



**Zhaikmunai LP**  
**(the "Company")**

## **Q3 2008 Review & Update**

London - 2 December 2008 - Zhaikmunai LP (LSE:ZKM) ('Zhaikmunai' or 'the Company'), the oil and gas exploration, development and production company, today provides an update on its Kazakh operations for the period from July to 30 September 2008.

### **Revenue**

Revenues for the period from Oil Sales were US\$ 44.9 million (Q3 2007: US\$31.8 million), up 41% compared to the July-September period in 2007.

Sales volumes for the third quarter were 545.655 bbls, up 9% from 499.439 bbls in the third quarter 2007.

### **Netback**

The weighted average Brent crude oil price on which Zhaikmunai based its sales for the third quarter of 2008 was US\$ 100.01 bbl versus US\$ 76.29 bbl for the same period of 2007.

The discount, accounting for the trader's costs and trader's fee at FCA Uralsk, was US\$ 17.70 bbl for the third quarter of 2008 (versus US\$ 12.53 for the same period of 2007) due to increase of rail tariffs and leasing of private rail cars for crude oil transportation.

Accordingly, the average netback for crude oil sales during the third quarter of 2008 was: US\$ 82.31 (versus US\$ 63.76 for the third quarter of 2007).

### **Reserves**

At the beginning of September 2008 Ryder Scott finalised reserve estimation as of July 1, 2008, and reported significant increase in 2P reserves (534 mmboe) and 3P reserves (1080 mmboe).

### **Capex**

Total capital expenditure (on a cash basis) in the third quarter of 2008 amounted to US\$59.9 million, compared with US\$42.4 million for the third quarter of 2007.

## **Production**

Production volumes for the third quarter of 2008 increased to 530.422 bbls, up from 468.231 bbls in the equivalent period in the previous year. Daily production has risen to 7,500 barrels per day (up from an average of 5,067 barrels per day in Q3 2007) while the average production rate per well is 681 barrels per day.

As at 30 September 2008 there were 11 producing wells, compared to 7 producing wells as at 31 December 2007.

The one millionth tonne of oil from the Chinarevskoye Field was produced on 27 August 2008.

## **Drilling**

During Q3 2008 the company operated 4 drilling rigs. All 4 rigs have been drilling in the North Eastern part of the license area. The two Saipem rigs have been drilling well number 52 and well number 62. The two UNGG rigs have been drilling well 115 and 121.

During the period under review the company employed 4 work over rigs. Work over operations have been going on for wells 27, 31, 32, 33 and 57.

Lastly, during Q3 2008, the company employed a small rig from a local contractor drilling water production wells.

## **Exploration**

In June this year, Zhaikmunai announced six commercial discoveries in the Chinarevskoye field following the submission of the relevant declarations to the Kazakh Ministry of Energy and Mineral Resources ("MEMR") on 19 May 2008. As a result of these submissions, on 17 November 2008 the MEMR signed a supplementary agreement to Zhaikmunai's original Production Sharing Agreement thereby extending its licence for a further three-year period.

## **Gas Treatment Plant**

After signing of the supplementary agreement between Zhaikmunai and KazStroyService on 23 April 2008 preparatory work on site and in Dubai has progressed. At 30 September the status was that 50% of the earthworks at site were completed. The foundation works had started and 12 LPG tanks had arrived.



## Engineering

The first projects to be commissioned are the expansion of the Oil Treatment Unit and the oil pipeline (from the field to the city of Uralsk) and the oil loading terminal.

The main other ongoing engineering projects are: the gas pipeline (from the field to the Intergas Central Asia Gas pipeline), infield pipelines and roads, construction of a reservoir pressure maintenance system and the construction of a residential building containing 90 flats in the city of Uralsk.

Kai Uwe Kessel, Chief Executive of Zhaikmunai, commented:

*"We have made good progress during the quarter and we are confident this will continue for the rest of the year. We are on course to increase our output and the extension of the licence reinforces our belief on the potential of the field."*

## Further enquiries

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## About Zhaikmunai

Zhaikmunai L.P. is a limited partnership engaged in oil and gas exploration, development and production that is quoted on the London Stock Exchange (Ticker symbol: ZKM). Its principal producing asset is the Chinarevskoye Field located in northwestern Kazakhstan.

Zhaikmunai L.L.P., a wholly-owned subsidiary of Zhaikmunai L.P., holds a 100% interest in and is the operator of the Production Sharing Agreement for the Chinarevskoye Field.

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

## Forward-Looking Statements:

Some of the statements in this document are forward-looking. Forward-looking statements include statements regarding the intent, belief and current expectations of the Partnership or its officers with respect to various matters. When used in this document, the words "expects," "believes," "anticipates,"



"plans," "may," "will," "should" and similar expressions, and the negatives thereof, are intended to identify forward-looking statements. Such statements are not promises or guarantees, and are subject to risks and uncertainties that could cause actual outcomes to differ materially from those suggested by any such statements.

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