



CNOOC LIMITED
中国海洋石油有限公司

2012 Strategy Preview

January 18, 2012



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This presentation includes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus or financial results. The words “believe,” “intend,” “expect,” “anticipate,” “project,” “estimate,” “plan,” “predict” and similar expressions are intended to identify such forward-looking statements.

These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance and financial condition to differ materially from our expectations, including those associated with fluctuations in crude oil and natural gas prices, our exploration or development activities, our capital expenditure requirements, our business strategy, the highly competitive nature of the oil and natural gas industries, our foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these and other risks and uncertainties, please see the documents we file from time to time with the United States Securities and Exchange Commission, including our 2010 Annual Report on Form 20-F filed on April 29, 2011. Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. We cannot assure that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us, our business or our operations.

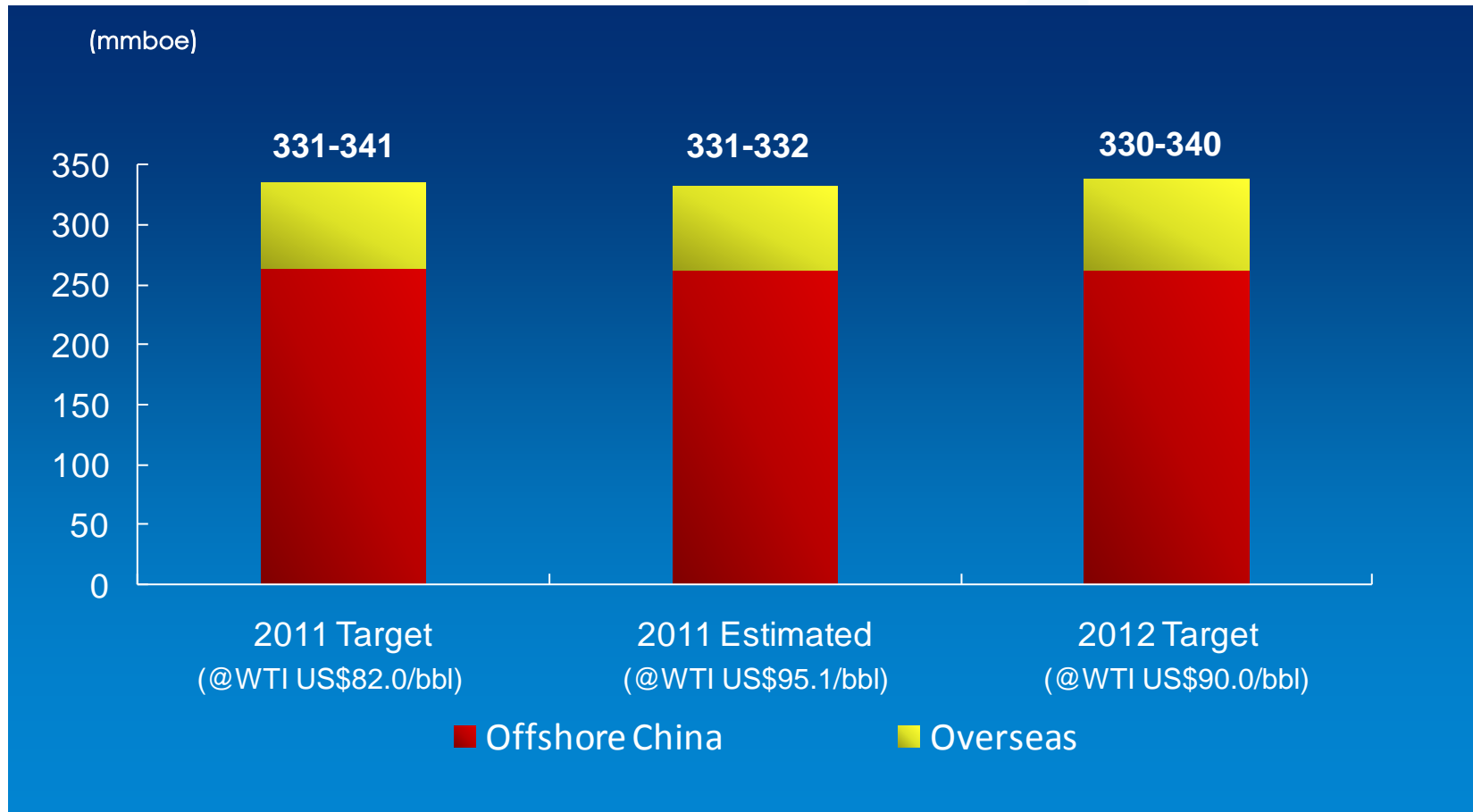


2012 Key Objectives

- **To lay a solid foundation for future production growth**
 - Production target at 330-340 mmboe (@WTI US\$90.0/bbl)
 - 4 new projects in offshore China to come on stream
- **More efforts on exploration**
 - 114 exploration wells to be drilled, 2D and 3D seismic data to be acquired
 - 3 independent deepwater exploration wells scheduled
- **Capital spending continue to grow**
 - Capex of US\$9.3-11.0 bn, up 37.8-63.0% from 2011E
- **Clear mid-to-long term strategy**
 - With a solid foundation in offshore China, expanding our overseas business under “3R” principles
 - Developing unconventional business appropriately in order to build resource base for long-term growth



Production Target

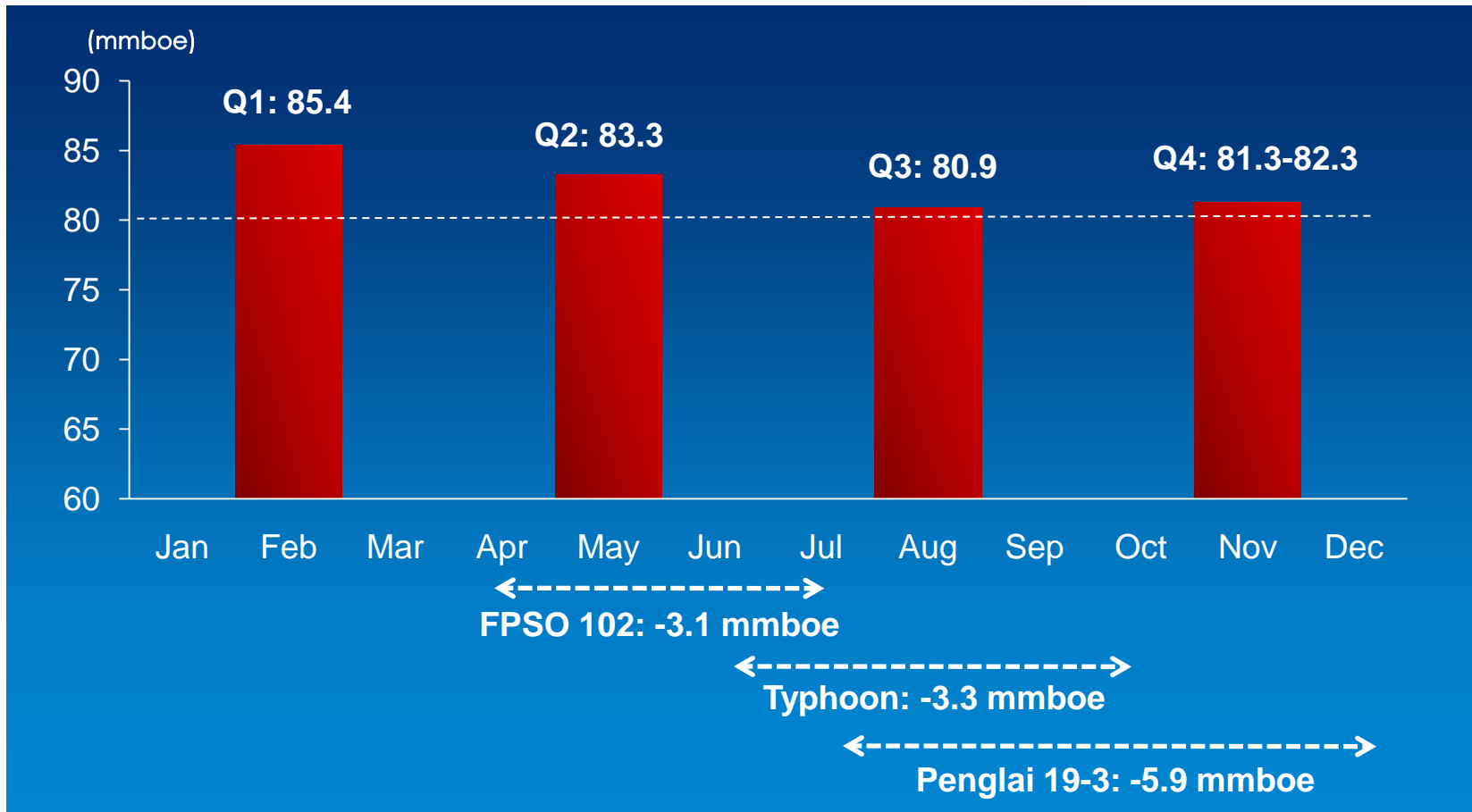


2012 production target set at 330-340 mmboe*, under WTI price of US\$90/barrel.

*Including our interest in equity-accounted investees



Challenges on 2011 production



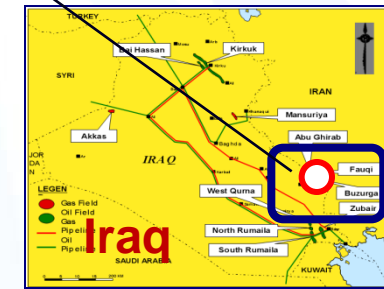
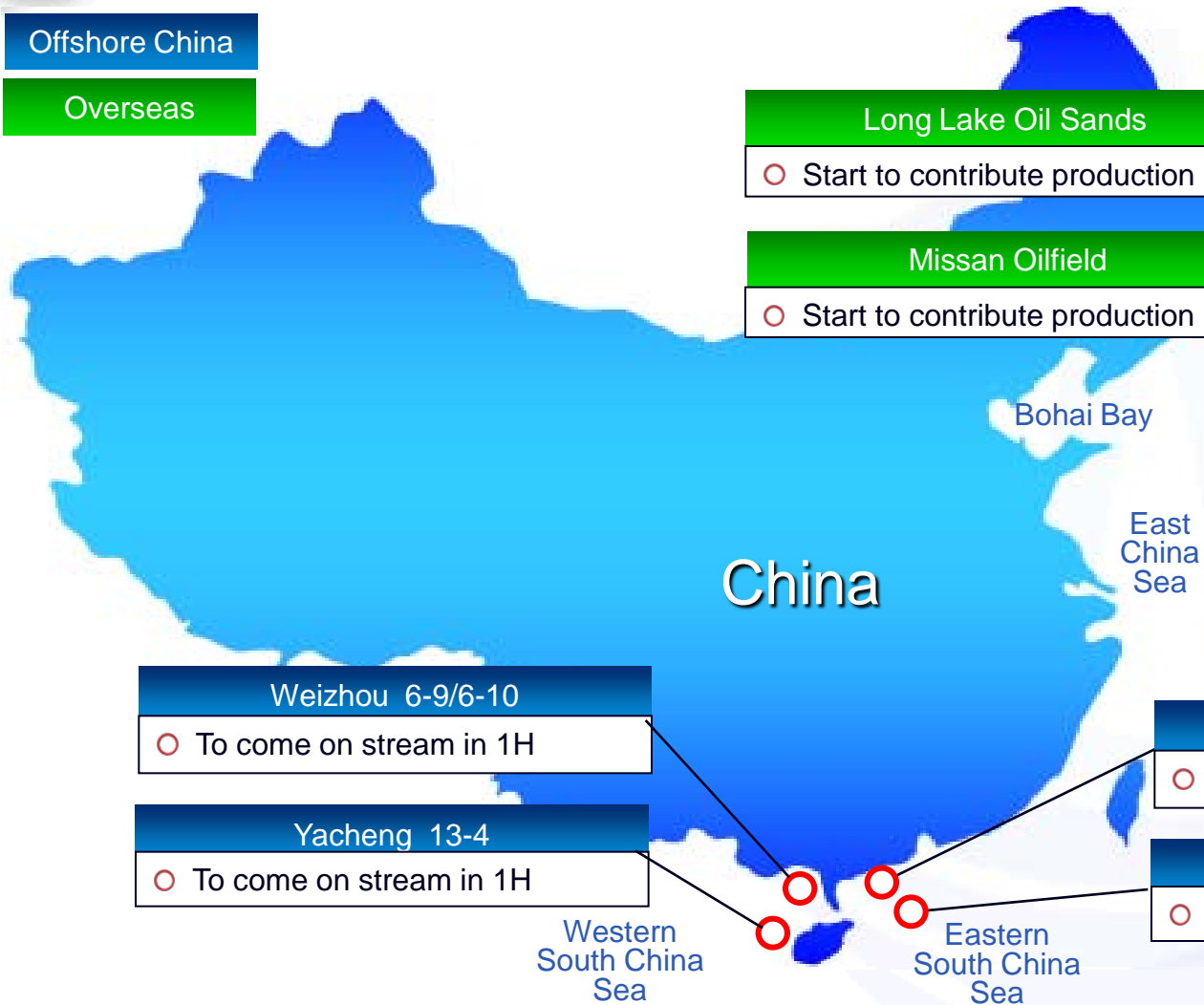
Despite many difficulties, we achieved our production target.



Major New Projects in 2012

Offshore China

Overseas



**4 new projects in offshore China are scheduled to come on stream in 2012.
16 projects are under construction.**



Major Project: Panyu 4-2/5-1 Adjustment

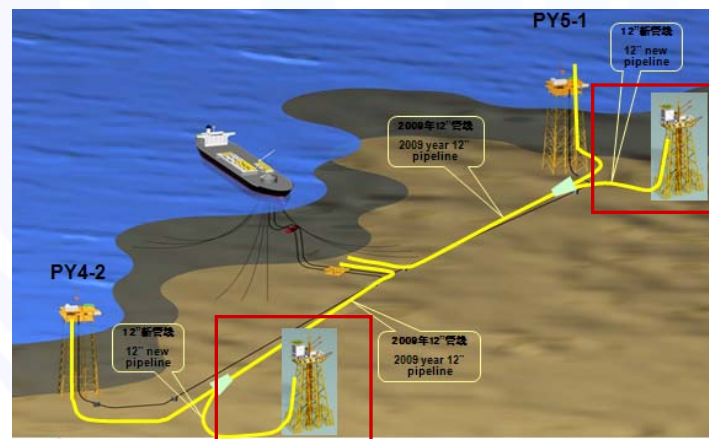


Jacket of Panyu 4-2



Module of Panyu 5-1

- Existing project
 - Startup: 2003
 - CNOOC's interests: 75.5%*
 - Historical peak production: ~76,000 b/d (2004)
 - 2011 production: ~39,000 b/d
- Adjustment project
 - Startup: late 2012
 - Two platforms and new wells to be added
 - Incremental peak production: ~57,000 b/d (2014)



*CNOOC's interests were 51% when project came on stream. In April 2010, the Company acquired 24.5% interests of the project from Devon.



Comprehensive Adjustment on Existing Fields

- Existing oil and gas fields in offshore China still have great potentials;
- Comprehensive adjustment on existing fields will be one of the focuses of future development ;
- Major comprehensive adjustment projects in offshore China:
 - 2010: Suizhong 36-1 adjustment Phase I
 - 2011: Lufeng 13-2 adjustment
 - 2012: Panyu 4-2/5-1 adjustment
 - 2013: Suizhong 36-1 adjustment Phase II
 - 2014: Qinhuangdao 32-6 adjustment, Jinzhou 9-3 adjustment
 - 2015: Dongfang 1-1 gas field adjustment





Exploration Potential in Offshore China

Sedimentary Basins in China's Continental Shelf

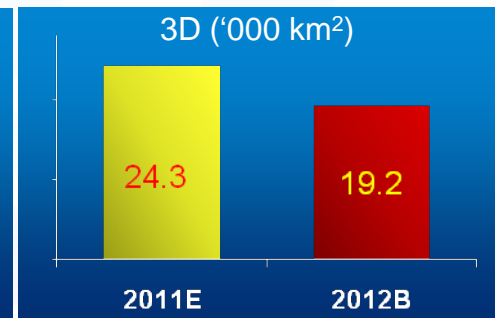
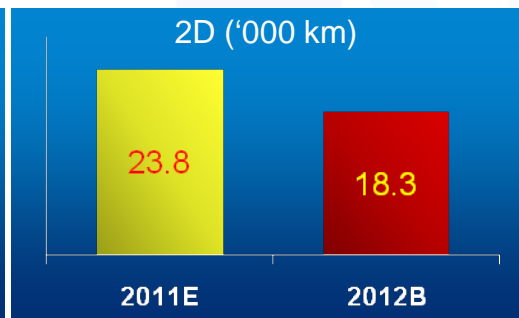
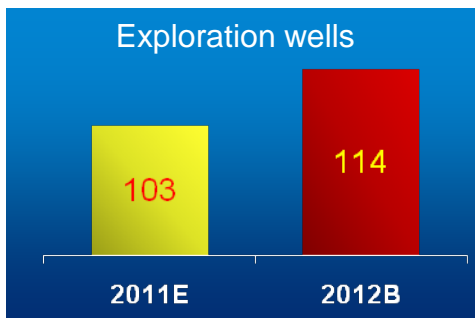


- **Prospective oil resources in China's Continental Shelf:**
 - 15.2 billion tonnes*
- **Original Oil in Place (OOIP) in China's Continental Shelf:**
 - 10.7 billion tonnes*
- **Although many discoveries have been made in recent years, offshore China is still underexplored. Mature areas, rolling areas and frontier exploration areas all have huge resource potentials.**
 - 2005: 14 discoveries
 - 2006: 10 discoveries
 - 2007: 12 discoveries
 - 2008: 13 discoveries
 - 2009: 17 discoveries
 - 2010: 13 discoveries

*Source: Ministry of Land and Resources



Exploration Program

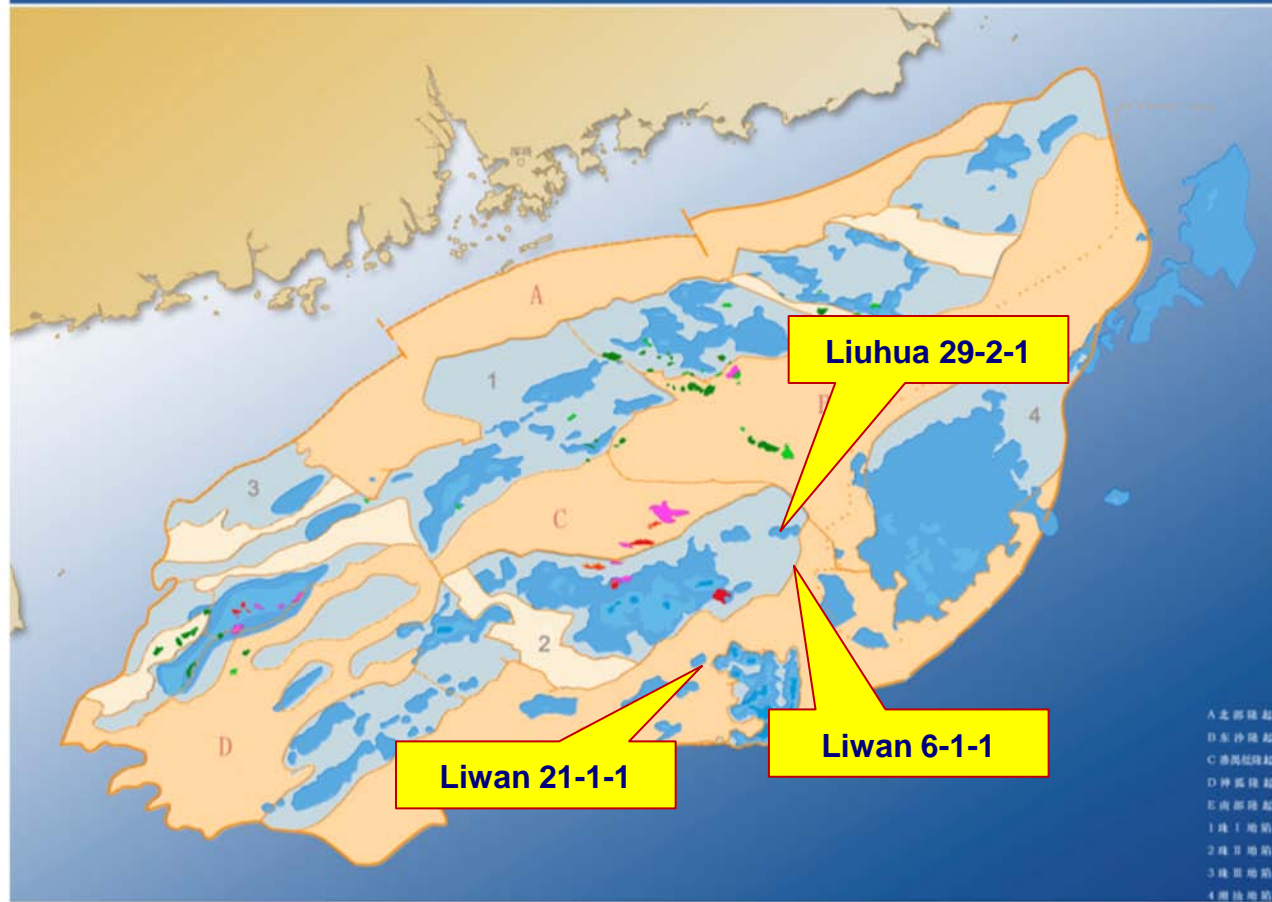


More exploration wells scheduled in 2012, especially more efforts on independent deepwater exploration.



Independent Deepwater Exploration Program

Pearl River Mouth Basin

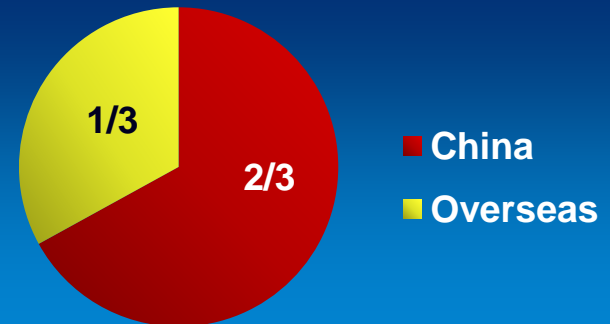
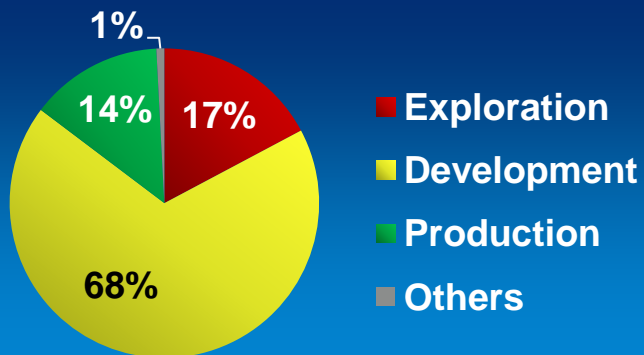
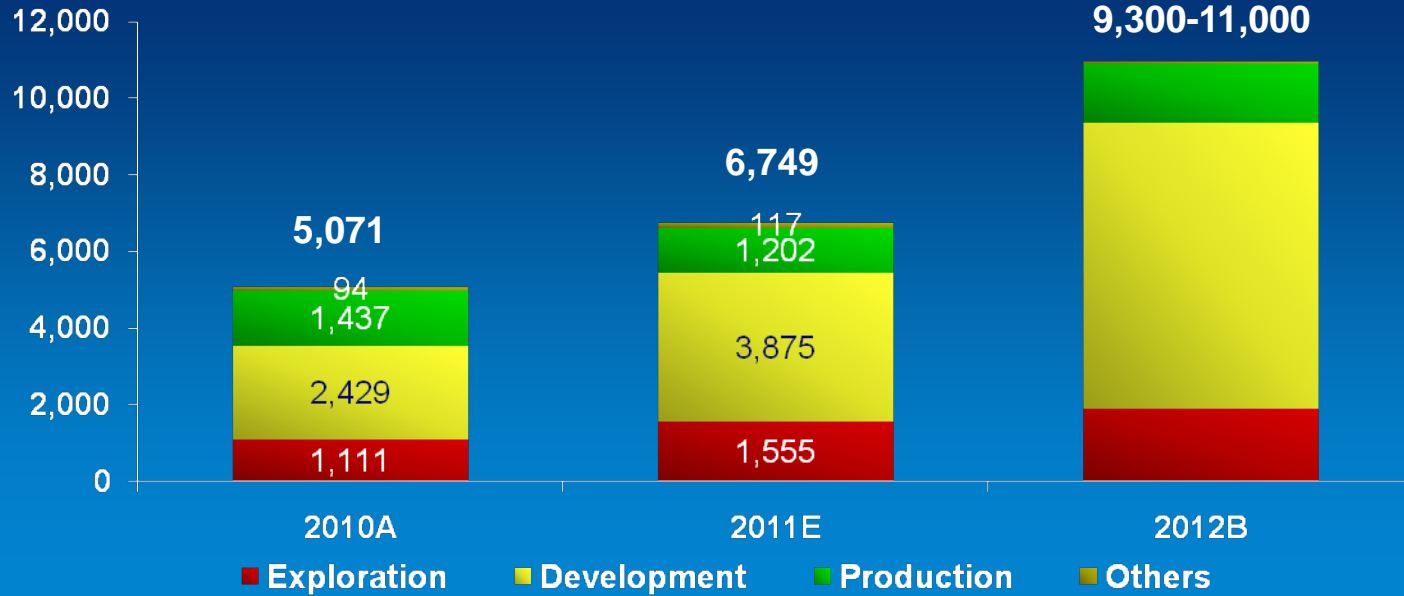


In 2012, we plan to drill 3 independent deepwater wells, and acquire more 2D and 3D seismic data in deepwater blocks.



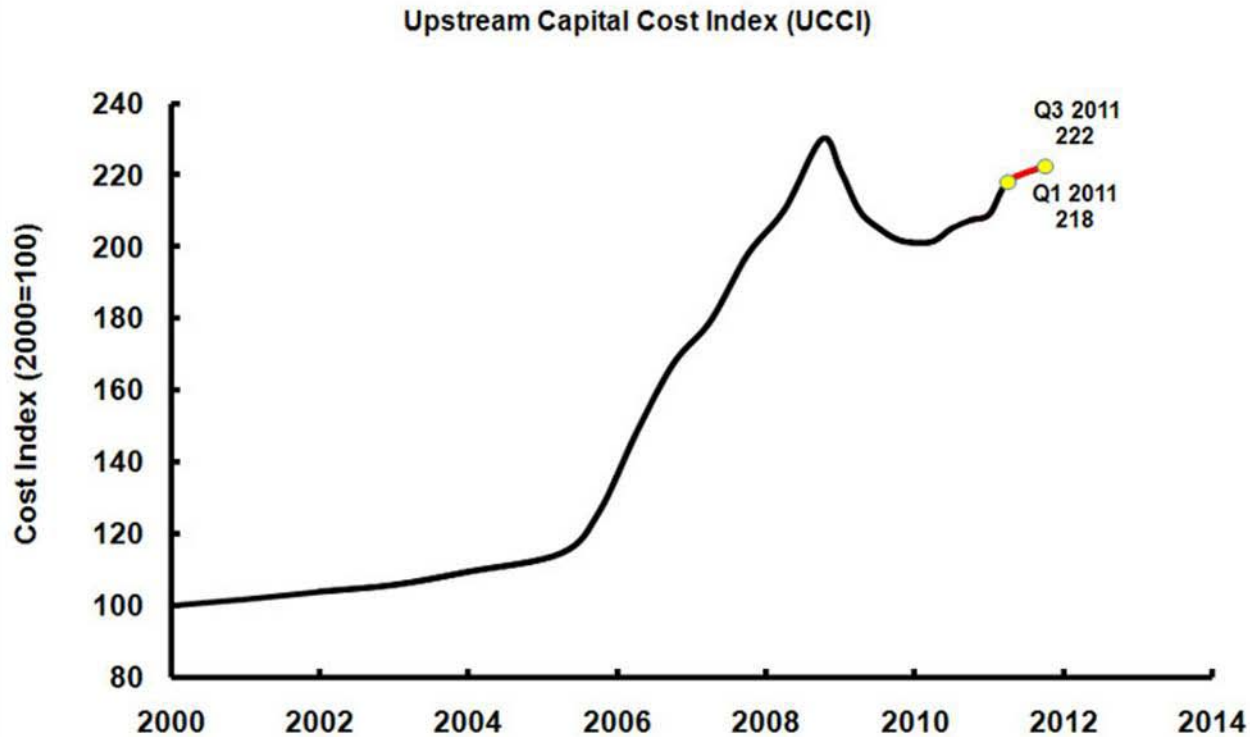
Capex Plan

(US\$ mm)





Industry Cost at High Level

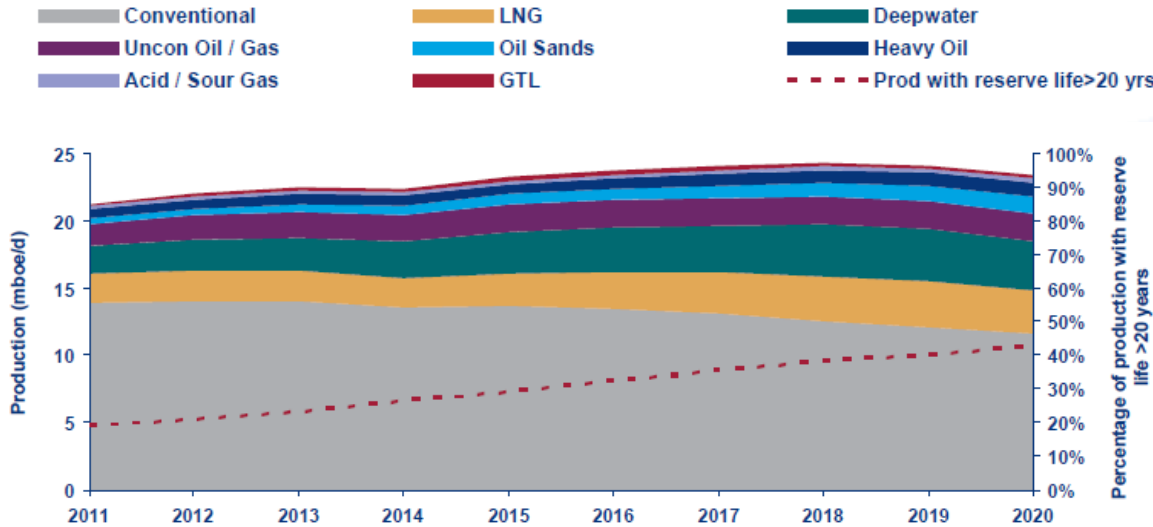


- Upstream costs continue to trend upwards.
- Current costs are reaching near peak level of Q3 2008.

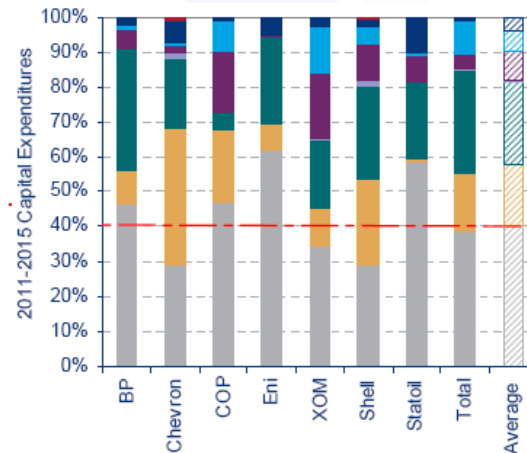
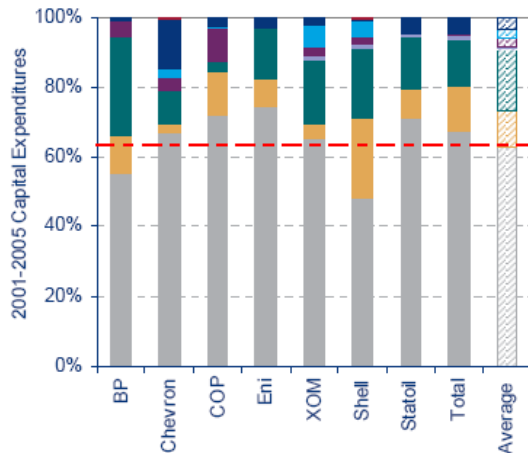
Source: CERA



Increasingly Important Role of Uncon. Resources



- Production of major oil companies
- Conventional resources now account for over two thirds.
- In 2020, this will fall to around a half.



- Investment of major oil companies
- Investment on conventional resources will decline from 63% between 2001 and 2005 to 40% between 2011 to 2015.
- Percentage of oil sands and uncon oil/gas will increase from 9% to 18%.

Source: Wood Mackenzie



Clear Mid-to-long Term Strategy

- With a solid foundation in offshore China, expanding our overseas business under “3R” principles

Geographic expansion:



- Developing unconventional business appropriately in order to build resource base for long-term growth

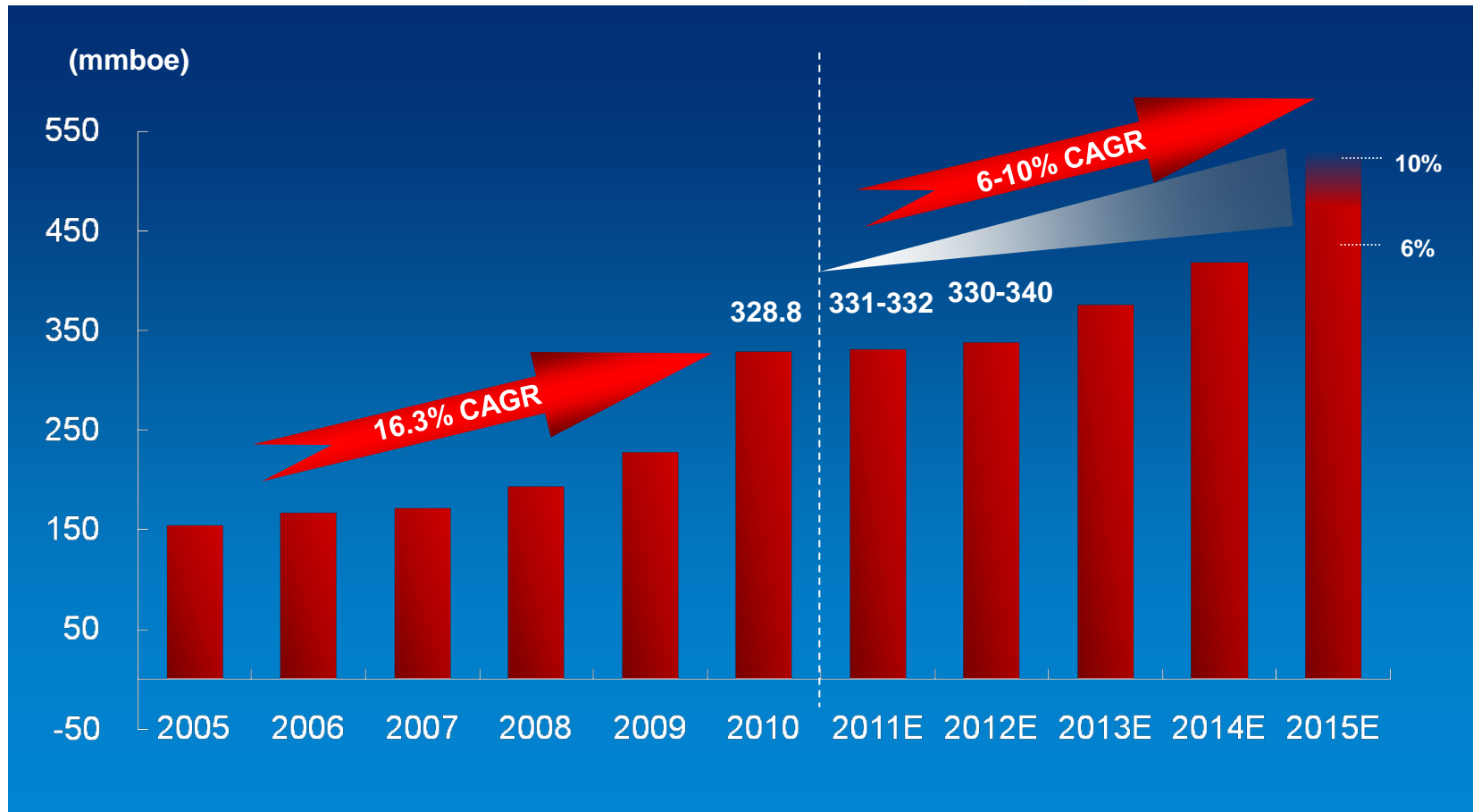
Portfolio diversification:



Moving into overseas, into deepwater and unconventional is an inevitable choice for the Company's mid-to-long term sustainable growth.



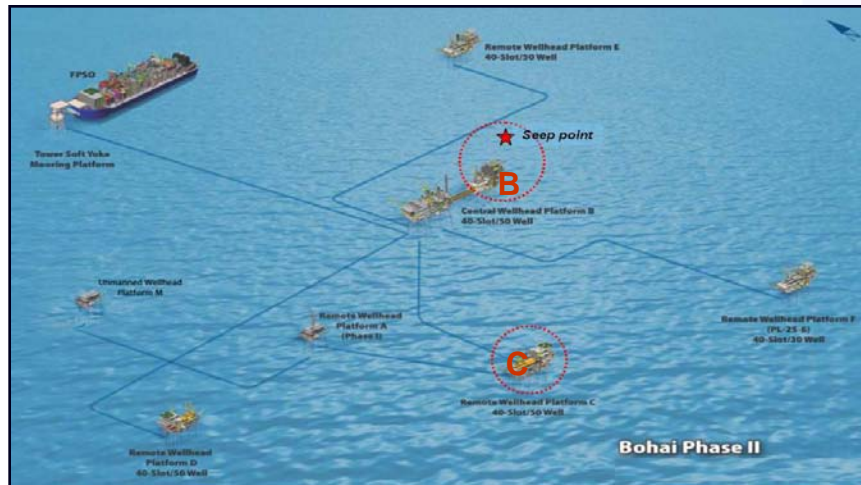
2011-2015 Production Target



Our 2011-2015 production growth target is 6-10% CAGR, within which, offshore China will grow at 4-5% CAGR.



Update on Penglai 19-3 Oil Spill



- Continue to assist ConocoPhillips China Inc (“COPC”) in the following matters:
 - Environmental monitoring and protection;
 - Submitted revised Overall Development Plan (the “ODP”) and completed recomposed Oceanic Environmental Impact Assessment (the “EIA”);
 - Properly deal with the claims.
- On Dec 29, 2011, China National Offshore Oil Corporation (“CNOOC”) submitted application for establishment of “CNOOC Marine Environmental and Ecological Protection Public Welfare Foundation”.
 - Launched by CNOOC;
 - Contributed by the CNOOC Limited with RMB500 million as initial capital.

Source: ConocoPhillips



Special Oil Gain Levy

- Threshold of the special oil gain levy increased to US\$55 per barrel;
- Effective from Nov 1, 2011;
- Continue to have 5 levels, calculated and charged according to the progressive and valorem rates on the excess amounts;
- Calculated on a monthly basis and collected on a quarterly basis.

Details of the level of the levy	
Crude oil prices (US\$/bbl)	Level of levy
55-60 (inclusive)	20%
60-65 (inclusive)	25%
65-70 (inclusive)	30%
70-75 (inclusive)	35%
Over 75	40%



Sustainable, Stable and Profitable Growth

Reserves

- Continue to add reserves through exploration and acquisitions

- RRR: >100%

Development

- 4 development projects in offshore China scheduled to come on stream

Production

- Production target of 330-340 mmboe

Financial Management

- Maintain prudent financial discipline

HSE

- Maintain company-wide focus and high standard on HSE



www.cnooc.com.cn