

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

19 December 2008

**Operational Update**

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**Ombrina Mare Production Concession Application submitted**

**The Board of Mediterranean Oil & Gas Plc (AIM: MOG)** wishes to announce the latest operational update.

**1. Ombrina Mare Oil & Gas Field – MOG Operator; MOG 100%**

The Company has submitted its application to the Italian Ministry of Economic Development (“MSE”) for an offshore production concession over the Ombrina Mare Oil & Gas Field.

The application for the production concession to permit development of the Ombrina Mare Oil & Gas Field was prepared on schedule, following the completion of:

- the independent oil & gas reserves assessment by Studio Ingegneria Mineraria (‘SIM’)
- formal recognition of the hydrocarbon discovery by the Italian Authorities
- completion of the OBM 2 dir temporary platform and certification of its compliance from RINA (the responsible Italian authority)
- the feasibility study for the Field Development Plan (“FDP”) prepared by PROGER Engineers.

The Company estimates that the technical and environmental approval process should be completed by Q1/Q2 2010 and that the production concession should be granted by Q2/Q3 2010. The process to concession award is:

1. publication of the application for concession;
2. technical approval of the work program and FDP by the State Technical Committee;
3. preparation of the Environmental Impact Assessment Study (“EIAS”) and submission of EIAS to Ministry of the Environment for its approval;
4. concession award from MSE.

The Ombrina Mare Production Concession Application covers an offshore area of approximately 150 sqkm.

The FDP has been designed to produce the 20 MMbbls and 6.5Bcf of certified 2P oil and gas reserves from the Ombrina Mare Oil and Gas Field. The proposed development has:

- a single production platform at the OM2dir producer well location
- 5 development wells (including the already completed and suspended oil producer OM2dir) two of which will have a double completion for oil and gas
- 1 FPSO plant designed for a maximum oil production of 10,000 bbls/d and to store up to 50,000 tonnes of oil
- a 12km submarine gas pipe line to connect directly offshore the produced gas from the Ombrina Mare area to an existing gas production plant.

The current estimated capital expenditure for the FDP is 150 to 170 million euro based on oil services prices prevailing in 2008. The Company anticipates that it should be able to achieve significant capex savings as the oil services market is expected to become more competitive in 2009 and 2010 which is when we will be seeking bids to perform the work.

Oil and gas production from the main Ombrina Mare field should progressively reach 5,000 to 7,500 bbls/d of oil and 3.5 MMcf/d of gas. Production is scheduled to start in late 2011 once all of the development wells have been drilled and the production facilities are in place.

An additional and contingent development plan has also been submitted in the application for the oil and gas production concession. The additional plan is directed at obtaining the approvals to appraise and explore the additional contingent and prospective oil and gas resources identified inside the production concession area, once the main Ombrina Mare Oil and Gas Field is in full production.

#### Ombrina Mare - Background:

In 2008 MOG drilled the offshore Ombrina Mare 2 vertical (“OM2”) and horizontal (“OM2dir”) wells that confirmed the presence of the oil and gas fields and successfully appraised the Ombrina Mare oil field structure to a distance approximately 1.7 km east of the OM1 discovery well.

Oil is trapped in a Miocene and Cretaceous carbonate platform reservoir and gas is trapped in 16 sand levels in the middle-upper Pliocene gas sands complex. The OM2dir well was producing 17- 19 °API oil at a rate of approximately 1000 Bbls/d without any formation water. OM2Dir well was completed as an oil producer and a temporary platform has been set up.

Whilst drilling OM2, significant gas shows from 5 to 12 % (C1) were recorded in the Pliocene sand complex between 1500 and 1800m. Most of the Pliocene gas sands were associated with direct hydrocarbon indications such as seismic amplitude anomalies and/or amplitude versus offset visible effects on the seismic image and had a good correlation with the main gas sand levels of the discovery well OM1 (where the same sands produced 150,000 to 190,000 scm/day (5.3 to 6.7 MMcf/d) of dry gas (methane (C1) 99.5%)).

The Company chose to complete the OM2 well as an oil producer and therefore for technical reasons it was not possible to also undertake a production test of the several gas bearing Pliocene sands encountered by OM2.

P1 & P2 Oil Reserves of 20 MMbbls of recoverable oil were certified by independent reserve engineers in June 2008 and P1 & P2 gas reserves of 6.5 Bcf of recoverable gas were certified by independent reserve engineers in September 2008.

	Reserves		Resources	
	P1 & P2	P3	Contingent (best to high case)	Prospective (best to high case)
Ombrina Mare - Oil	20 MMbbls <sup>1</sup>		11 to 18 MMbbls <sup>2</sup>	
Ombrina Mare – Gas	6.5 Bcf <sup>1</sup>	2.9 Bcf <sup>1</sup>	2.8 to 3.43 Bcf <sup>2</sup>	
Other prospects – Oil				10 to 20 MMbbls <sup>2</sup>
Other Prospects – Gas				4.0 to 8.0 Bcf <sup>2</sup>

<sup>1</sup> Certified by SIM

<sup>2</sup> Company calculation

## **2. Italy – S.S. Bernardo permit - exploration well Monte Grosso 2 (“MG2”) (MOG Operator; MOG 22.89%)**

MOG and its JV Partners have recently agreed to reschedule the drilling of the Monte Grosso 2 Well to the year 2010.

Sergio Morandi, the Company’s CEO, stated:

*“Submitting the Ombrina Mare Production Concession Application just 6 months after the OM2 discovery represents a major operational success for our Company and confirms the Company’s technical and operational ability to deliver on schedule. Our team continue to achieve major milestones on the path to developing Ombrina Mare and to our goal of becoming a medium sized oil and gas producer. We believe that Ombrina Mare development will benefit strongly from declining drilling and construction cost during the development phase and commence production at a time when we also expect there to be an improved oil price environment. ”*

### **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	barrels of oil per day
Bcf	billon cubic feet of gas
FPSO	floating production, storage and offloading
MMbbls	Million barrels of oil
Km/ sqkm	kilometres/ square kilometres
MMcf/d	million cubic feet of gas per day
P1 & P2 or 2P	proven plus probable reserves
SPE/WPC	Society of Petroleum Engineers/World Petroleum Congress

### **ENQUIRIES:**

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