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Aberdeen, Scotland – 26<sup>th</sup> February 2009

## **Ramco Energy plc** ("Ramco" or the "Company")

### **IRAQI GOVERNMENT SIGNS HISTORIC OIL SERVICES JOINT VENTURE AGREEMENT WITH BRITISH OIL AND GAS FIRM, MESOPOTAMIA PETROLEUM COMPANY ("MPC")**

**Ramco Energy plc, the Aberdeen-based energy investment company, is pleased to announce that its associated company MPC and the Iraqi Drilling Company ("IDC") the Iraqi state-owned drilling company have signed a joint venture ("JV") agreement.**

#### **Highlights:**

- The JV will be known as Iraqi Oil Services Company LLC ("IOSCO")
- IOSCO will be 51% owned by IDC and 49% by MPC
- IOSCO has been created for the purpose of drilling a large number of new wells – aiming to significantly increase oil and gas production in the Republic of Iraq
- This is the Iraqi Ministry of Oil's first joint venture agreement of its type signed with a foreign company since the fall of the regime of Saddam Hussein in 2003
- MPC and IDC together intend to invest a total of US \$400 million (£274 million) to enable IOSCO to purchase and operate 12 new drilling rigs and for the provision of working capital. The first tranche of investment will total US \$90 million (£62 million)

- MPC has appointed JPMorgan Cazenove, as its financial adviser and placement agent
- IOSCO is committed to playing a leading role in developing local Iraqi expertise
- Ramco Energy holds an 32.66% interest in MPC

In Baghdad earlier today the Iraqi Government and MPC signed a joint venture agreement between MPC and IDC, the Iraqi state-owned drilling company.

The joint venture, which will be majority Iraqi owned (51% IDC, 49% MPC), will be known as Iraqi Oil Services Company LLC (“IOSCO”) and has been created for the purpose of drilling a large number of new wells and thereby significantly increasing oil and gas production in the Republic of Iraq. This is the Iraqi Ministry of Oil’s first joint venture agreement of its type signed with a foreign company since the fall of the regime of Saddam Hussein in 2003.

IOSCO’s main objectives will be to provide integrated drilling operations in Iraq for the state-owned oil companies, together with any international companies which are awarded licences in any forthcoming licensing rounds. The JV deliver a wide range of oil services. The parties to the joint venture intend to invest a total of \$400 million to enable IOSCO to purchase and operate 12 new drilling rigs and for provision of logistical support and working capital in order to deliver state-of-the-art performance in its operations. Furthermore, IOSCO is committed to playing a leading role in developing local Iraqi expertise and resources in all aspects of the joint venture including integrated drilling technology.

MPC’s experienced team possesses the critical technical and management skills essential to achieving success in upstream sector projects. MPC’s role in the venture will be focused on project and business management using the latest techniques developed within the industry, drilling rig procurement and management, and training and resource development programmes to further develop the expertise of IOSCO personnel.

MPC has confirmed that it has appointed London-based investment bank, JPMorgan Cazenove, as its financial adviser and placement agent in connection with a major equity fund-raising to support MPC's contribution to the joint venture's drilling operations.

**Commenting on the announcement,**

**Foreign Secretary David Miliband said:**

"I welcome the signing of the Joint Venture between Mesopotamia Petroleum Company and the Iraqi Drilling company which was agreed today, the first such joint venture between a UK company and the Ministry of oil.

This is an important signal of the long-term commitment the UK has to Iraq in terms of trade, commerce and economic co-operation. It is also an important message to British business that Iraq is open for business."

**His Excellency Dr. Hussein Al Shahrastani, Iraq’s Minister of Oil said:**

“I am very pleased to see a new company established in Iraq between the Iraqi Drilling Company and Mesopotamia Petroleum Company, and look forward to seeing it actively working on the ground in the very near future.

This new Company can play a significant role in increasing Iraq’s oil production by drilling wells that are needed to develop Iraq’s oil fields.”

**Idriss Al-Yassiri, Director General of IDC said:**

“IDC and its management and administration are happy to have this joint venture signed, and our work starts from today. Our business plan is to follow as a roadmap. This Company (IOSCO) has great potential inside and outside of the country of Iraq. Both sides are committed to making it successful, and all the circumstances for success are in place.”

**Steve Remp, Chairman of MPC and Ramco, added:**

“IOSCO is a much needed venture which will make an early contribution to Iraq’s goal of increasing oil production. It will combine Iraqi talent with the latest in internationally proven drilling equipment, techniques and project management skills. Our longer term ambition for IOSCO is to see it emerge as a partner with Western oil consortia in future field development projects.”

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**Notes to Editors:**

**Background**

**IOSCO’s Opportunity within the Iraqi Oil Sector**

According to BP’s Statistical review of World Energy June 2008, Iraq has proven reserves<sup>1</sup> of 115 billion barrels of oil, the third largest in the world behind Saudi Arabia and Iran. According to industry sources, only about one quarter of the fields so far discovered in Iraq are currently producing and none of those are producing at their full potential. In addition, estimates suggest that the unexplored regions of Iraq (e.g. the Western desert) may yield a further 100 billion barrels of proven reserves.

IOSCO’s primary objective is to facilitate the Ministry of Oil’s stated targets for boosting hydrocarbon production by approximately 50%, from approximately 2.0 million barrels per day (“bpd”) in 2008 to 3.0 million bpd as soon as possible, and to 4.4 million bpd within the next four years.

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<sup>1</sup>“Proven reserves” refers to oil and/or gas that has been definitively discovered and is expected to be economically producible

The expectation is that this growth will be primarily driven by the Southern Oil Company (“SOC”) which plans to raise its production by 400,000 bpd by 2010. SOC intends to use available surface facilities in addition to drilling 100-110 new oil wells with the work mainly being done by the IDC. IOSCO has conservatively estimated that production increases from wells it expects to drill should be approximately 5,000 bpd per well.

In the longer term, Iraq’s State Oil Marketing Organisation<sup>2</sup> has put forward a production goal of 6 million bpd by 2013. IOSCO believes it can play an integral role in the achievement of this goal.

### **Iraq Drilling Company**

IDC was established in 1990 as a state oil company to specialise in drilling and well work-over operations in Iraq. It has been the sole drilling company in Iraq owning and operating drilling and work-over rigs, and has worked as a contractor with the Iraqi upstream companies. It owns a group of maintenance workshops specialised in maintaining and rehabilitating all types of rig and also heavy trucks for transporting rigs among sites. It is responsible for providing accommodation for the working personnel in camps equipped with all necessary services, since the majority of the company’s work takes place in remote desert locations. Despite the difficult circumstances surrounding its operation between 1991 and 2005, the company still managed to drill 426,344 meters on 259 new wells and 693 wells were worked over.

IDC has also succeeded in rehabilitating 20 rigs, and the company has imported spare parts and equipment from various countries. It also plans to purchase different types of rig to implement the proposed programmes and projects as the work volume is developed and expanded.

Iraq’s Ministry of Oil has authorised the establishment of IOSCO for the purpose of providing modern, state-of-the-art equipment and services to Iraq’s upstream oil companies and international companies granted licences in any forthcoming licensing rounds. IOSCO is to become engaged by the Ministry’s upstream oil companies in drilling programmes intended to materially increase production from existing oilfields and lower costs.

### **Mesopotamia Petroleum Company**

Mesopotamia Petroleum Company was founded in 2005 by the British exploration and production companies Ramco Energy plc and Midmar Energy Ltd as an oil and gas company established for the specific purpose of undertaking operations in Iraq. Midmar Energy has an associated company named Firstdrill Ltd, a global drilling project management company, which specialises in all drilling operations.

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<sup>2</sup> Falah Al-Amri, DG Iraq’s State oil marketing organisation quoted in ‘Iraq boosts oil exports after re-opening Kirkuk pipeline’ from Agence France Presse, 23 November 2007

In their historic Joint MPC and IDC will form the Iraqi Oil Services Company (IOSCO) in order to purchase and operate 12 new drilling rigs in Iraq and to secure contracts for drilling programmes in the oil fields controlled by the state owned oil companies. MPC and IDC together intend to invest a total of \$400m in the Joint Venture. As part of its commitment, MPC intends to supply IOSCO with the necessary integrated drilling and completion methods and technologies to dramatically boost hydrocarbon production volumes. These include:

- Overall project management
- Well design and engineering
- Field evaluation and geological and geophysical input
- Drilling and work-over operations
- Well intervention and down-hole repairs
- Side-tracking operations
- Horizontal and multilateral drilling
- Coiled tubing operations
- Logging
- Coring operations
- Well stimulation
- Rig refurbishment
- Procurement, inspection and tubular management
- Drilling rig, operational equipment inspection and evaluations

MPC personnel bring to IOSCO a wide breadth of experience in the international petroleum industry and MPC's management has collectively been involved in oil and gas exploration, development, drilling, completion and workover throughout a wide range of geologic conditions. They have taken part in operations in a variety of areas including the North Sea, the Central Asian Republics and South East Asia both off and on shore. This combination of this technical expertise and operational experience has been the key reason behind IDC bringing in MPC to act as its joint venture partner in the formation of IOSCO.

[www.mesopotamiapetroleum.com](http://www.mesopotamiapetroleum.com)

[www.midmar.co.uk](http://www.midmar.co.uk)