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30 September 2009

Gulf Keystone Petroleum Ltd.
("Gulf Keystone" or "the Company")

Shaikan-1 Drilling update

Gulf Keystone Petroleum Ltd. (AIM: GKP), an independent oil and gas exploration company, is pleased to announce that it has set the intermediate 9-5/8" casing on its Shaikan-1 exploration well operated by Gulf Keystone Petroleum International (50% GKP, 50% ETAMIC). The well is located in the Shaikan Block, situated near the city of Dihok, in the Kurdistan region of northern Iraq.

Casing has been set at 2,275 meters and completes our drilling of the Jurassic portion of the exploration well. Prior to setting the casing, the open hole interval was logged and preliminary log results indicate the addition of approximately 80 additional net meters of oil pay from the Butmah formation to previously announced discoveries in the Sargelu, Alan and Mus formations.

With the drilling of the Butmah formation, the gross reservoir interval has increased from 335 meters to 575 meters and the net reservoir interval has increased from 93 meters to 172 meters.

This additional reservoir section exhibits low energy with oil gravities in the range of 18 degrees API and very little associated gas. As with other pay intervals encountered in this well, there is a well developed, natural fracture system throughout the carbonate pay intervals. The drilled formations have excellent overall permeability, often in excess of 5 darcies. At this initial stage, the well characteristics indicate that the application of standard production technology, such as electric submersible pumps, should result in commercial production rates and this will be evaluated as part of an extended well test following completion of the well.

These log results combined with knowledge gained from the previously announced interval has raised the estimation of the total barrels of oil in place by the Gulf Keystone internal technical team. Based upon the Company's own internal analysis, this data provides data for a revised range of oil-in-place volumes for the Shaikan structure of between 2.0 and 4.0 billion barrels for the oil in place, encountered thus far.

Drilling into the top of the Triassic formations has begun and the Company anticipates reaching a final drilling depth of 3,200 to 3,500 meters, subject to well results.

Todd Kozel, Chairman and Chief Executive Officer of Gulf Keystone, commented:

“The incremental volumes found in the Butmah formation give further encouragement that we have made an outstanding discovery which will prove transformational for Gulf Keystone.”

Enquiries

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John Gerstenlauer, the Company’s Chief Operating Officer, who has 31 years of relevant experience within the sector meets the criteria of a qualified person under the AIM guidance note for mining, oil and gas companies and has reviewed and approved the technical information contained in this announcement. Mr. Gerstenlauer is a member of the Society of Petroleum Engineers.

Notes to Editors

- Gulf Keystone Petroleum Ltd. (AIM: GKP) (“Gulf Keystone” or the “Company”) is an independent oil and gas exploration company focused on exploration in the Kurdistan region of northern Iraq.
- The Company’s shares have traded on the AIM market, since listing on 8 Sept 2004.
- Gulf Keystone Petroleum International (“GKPI”) is a joint venture between the Company and ETAMIC, its strategic partner in Kurdistan. The JV holds Production Sharing Contracts (“PSC’s”) in four exploration blocks with a total area under licence of 1,702 square kilometres.
- On 6 Aug 2009, the Company announced that GKPI had made a significant discovery at the Shaikan-1 exploration well which spudded on 27 April 09. The well is located in the Shaikan Block, situated near the city of Dihok, approximately 85 kilometres North-West of Erbil and covers an area of 283 square kilometres. The Company is currently continuing its drilling to deeper targets at the same location.
- An independent E&P consultant Dynamic Global Advisors has been appointed to perform an independent assessment of discoveries made in the Shaikan-1 well.
- On 14 Jul 2009, the Company announced its intention to suspend investment and undertake an exit from its operations in Algeria in order to focus on Kurdistan.
- Gulf Keystone Petroleum Limited is registered in Hamilton, Bermuda with offices in Erbil, Kurdistan, Algiers, Algeria and London, UK.