



15th May 2007

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

BLOCK 126a – GRJ-2 WELL TEST

Gulf Keystone Petroleum Limited, an independent oil and gas exploration company operating in the Republic of Algeria in partnership with SONATRACH, announces that the Company has abandoned the testing of well GRJ-2 located on Block 126a.

Well test operation and results

Well GRJ-2 was drilled by Gulf Keystone in late 2005. The well encountered encouraging hydrocarbon shows in Cenomanian / Turonian carbonates, the same reservoir interval that is currently producing in the GKN-1 well. Moreover, both core and image log data acquired over these prospective reservoir intervals indicated both the presence of fractures and hydrocarbons. The well was not tested at the time of drilling due to the lack of availability of suitable test equipment within Algeria.

During recent operations, Gulf Keystone perforated two potential reservoir zones over the two intervals: 2291.5 -2337 m and 2221-2276.5 m measured depth. Over each interval the Company performed an injectivity and step rate test followed by matrix acidisation (mini frac). The aim of the test program was to connect the fracture and / or the matrix permeability in the surrounding reservoir, and thereby access moveable hydrocarbons.

Whilst operations were performed successfully, no hydrocarbons flowed into the wellbore under test. The well is therefore presently being plugged and abandoned.

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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.

Todd Kozel, CEO of Gulf Keystone said:

“We are disappointed that we were not able to establish connectivity with moveable hydrocarbons in this well. It is unlikely that we will conduct any further operations on the GRJ structure. However, we will, as part of our overall technical appraisal of the northern blocks, review all geological, geophysical and engineering data collected during this operation to establish the likely reasons for the lack of commercial flow from this particular well.”

Equities in Block 126a are:

Gulf Keystone Petroleum LTD.	60% (Operator)
SONATRACH	40%

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