



Oslo, 5 August 2011

## **DNO reports a working interest (WI) production of 48,582 bopd in the second quarter of 2011 and 46,806 bopd in June 2011**

### **Yemen production**

DNO's WI production in Yemen in June 2011 was 5,353 bopd and the NE production was 3,001 bopd. In the second quarter of 2011 DNO's WI production was 5,390 bopd and the NE production was 2,869.

Production in Yemen is reported as follows:

| <b>(Bopd)</b>              | <b>Jun 2011</b> | <b>May 2011</b> | <b>Q2 2011</b> | <b>Q1 2011</b> | <b>Q4 2010</b> | <b>YTD 2011</b> |
|----------------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|
| Gross production           | 13,572          | 13,498          | 13,588         | 14,965         | 15,646         | 14,273          |
| DNO's working interest     | 5,353           | 5,361           | 5,390          | 5,881          | 6,156          | 5,634           |
| DNO's net entitlement      | 3,001           | 2,909           | 2,869          | 3,939          | 3,872          | 3,401           |
| Achieved oil price USD/bbl | 111             | 110             | 115            | 106            | 89             | 110             |

The production figures include crude oil consumed in the operation of the Company's production facilities at an accumulated WI volume of 262 bopd and NE volume of 122 bopd in the quarter.

### **Kurdistan production**

DNO's WI production from the Tawke Field in June 2011 was 41,453 bopd. In the second quarter of 2011 the WI production was 43,192 bopd. Production from Tawke is reported as follows:

| <b>(Bopd)</b>                       | <b>Jun 2011</b> | <b>May 2011</b> | <b>Q2 2011</b> | <b>Q1 2011</b> | <b>Q4 2010</b> | <b>YTD 2011</b> |
|-------------------------------------|-----------------|-----------------|----------------|----------------|----------------|-----------------|
| Gross production                    | 66,776          | 71,350          | 67,858         | 37,849         | 11,217         | 52,936          |
| Gross deliveries to local market 1) | 1,636           | 1,087           | 1,356          | 10,959         | 11,217         | 6,131           |
| Gross production export             | 65,140          | 70,263          | 66,502         | 26,890         | -              | 46,805          |
| DNO's working interest 2)           | 41,453          | 45,954          | 43,192         | 34,064         | 10,095         | 38,653          |

1) In the second quarter of 2011 the volumes represent diesel produced from crude oil delivered to the Tawke refinery.

2) Until further information is made available to DNO for the allocation of oil in the interim period, the Company will not report NE production from Tawke in the monthly production reports. The Tawke WI production will from now on be allocated as described in the 2010 Annual Statement of Reserves and is estimated to vary between 62% and 64% over field life.

The production figures include crude oil consumed in the operation of the Company's production facilities, at an accumulated WI volume of 153 bopd and NE volume of 87 bopd in the second quarter of 2011.

The gross exported crude oil from Tawke was 65,140 bopd in June. Additional third party crude oil was delivered and exported via the DNO operated facilities at Fishkabour at an average rate of 17,414 bopd, bringing the overall exported rate through these facilities to 82,554 bopd in June.

At times the Iraqi-Turkey pipeline system is shut down for different reasons, and the average deliveries will hence be reduced. The average gross production for July is expected to be around the same level as for June.

## **Drilling and well operations**

### **Kurdistan Region of Iraq**

#### **Erbil PSC: Bastora-1A horizontal test producer**

As previously reported, test production from Bastora-1A horizontal side-track commenced during May.

The test production has demonstrated that the Bastora-1A horizontal well can deliver a sustainable gross fluid production of approximately 2,000 bpd. As the well was still cleaning up during test



production, water was being produced together with the crude oil. The source of the water is expected to be spent acid during the stimulation being undertaken before the well was brought on stream.

The crude oil produced at Bastora-1A is trucked to Tawke where it is kept in temporary storage and slowly re-processed at the CPF before export. The Bastora-1A quantity exported in June represents around 340 bopd and is included in the reported figures for Kurdistan.

In July the test production was temporarily halted in order to install equipment for removal of the produced water at the well site before trucking. Test production from Bastora-1A is expected to recommence in August.

A declaration of commerciality of the combined Benanan and Bastora discoveries was filed in June with the KRG. The next step is to prepare a development plan to be presented by the end of 2011.

#### **Dohuk PSC: Summail-1 exploration well**

Drilling of the Summail-1 well commenced on 19 April. As previously reported an open hole test (DST) was undertaken at the top of the Cretaceous interval, and the well flowed 4 million standard cubic feet of gas per day (scf/d) through a restricted choke size (24/64 inches).

Due to certain operational requirements resulting from the gas encountered at this interval, extraordinary drilling equipment was installed before recommencement of drilling. The well has now drilled through the remainder of the Cretaceous interval and into the Jurassic interval. Good oil shows have been observed while drilling through several intervals both in the Cretaceous and Jurassic sections.

The forward plan is deepen the well into the Triassic interval, and thereafter flow test the various intervals where hydrocarbons have been observed while drilling.

#### **Tawke PSC: T-13 infill/production well and Peskhabir-1 exploration well**

DQE Rig #9 spudded the Tawke-13 production infill well on 25 June 2011. Drilling is progressing as planned and the present depth is ~ 2260 m MD.

The Peshkhabir-1 exploration well is planned to be drilled with DQE Rig #9 after completion of the T-13. The well site is currently being prepared.

## **Yemen**

As previously reported the ZPEB Rig 905 has been stacked for a 60 days period starting from 8 June 2011. The Nabrajah-21 is planned to be spud in mid September.

Oslo, 5 August 2011

DNO International ASA  
Corporate Communications

*For more information:*

#### **Media:**

Communication Director Tom Bratlie  
Phone: +47 905 21 904

#### **Financial market:**

CFO Haakon Sandborg  
Phone: +47 23 23 84 80