



CNOOC Limited
中国海洋石油有限公司

2019 Strategy Preview

January 23, 2019



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Outline

 **Operating Strategy**

 **2019 Operating Guidance**

 **Outlook**

2019 Operating Strategy

- **Steadily increase oil and gas reserves and production levels**
- **Promote high-quality development of the Company**
- **Digital transformation helps improve core businesses**
- **Maintain prudent financial policy and investment decision-making**
- **Pursue a green, low-carbon and environment-friendly development model**



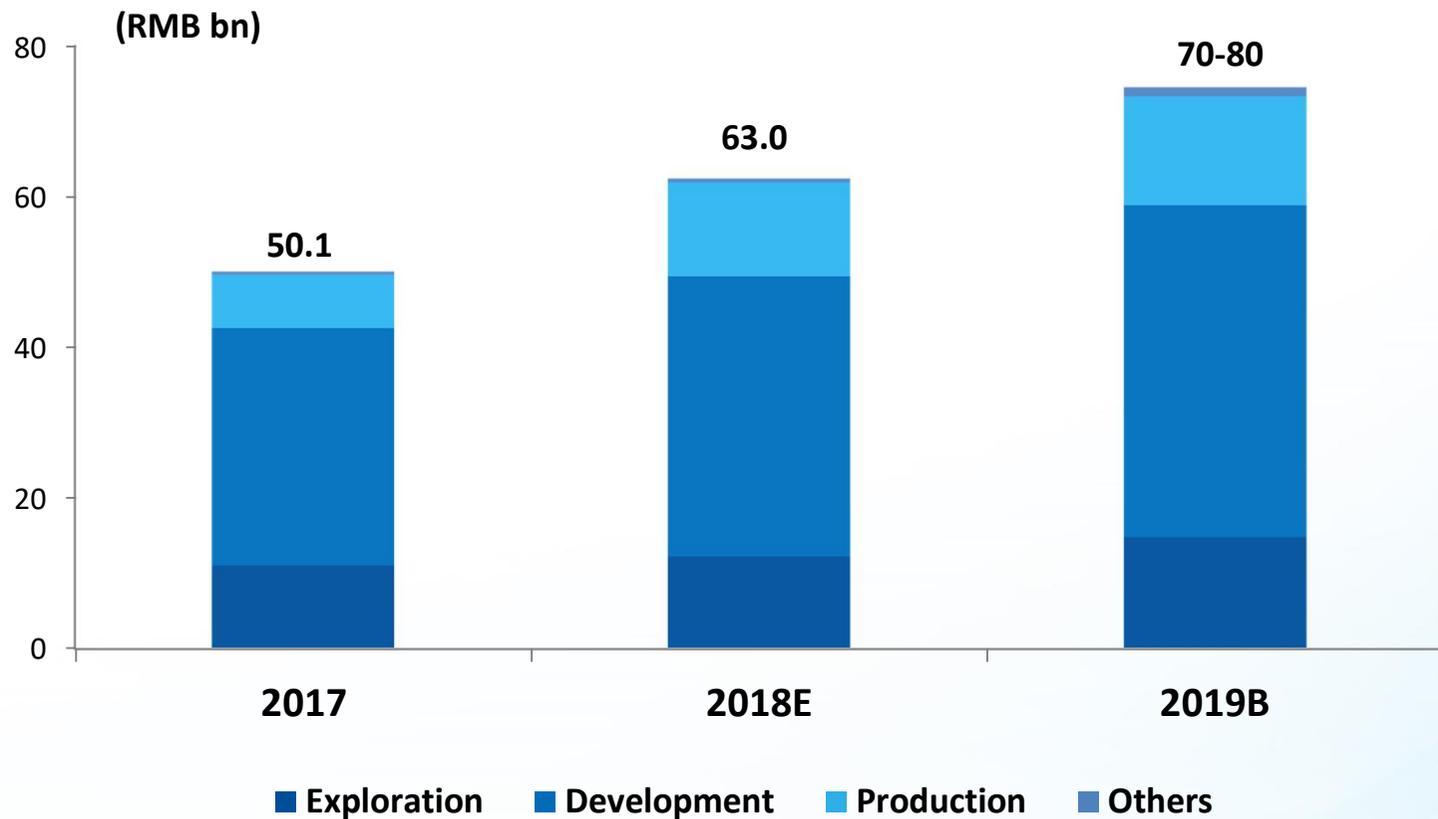
2019 Overview

- 🚩 Capex budget of RMB70-80 billion
- 🚩 Production target of 480-490 mmboe
- 🚩 Six new projects to come on stream in 2019
- 🚩 Reserve Replacement Ratio (RRR) of 120%
- 🚩 Maintain high standards on HSE performance



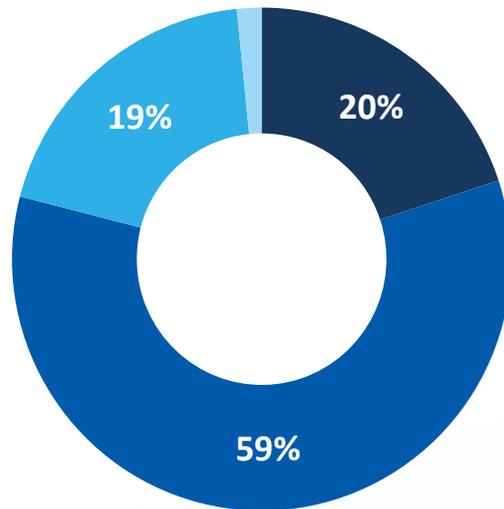
Capex Plan

 Increase Capex to support the Company's high-quality development

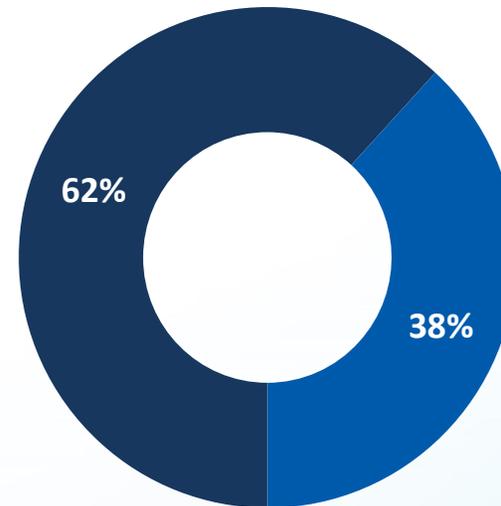


2019 Capex Breakdown

 **Capex in China will increase substantially in 2019**



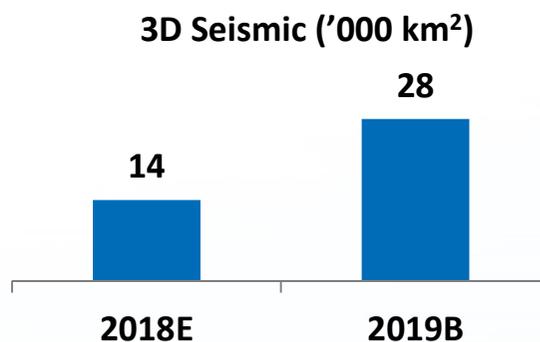
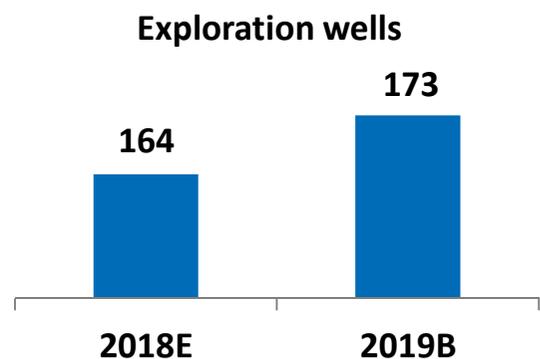
■ Exploration ■ Development ■ Production ■ Others



■ China ■ Overseas

Enhanced Efforts on Exploration

- Enhance efforts on exploration and maintain high-quality exploration results to support the Company's mid-to-long term sustainable growth



Note: Excludes unconventional exploration wells (35 estimated in 2018 and 73 planned for 2019)



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Increase Domestic Exploration Activities

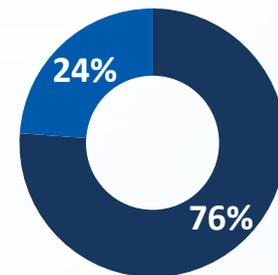
Natural Gas Exploration in Offshore China



Domestic exploration accounts for a high proportion of total investment

- Focus on mid-to-large discoveries, and stress value-driven exploration philosophy
- Continue to optimize exploration portfolios, make efforts on both oil and gas exploration and strengthen gas activities
- Adhere to mature and rolling areas and enhance investment in frontier new areas and new layers to ensure sustainable development

Exploration Capex Breakdown in 2019



■ China ■ Overseas

Domestic Exploration Capex (RMB bn)



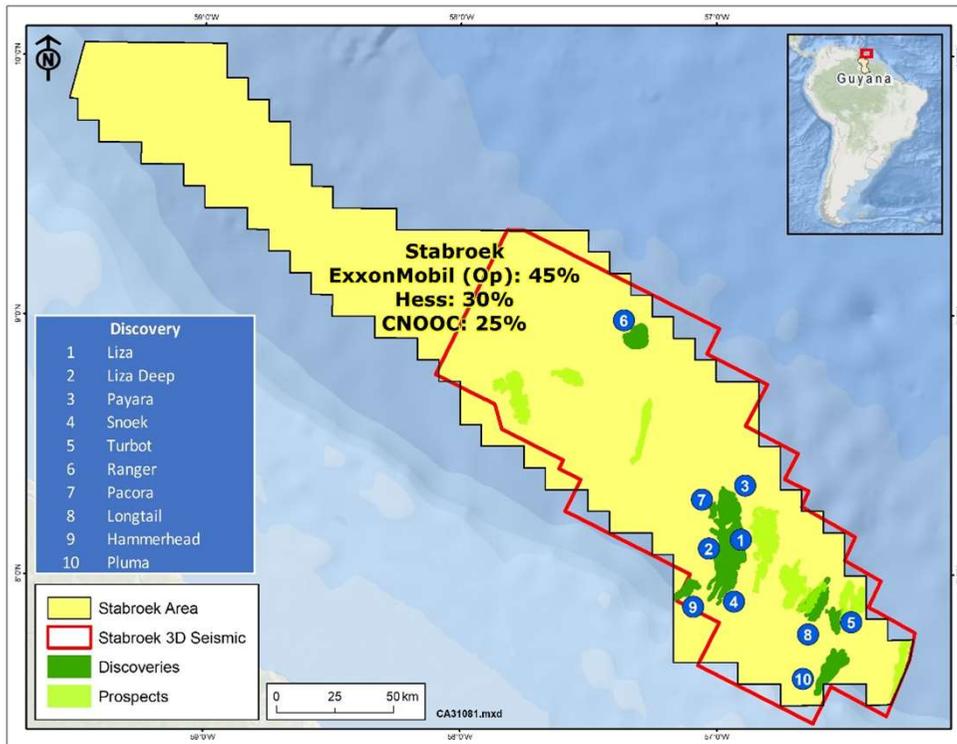
Actively Engage in Overseas Exploration

Overseas Exploration Investment

- Accelerate the progress of existing projects
- Actively participate in high-quality new projects and continuously expand the exploration radius



Recoverable Resources of More Than 5 Billion BOE in the Stabroek Block Guyana



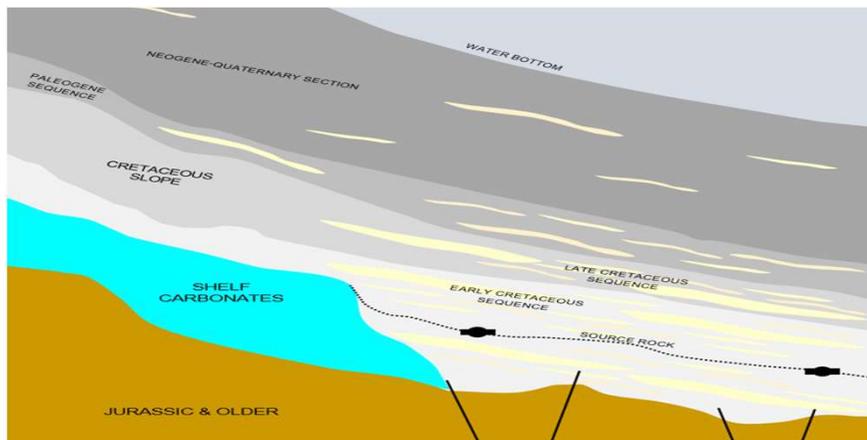
High resource potential

- 5 discoveries were achieved in 2018
- 10 successful discoveries have been made to date
- The recoverable resource increased from 3.2 billion to more than 5 billion BOE in 2018

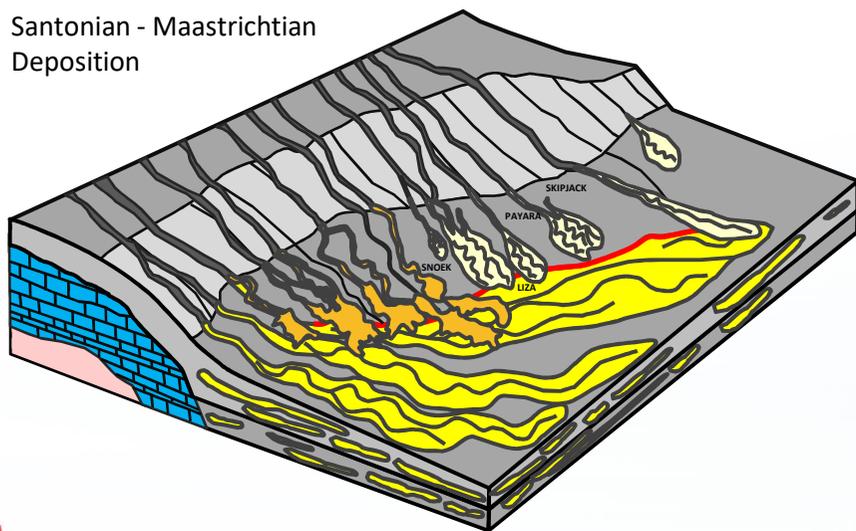
Total Recoverable Resources
(Billion BOE)



Great Exploration Potential



Santonian - Maastrichtian
Deposition

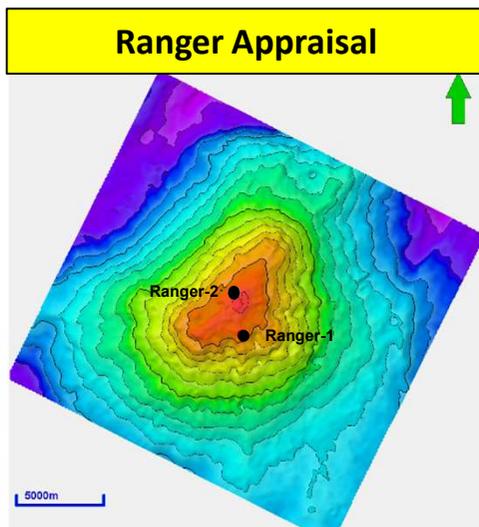
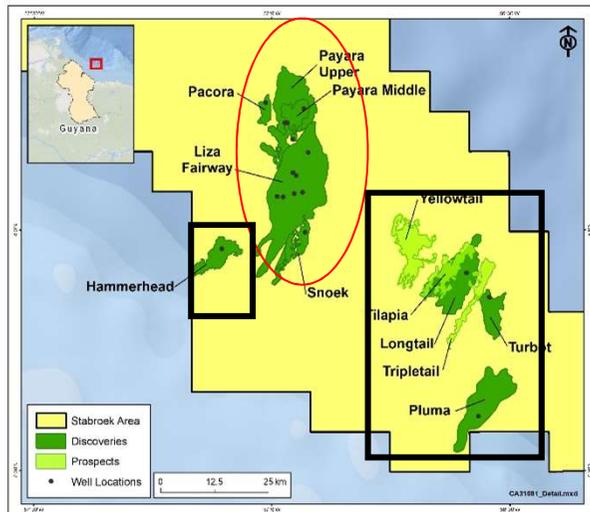


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Excellent petroleum geological conditions

- Excellent source rock
- Multiple types and high-quality oil bearing reservoirs
- Various plays
- Multiple future prospects

Stabroek Work Plan



Focus on three areas

- 🚢 **Hammerhead appraisal**
 - First Miocene Oil discovery
 - Encountered approximately 60 meters of high-porosity and high-permeability sandstone reservoir
 - More appraisal required, expected completion by 2019
- 🚢 **Continue to explore and appraise in Turbot area**
 - Made Pluma discovery recently, and more prospects to be drilled
 - Conduct additional exploration and appraisal work in the Turbot area in 2019
- 🚢 **Begin the appraisal of Ranger discovery**
 - First oil discovery in Carbonate reservoir
 - Encountered approximately 70 meters of high-quality oil-bearing carbonate reservoir
 - Drill and test appraisal well

Development and Production Promote Stable Production



Development Capex

- Ensure the key projects to proceed construction on schedule
 - China: Lingshui 17-2, Liuhua 16-2/20-2, Luda 21-2/16-3S, etc.
 - Overseas: Liza Phase I, Appomattox, etc.
- Accelerate the implementation of new development wells and strive to bring them on stream ahead of schedule

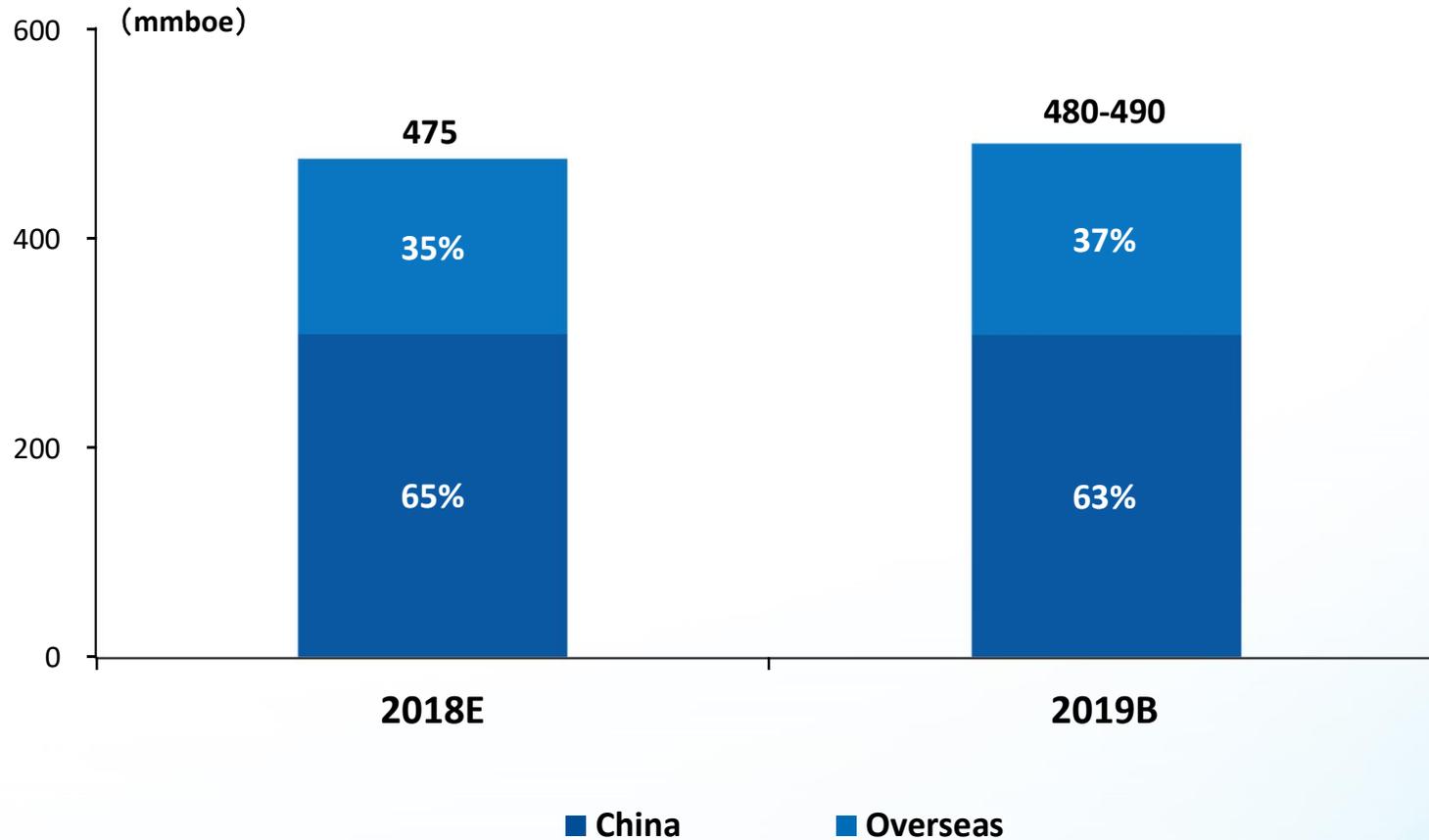


Production Capex

- Continue to optimize the infill drilling programs to ensure a record high workload in 2019



Production Target



2019 production target of 480-490 mmboe, with oil and gas representing 81% and 19%, respectively.



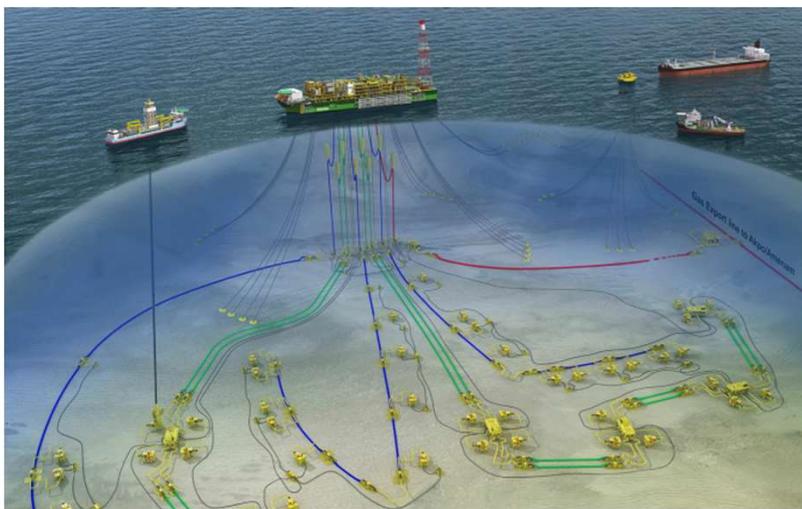
New Projects in 2019

Project	Location	Expected Startup	Peak Production (boe/d)	Working Interests
Egina oil field	Nigeria	Commenced production	200,000	45%
Huizhou 32-5 oil field comprehensive adjustment/Huizhou 33-1 oil field joint development project	Eastern South China Sea	Commenced production	19,200	100%
Bozhong 34-9 oil field	Bohai	First half	22,500	100%
Appomattox project	U.S. GoM	Second half	175,000	21%
Caofeidian 11-1/11-6 comprehensive adjustment project	Bohai	Second half	28,700	51%~60%
Wenchang 13-2 comprehensive adjustment project	Western South China Sea	Second half	11,500	100%



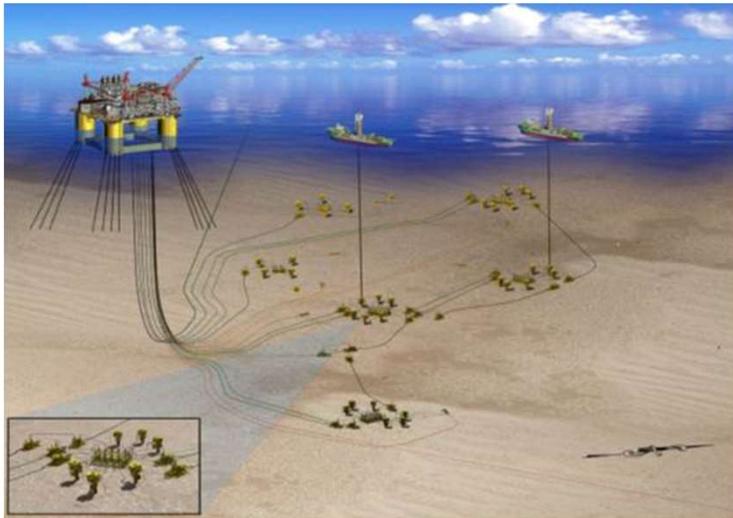
Egina Oil Field

- 🚢 Located 130km away from Nigeria coast
- 🚢 Ultra-deepwater development project with water depth of ~1,600 meters
- 🚢 Facility details:
 - One FPSO
 - 44 subsea wells
- 🚢 Peak production: 200,000 boe/day
- 🚢 CNOOC Limited's interest: 45% (Total acts as the operator)



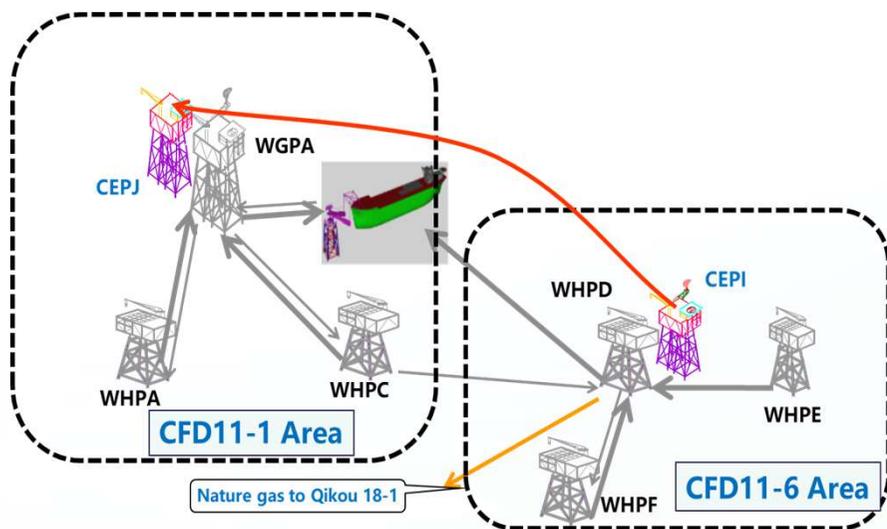
Appomattox Project

- 📍 Located in the US Gulf of Mexico 130 km from Louisiana, including Appomattox and Vicksburg fields
- 📍 Ultra-deepwater development project with water depth of ~2,200 meters
- 📍 Facility details:
 - One central platform
 - 15 subsea producing wells and 5 subsea water injection wells
- 📍 Peak production: 175,000 boe/day
- 📍 CNOOC Limited's interest: 21% (Shell acts as the operator)



Caofeidian 11-1/11-6 Comprehensive Adjustment

- 📍 Located in Bohai with water depth of 20 - 25 meters
- 📍 Facility details:
 - Two central platforms
 - 89 producing wells
- 📍 Peak production: 28,700 boe/day
- 📍 CNOOC Limited acts as the operator and owns: 51% (CFD 11-1), 60% (CFD 11-6)



A Long Pipe of Projects Support Production Growth

Offshore China

- ✓ Qinhuangdao 33-1S oil field
- ✓ Bozhong 19-6 gas field test area
- ✓ Nanbao 35-2 oil field S1 area
- ✓ Luda16-3 oil field
- ✓ Luda 21-2 oil field
- ✓ Caofeidian 6-4 oil field
- ✓ Luda 29-1 oil field
- ✓ Liuhua 29-1 gas field
- ✓ Liuhua 16-2/20-2 oil field joint development
- ✓ Luda 6-2 oil field
- ✓ Penglai 25-6 oil field 3 area
- ✓ Luda 5-2N oil field

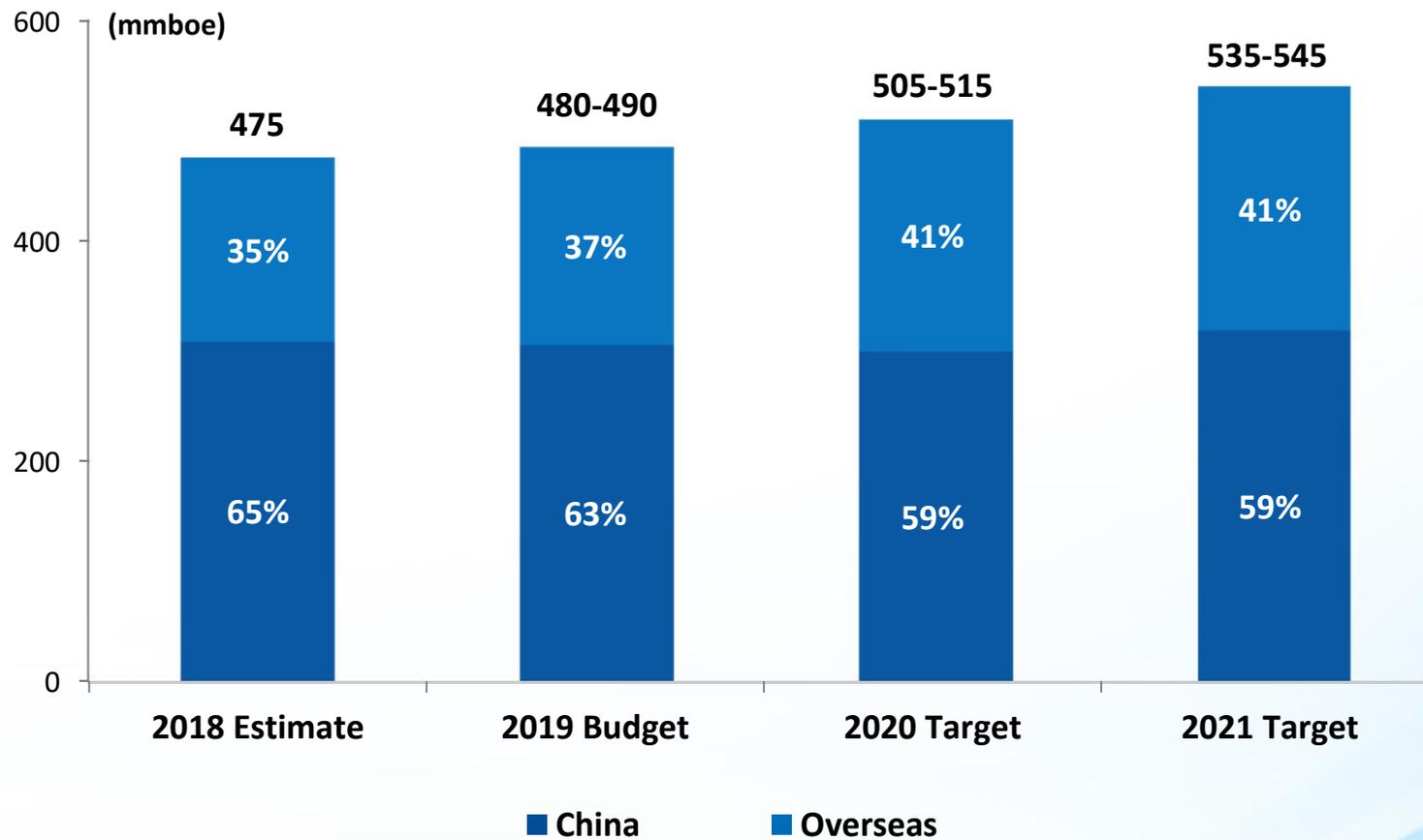
- ✓ Lingshui 17-2 gas fields
- ✓ Jinzhou 25-1 oil field 6/11 area
- ✓ Bozhong 19-6 gas field phase I
- ✓ Lufeng oil fields
- ✓ Liuhua 21-2 oil field
- ✓ Wushi 17-2 oil fields
- ✓ Dongfang 1-1 gas field SE area/Ledong 22-1 gas field south area
- ✓ Wushi 23-5 oil fields
- ✓ Weizhou 12-8E oil field
- ✓ Liuhua 29-2 gas field
-

Overseas

- ✓ Hokchi oil field
- ✓ Liza oil field Phase I
- ✓ LLSW project
- ✓ Tangguh Phase II project
- ✓ Buzzard oil field Phase II
- ✓ Mero oil field
- ✓ Preowei oil field
- ✓ Kingfisher oil field
- ✓ Tilenga oil field
- ✓ Liza oil field Phase II
- ✓ Meadow Creek project
-

Three-year Rolling Target

 Increase oil and gas reserve and production levels to improve shareholder returns



Promote High-quality Development of the Company

- 🌀 **Strategy leads development**
 - Effectively carry out strategies
 - Continue to optimize strategic investment management through quality and efficiency enhancement
- 🌀 **Speed up transformation and upgrading**
 - Focus on cutting-edge technology and original innovation, further foster core technological breakthrough
 - Adapt to the developing trend in the digital era and promote the digital transformation of the Company
- 🌀 **Adhere to the low-carbon development principle**
 - Conduct the oil field development based on low-carbon principle
 - Actively expand natural gas business and explore offshore wind power business
- 🌀 **Focus more on risk management**
 - Pay high attention to potential risk in production
 - Continue to strengthen the capacity of preventing fiscal and legal risk



Explore the Offshore Wind Power Industry

- 🌊 In line with the low-carbon development trend in global energy industry, we actively explore the offshore wind power industry, and build competitiveness in low-carbon sector.
 - Great market potential and broad future prospects
 - Rich resources in offshore engineering and sophisticated experience in offshore operation
 - Entered into an offshore wind power project in Jiangsu Province In January, 2019



Digital Transformation Helps Improve Core Businesses

- 🚢 Advancing the construction of smart oil fields to effectively improve production efficiency and reduce operating costs

🚢 Intelligent Exploration

- Big data to integrate the acquisition and interpretation of seismic data, realizing a fast and quality appraisal of the targets
- Improve the efficiency of decision making in exploration operation site
- Improve risk control of exploration operations



🚢 Intelligent Development and Production

- Realize regional refined management
- Conduct fault alert regarding production facilities and critical equipment



Digital Transformation Helps Improve Core Businesses

Cloud System Construction

- Global presence with intensive management
- Effectively support the domestic and overseas businesses
- lead business innovation

Unmanned Offshore Platform

- Increase unmanned offshore platforms
- Reduce operating costs
- Improve production efficiency





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