CNOOC LIMITED

2015 Strategy Preview

February 3, 2015
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Outline

- Operating Environment and Strategy
- 2015 Operating Guidance
- Three-year Outlook
Oil prices have dropped more than 50% since 2H 2014

Forward prices remain at a low level

Source: Bloomberg

Brent and WTI prices since 2014 (US$/Bbl)

Brent and WTI Forward Curve (US$/Bbl)
Operating Strategy

- Maintain prudent financial policy and investment decision
- Strengthen cost control, continue to improve quality and efficiency
- Ensure safe operation of producing projects
- Keep sanctioned projects on schedule on budget with stringent quality control

In the low oil price environment, we made revision to our 2015 work plan and budget.
2015 Overview

- **Lower Capex by 26-35% from 2014 level**
  - 2015 Capex of RMB70-80 billion, down 26-35% from 2014E
  - Exploration, development and production account for 21%, 67% and 10% respectively
  - China and overseas account for 52% and 48% respectively

- **Strong production growth of 10-15%**
  - Production target at 475-495 mmboe, up 10-15% YoY
  - 7 new projects to come on stream in 2015

- **Maintain reasonable exploration spending level to support sustainable growth**
  - ~162 exploration wells to be drilled
  - 2D seismic data of 36 thousand km and 3D seismic data of 14 thousand km² to be acquired
  - Reserve Replacement Ratio (RRR) >100%
Capex Plan

2015 Capex Plan Breakdown

- Exploration: 10% (2013A), 21% (2014E), 48% (2015B)
- Development: 67% (2013A), 62% (2014E), 52% (2015B)
- Production: 10% (2013A), 13% (2014E), - (2015B)
- Other: 2% (2013A), 1% (2014E), - (2015B)

Note: The percentages for China and Overseas are also shown, with China accounting for 52% and Overseas for 48%.
Capital Spending Principles

- Prudent investment decision
- Focus on cash flow
- Balance short-term return and long-term development
- Continue to optimize asset portfolio and capital allocation
Exploration Capex of RMB14.7-16.8 bn, down 29-38% YoY

Optimize exploration investment

- Ensure spending in our core area offshore China, representing two thirds of total exploration Capex
- Prioritize mature areas and rolling areas
- Make adjustment on deepwater wells, wells targeting at deep zone, and high-temperature high-pressure wells
- Optimize exploration program with partners
Continue to prioritize exploration work and maintain reasonable spending level to support sustainable growth.
Development and Production

- Development Capex of RMB46.9-53.6 bn, down 23-33% YoY
  - Ensure investment in projects under construction, refine engineering plan
  - Cautiously evaluate pre-sanction projects, concentrate resources on high-quality projects, suspend or defer marginal projects

- Production Capex of RMB7.0-8.0 bn, down 41-48% YoY
  - Strictly screen and assess infill drilling wells
  - Closely monitor oil prices, and maintain flexibility on infill drilling wells
Strengthen Cost Control

- Enhance awareness of cost control
- Adjust workload based on return
- Continue to streamline and implement whole process management
- Further address health, safety and environmental protection management
Our 2015 production target is 475-495 mmboe, among which, oil and gas account for 83% and 17% respectively.
New Projects in 2015

<table>
<thead>
<tr>
<th>Project</th>
<th>Location</th>
<th>Expected Startup</th>
<th>Peak Production (boe/d)</th>
<th>Working Interests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jinzhou 9-3 oil field adjustment</td>
<td>Bohai</td>
<td>Commenced production</td>
<td>12,000</td>
<td>100%</td>
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<tr>
<td>Bozhong 28/34 oil fields adjustment</td>
<td>Bohai</td>
<td>First half</td>
<td>30,000</td>
<td>100%</td>
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<tr>
<td>Kenli 10-1 oil field</td>
<td>Bohai</td>
<td>First half</td>
<td>36,000</td>
<td>100%</td>
</tr>
<tr>
<td>Dongfang 1-1 gas field Phase I adjustment</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>9,000</td>
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<tr>
<td>Weizhou 12-2 oil field joint development</td>
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<tr>
<td>Weizhou 11-4N oil field Phase II</td>
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<tr>
<td>Luda 10-1 oil field adjustment</td>
<td>Bohai</td>
<td>Second half</td>
<td>6,000</td>
<td>100%</td>
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</tbody>
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7 new projects are scheduled to come on stream in 2015, including JZ9-3 adjustment, which already commenced production.
Major Project – BZ 28/34 Adjustment

- Located in Southern Bohai
- Bozhong 28/34 includes three producing fields:
  - Bozhong 28-2S
  - Bozhong 34-1
  - Bozhong 34-2/4
- New producing facilities:
  - One central platform and four wellhead platforms
  - 79 producing wells
- Peak production of adjustment project: 30,000 bbl/day
Major Project – KL 10-1

- Located in Southern Bohai
- Major producing facilities:
  - One central platform and two wellhead platforms
  - 70 producing wells
- Peak production: 36,000 bbl/day
2015: Operating Highlights

- Financial Management
  - Maintain prudent financial policy
  - Capex of RMB70-80 billion

- Development
  - 7 new projects to come on stream

- Production
  - Production target of 475-495 mmboe
  - RRR > 100%

- Exploration

- HSE
  - Maintain high standards on HSE
Three-year Outlook
2016 and 2017 production will see stable growth, expected to be ~509 and ~513 mmboe. We will adjust three-year production target according to the changes of operating environment.