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22 October 2009

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

### **Preliminary Evaluation of Shaikan-1 Discovery**

Gulf Keystone Petroleum Ltd. (AIM: GKP), today announces the results of a preliminary evaluation of the Shaikan-1 discovery as of 21 October 2009.

Given the materiality of the discovery, the Company felt it prudent to seek independent evaluation of the Shaikan-1 well, despite being at an early stage of evaluation and testing. Accordingly, Shaikan-1 has been independently evaluated by Dynamic Global Advisors ("DGA"), an independently-owned E&P consultancy, providing advice and services to national, institutional, and corporate clients worldwide.

This preliminary evaluation report reviews the data from the Jurassic formations of Shaikan-1 tested to a depth of 2,055 meters and was carried out in accordance with the Petroleum Resources Management System ("PRMS") guidelines, using SPE definitions.

Key findings:

- The Shaikan-1 well has discovered a significant resource of low gravity oil in the Jurassic Barsarin, Sargelu, Alan, Mus and Butmah formations
- The range of oil in-place for the Shaikan structure is estimated to be a gross 1.0 to 5.3 billion barrels of oil, with a mean of 2.8 billion barrels of oil
- As additional data below 2,055 meters is evaluated, the resource estimates will increase

The figures provided are discovered oil in-place for the Shaikan structure. Given the preliminary nature of the report, and with Shaikan-1 still an active exploration well, DGA were not asked to provide analysis of recovery factors. The necessary data for the company to evaluate meaningful recovery factors will be gathered during the extended well test, scheduled to commence in late 2009, after Shaikan-1 reaches target depth.

#### **Oil-in-place summary**

Discovered oil in-place	P90	P50	P10	Mean
Shaikan-1 (to 2,055m) (million barrels)	956	2,217	5,266	<b>2,790</b>

The Company continues to drill to a target depth of 3,200 to 3,500 meters.

**Todd Kozel, Executive Chairman of Gulf Keystone, commented:**

*“The DGA report confirms independently, the transformational nature of this outstanding discovery. We look forward to the next iteration of DGA’s report which will address the Triassic discoveries made below 2,055 meters.”*

A copy of the preliminary report is available on the Company’s website at [www.gulfkeystone.com](http://www.gulfkeystone.com)

**Notes:**

Discovered Petroleum initially-in-place is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production.

The range of uncertainty of the oil-in-place volumes is represented by a probability distribution with a low, best, and high provided: P90 represents at least a 90% probability (high) that the quantities actually recovered will equal or exceed the low estimate; P50 represents at least a 50% probability (best) that the quantities actually recovered will equal or exceed the best estimate and P10 represents at least a 10% probability (low) that the quantities actually recovered will equal or exceed the high estimate.

The PRMS guidelines and reserves definitions can be found in full at the Society of Petroleum Engineers website <http://www.spe.org/spe-app/spe/industry/reserves/index.html>

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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.
- The independent E&P consultant Dynamic Global Advisors was 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 pursue a sale of holdings in the HBH/RM project 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.