year
- The Group spudded 14 wells and made one discovery during the year, (Kunnar South-1).

(Rs in Million)

	1Q 07/08	1Q 08/09	HY 07/08	HY 08/09	% Change
Net Sales	27,927	41,384	56,822	71,941	26.6
Profit before Tax	17,286	28,816	34,888	48,428	38.8
Profit after Tax	12,399	18,980	24,093	31,782	31.9
Earnings per Share	2.88	4.41	5.60	7.39	31.9
Net Cash from Operating activities	13,291	11,125	23,181	23,451	1.2

MD and CEO's Statement

Commenting on OGDCL's Half Year 2008/09 results, Mr. Zahid Hussain (MD and CEO of OGDCL) stated:

"It gives me profound pleasure to report on another year of sustained performance for the Group. Our first half of the current Fiscal Year was a period of significant increase in sales revenue of 26.6% along with an impressive increase in profit after tax of 31.9% as compared to the corresponding period last year. The high realized prices and rising rupee dollar parity translated into encouraging interim results which exceeded the results achieved in the corresponding period of last year."

"The Group expects to carry on the sustained growth trend through focused yet targeted enhanced exploration efforts and quick and timely realization of already discovered fields through expeditious development of the projects at hand. At the same time we are employing state-of-the-art technologies to arrest the natural decline and carry out enhanced recovery at our existing hydrocarbon assets. During the period under review, the Group spudded 14 wells and made one new discovery which will also add to our future volume growth. Group's net oil production decreased by 5.7% and net gas production showed a slight increase of 0.1% when compared to the same period last year. The major source of the oil decrease was from our operated Dhodak field's water encroachment problem and a significant decline from Pindori field which is a non-operated field."

"The Group is well aware of the inflationary cost pressures and is keeping a close watch on the operating expenses and has a robust system in place to check and mitigate the negative cost pressures. Our owning of a fully capable and functional Petroserv directorate also helps in keeping the costs down to a minimum."

"In the end, I feel proud to state and would like to highlight the importance of the Group's most important asset, its second to none human resource, which is vital to the long term sustained growth of the Group. With this dedicated human resource that the Group is so fortunate to possess, I am confident that better times are still ahead of us and the future looks very promising for us and all our stakeholders. "

- Ends -

For further information:

Investor Relations Contact

Usman M. Bajwa

Investor Relations Officer

Telephone: +92 51 920 9888

Fax: +92 51 920 9858

Email: Usman_Bajwa@ogdcl.com

Notes to Editors

OGDCL is the largest petroleum exploration and production, or E&P, company 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 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 31 December 2008 on net basis.

With a portfolio of 40 operated exploration licences, the Company has the largest exploration acreage in Pakistan, covering 30.19% of the total awarded acreage as of December 2008. While its focus to date has been on onshore exploration, the Company has also recently 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 24.093 billion for the six months ended December 31, 2007.

SUMMARY RESULTS

During the period under review, OGDCL continued to deliver sustained performance across all key areas of the business. The operational performance together with high realized prices and rising rupee dollar parity has led to the delivery of encouraging interim results which exceeded the results achieved in the corresponding period of last year. Based on the results achieved during the first half, we look forward to Company's continued progress during rest of this year.

Despite decline in production of Crude Oil and LPG due to high water cuts at Dhodak, natural decline at Dhodak & Lashari fields and mechanical problems at different producing fields, Company's sales revenue and profit after taxation during the period increased by 26.8% and 33.6% to Rs 71.719 billion and Rs 32.069 billion respectively resulting into Earnings per Share (EPS) of Rs 7.46 compared to Rs 5.58 during the corresponding period last year.

A Gas/Condensate field at Kunnar South-1 was discovered by the Company during the period under review. This field is located in District Tando Allah Yar of Sindh Province and has been tested to produce 250 barrels per day of Condensate and 15 MMcf per day of Gas. Reserves assessment of this newly discovered field is currently under the process of evaluation. Subsequently, in February 2009, OGDCL has made another gas discovery at Qadirpur Deep-1

During the first half, OGDCL's daily production on working interest basis averaged 41,573 barrels of Crude Oil, 964 MMcf of Gas, 229 M.Tons of LPG and 66 M.Tons of Sulphur. Eight (8) new wells namely Dakhni Deep-2, Dhodak Deep-1, Nandpur-10, Qadirpur/HR-2, Qadirpur-33, Pasahki-5, Thora-7 and Kunnar-8 were brought into production.

Company acquired 724 L. Kms of 2-D and 581 Sq. Kms of 3-D Seismic data in the various blocks during July-December, 2008 and spudded fourteen (14) new wells including five (5) exploratory/appraisal and nine (9) development wells. Workover jobs on another ten (10) wells were also carried out.

MERGER OF SUBSIDIARY COMPANY

OGDCL's 100% owned subsidiary, Pirkoh Gas Company (Private) Limited (PGCL) was incorporated in 1982 as a private limited company under the repealed Companies Act, 1913 now Companies Ordinance, 1984. The subsidiary is engaged in exploration and production of natural gas and related activities.

The Board of Directors of PGCL and OGDCL, in their meetings held on August 19, 2008 and August 20, 2008 respectively have approved merger of the subsidiary with OGDCL with effect from July 01, 2008. Consequently, on directions of the Honourable Islamabad High Court, Extra Ordinary General Meetings of the members of both the companies were held on December 24, 2008 under chairmanship of the Registrar of Companies to consider and approve the scheme of merger. The members of both the companies have approved the scheme of merger which is subject to sanction by the Honourable

Islamabad High Court. On 28 January 2009, the Honourable Islamabad High Court approved the scheme of merger effective from 01 January 2009.

CHANGE OF COMPANY SECRETARY

The Board of Directors in its 100th meeting held on January 20, 2009 has approved the appointment of Mrs. Eram Ali Aziz as Company Secretary.

FINANCIAL RESULTS

During the first half of the current financial year, Company's product sales revenue increased by Rs 15.166 billion to Rs 71.702 billion, a growth of 26.8% over the same period last year. Increase in sales revenue is mainly driven by higher realized prices and rising rupee dollar parity which contributed Rs 18.059 billion towards increase in sales revenue. Enhanced sales volume of gas also contributed additional amount of Rs 281 million towards sales revenue. However, decline in sales volume of Crude Oil, LPG, Sulphur and other refined petroleum products resulted in a decrease of Rs 3.174 billion in sales revenue.

Net realized prices of Crude Oil, Gas and LPG averaged at US\$ 69.00/bbl, Rs 170.95/Mcf and Rs 39,724/M.Ton respectively compared to US\$ 60.97/bbl, Rs 137.46/Mcf and Rs 35,320/M.Ton respectively during the same period last year.

Profit before taxation for the period was Rs 48.362 billion compared to Rs 34.738 billion for the corresponding period last year, reflecting 39.2% increase in Company's earning performance. This was after taking Rs 3.502 billion written-off in respect of exploration and prospecting expenditure including unsuccessful drilling expenditure. Profit after taxation in the period to December 31, 2008 was Rs 32.069 billion compared with Rs 24.002 billion for the corresponding period last year. Consequently, first half 2008-09 earnings per share (EPS) rose to Rs 7.46 (1H 2007-08: Rs 5.58), an increase of 33.6%.

During the period, net cash from operations after working capital changes and payments of royalty and corporate tax of Rs 19.712 billion, was Rs 24.081 billion against Rs 23.225 billion in first half of last year. Despite increase in profit, increase in net cash from operating activities is comparatively lower because of higher figures of trade debts which increased by Rs 21.073 billion during July-December 2008 as against increase of Rs 8.144 billion during July-December 2007. Payment of Rs 13.347 billion as fixed capital expenditure and receipt of Rs 1.277 billion as interest and dividend income resulted into net cash utilized in investing activities of Rs 11.346 billion against Rs 5.359 billion in corresponding period of 2007-08. Net cash used in payment of dividends was Rs 19.998 billion as against Rs 17.121 billion. Cash flow from operating activities and net cash utilized in investing and financing activities resulted in a net cash decrease of Rs 7.263 billion to ending cash balance of Rs 9.421 billion.

DIVIDEND

Directors of the Company are pleased to declare an interim cash dividend of Rs 1.75 per share (17.5 %). This is in addition to first interim dividend of Rs 2.00 per share (20.0%) totaling to Rs 3.75 per share (37.5 %) for the year ending June 30, 2009.

PRODUCTION

During the first half, Company's average daily net production including its share in operated and non-operated joint venture (JV) fields was as follows:

PRODUCTS	UOM	1st Half 2007-08	1st Half 2008-09
Crude Oil	BPD	44,085	41,573
Gas	MMcfd	963	964
LPG	M. Tons/Day	382	229
Sulphur	M. Tons/Day	68	66

- Daily production has been worked out at 365 days / year.
- Gas production during July-Dec 2008-09 includes subsidiary Company's production 15 MMcfd.

During the first half of current year, Crude Oil production from Company's operated fields decreased by 3.1% (1,149 barrels per day) mainly due to decline in production from Dhodak, Thora, Lashari, Bobi and Chanda fields partially offset by increase in production from Kunnar field and start of production from Moolan North and Chak-66 NE fields. Share of Crude Oil production from non-operated JV fields, mainly from Pindori field, was also on the lower side by 20.7% (1,363 barrels per day) resulted into net decrease in Crude Oil net production by 5.7% (2,512 barrels per day).

Compared with business plan targets of first half 2008-09, Crude Oil production from operated fields was on the lower side by 4.1% (1,564 barrels per day) mainly due to non-achievement of forecast production from Thora, Lashari, Bobi and Qadirpur fields on account of mechanical problems and natural decline at Dhodak and Lashari fields. Moreover, declaration of Dakhni Deep-3 and Dakhni South West (SW) as non producer, delay in completion of Chanda-3 and non-achievement of forecast production from Mela-2 and mechanical problems at Mela-1 also contributed towards lower production numbers. However, production from Sono, Pasahki 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 1,160 barrels per day.

Company's gas production during first half was slightly higher than the business plan targets and actual gas produced during corresponding period. Company's efforts yielded improvements in gas production from Nandpur-10, Dhodak Deep-1, Bahu-4 and Dakhni Deep-2 despite non achievement of gas production targets from Dhodak and Uch fields due to natural decline and less intake of gas by Uch Power Limited (UPL). Due to non injection of Qadiropur-32 on account of excessive water production and delay in completion of Chanda-3 on technical reasons, gas production target of Chanda fields could also not be achieved.

LPG production during the period under review also decreased mainly due to water break through at Dhodak field. LPG production from this field decreased to 29 M.Tons per day from 166 M.Tons per day in the corresponding period. Operational problems at Bobi field and declaration of Dakhni Deep-3 and Dakhni SW as non producer also contributed towards decreased LPG production. Share of LPG production from non-operated JV fields was also on the lower side.

EXPLORATION AND DEVELOPMENT ACTIVITIES

At December 31, 2008, OGDCL was operating in 40 Exploration Blocks (26 blocks with 100% share and 14 blocks as operated JVs) including 5 Offshore Blocks, covering an area of 76,779.49 Sq. Kms and one Reconnaissance Permit over Jhampir covering an area of 1,326.62 Sq. Kms. Exploration Blocks held by OGDCL constitute 30.19% of the Country's total exploration acreage. During July-December 2008, OGDCL surrendered four exploration blocks namely Dhermund, Bagh-o-Bahar, Pakhiwala and Dhok Sultan.

During first half, the Company could not start exploration activities in 12 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. OGDCL's seismic crew has started seismic data acquisition in Kalchas Block in Rajanpur District of Punjab Province. The Company completed geological field work in Kalchas and Shaan E.L., exploration activities in Samandar E.L. will be started after obtaining no object certificate from Environmental Protection Agency (EPA) of Baluchistan.

During the period under review, OGDCL achieved 724 L. Kms of 2-D seismic data acquisition in Bagh South, Hundi D&PL, Khewari, Nashpa South, Sinjoro and Jhampir Concessions and 581 Sq. Kms of 3-D seismic data acquisition in Soghri and Thal South Concessions. The Company also completed 1,493.1 Kms of seismic data processing using in-house facilities in addition to processing of 1,803 L. Kms of 2-D and 1,259 Sq. Kms of 3-D seismic data through out sourcing.

OGDCL carried out drilling operations on number of exploratory, appraisal and development wells. During the period, twenty nine (29) locations were marked on ground, out of which fourteen (14) new wells including five (5) exploratory/appraisal wells namely Dakhni North-1, Wahid Buksh-1, Thatta East-1, Allah Waria-1 & Dhodak Deep-2 and nine (9) development wells namely Chak Naurang-5, Dakhni-11, Qadirpur-34, Qadirpur-35, Qadirpur/HRL-3, Chak Naurang-5A, Pasahki Deep-2, Pasahki-6 and Toot-20 were spudded during July-December 2008. Four (04) more exploratory and development wells were spudded in January/February 2009.

The Company has also been evaluating opportunities for overseas exploration. The formation of consortium to jointly participate in the Algerian bidding round could not materialize; and due to high technical and financial exposure OGDCL did not participate in Algerian bidding round on its own.

Moreover, discussions are underway with KUFPEC for acquiring working interest in one of its Offshore Blocks in Yemen and with Eni in its Blocks in Yemen and West Timor (Indonesia).

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. Upon completion, considerable enhancement in production of Crude Oil, Gas, LPG and Sulphur is expected.

UCH-II Development Project

The Uch Gas Field is located about 67 Km south-east of Dera Bugti in Baluchistan province. OGDCL has drilled 15 wells and is supplying 220 MMcf (106000 million BTU) gas per day to the Uch Power Plant (UPL). After carrying out detail study of Uch Gas Field, it is envisaged that OGDCL is in a position to commit additional 200-220 MMcf per day for 14 to 16 years to a power producer. After completion of the project, sale gas from Uch will be enhanced from 250 MMcf per day to 450 MMcf per day. Basic engineering and tender documents to engage LSTK Contractor completed. Term sheet / GSA being negotiated between OGDCL and UPL. The project is expected to be completed in December 2011, subject to security clearance to start drilling and project development 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 690 MMcf per day of raw 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. However, activities were held up due to litigation in Sindh High Court. Judgment on the issue has recently been announced in favour of OGDCL. In order to mitigate the delay in Front End Compression, M/s ILF (Consultant) were advised to carryout feasibility study for Wellhead Compression on rental / buying basis for the interim period. M/s ILF recommended that Front End Compression is the ultimate solution to sustain production plateau of 690 MMcf per day and to maximize recovery from the field however, Wellhead Compression would help to stabilize production during the interim period of 3 years. Basic design for this purpose has been completed. Letter of intent for procurement of compressors and equipments for Qadirpur Compression Project has been issued. Bids for EPCC Contract for Qadirpur Compression opened on January 15, 2009 and sent to Consultant for technical evaluation. Various other options to arrest the decline are also under consideration.

Dhakni Expansion Project

Dakhni Gas Processing 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 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. The Dakhni Expansion Project is in progress and 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 15 wells, field compression, transport pipeline from Sinjhero to Bobi field, gas treatment plant, recovery and compression system etc. The project will enhance OGDCL production capacity of 2,940 barrels per day of Crude Oil, 25 MMcf per day of Gas and about 224 M.Tons per day of LPG. The award of contract for development of the field was previously under litigation. The Supreme Court of Pakistan has decided the case on September 24, 2008 in favour of OGDCL. Different options are now being explored. The project is expected to be completed in 18 months period after award of Contract.

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

The Kunnar & Pasahki Deep Development Project is located in district Hyderabad in Sindh Province and Tando Allah Yar (TAY) field is located in Tando Allah Yar, district Hyderabad of Sindh Province. 18 wells have been drilled in KPD and 8 wells in Tando Allah Yar.

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: 4,700 Barrels per day and LPG: 325 M. Tons per day. M/s ILF, Consultant were engaged to prepare basic engineering package and tender documents. Different options are now being explored. The project is expected to be completed in 18 months period after award of Contract.

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.

Jhal Magsi Project

Jhal Magsi field located in Dera Murad Jamali was discovered in 2003. It is a joint venture between the OGDCL, Government Holdings Private Limited (GHPL) and Pakistan Oilfields Limited (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.

FUTURE OUTLOOK

During first half of the year, Company's achievements were driven by its strategies of adding Oil and Gas reserves through accelerated exploration and expeditious production. In this regard, aggressive exploration and development activities continued during the period under review. These activities will results into further strengthening of production base and leading to strong financial results and addition of significant value for the share holders.

Based on the exploration, development and production achievements in the first half we anticipate that Company's overall performance will be in line with the expectations and we look forward to achieve the operational and financial targets set in the Business Plan.

The second half of the year will be a period of high exploration and development activities which includes extensive seismic acquisition, aggressive exploratory & development drilling and yield improvement efforts to enhance Oil and Gas production from existing fields. In addition, the Management of OGDCL is actively involved to start development work at newly discovered fields on accelerated pace which upon completion will considerably enhance production of Oil, Gas and LPG.

The Company is in a sound financial position, benefiting from favourable Oil and Gas prices. With high quality and balanced portfolio of growth opportunities and an aggressive drilling program ahead, we have every reason to look forward to the future with confidence.