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OGDCL ANNOUNCES UNAUDITED CONSOLIDATED NINE MONTHS RESULTS TO 31 MARCH, 2007

Oil and Gas Development Company Limited (OGDCL), (Ticker: OGDC), today announced its un-audited consolidated financial results for the nine months ended 31 March, 2007. Financial Statements have been prepared in accordance with International Financial Reporting Standards.

Summary financial results

	Q3 2006 Rupees '000	Q3 2007 Rupees '000	% Change	Nine Months 2006 Rupees '000	Nine Months 2007 Rupees '000	% Change
Average BOE price	1.418	1.243	(12.3)	1.249	1.321	5.8
Net sales	27,371,241	25,635,955	(6.3)	70,486,562	75,312,339	6.8
Profit before tax	19,161,078	16,389,312	(14.5)	48,255,159	47,900,103	(0.7)
Profit after tax	12,945,597	11,571,324	(10.6)	32,966,307	34,496,684	4.6
Earnings per share	3.01	2.69	(10.6)	7.66	8.02	4.7

Summary production results

Products	UOM	First Half July-Dec 2006	Third Quarter Jan-Mar 2007	Nine Months July -06 to Mar-07
Crude Oil (including white products)	Barrels/day	39,578	42,711	40,607
Gas	MMcf/day	894	1,017	934
LPG	Tons/day	366	427	386
Sulphur	Tons/day	61	73	65

Daily production has been worked out at 365 days per annum.

Gas production includes subsidiary company production.

Q3 to 31 March, 2007 highlights:

- Sales revenue of Rs 25.636 billion, decreased by 6.3% over the same period last year, mainly due to decline in oil and gas prices despite slight increase in oil and gas sales volume.
- Net realized prices of crude oil and gas averaged US\$ 49.22/bbl and Rs 139.64/Mcf respectively
- Profit after tax stands at Rs. 11.571 billion compared with Rs 12.946 billion in the comparable period of last year
- Earnings per share of Rs 2.69 verses Rs 3.01 in the previous year
- Additional dividend of Rs 2.00 per share, giving total for the year so far of Rs 5.50 per share

- Two more exploration licenses acquired: Indus Offshore-S and Guddu covering an area of 2,129.91 and 2,093.40 Sq. Kms respectively
- 562 L.Kms of 2-D and 187 Sq. Kms of 3-D seismic acquired
- Three exploratory / appraisal and one development well spudded
- The Company is on course to achieve its target of 41 wells for the full year 2006-07

Nine Months to 31 March, 2007 highlights:

- OGDCL's net sales increased by 6.8% to Rs 75.312 billion from Rs 70.487 billion for the same period last year.
- Net profit before tax stands at Rs 47.900 billion compared with Rs 48.255 billion during same period last year.
- Net profit after tax increased to Rs 34.497 billion, resulting in a 4.6% increase in earnings per share to Rs 8.02.
- Operating and net profit margins stand at 59% and 46% respectively.
- Total dividend declared to date of Rs 5.50 per share.
- Net crude oil production increased 4.9% to 40,607 barrels per day, net gas production fell 1.6% to 934 MMcf per day, net LPG production increased 7.7% to 386 tons per day and net sulphur production was 65 tons per day.
- Average net realized price of crude oil sold was US\$ 53.10/bbl, 7.9% increase on the same period last year.
- Average net realized price for natural gas sold was Rs 144.13/ Mcf, 0.6% decrease on the same period last year.
- 2,513 km of 2D and 412 km of 3D seismic acquired.
- 19 wells spudded.
- Four discoveries made during the nine month period at Mela-1, Pasakhi North East-1, Nim West-1, Unar-1 , will increase daily production by 6,055 barrels of oil and 32 MMCF of gas.
- Following the end of the period, in April 2007, further discoveries were made at Chak-66-North East-1, Dhachrapur-1, Dakhni Deep-1 and Kunnar West-1A, will increase daily production by 2,030 barrels of oil/condensate and 35 MMcf of gas.

Chairman's statement

Commenting on OGDCL's third quarter results, the Chairman and CEO of OGDCL, Mr. Arshad Nasar, said:

"OGDCL's net sales for the period decreased by 6.3% to Rs 25.636 billion, mainly due to decline in oil and gas prices despite slight increase in oil and gas sales volume.

“The company has continued to deliver a healthy operational performance in the third quarter of the fiscal year 06/07, recording strong growth in production across all products and outstripping production levels achieved during the first half of the current year.

“On a comparative quarterly basis, we increased oil and gas production volumes by 7% and 1.6% respectively, reaffirming the positive progress being made toward the achievement of our three year CAGR target. On the back of a strong financial performance, the company expects to further enhance production activity by undertaking workover jobs and increasing our drilling rate over the coming quarter.

“Pursuing our strategy of extensive exploration, OGDCL further expanded its exploration acreage during the quarter through the acquisition of two additional exploration licenses. The company remains focused on undertaking an aggressive exploration and development program, that will deliver sustainable and enhanced production growth and a strong future for our company”.

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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.

With a portfolio of 42 exploration licences, the Company has the largest exploration acreage (80,128.76 Sq. Kms) in Pakistan. This includes two exploration licences namely Guddu and Indus offshore-S granted to the Company in February and March 2007.

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 34.497 billion for the nine months ended 31 March, 2007.

Summary Results

During the third quarter, Company's sales revenue and profit after tax decreased by 6.3% and 10.6% respectively. Despite slight increase in sales volume of oil and gas, sales revenue decreased by Rs 1.735 billion mainly due to decline in gas prices which averaged Rs 139.64 / Mcf during the third quarter compared with Rs 176.39/Mcf in the same period last year. Increase of 14.2% in operating expenses and higher exploration and prospecting write-offs contributed towards decrease in profit after tax by Rs 1.374 billion resulting EPS of Rs 2.69 against Rs 3.01 during comparable period of last year.

Nine months sales revenue increased by Rs 4.826 billion to Rs 75.312 billion representing growth of 6.8% compared to the same period last year. This increase was mainly driven by higher crude oil and LPG prices in addition to a slight increase in sales volume of oil and LPG. Net realized prices of crude oil and gas averaged US\$ 53.10/bbl and Rs 144.13/Mcf respectively over the nine month period.

Growth in sales revenue was partly off set by higher costs relating to an increase in exploration and prospecting activity. This resulted in 4.6% growth in profit after tax to Rs 34.497 billion and earnings per share of Rs 8.02 compared with Rs 7.66 in the corresponding nine month period last year.

Operating expenses were 17.2% higher at Rs 12.580 billion compared with Rs 10.734 billion during the corresponding period last year. This was mainly due to provision of Rs 700 million made on account of charges related to minimum supply of gas to Uch Power Limited.

Exploration and prospecting expenditure increased by Rs 2.615 billion, due to a higher exploration charge reflective of increased drilling activity and increased seismic acquisition activity. The company expects its production growth to improve further in the near and medium term as a result of these activities.

Dividend

The Board of Directors is delighted to announce a third interim dividend of Rs 2.00 per share. This is in addition to two interim dividends of Rs 3.50 per share already declared for the year totaling (Rs 5.50 per share) for the year ending June 30, 2007.

Discoveries

Four more crude oil/condensate and gas discoveries namely Chak-66 North East-1, Dhachrapur-1, Dakhni Deep-1 and Kunnar West-1A have been made by OGDCL in April 2007. These are in addition to four oil, gas and gas/condensate discoveries already made at Mela-1, Pasakhi North East-1, Nim West-1 and Unar-1 during the first half of the current financial year. These eight discoveries have been tested to produce 8,085 barrels per day of oil / condensate and 67 MMcfd of gas. The company's oil and gas production will be enhanced accordingly upon completion of development work at these new fields.

Production

In pursuing its strategy of enhancing its production base, the Company is on target to achieve its CAGR targets of 13% for gas production and 14% for oil production for the three years ending June 2009. The period under review has shown growth in production across all products compared with production during first half of the year. This increase resulted due to improved operational efficiencies at fields / wells, through prompt completion of annual turn around work and work over jobs. The company expects sizeable enhancement in oil and gas production from Mela-1 after the completion of on going development work and installation of early production facilities by the end of current financial year.

OGDCL's daily production, including its share from operated and non-operated joint ventures, was as follows:

	Jan - Mar 2006	Jan - Mar 2007
Crude oil	39,899 Barrels / day	42,711 Barrels/day
Gas	1,001 MMcf / day	1,017 MMcf/day
LPG	389 Tons / day	427 Tons/day
Sulphur	66 Tons / day	73 Tons/day

Daily production has been worked out at 365 days / year. Gas production includes subsidiary company production

The commencement of production at Chanda-2, Sono-8 and Pasakhi North East-1 in the early part of the year has increased crude oil production compared with same period last year.

The Company remains determined to achieve further operational efficiencies across fields / wells, through regular maintenance and repair. Three more workover jobs have been completed during the third quarter making cumulative figures of eleven workover jobs during nine months ended March 31, 2007. Annual routine maintenance of Uch, Qadirpur, Dakhni and Bobi fields was also completed during nine months period.

OGDCL accelerated production at Qadirpur, following a major workover at the plant. As a result, a further 100mmcf of extra production is expected to come on stream from this site in 2008 to meet demand from a new fertiliser plant being constructed by Engro, Pakistan's premier fertilizer manufacturer. A resolution to the Qadirpur pricing question remains unresolved and further discussions with the Regulator are ongoing.

Some delay is expected to the development of the Tando Allah Yar (TAY) and Sinjoro fields due to litigation. This will push back the expected date that these fields will enter production from 2008 to the 2009 financial year. Planned capex will therefore be lower for the 2006/7 financial year reflecting the revised development schedule. In the near-term, this delay will be offset by the recent new discoveries expected to be online before year-end.

Exploration and Development Activities

OGDCL is playing a leading role in developing oil and gas resources in Pakistan. The basic objective of the company is to accelerate its exploration and drilling activities to meet its commitments of exploitation, development and production of national oil and gas resources.

Pursuing its strategy of extensive exploration, OGDCL has further enhanced its exploration portfolio by acquiring two more exploration licenses, namely Indus Offshore-S and Guddu, covering an area of 2,129.91 and 2,093.40 Sq. kms respectively. Presently, OGDCL operates 42 exploration concessions covering an area of 80,128.76 Sq. kms.

During the third quarter, OGDCL has carried out 562 L.kms of 2-D and 187 Sq. kms of 3-D seismic acquisition resulting in cumulative figures for the first nine months of 2,513 L. kms of 2-D and 412 Sq. kms of 3-D seismic survey.

Three exploratory / appraisal and one development well were spudded during the third quarter bringing cumulative figures to a total of 14 exploratory / appraisal wells and 5 development wells, for the first nine months of the year. These wells are currently being drilled and upon completion will contribute to this year's production targets. OGDCL remains on course to achieve its target of 41 wells for the full year 2006/07. We have contracted 6 new rigs and majority of the rigs currently deployed will be available to spud the remaining wells to reach the target of 41 wells by end June 2007.

Besides expanding its onshore activities, OGDCL continued to look at ways of exploring and developing its offshore acreage to augment its oil and gas reserves. Progress in this respect has been achieved by making a joint venture between OGDCL and Petrobras to explore offshore Block-G. A production sharing agreement has also been executed with GHPL over offshore block Indus-S.

Outlook

The company remains on track to commence offshore drilling of Indus E Block before the end of the financial year 06/07, in a joint venture operation with Shell. Development of the Tando Allah Yar (TAY) and Sinjhoru fields have incurred delays during the quarter, and planned capex will therefore be lower for the current financial year.

The Company expects its production growth to improve further in the near and medium term due to an acceleration of development and exploration activities. These activities are reflected in the company's exploration, drilling and development efforts.

Based on operational and financial achievements for the nine month period, OGDCL expects to further enhance production through operational efficiencies at its producing fields/wells, undertaking workover jobs and the drilling of new development wells. Production growth is expected to generate strong operating cash flow which will contribute to the achievement of operational targets.