

Mediterranean Oil & Gas

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Mediterranean Oil & Gas ups resources at Ombrina Mare Field

Wider events in the global markets continue to overwhelm sentiment towards many companies, including many solid oil and gas production and development like Mediterranean Oil & Gas (AIM: MOG). Today, Mediterranean Oil & Gas announced further news from its Ombrina Mare Oil & Gas Field, offshore Italy, but the market took little notice.

The Company reported a Proven plus Probably (P1+P2) gas reserve on the field of 6.5 billion cubic feet, with a further 10 billion cubic feet of Possible Gas Reserves (P3). The gas resources report is in addition to the 20 million barrels of P1+P2 reserves of recoverable oil already certified at Ombrina Mare, and reinforces the group's conviction that the field has the potential to move the company up to a mid-sized oil and gas producer.

Mediterranean Oil & Gas was able to report the gas reserve after completing an assessment of the Pliocene Gas Sand Complex, which was a secondary target when the company initially drilled the Ombrina Mare 1 & 2 wells targeting oil. Interestingly, the company noted that the current gas resource calculation was based on 11 of the 16 gas levels intersected while drilling the Ombrina Mare 2 well and there is 'significant' upside in other prospects on the permit and other gas sands and oil targets on the field that have not been tested yet.

"There are additional unappraised structures on the Permit (notably OM South and OM South East) which are still being reassessed. Once this process is completed the Company will be able to announce revised prospective oil resources numbers," the company added.

The new gas reserve also boots the economics of the field development, highlighted by the company today, as it said it was considering the development of 2 or 3 gas production wells that could potentially be drilled from its oil production platform. Clearly developing both the gas and oil fields from the same platform would substantially enhance the economics of the project, a point certainly not lost of Mediterranean Oil & Gas.

"Engineering consultants have been appointed to assist MOG in the preparation of the field development plan and the production licence application. The feasibility study on the field development is progressing as scheduled and the Company anticipates that it will be able to complete a development plan, which provides for development of the Pliocene gas complex at the same time as the oil field, in time to allow the submission of the application for the Production Concession to the Italian Authorities as scheduled by November 2008," the company said.

Sergio Morandi, the Company's CEO, summarised:

'Following the OM2 and OM2dir well results, the independent reserves assessment now certifies in addition to 20 MMbbls of P1& P2 of oil reserves, 6.5 Bcf of P1+P2 gas reserves that add substantial additional value to the discovery. The Ombrina Mare gas increases MOG's total 2P gas reserves by more than 60% from 10.2 Bcf to 16.7 Bcf. Ombrina Mare continues to produce excellent results that are propelling us to our goal of being a medium sized oil and gas producer.'

Share Information

Code: MOG
Listing: AIM
Sector: Energy
Website: www.medoilgas.com

Company Synopsis:

Mediterranean Oil & Gas Plc is an AIM listed Petroleum Company which has production, development and advanced exploration oil and gas assets. Mog holds operating rights on a significant number of its assets and has positive, ongoing cashflow derived from production. MOG has experienced long standing management who are well versed and connected to the Italian regulatory process.

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