

9 December 2010

## **MEDITERRANEAN OIL & GAS PLC** **(AIM: MOG)**

(The “Company” or “MOG”)

### **Operational Update**

The Board of Mediterranean Oil & Gas Plc (AIM: MOG), the central Mediterranean focused producer, developer and explorer of oil & gas assets, is pleased to provide the following operational update.

#### **Italy – concession AC 35 AG - Guendalina Gas Field (MOG 20% interest, ENI 80% interest and operator)**

Following the award of the production concession on 14 December 2009, field development began in April 2010. Two production wells are planned along with an offshore platform. A subsea line will tie the platform back to the ENI Tea platform and other ENI offshore production facilities.

ENI, the operator, has informed the Company that the field development plan is progressing on schedule. Engineering and Procurement activities are progressing and the fabrication of a platform Jacket and Deck are ongoing.

Based on the above update, previous estimates of the development timetable are confirmed as follows:

- installation of the platform and the drilling of the two development wells expected in first half of 2011.
- gas production and associated revenues expected to commence in September 2011.

Background:

The Guendalina gas field is located 25km off the northeast coast of Italy in 42m of water, outside of the current limitations introduced by law on Italian offshore E&P activities. Reserves for the Guendalina field, as estimated by ENI, are 19 Bcf proven (3.8 Bcf net MOG ) and 22 Bcf (4.5 Bcf net MOG ) proven plus probable. An additional 5 Bcf (1.0 Bcf net MOG) of potential gas resources will be assessed during the development drilling campaign. Based on studies performed by ENI, the aggregate gas production from the field is expected to be 15 to 20 MMcf/d (100% basis); 3 to 4MMscf/d net to MOG.

#### **Tunisia - Medjerda permit (MOG 25%, Carthago Oil 10%, Range Petroleum 65% and operator)**

The Medjerda permit is held by Malta Oil Pty Ltd, a subsidiary wholly owned by MOG. The second extension of the Medjerda permit onshore Tunisia expired on 6 December 2010.

- MOG holds a 25% working interest in the Medjerda Permit.
- Because of the frontier exploration environment of the permit associated with high exploration cost and high to very high risk exploration prospects, the Company decided to relinquish its interest in the Medjerda Permit.
- A potential contractual net liability of approximately €350K could be requested from Malta Oil as a consequence of its decision to withdraw without completing the exploration work program.

Background:

- Seismic and geological evaluation has been underway since 1995 and identified some frontier exploration leads.
- In 2008, the Company drilled an exploration well (Teboursouk 1) to a depth of 2,454m, encountering two wet target formations; cut fluorescence was recorded on cuttings in both reservoirs.

Sergio Morandi, the Company's CEO, stated:

*"Commencing the Guendalina field's gas production on schedule will allow MOG to triple its current annual rate of net gas production from Q4 2011 and assure significant new cash flow.*

*Due to challenging economic circumstances the Company needs to be selective in managing the E&P business by prioritizing only the key investments for the Group. This is the main reason behind the decision to withdraw from the Tunisian frontier exploration venture."*

**GLOSSARY**

2P reserves  
scm/Mscm

Proven plus probable reserves  
Standard cubic metres/million standard  
cubic metres  
Society of Petroleum Engineers/World  
Petroleum Congress

SPE/WPC

**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 thirty 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.

**ENQUIRIES:**

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