



2nd May 2007

GULF KEYSTONE PETROLEUM LTD
("Gulf Keystone" or the "Company")

BLOCK 129 - HEK-3 WELL TEST UPDATE

Gulf Keystone Petroleum Limited, an independent oil and gas exploration company operating in the Republic of Algeria, in partnership with SONATRACH, today issues the following update on the HEK-3 well in Block 129 (Djebel Bottena).

Well test operation and results

On 7th April 2007 Gulf Keystone commenced workover operations on well HEK-3, an oil and gas discovery well drilled by SONATRACH in 2004. At that time, the well was tested over the Cretaceous, Coniacian limestone interval and achieved, post acidisation, flow of 184 barrels of oil over a 4 hour period, prior to the well being suspended. Gulf Keystone re-entered the well and tested the same zone, over the measured interval 2,439 to 2,446 metres, employing an acid fracturing technique to improve connectivity between the reservoir and the wellbore. After cleaning up the well, a stabilised flow rate of 1,040 barrels per day of 31 degrees API oil was achieved through a 32/64 inch choke. The well was flowed through a separator for a total of 4.5 days and over 3,500 barrels of oil were produced during this period. The crude contained little entrained gas and has an estimated gas/oil ratio of 93 scf/bbl. The well is presently suspended with a pressure gauge in the hole. This will be retrieved in 3-4 weeks to obtain the pressure data.

A large amount of good quality engineering data was collected during the test programme which, combined with the produced volume of oil and the long flow and shut in periods, will provide valuable data for reservoir evaluation and field development study purposes. Production optimisation studies will be carried out to analyse options for further increasing well productivity with a view to the possible early development of

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this discovery, subject to necessary consents. In this regard, consideration will be given to pump and/or gas lift options to further improve both the rate and delivery pressure of the well.

The information contained in this release has been reviewed and approved by Mr Peter Dempsey (B.Sc, M.Sc), VP Engineering for Gulf Keystone, who has 24 years experience as a petroleum / reservoir engineer in the oil industry.

Bill Guest, President of Gulf Keystone said:

“We are very pleased to have successfully re-entered well HEK-3 and achieved what we believe to be a commercial rate of oil production. The successful use of acid fracturing technology on this well, to optimise production performance from this complex reservoir, provides us encouragement to consider a wider use of this technology within the HEK area and also within our northern licence areas (Ferkane and Ben Guecha blocks).

Equities in Block 129 are:

Gulf Keystone Petroleum LTD.	75% (Operator)
SONATRACH	25%

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Notes to editors:

Gulf Keystone was awarded Block 129 in April 2005 in the 6th International Bid Round. Block 129 is operated by Gulf Keystone and covers an area of 4,369 km². The block also contains two existing SONATRACH discoveries, the Djebel Onk oil field (excluded from SONATRACH/Gulf Keystone association) and the Djebel Foua gas discovery.

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