

# Gulf Keystone Petroleum



May 2008



## **A. 2007 In Context/ Overview**

## **B. Gulf Keystone's Projects:**

### **Algeria**

#### **1.1 GKN/ GKS Oil Production**

#### **1.2 HBH Gas Field and Exploration**

### **Kurdistan**

## **C. Strategy Round Up**



## 2007 In Context/ Overview



## Production

- Block 126 GKN/ GKS development plan approved by ALNAFT effective from the 10 October 2007 resulting in Gulf Keystones maiden entitlement to production from GKN-1 averaging 1,539 bopd gross during October to December 2007 (462 bopd entitlement basis)



## Development

- Hassi Ba Hamou (HBH) exploration (3 wells) and appraisal (3 wells) underway following completion of the 2D and 3D seismic programmes

## Exploration

- Two Production Sharing Contracts (PSC's) signed in the Kurdistan Region of Northern Iraq – Shaikan (GKP Operator) and Akri-Bijeel (MOL Operator)





## Non Executive Directors

Jeremy Asher

Mehdi Varzi

## Board

Todd Koziel <sup>(1,2)</sup>  
Executive Chairman &  
Chief Executive Officer

Ewen Ainsworth <sup>(2)</sup>  
Finance  
Director

Ali Al Qabandi <sup>(1) (2)</sup>  
E.V.P  
Business  
Development

## Management Team

Mohamed Messaoudi  
Country Manager Algeria/  
Adnan Samarri  
Country Manager Kurdistan

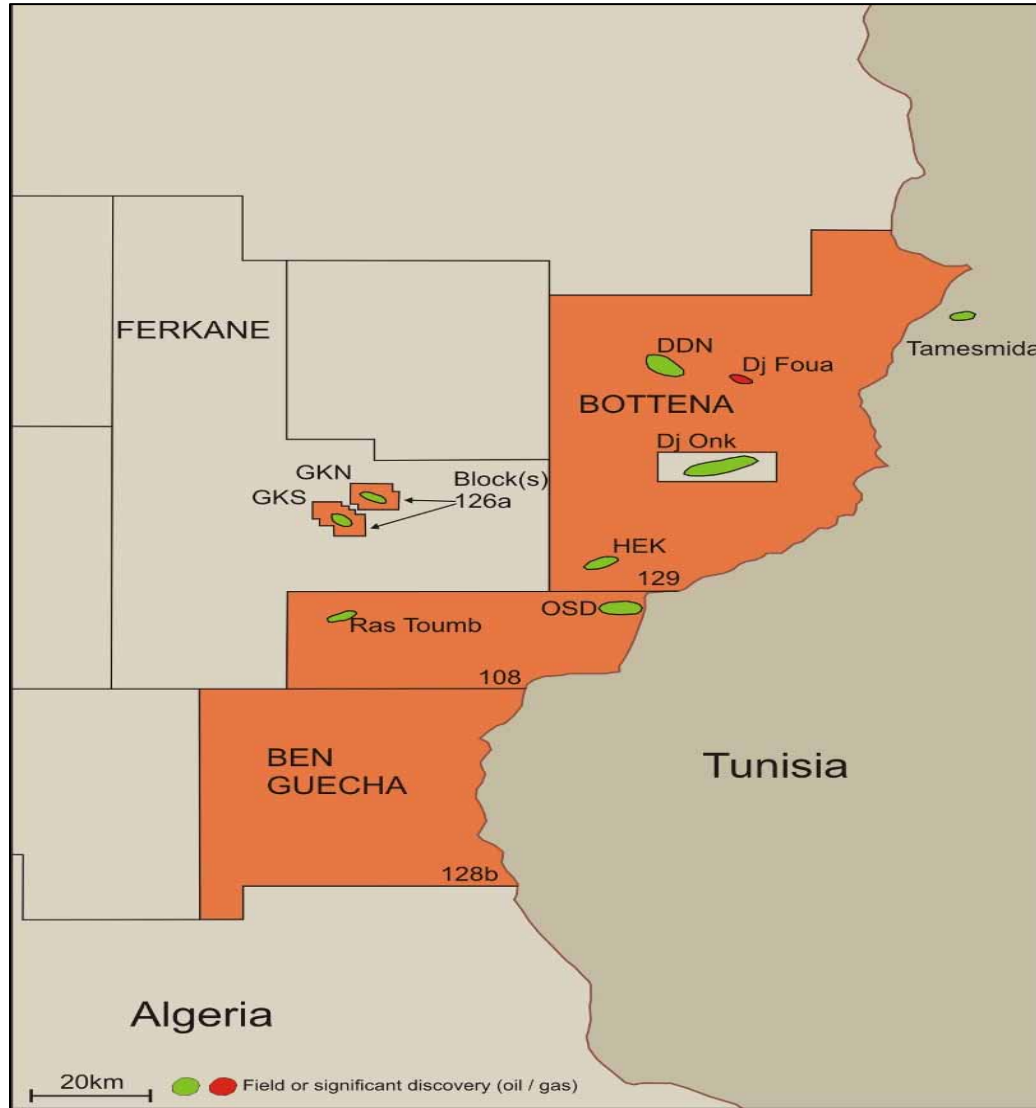
Ibrahim  
Alkhalidi <sup>(1)</sup>  
Chief Operating  
Officer

Chris Garrett  
V.P  
Operations  
& MD UK

- Improved shape of business – production, development, exploration
- World class assets in 2 major hydrocarbon provinces – strategic footprint
- Leveraged to robust and upward oil price environment and increased production
- Cash to meet commitments based on production and cash balance
- Current production self financing
- Unencumbered assets
- De-risked HBH gas development
- Major reserve add potential in Kurdistan and Algeria
- Experienced E&P industry management team



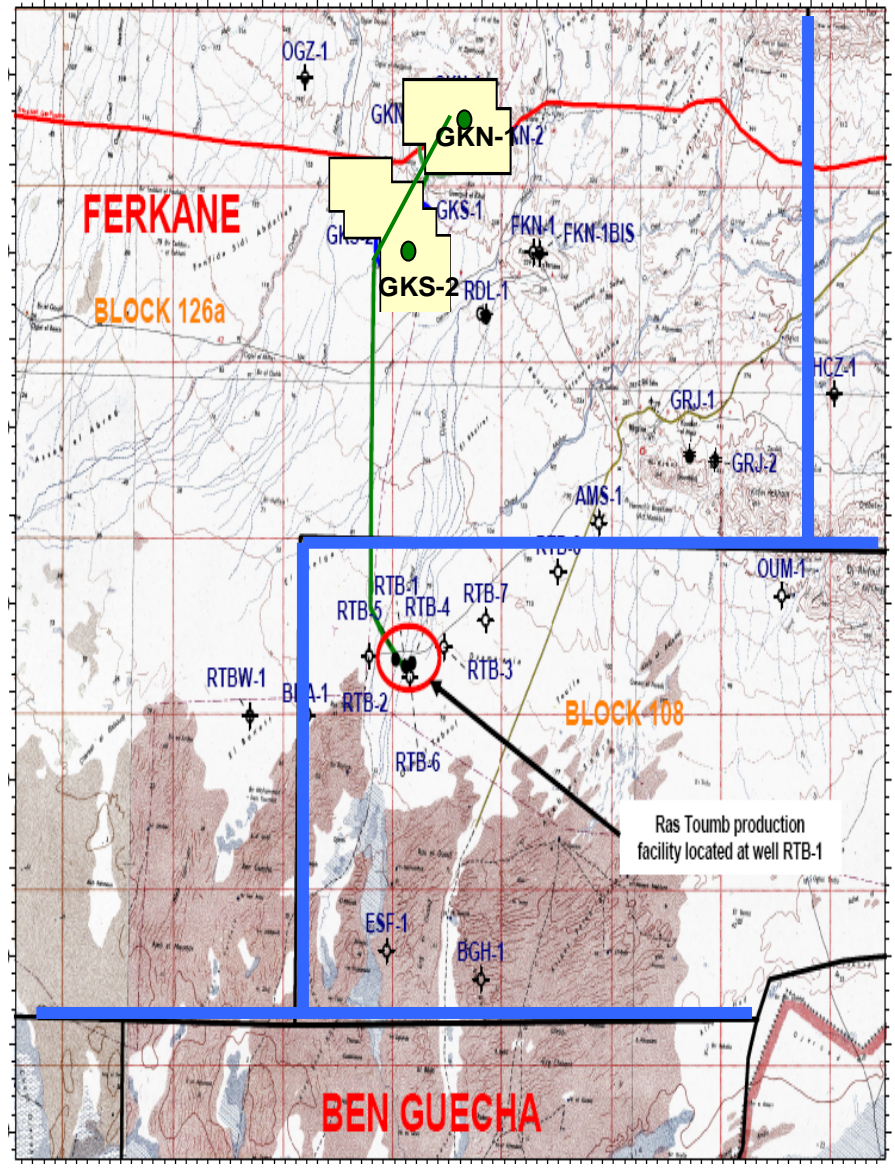
# **GKN/ GKS Oil Production**





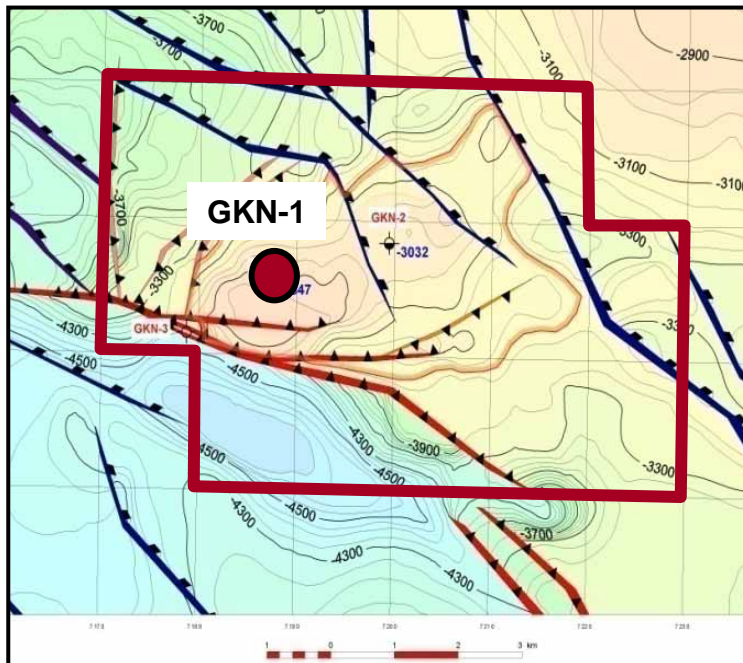
- GKN/GKS Development (60% GKP)
- GKN-1 currently in production
- 3 mmbbls estimated from existing wells GKN-1, GKS-2\*
- GKS-2 to be brought into production
- Pipeline from GKN-1 to Ras Toumb passes within 2.3 kms of GKS-2
- Once GKS-2 in production, GKN-1 to be worked over
- Initial production estimated at 3,000 bopd gross, 882 bopd GKP entitlement basis after both wells worked over\*
- Pipeline and facilities upgraded
- Capital and operating expenditures funded from field production net positive cash flow for corporate operations

\*GKP Estimate



Acreage : 45.20 sq.km

Discovered in 1988, reservoir depth 3,200m (TD 3,628 m)



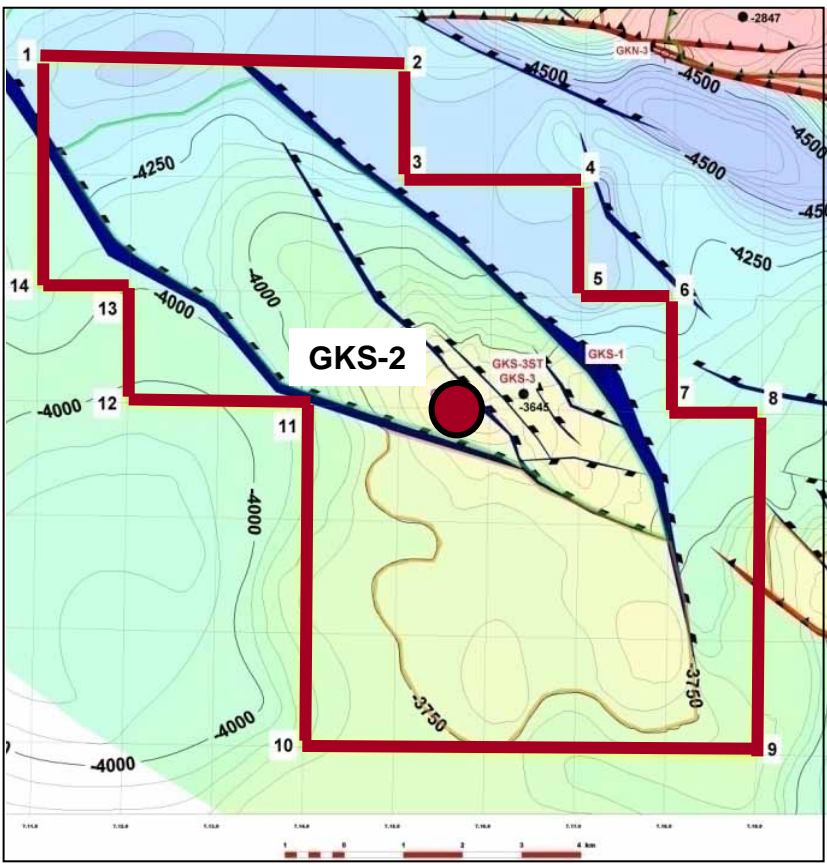
GKN-1 has been produced by Sonatrach on behalf of GKP / SH since 10 October 2007

It has produced 244,000 bbls to 31<sup>st</sup> March 2008

Currently producing at a rate of 1,100 bopd

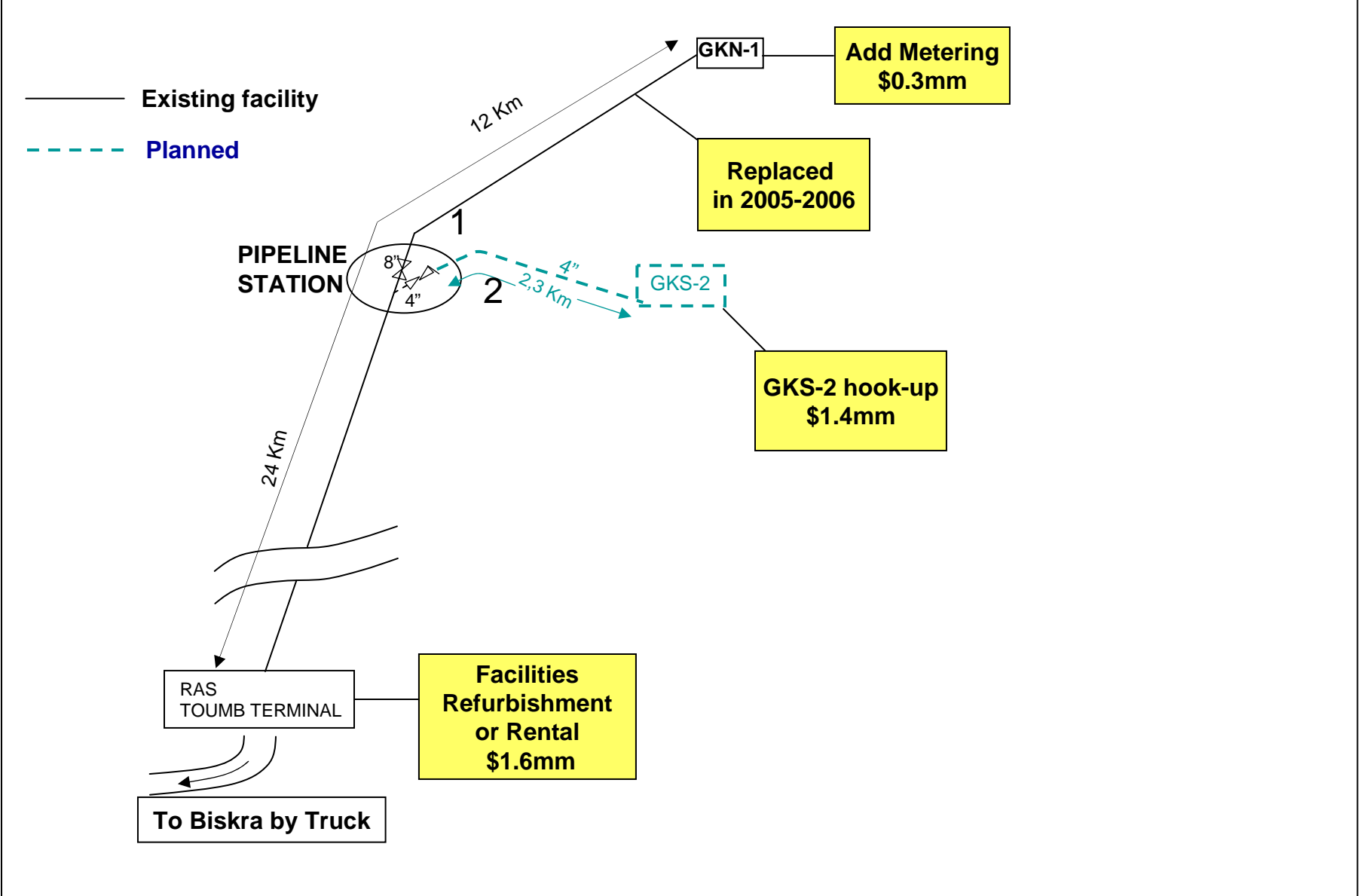
Acreage : 87.60 sq.km


Discovered in 1994, reservoir depth 3,350m (TD 4,370m)




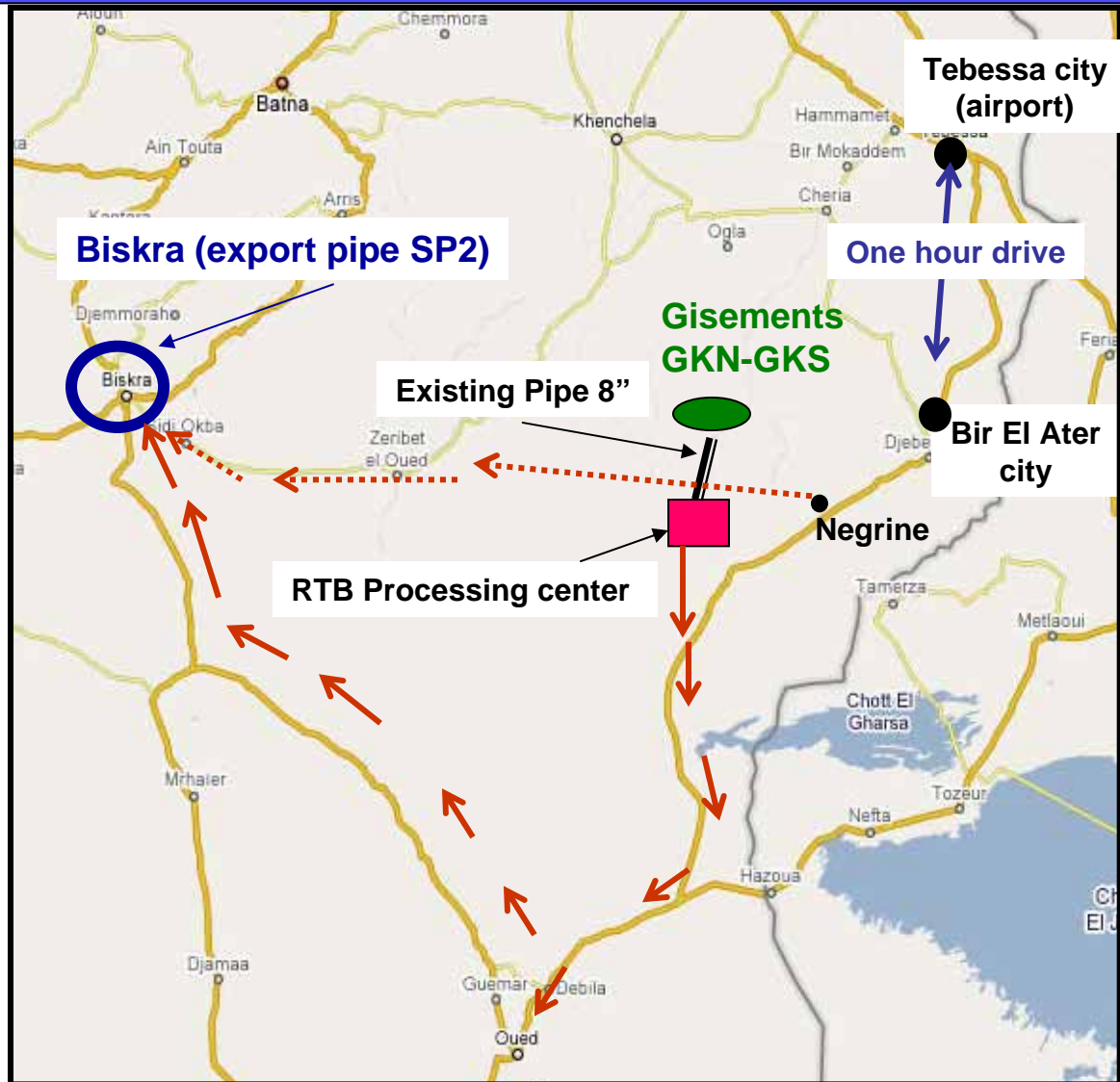
In 2005 GKS-2 tested at a rate equivalent to 4,600 bopd.  
GKS-2 has been suspended temporarily

# Refurbishment of Pipeline and Facilities



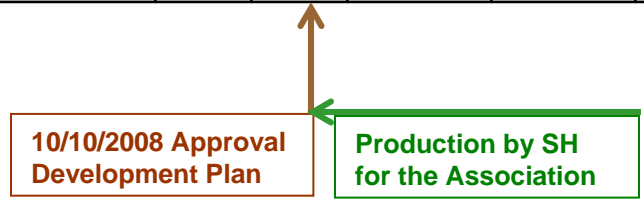
 Actual transport by Truck  
From RTB to export pipe at Biskra

 New road under construction



# GKN & GKS Fields - 2008 & 2009 Development Plan Schedule

	2007		2008				2009				
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
GKN-1 Production	█			█				█			
Set up Joint Operating Group (OC)				█							
Office / Accommodations					█						
GKN-1 Workover					█						
GKS-2 Hook up & production					█	█					
Facilities upgrade & replace						█					





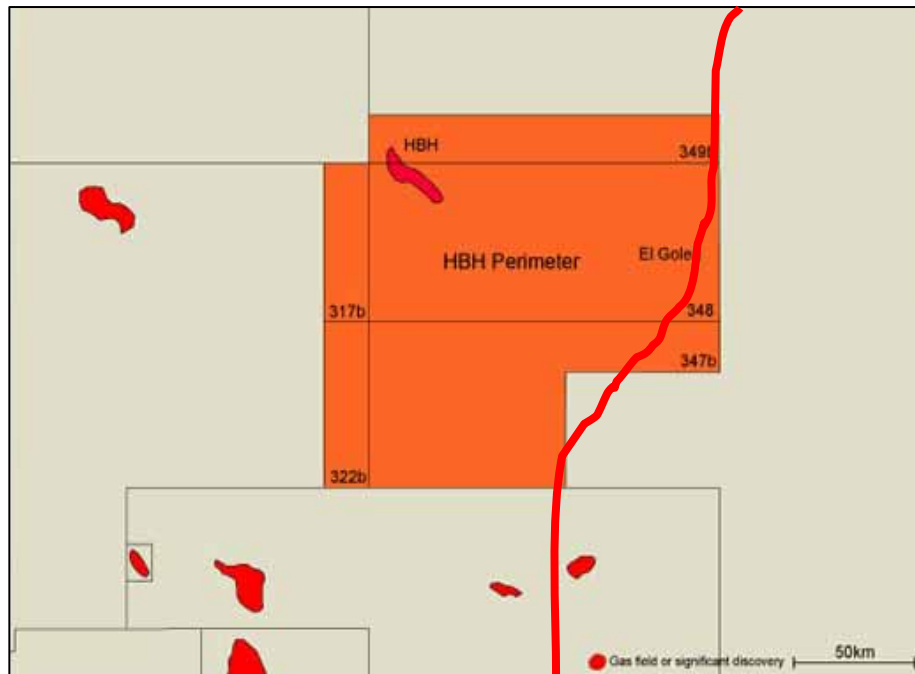
# **HBH Gas Field and Exploration**



- Awarded in the 6th International Bid Round in April 2005
- The area covers approximately 18,380 sq km's
- The HBH Field was discovered in 1965 by SONATRACH prior to the existence of the In Salah gas pipeline. The field is presently delineated by 4 wells.

- In August 2006, Gulf Keystone and its partner SONATRACH, signed an agreement with BG Group. Under the agreement, BG acquired 49% of Gulf Keystones interest in Hassi Ba Hamou and assumed the role of operator

Gulf Keystone	38.25%
BG	36.75%
Sonatrach	25.00%







- **Phase 1 work program (post BG farm in)**

## **Seismic acquisition**

- 2000 line km 2D seismic Completed 2047 km Dec 2007
- 500 sq km's 3D seismic Completed 533 sq km Dec 2007

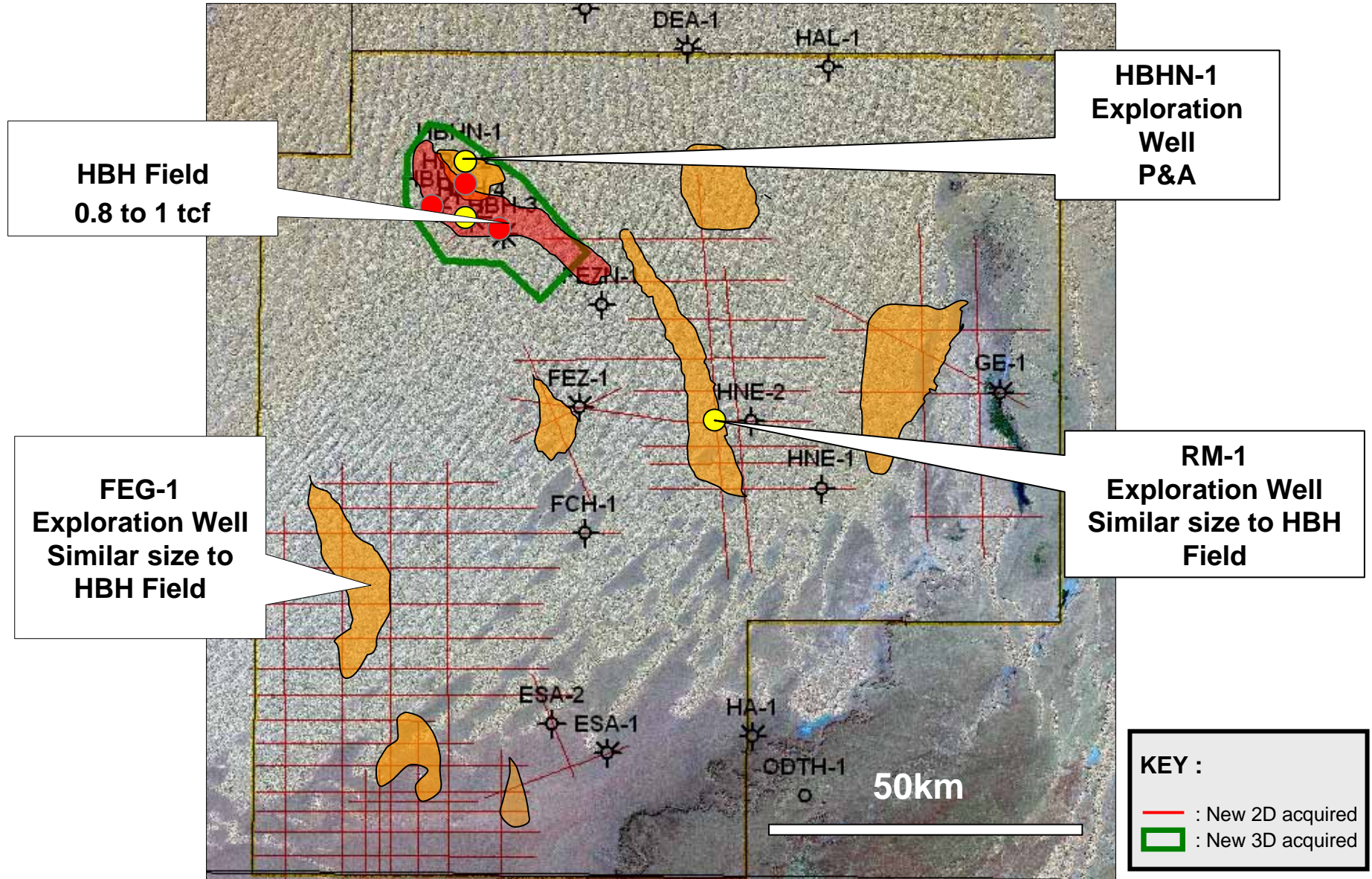
## **Drilling**

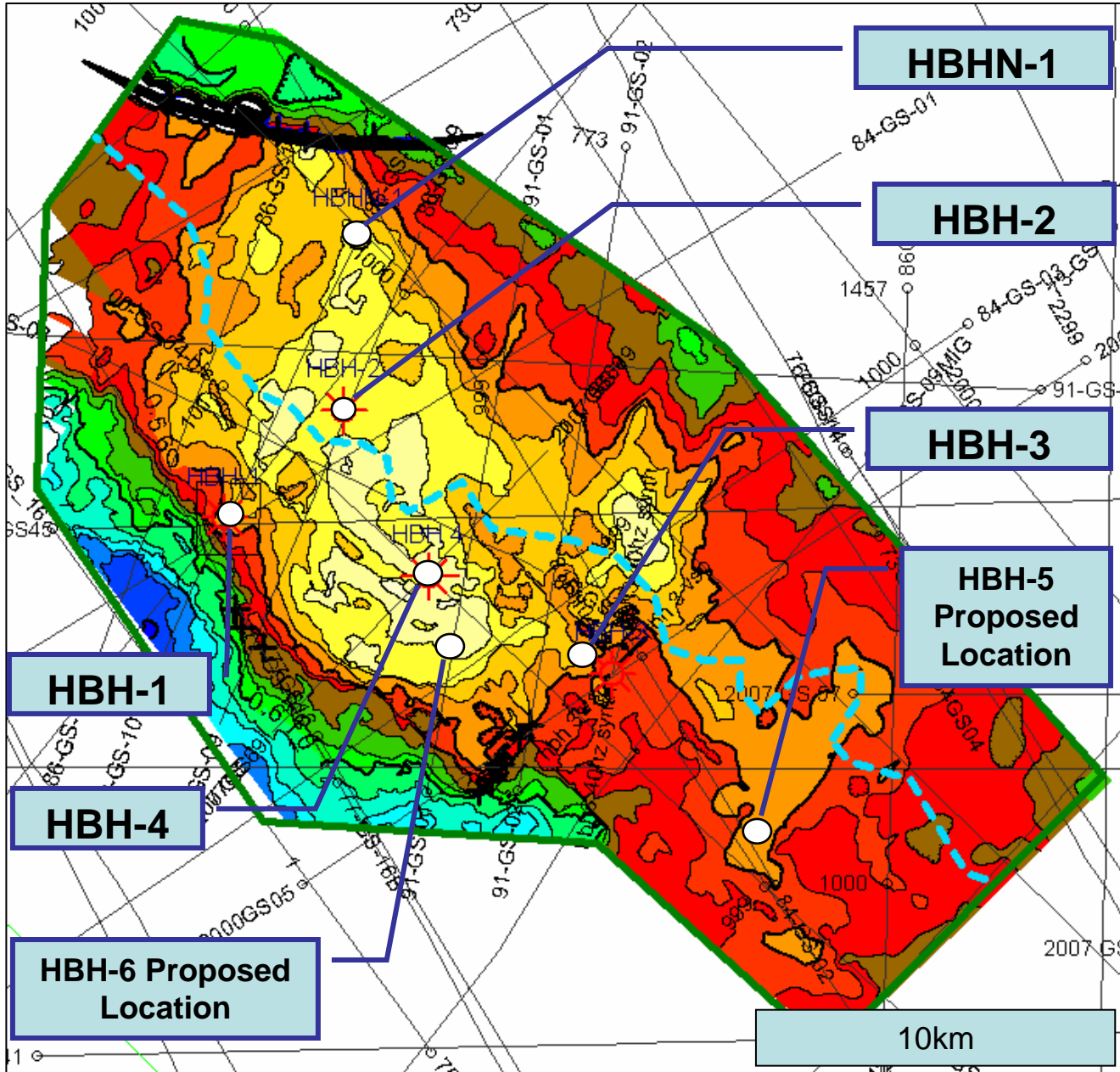
- 3 appraisal wells HBH-4 suspended (gas well) tested 10.8 mmcf/day
- 3 exploration wells  
HBHN-1 P&A spudded 8<sup>th</sup> March 2008  
RM-1 spudded 7th May 2008 currently drilling

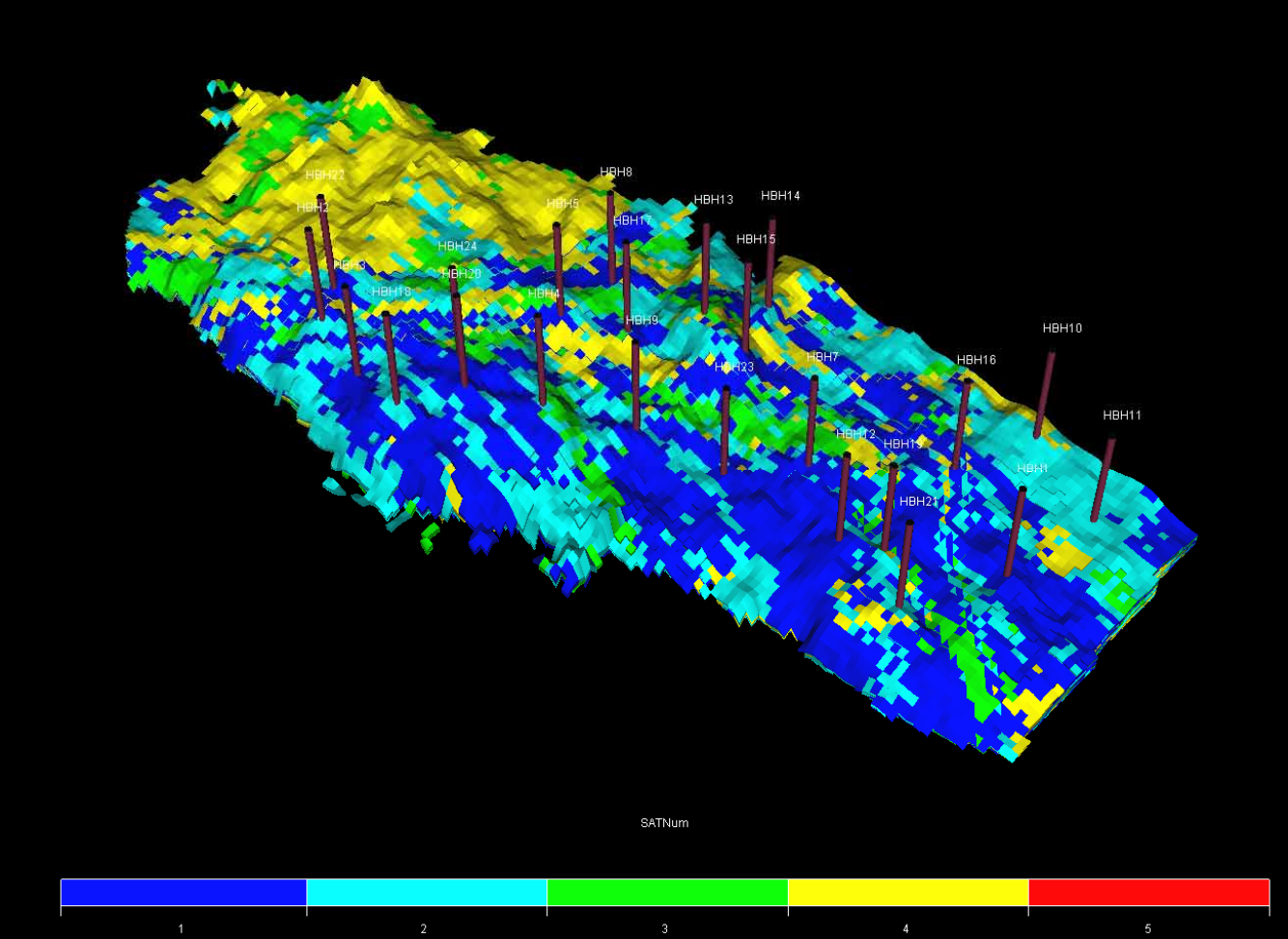
Completion of the above work programme completes obligations

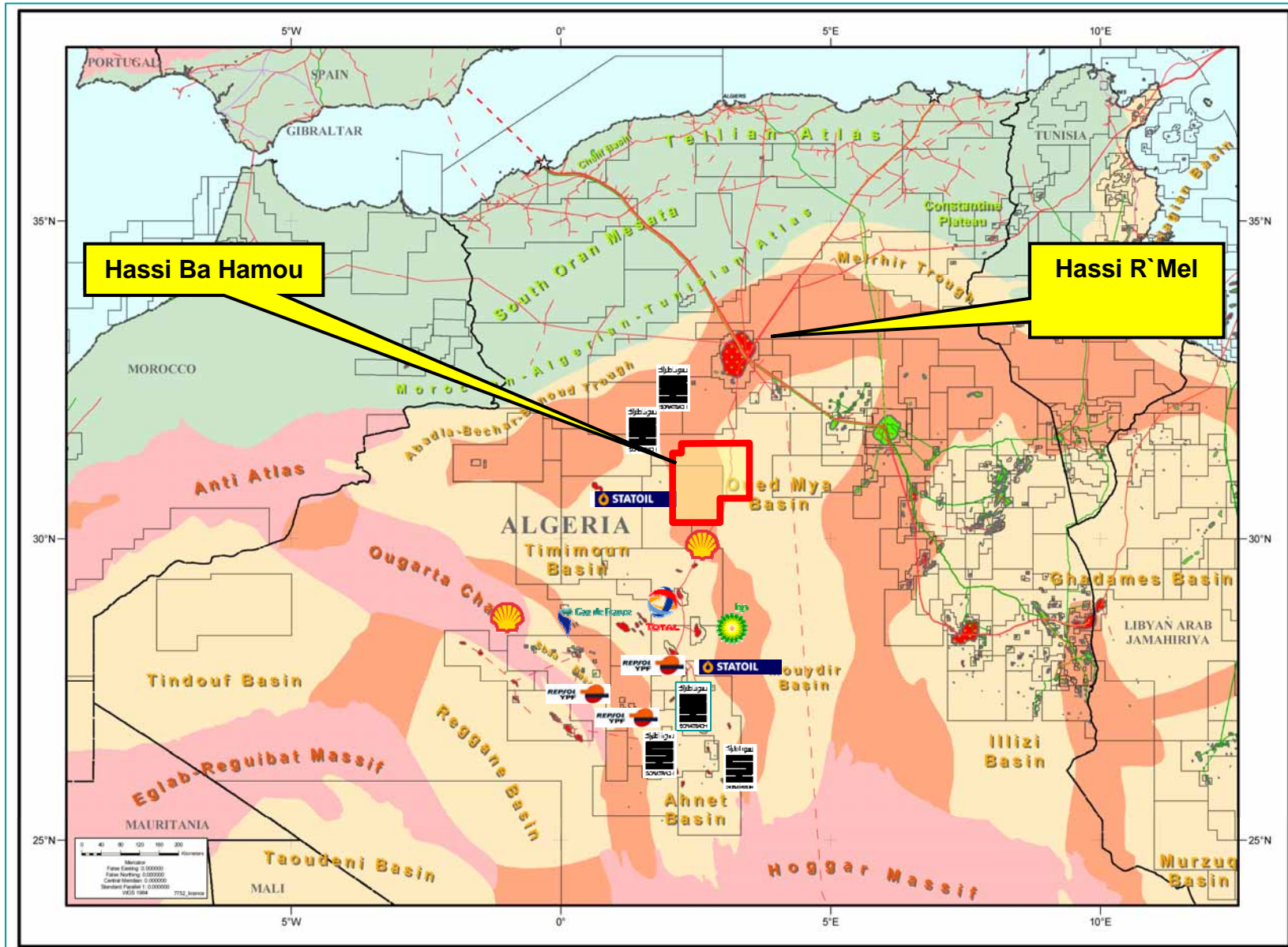
Currently considering options with regard to extending Phase 1 which expires at the end of September. Possibility to extend Phase 1 or go into Phase 2 (optional).

Considering HBH Gas field development options with BG. Other areas dependent on the outcome of exploration drilling and Phase 1 extension or going into Phase 2





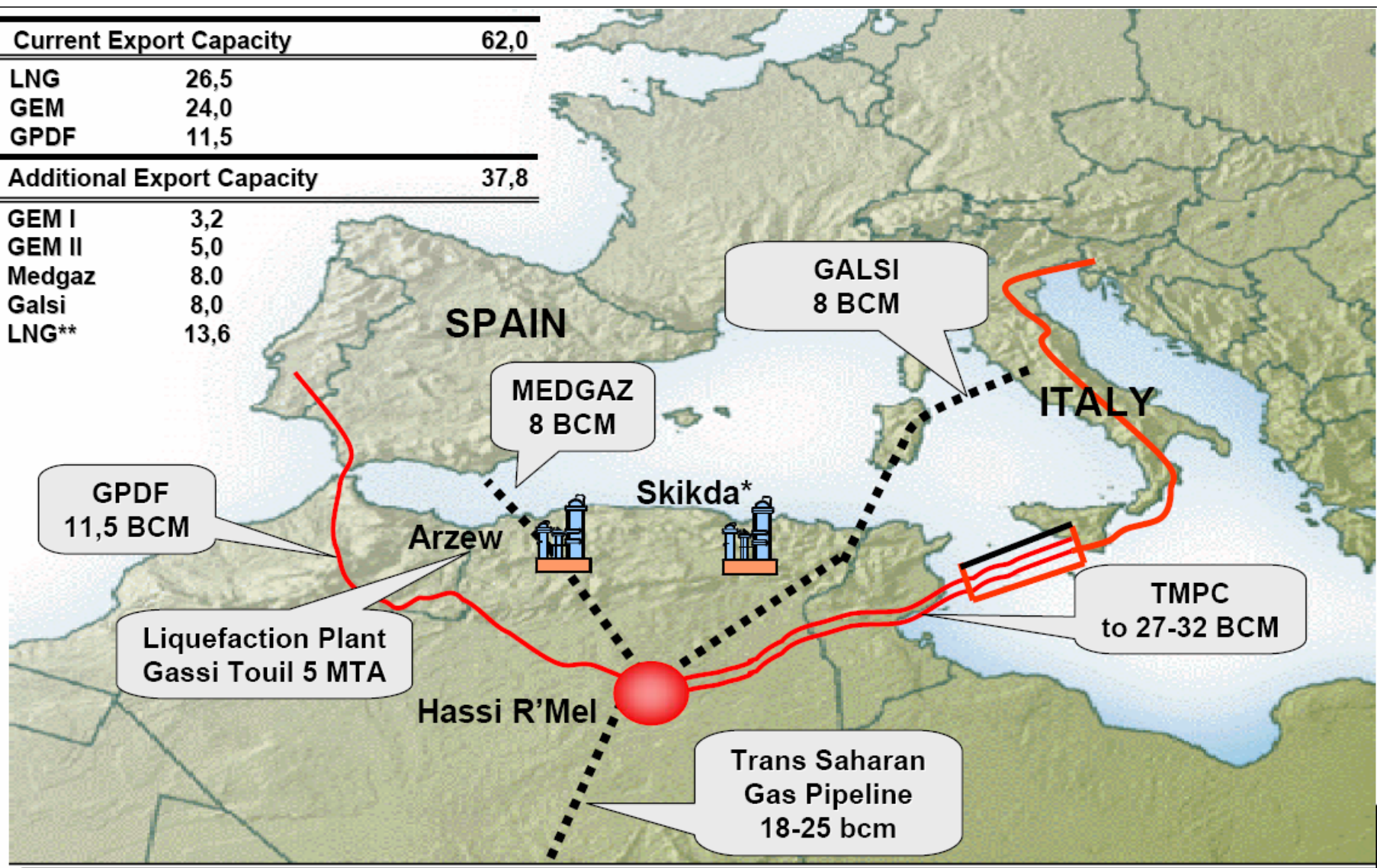




# Algeria Gas Export Infrastructure

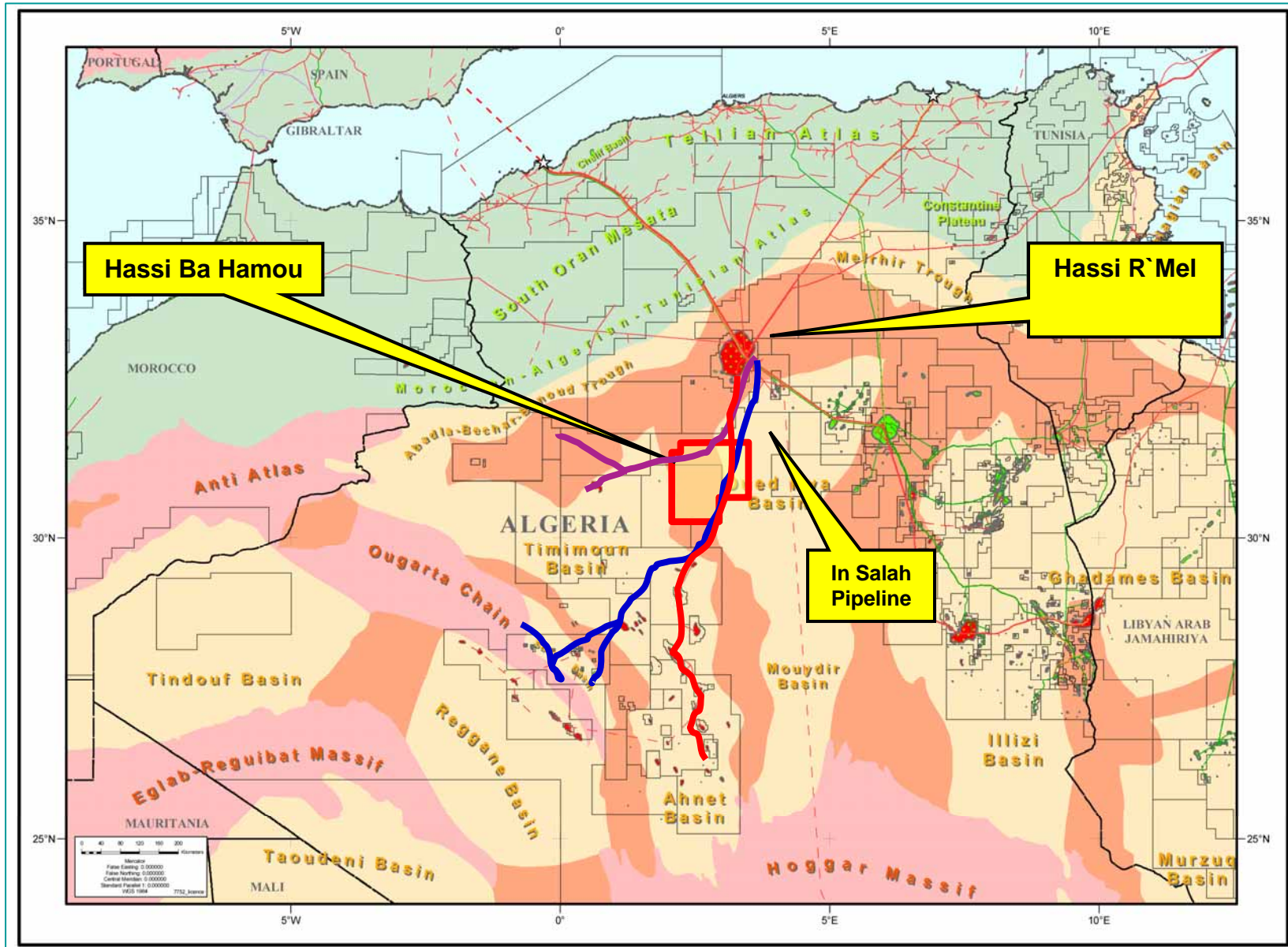


<b>Current Export Capacity</b>		<b>62,0</b>
LNG	26,5	
GEM	24,0	
GPDF	11,5	
<b>Additional Export Capacity</b>		<b>37,8</b>
GEM I	3,2	
GEM II	5,0	
Medgaz	8,0	
Galsi	8,0	
LNG**	13,6	



- GKP/BG in SW Gas Synergie Group – gas transport from the south west region, feasibility and planning
- Other members are Sonatrach, Total, Repsol, Gaz de France
- Target is first gas from HBH in 2011 – fast track development
- Conceptual development/ facilities planning and feasibility studies ongoing by BG for HBH gas field
- Appraisal wells to be drilled by late Summer will provide further information to define the development plan

# HBH & Potential Pipeline Solutions

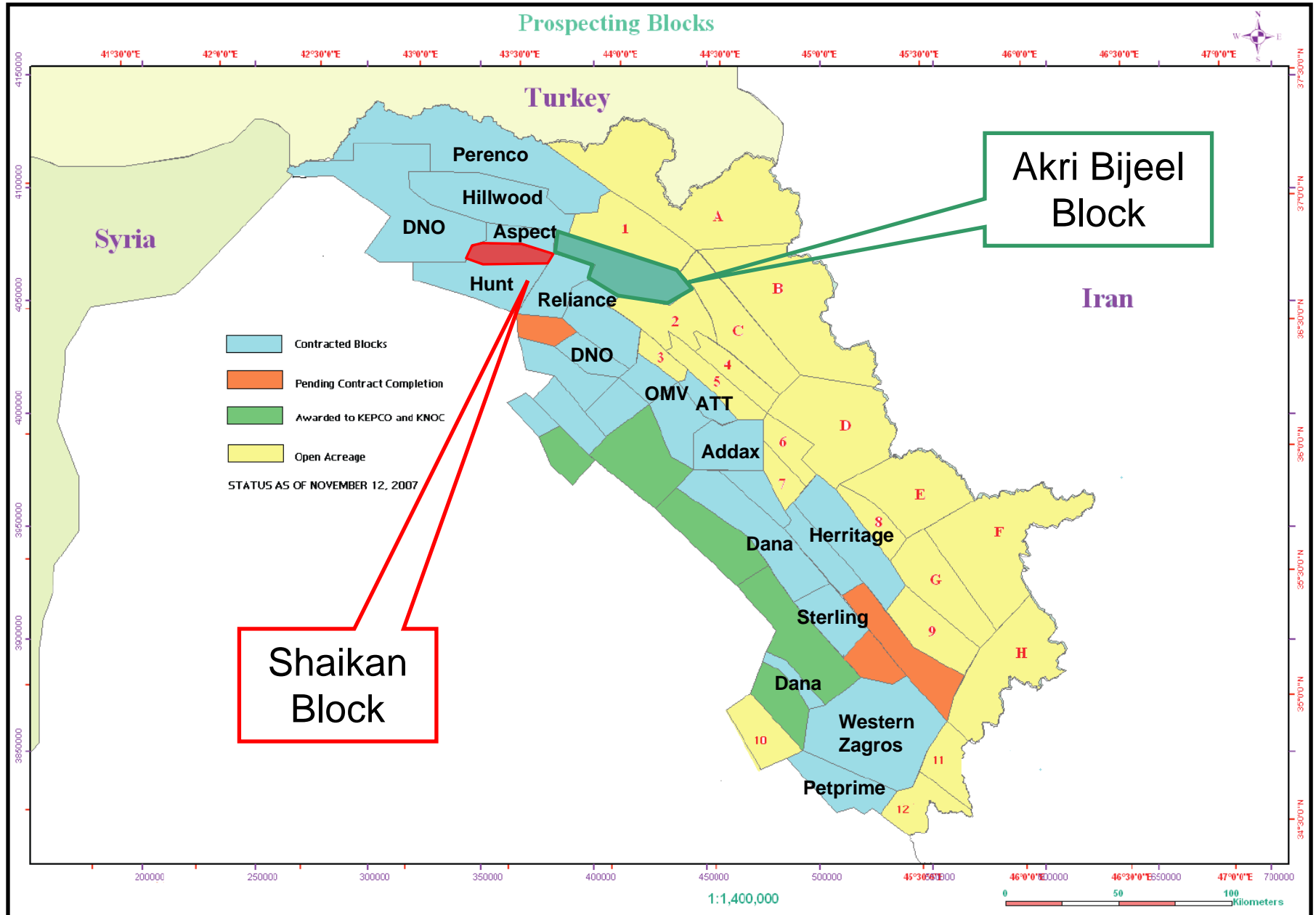






# Kurdistan

# Location of GKP Blocks in Kurdistan





## Shaikan

Gulf Keystone – (Operator - 75%)

MOL (Kalegran) (20%)

Texas Keystone (5%)

## Anticipated work program

- 3 year initial exploration period
- 2 to 4 year optional exploration period
- 20 to 25 year production period
- G&G technical work
- 170 km 2D seismic – Complete
- 1 exploration well – Q4 2008 / Q1 2009



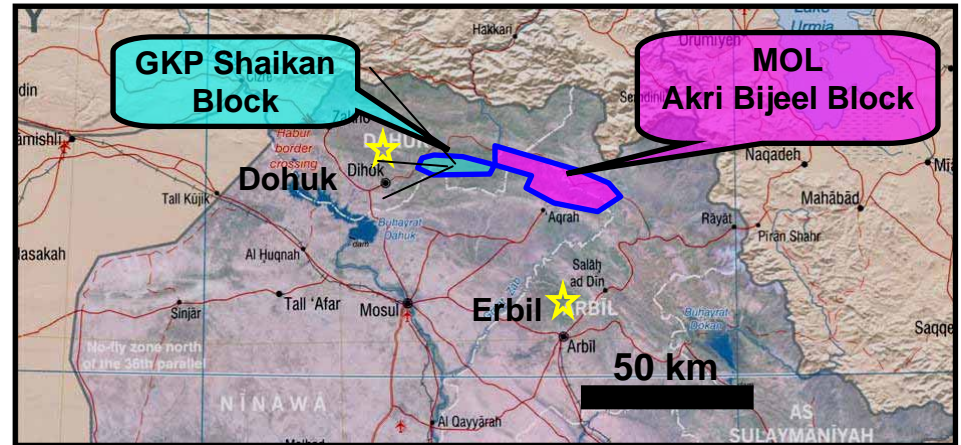


## Akri-Bijeel Block

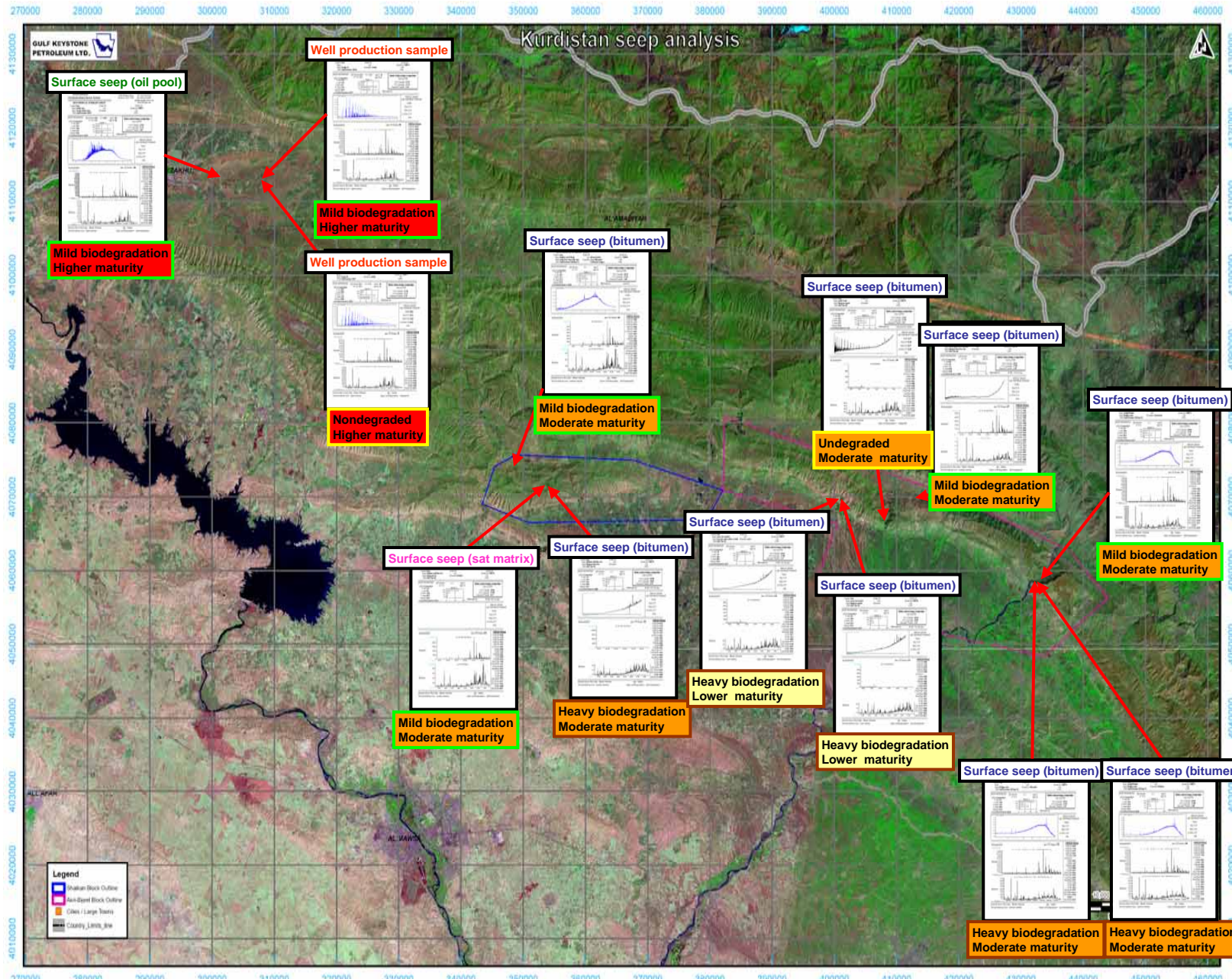
MOL (Kalegran) – (Operator - 80%)  
Gulf Keystone (20%)

### Anticipated work program

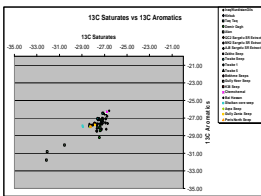
- 3 year initial exploration period
- 2 to 4 year optional exploration period
- 20 to 25 year production period
- G&G technical work
- 400 km 2D seismic – Q2/Q3 2008
- 1 optional exploration well – 2009



# Kurdistan Geochemical Sampling






- Maturity increases towards the NW
- Lowest maturity samples seem to occur in isolated area (Aqra type section)
- Biodegradation pattern less clear
  - Is it related to sample type/location?
  - Surface vs. subsurface sample?
  - Solid vs. liquid sample?
- Degree of biodegradation may increase moving southwards?
- All samples indicate a Marine Carbonate source type
- Source predicted to be Jurassic



Heavy biodegradation Moderate maturity    Heavy biodegradation Moderate maturity

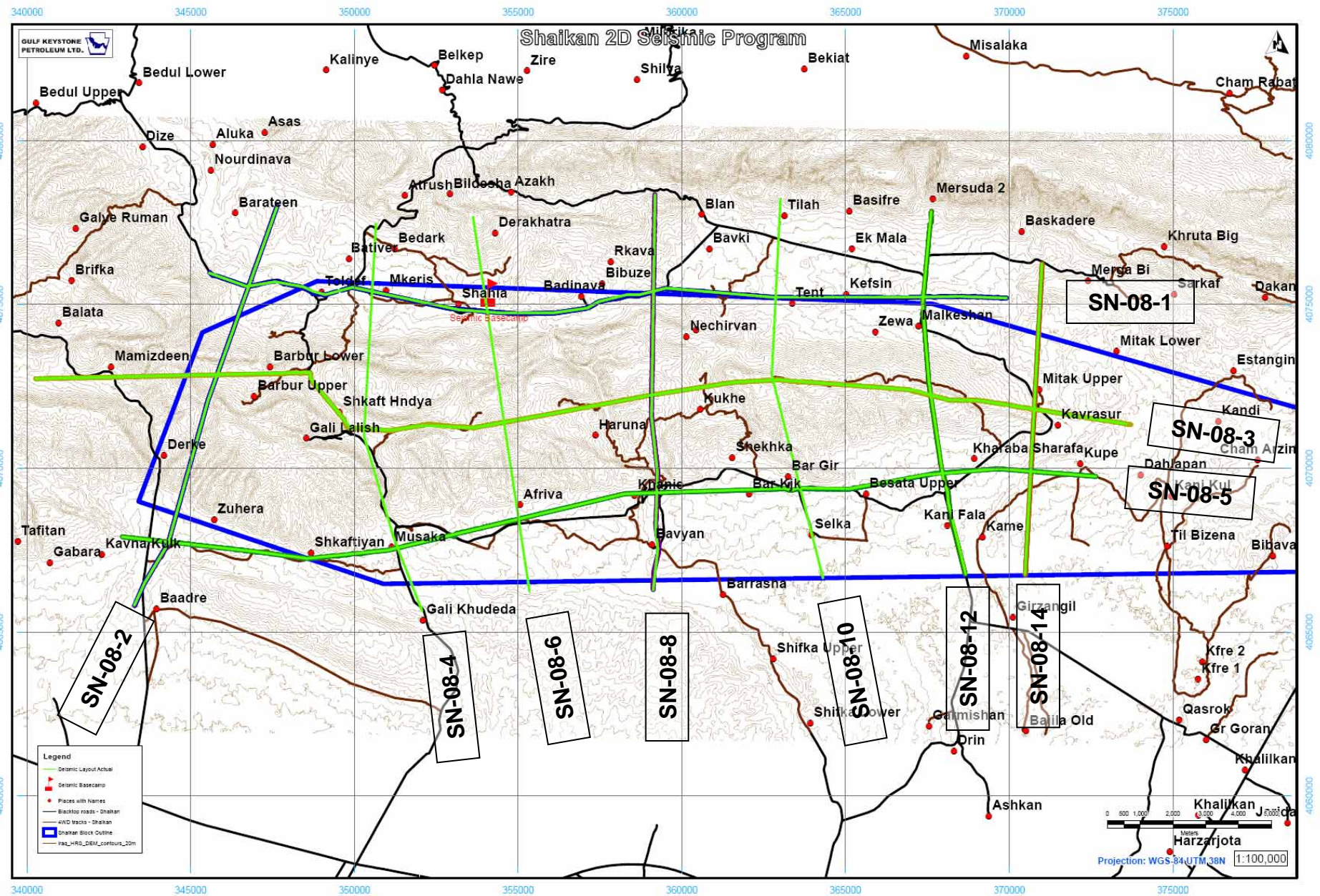
# Shaikan Structure Predicted Well Stratigraphy

Period	Epoch / Stage	Formation (Prognosed Thickness m)	Depth (m)	Lithology	Petroleum System
CRETACEOUS	MAASTRICHTIAN	Aqra (400+)	Surface	Bituminous Limestone Marly limestone	R
	ALBIAN	Qamchuqa (250)	400	Limestone and Dolomite	R
	VALANGINIAN	Garagu / Chia Gara (200)	650	Oolitic Limestone	
JURASSIC	Late	Gotina/Najmah (100)	850	Oolitic Limestone	R
	MID	Sargelu (100)	950	Black Lst and shale	So
		Alan / Mus / Adaiyah (250)	1050	Anhydrite / oolitic lst	
	Early	Butmah (450)	1300	Massive Lst, w/ thin Shale beds	Se
TRIASSIC	LATE	Kurre Chine (500)	1750	Dolomite and Anhydrite streaks	R
	MIDDLE	Geli Khana (500)	2250	Shaly limestone	So
		Beduh (80)	2750		Se
	EARLY	Mirga Mir (150)	2830	Dolomite and Anhydrite	Se
PERMIAN	LATE	Chia Zaira with Satina	2980	Lst and dolomite	R

 Reservoir rock     Source     Seal

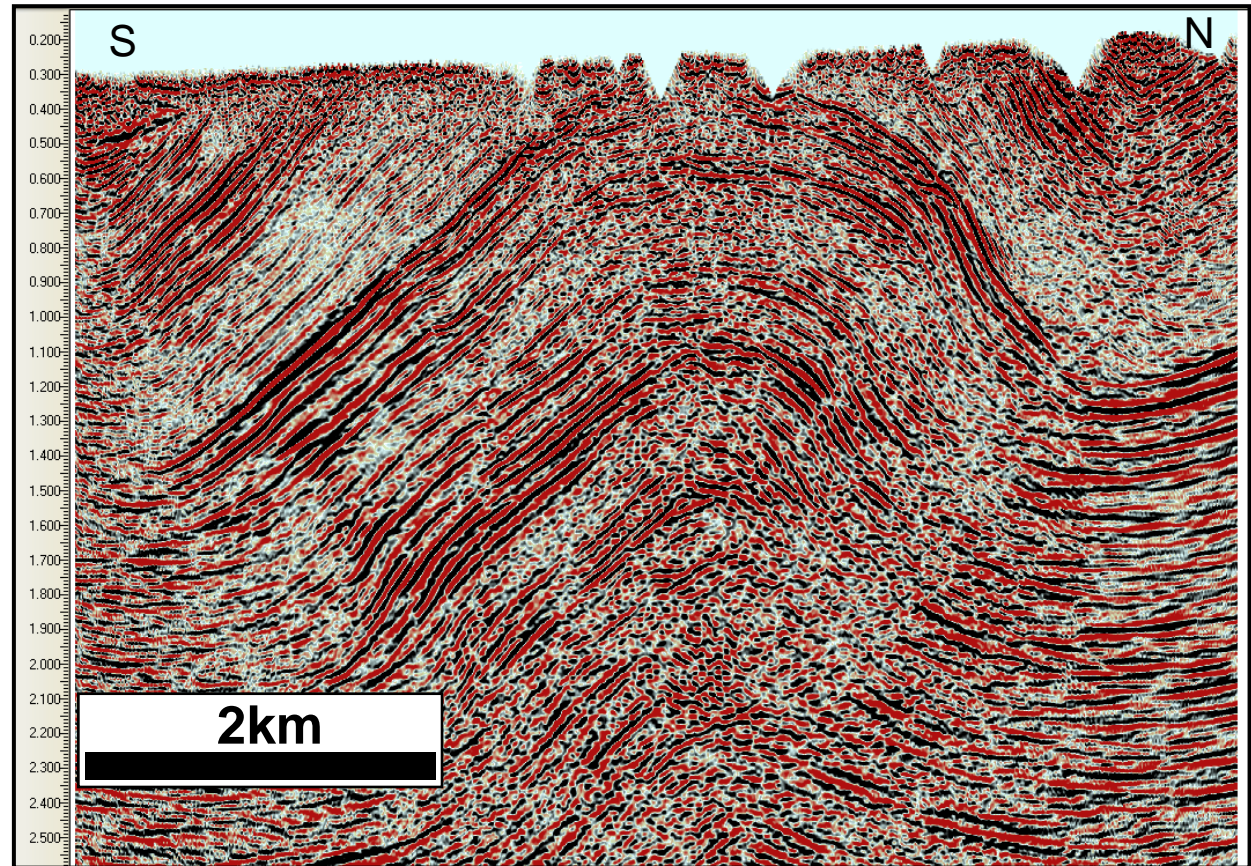
TD: 3300m

# Shaikan Seismic Programme





- Shot 171kms of 2D seismic
- Processing ongoing



Preliminary Processing (Post Stack Migration)





# Strategy

**Current Status**

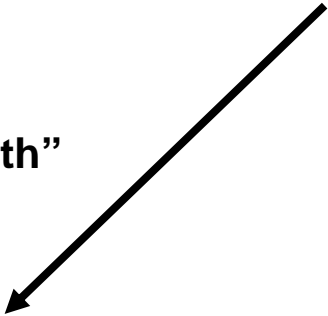
- Strategic “footprint” in Algeria
- Early entry into Kurdistan
- Major opportunity set in MENA



**Strategy (Market Drivers)**

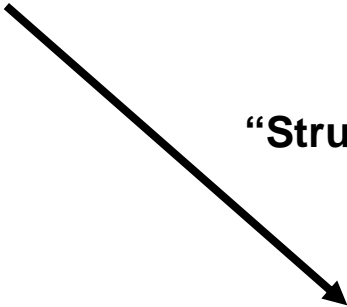
- Increased Materiality / “Critical Mass”
- Increased Market Liquidity
- Selective diversification

**“Organic Growth”**



- Major Algerian E&A program / Early Cash Flow
- Monetise and build further the Kurdistan Portfolio
- Exploit niche strengths to access 1-2 other MENA countries

**“Structural Growth”**



**A&D / M&A**

- Exploit MENA asset “Food Chain”
- Exploit consolidation of E&P sector

- Focus on cash generation from Algerian production - 3,000 bopd gross late Summer 2008
- Use existing cash resources + cash generated from production to explore in Algeria and Kurdistan – 2008/ 2009 and appraise HBH gas field
- Leverage tight political relationships in the MENA region and utilise intrinsic technical skills of indigenous employees
- Realise value by seeking to farm out/ farm in
- Identify a new focus area with immediate or near term (1 year) production potential

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