

3 June 2008

**MEDITERRANEAN OIL & GAS PLC**  
**(the "Company" or "MOG")**

**Ombrina Mare 2 (MOG 100%) Oil Discovery Confirmed**

The Board of Mediterranean Oil & Gas Plc (AIM: MOG) wishes to announce that the appraisal well, Ombrina Mare 2, **has been completed successfully and the Ombrina Mare Oil and Gas Field has been confirmed as a discovery.**

The production test performed on the Ombrina Mare 2 horizontal side track well ("OM2dir") has been completed.

After acidification, the well was spontaneously (ie without any gas lift) producing oil at a rate of approximately 900 Bbls/d of oil with protracted peaks of approximately 1000 Bbls/d and without any formation water (water saturation 1.0 to 3.5%).

The well pressure measurements, during and after oil production, bear very close correlation with the results of the discovery well, Ombrina Mare 1 ("OM1"). The production pressure was stable and, after a period of production, the pressure build up was very rapid.

Initial oil samples tested at 17 API° (OM1: 18 API°).

Earlier testing of the well involving gas injection and between purging sessions resulted in consistent increases in flow rates of between 30% and 50%. Based on these results it can be inferred that if the oil production is facilitated by gas lifting OM2dir should produce in excess of 1200 bbls/day.

Given the complex nature of carbonate reservoirs and associated fracture porosity systems, the flow rates achieved in this first horizontal well drilled into the field are very satisfactory. The well and test results provide MOG with its first data on how the field produces from a horizontal well. The data will enable the Company to determine the most appropriate methods to optimise the oil production rate and the oil recovery factor from future development wells and to establish the most appropriate field development plan.

The OM 2 vertical well and OM2dir have successfully appraised the Ombrina Mare oil field structure to a distance approximately 1.7 km east of the OM1 discovery well.

**OM2Dir Completed as Oil Producer**

The OM2dir well has been completed as an oil producer. Over the next 10 days a small platform will be set up to allow well inspection and maintenance until the field is developed and production can commence. The Galloway Jack-up rig will be released once the platform is completed.

The Italian authorities are currently certifying OM2 as a hydrocarbon discovery which will permit the Company to apply for a production concession once a field development plan is prepared.

### **Gas Field**

As the Company chose to complete the OM2 well as an oil producer it was technically unable to undertake a production test of the several gas bearing Pliocene sands encountered by OM2.

The two runs of logs at OM2 confirmed the presence of several gas sand levels in the middle-upper Pliocene gas sands complex. Significant gas shows from 5 to 12 % (C1) were recorded while drilling OM2 between 1500 to 1800m. These gas sands are associated with seismic amplitude anomalies visible on the seismic image and have a good correlation with the main gas sand levels of the discovery well OM1, where they produced 150,000 to 190,000 scm/day (5.3 to 6.7 MMcf/d) of gas (99% (C1) methane).

The Company will prepare an appropriate development plan to enable development of the Pliocene gas complex at the same time as the oil field. This gas could be used in part to be injected into the carbonate reservoir to facilitate the oil production and increase the oil production rates.

### **Reserves Certification and Next Steps**

The Company will now commission an independent reservoir engineer to certify the Ombrina Mare oil and gas reserves based on the successful appraisal.

5MMbbls of P1 & P2 oil reserves were certified based upon the OM1 results. The successful appraisal by OM2 is expected to enable significant further reserves to be certified from the oil in the carbonate target which was previously categorised as 23 to 60 MMbbls of contingent oil resources (best case to high case) and from the contingent gas resources in the Pliocene gas sand complex (currently categorised as 5 to 9 Bcf of contingent gas resources best case to high case respectively).

The Company will also now appoint technical advisers to assist in preparation of the field development plan and the production licence application.

OM2's success underlines the strong technical and operational skills of the Group's operational office in Rome. The well drilling and test operation was completed safely and without incident.

Sergio Morandi, the Company's CEO, stated:

***"We are delighted with this result. OM2 was the first off-shore well operated by a junior oil & gas company in Italian waters for more than 25 years. For it to have met the Company's expectations is an excellent outcome. The successful appraisal de-risks the project and, particularly as we own it 100%, adds enormous value to the Company.***

*Ombrina Mare is the most important project in the Company's broad suite of quality assets. The successful appraisal of this project is a transformational event for the Company and we expect it will soon enable us to achieve the Company's strategic goal*

*of being a medium sized oil and gas producer and a significant player in the oil and gas industry in the central Mediterranean area. “*

#### **QUALIFIED PERSON**

Sergio Morandi (a director of the Company) holds a first class honours degree in geology from La Sapienza University (Rome) and has over twenty seven years E & P experience spent in oil and gas exploration and operations management and seismic data acquisition, processing and interpretation with ENI, Coparex, ELF, Enterprise Oil, Shell Italia E&P and Shell International E&P. Mr Morandi's last position held was as International Geophysical and Business Advisor with Shell International E&P at EPTS - Centre of Expertise in The Netherlands. His earlier roles include Head of Exploration for Shell Italia E&P and as Head of Exploration and Chief Geophysicist for Enterprise Oil Italiana. Mr Morandi has been a lecturer in Applied Seismology at the Basilicata University in Italy, is a board member of Associazione Mineraria Italiana, is a current member of the European Association of Geoscientists and Engineers, registered member number 563 of the Lazio Geologists' Order and is a registered geological adviser to the Rome and Viterbo Tribunals in Italy. He has compiled, read and approved the technical disclosure in this regulatory announcement. The technical disclosure in this announcement complies with the SPE/WPC standard.

#### **GLOSSARY**

Bbls/d	Stock tank barrels of oil per day
Bcf	billion cubic feet
m	metres
MMbbls	million stock tank barrels of oil
MMcf/d	million cubic feet of gas per day
scm/day	standard cubic metres of gas per day
SPE/WPC	Society of Petroleum Engineers/World Petroleum Congress

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