

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

**SERRA SAN BERNARDO LICENCE – DRILLING OPERATIONS APPROVED**

5 October 2006

The Board of Mediterranean Oil & Gas Plc (AIM: MOG), an oil and gas production, development and exploration company, is pleased to announce that the joint venture holding the Serra San Bernardo exploration permit has approved the drilling of Monte Grosso 2 exploration well (MG2).

The MG2 well is located immediately north of the Monte Alpi Oil Field, one of the largest oilfields in continental Europe, and the Tempa Rossa Field which has recently been cleared for development by Total.

**Serra San Bernardo exploration permit – Monte Grosso prospect**

The Company's wholly owned subsidiary, Intergas Piu' ("IGP"), currently owns 20% of the Serra San Bernardo exploration permit and is the Operator on behalf of its joint venture partners, which include ENI and Total, both of whom have agreed to participate in the MG2 well.

The Serra San Bernardo exploration permit contains the Monte Grosso prospect, which is located on a similar trend to the Italian Southern Apennines major producing oil fields Monte Alpi, which is ENI operated and produces approximately 95,000 bbls/d and Tempa Rossa, which is currently under development by Total.

The Company has completed a comprehensive geological and geophysical re-interpretation of the area of the Monte Grosso prospect. The Company has updated its resources study including a review of the volumetric estimates of the prospective resources and oil in place in the Mesozoic oil bearing carbonate reservoirs and revised the estimated resources in the prospect using a MonteCarlo statistical approach. The revised estimates are:

- Best Estimate oil initially in place (“STOIIP”) is now 1,250 MMstb (100% basis)
- Best Estimate Prospective Resources has been increased to 280 MMstb (100% basis).

The Company is in advanced negotiations with ENI for a service agreement which will include the use of one of ENI's rigs to drill the prospect. Drilling on the MG2 well is expected to begin in the third quarter of 2007, with the objective of reaching a predicted total depth of 6,900 metres.

Environmental impact studies for the drilling approvals and the upgrade of the staging area of MG2 are already underway.



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