



**CNOOC Limited**  
**中国海洋石油有限公司**

**CNOOC Ltd. Established  
Joint Venture with Brijdas  
Energy Holdings**

March 14, 2010

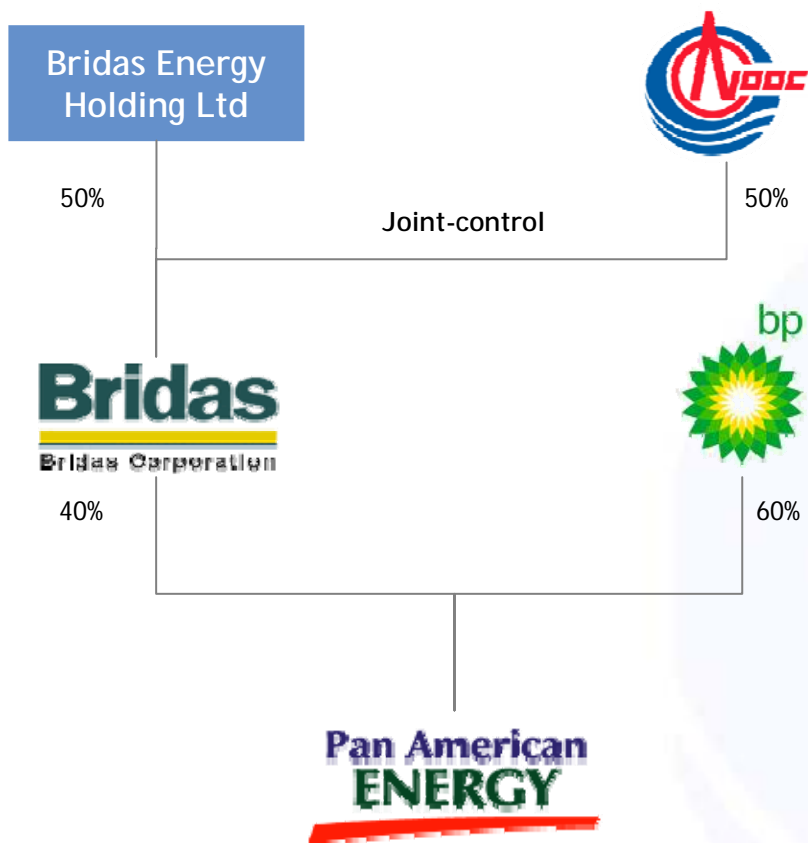


## Important Notice

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 that we believe are reasonable 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. 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 2008 Annual Report on Form 20-F filed on May 8, 2009.



# Key transaction terms



- CNOOC Ltd. will form a 50%/50% joint venture with Bidas Energy Holdings Ltd (“BEH”) in Bidas Corporation (“Bidas” ).
- CNOOC Ltd. and BEH will jointly make management decisions for Bidas.
- Bidas is a holding company with a 40% interest in Pan American Energy (“PAE”), the second largest Argentine E&P company that is jointly owned by Bidas and BP.
- Closing is subject to necessary government and regulatory approvals of People’s Republic of China, and is anticipated to occur in the first half of 2010.
- The consideration for this transaction is approximately US\$3.1 billion in cash.

# Disciplined M&A Strategy

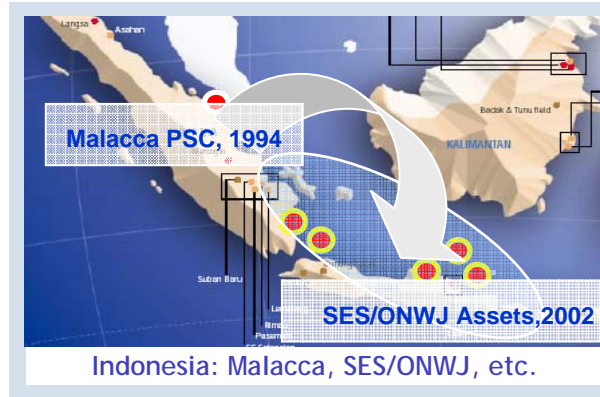
## Growth strategy

- Reserves and production growth
- Develop natural gas
- Prudent financial policy

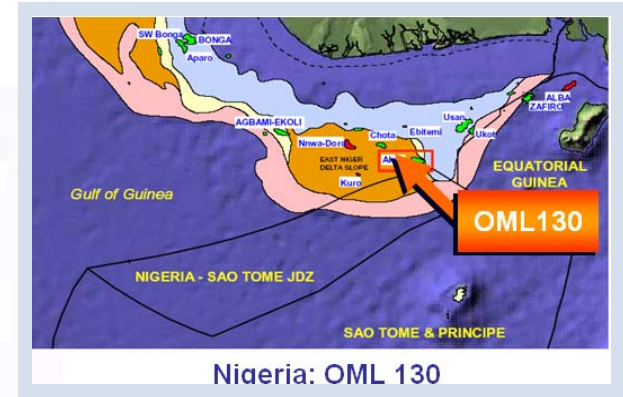


## M&A tactics

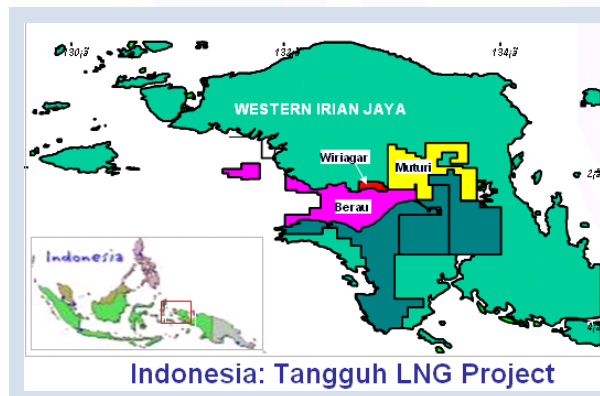
- Opportunistic
- Value-driven
- Return & risk evaluation
  - Resources
  - Return
  - Risk profile



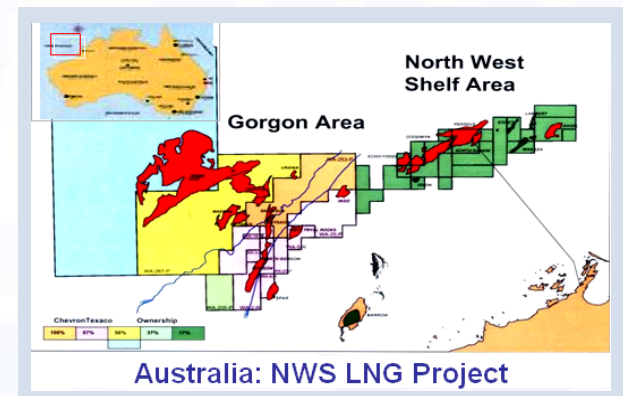
- Indonesia SES: 2002
- Consideration: US\$585mm



- 45% interest in Nigeria OML130: 2006
- Consideration: US\$2.268bn



- 16.96% interest in Indonesia Tangguh: 2003-2004
- Consideration: US\$275mm

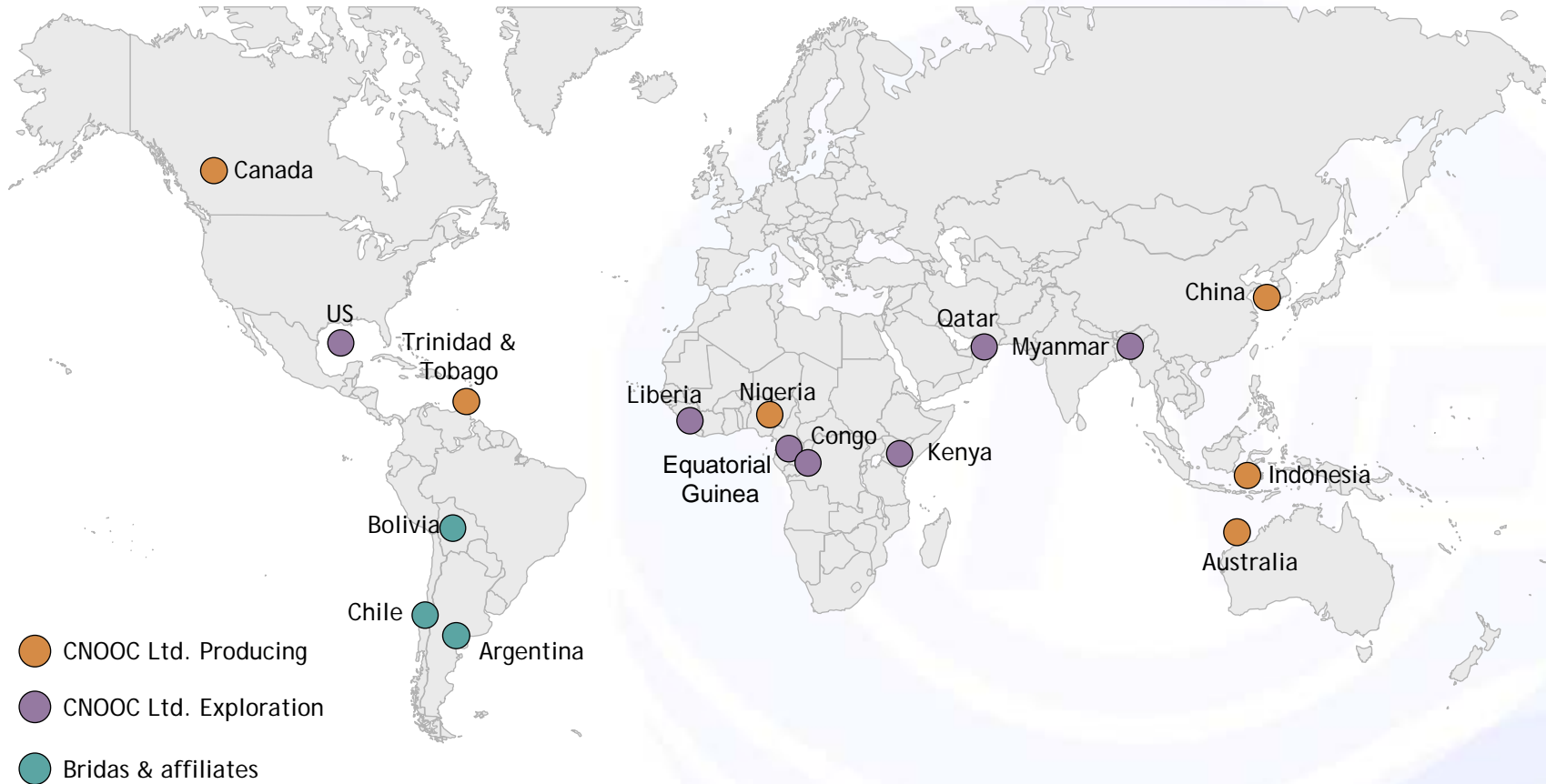


- 5.3% interest in Australia NWS: 2003
- Consideration: US\$348mm



# An important step of our business globalization plan

## Key assets of CNOOC around the globe



Strategic entry into Latin America through partnership with BEH

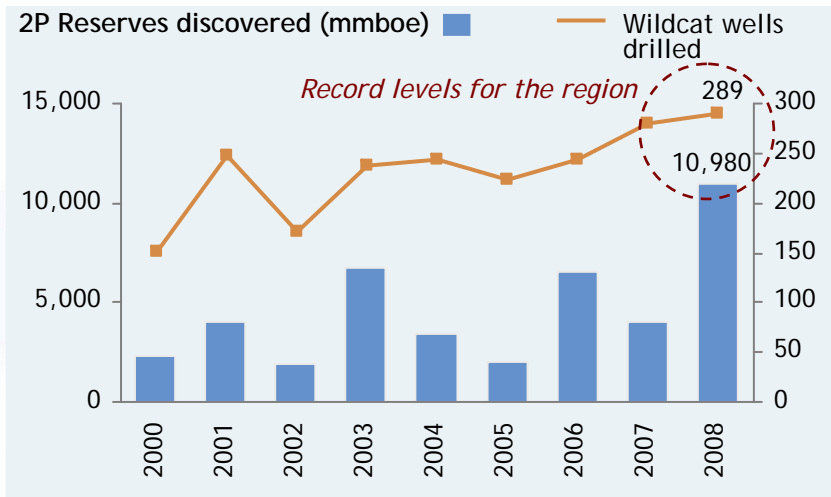


# Latin America offers significant growth and resources potential...

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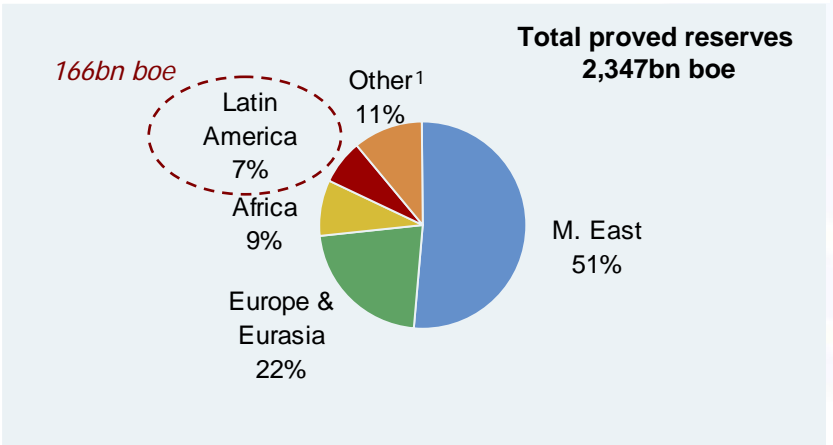
- ✓ Recent substantial discoveries in Brazil have been transformational for the upstream sector of Latin America
- ✓ Strong drilling activity in the past years with record number of wells drilled during 2008
  - One of the fastest growing regions in capex terms
- ✓ Major reserve booking potential
- ✓ Positive responses from key industry players in recent licensing rounds

Trend of 2p reserves discovered in Latin America (mmboe)



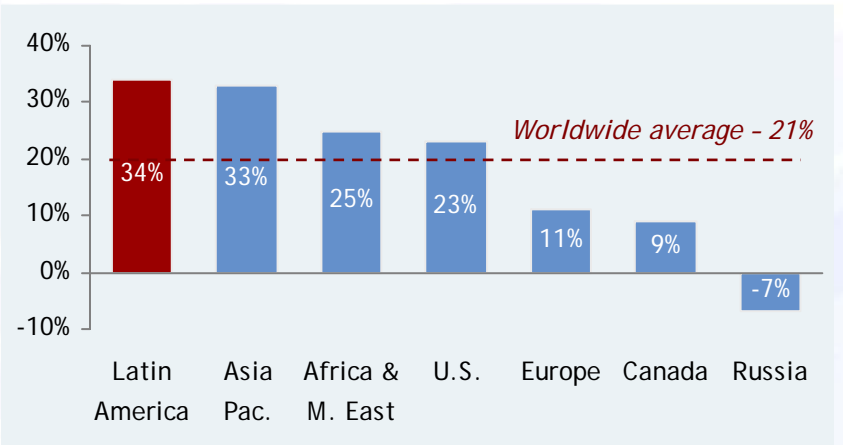
Source: Wood Mackenzie Pathfinder

Global proven reserves breakdown by region (2008)



Source: BP Statistical Review of World Energy  
Notes: <sup>1</sup> U.S. and Asia-Pacific

2008 capital spending increase comparison by region (yoy)



Source: J.S. Herold



## ...with an improving investment environment

- Many Latin American countries experienced stable macroeconomic and political profile in the past few years (political instability concentrated in few specific countries).
- Latin-American economies have responded well to the recent crisis with faster recovery expected in the region.
- Country risks levels have decreased, as evidenced by credit rating upgrades in Peru, Colombia & Brazil.
- Argentina offers a relatively stable macroeconomic environment.



## Partnership with BEH provides outstanding platform for growth...

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- ✓ CNOOC Ltd. believes that forming a joint venture with a local partner is critical for its success in overseas expansions.
- ✓ BEH is an ideal partner for CNOOC Ltd.
  - Over 50 years of experiences in E&P business across Latin America, Central Asia and North America
  - Its on-shore oil and gas experience complements CNOOC Ltd.'s off-shore expertise
- ✓ Bidas provides an unique opportunity for CNOOC Ltd. to enter into the Latin America market.
  - World-class asset portfolio has a large resources base
    - 1P reserve<sup>1</sup> of 636mboe (38% gas) and 2009 average production of 92mboepd
    - Significant upside potential from projects under development and exploration
  - Competitive cost structures
  - Strong management team with a proven track record
  - Long-standing partnership with international oil companies

Note: <sup>1</sup>As at December 31, 2009

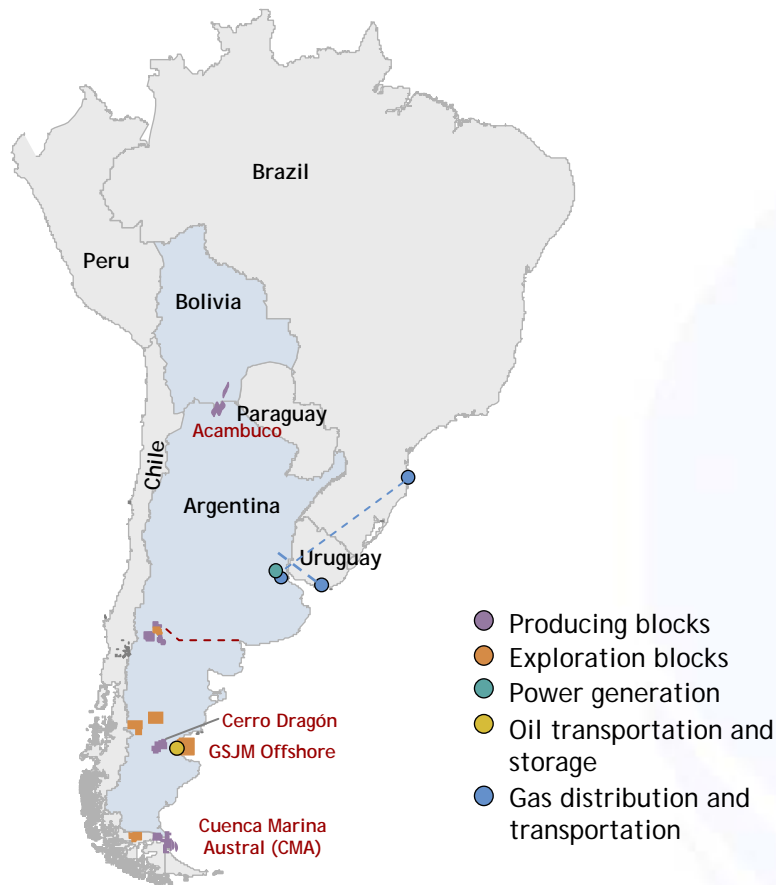




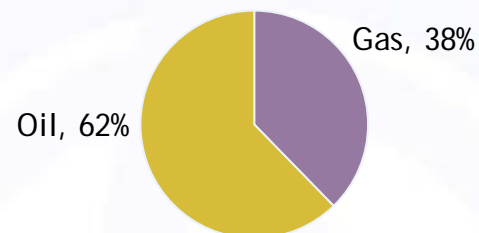
# PAE has a world-class upstream asset portfolio with large resources base with exposure to Latin America

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## Exploration and production main blocks and reserves



Dec 31, 2009 certified reserves (mmboe)



Total 1P: 1,590mmboe

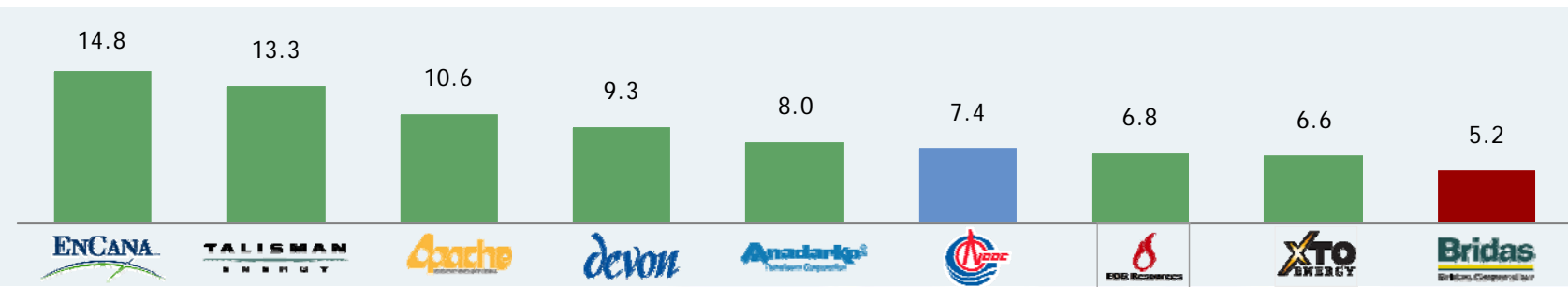
### Attractive upstream portfolio

- ✓ 11 producing blocks (6 PAE operated) including:
  - Cerro Dragon (100%)
    - 60%+ of PAE reserve & production
  - Acambuco (52%)
  - Cuenca Marina Austral (25%)
- ✓ 9 exploration blocks, including:
  - GSJM Offshore(90%) – 9,000km<sup>2</sup> acreage

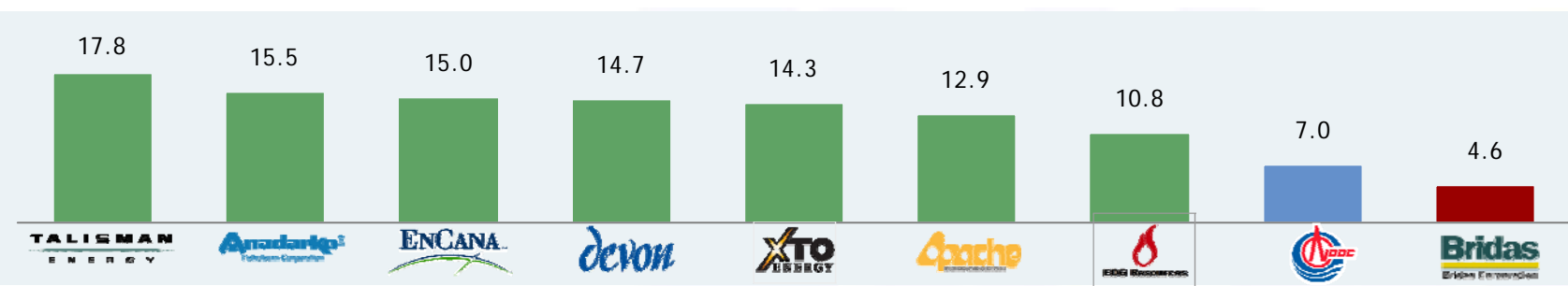


# Bridas' upstream operations are cost competitive

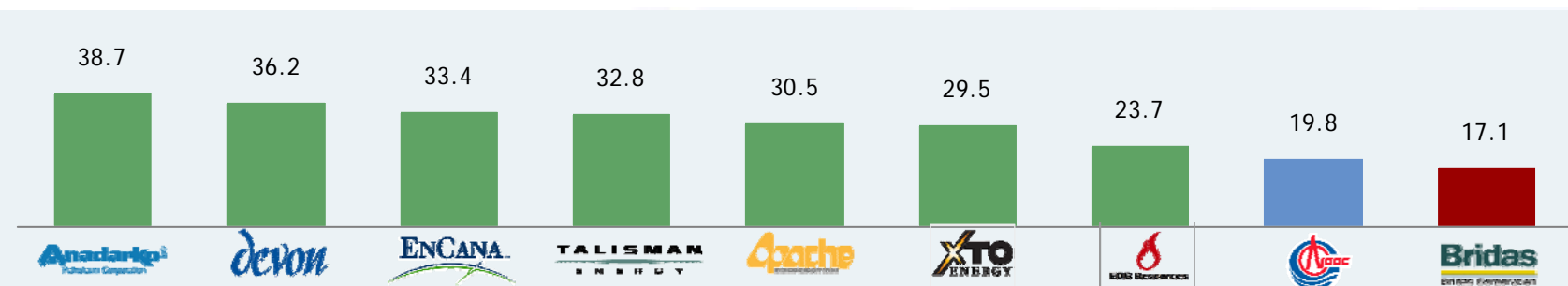
2008A Opex per barrel (US\$/boe)



2008A DD&A per barrel (US\$/boe)



2008A All-in cost per barrel (US\$/boe) (No exploration cost included and for Bridas, Export Duty excluded)



Sources: Company disclosure

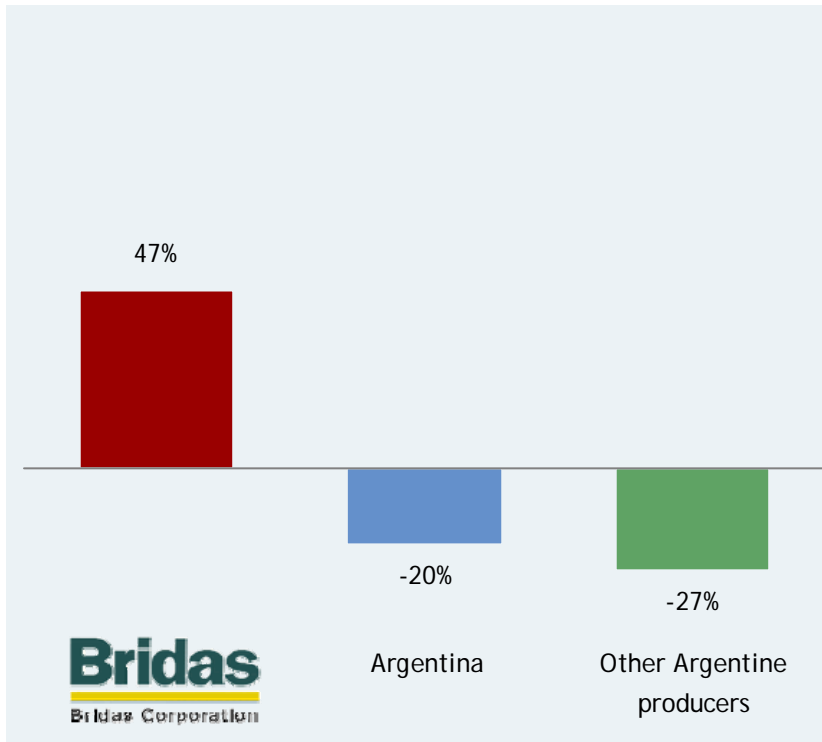


# Bridas' management team has successfully delivered strong performance growth

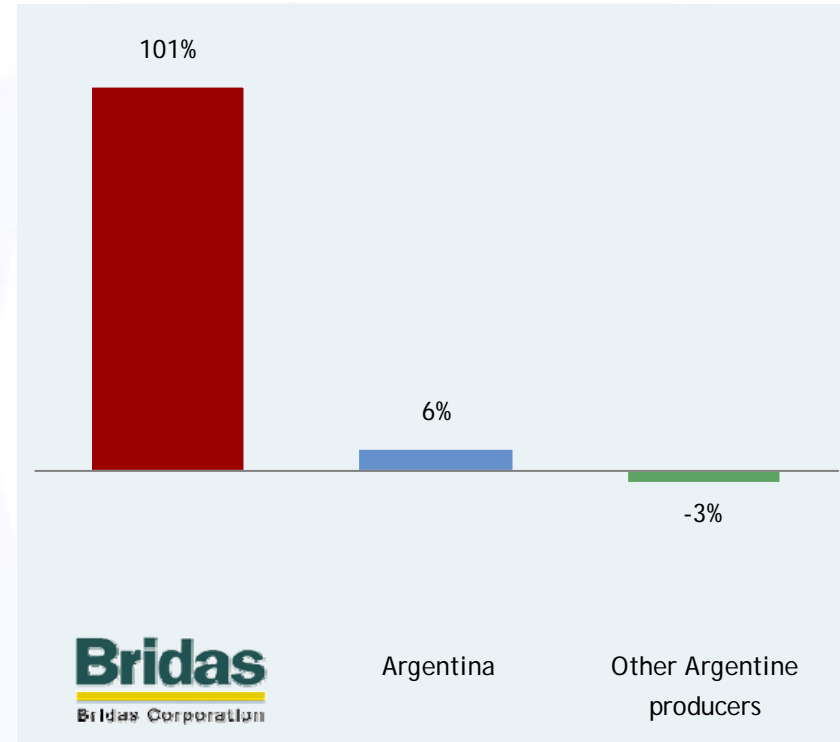
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Bridas exhibited continued oil and gas production growth (2009 vs 2001)

Oil production growth (%)



Gas production growth (%)



Between 2001 and 2009, Bridas demonstrated an impressive track record of generating production growth in both oil and gas

Sources: Company disclosure

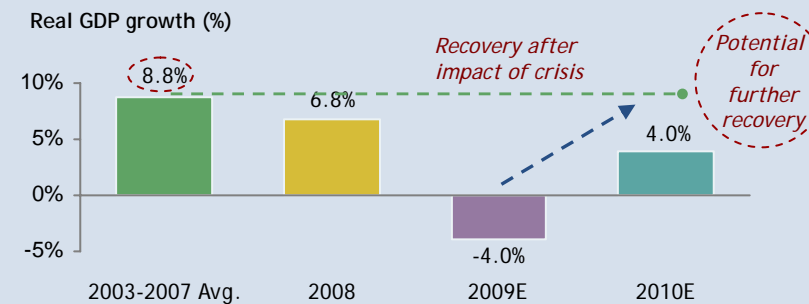


# Potential upside considerations

Long term growth potential

- ✓ Strong energy demand driven by long term growth potential on the expected Argentine economy recovery

**GDP growth potential of Argentina**



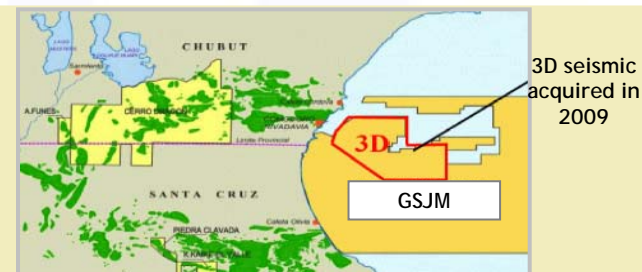
Source: J.P. Morgan Economic Research

Favorable industry environment

- ✓ Encouragement of hydrocarbons investment by the Argentine Government through incentive programs
  - Petr leo Plus
  - Gas Plus

Significant exploration upside

- ✓ Exciting exploration portfolio of Bidas in Argentina
  - GSJM Offshore (acreage: 9,000km<sup>2</sup>; 3D seismic acquired: 1,700km<sup>2</sup>)



Volume upside

- ✓ Opportunity to raise production by increasing recovery rates from mature fields using proven technologies

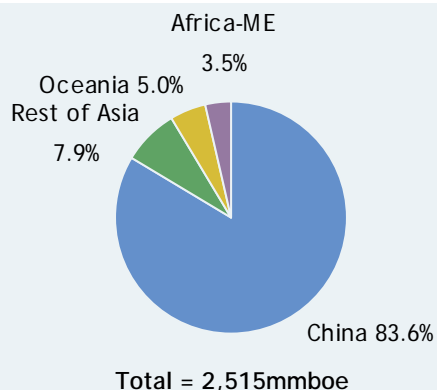


# Positive pro-forma impact - Immediate addition to production and reserves with geographic diversification

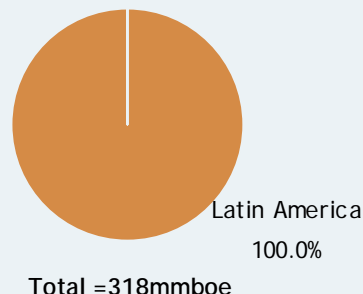
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## Net Proved Reserves (mmboe)—as at December 31

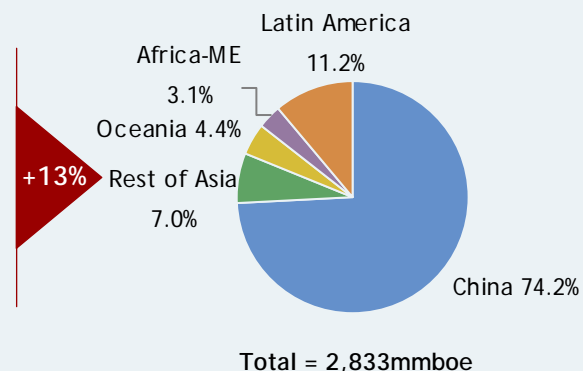
2008A CNOOC Ltd. standalone



2009A Bidas (net to CNOOC Ltd.)

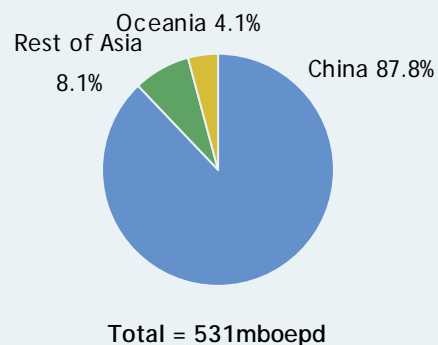


Pro-forma CNOOC Ltd.

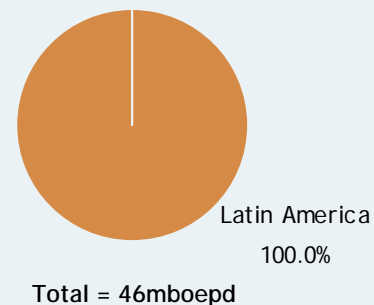


## Net production (mboepd)

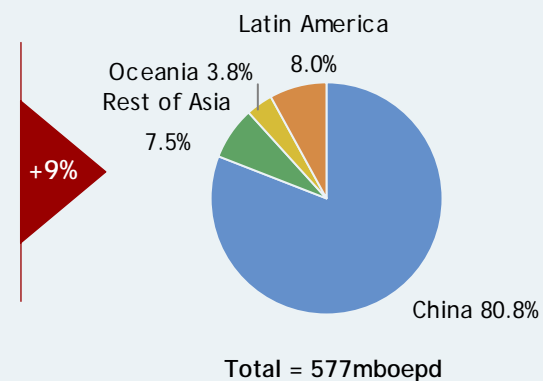
2008A CNOOC Ltd. standalone



2009A Bidas (net to CNOOC Ltd.)



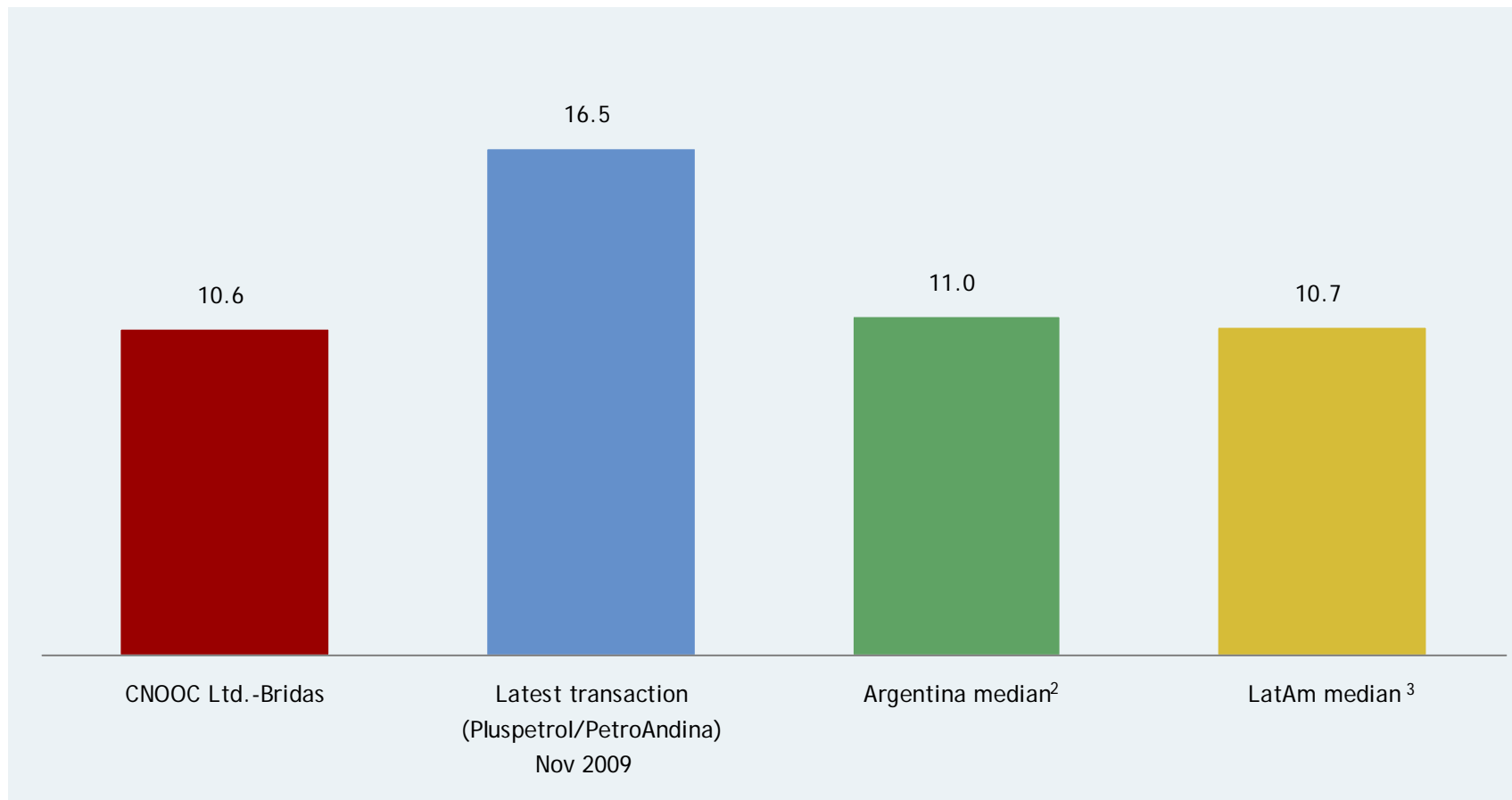
Pro-forma CNOOC Ltd.





# Implied valuation consistent with precedent transactions

Proven reserve multiples of Argentine and Latin American E&P transactions since 2005 (US\$/boe)<sup>1</sup>



Source: Herold

Note: Multiples based on enterprise value

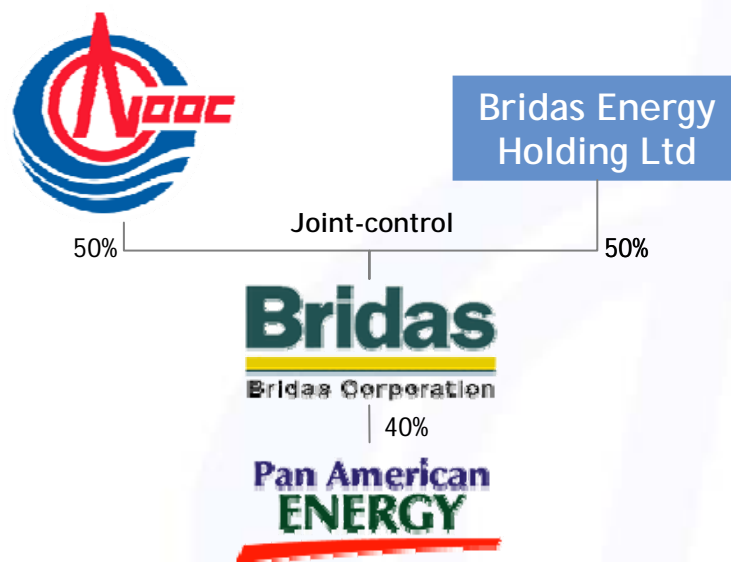
<sup>1</sup> Includes only transactions with total consideration size larger than US\$100mm

<sup>2</sup> Includes 6 transactions: Oxy—Vintage (2005), Apache—Pioneer (2006), PAE—Apache (2006), Petrobras—Noble (2007), Delta—Trefoil (2008), Pluspetrol—PetroAndina (2009)

<sup>3</sup> Includes 19 transactions: 7 in Colombia, 6 in Argentina, 3 in Venezuela, 2 in Peru and 1 in Ecuador



# Closing Remarks



## Another step of globalization

- Strategic entry into Latin America
- Partnership with potential for global expansion

## Strategic partnership with BEH

- 50/50 partnership with BEH with a joint control over Bridas
- Benefiting from BEH's extensive industry expertise and unmatched local market knowledge

## Industrial logic and upside

- World-class asset portfolio with a large resources base
- Significant upside potential from projects under development and exploration