

Exhibit 61

Confidential

SPDC Restatements 1998 - 2002

Prepared by John Hoppe, SPDC-DPE-RES

This note describes the methods used to restate the reserves and standardized measure results as reported by SPDC to the Group for the years 1998 - 2002. The "Rockford" restatement back to 1.1.2003 has been taken as the starting point, with any modifications noted below.

N.B. These are only approximate restatements (1998 - 2002) based on incomplete data and assumptions of what we would have done at the time. They are intended to provide a basis for assessing the impact on reserves and financials. They are not intended to represent the "correct" positions in previous years.

In general, it is not possible to take a restatement volume (de-booking) and trace it back to show when it was booked. Volumes are being de-booked mostly because they are not associated with specific development activities and therefore cannot be assessed as technically and/or commercially mature. They were probably "booked" as part of several reserves revisions over many years.

In previous years there was no rigorous linkage between proved volumes on a field-by-field basis and specific development activities. There is a complete record of reservoir block-by-reservoir block technical¹ volumes back to 1.1.1996, and field-by field back to 1.1.1991, but these are based on notional development schemes and cannot be classified in terms of technical and commercial maturity. They include only producible gas and condensate volumes, and not sales gas and sales NGL volumes.

Business Plan forecasts could probably be resurrected back over a similar period, but the various project forecasts carry no information to link volumes back to reservoir-blocks and sometimes not even to specific fields. Also, only expectation forecasts were carried with no information on technical and commercial maturity, or discounting to proved volumes. No attempt has been made to resurrect the Business Plan data. It might provide some constraints on the volumes and some timing information, but it would add little to our knowledge compared with the effort involved.

Proved and proved developed forecasts were prepared on a field-by-field basis as part of the Group reserves submissions each year. These were based on the relevant Business Plan expectation forecasts augmented by longer term "projects" addressing remaining unplanned technical volumes. They were intended to demonstrate a feasible coverage of the booked proved volumes (as constrained by the moratorium). Expectation volumes were typically discounted to proved according to the P85/Expectation ultimate recovery ratios for each field, but there is no rigorous assessment of technical and commercial maturity to filter what should be included or not. Workbooks are available for 1.1.2003 and 1.1.2002, and most probably for 1.1.2001 although I have not sighted that one. They have not been used for this restatement exercise because it would have added significantly to the

¹ Technical volumes is the term used to refer to the probabilistic volumetric estimates recorded in the ARPR database RISRES. These are based on probabilistic estimates of volumes-in-place combined with a range of recovery factors determined from a variety of modelling and analogues. All technical volumes booked since 1990 are fully documented in an Ultimate Recovery Change Report (URCR), which are now available on-line.

Confidential

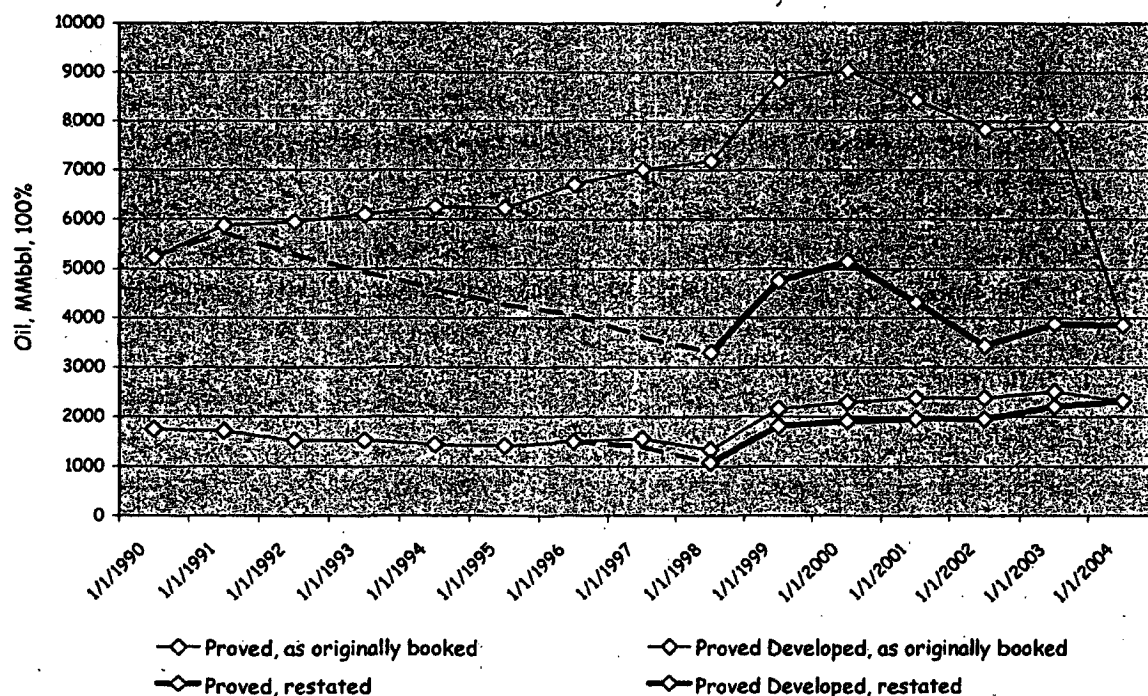
complexity and work involved, and the datasets do not go far enough back in time to see most of the relevant changes. Moreover, there is some inconsistency from year to year as fields were included one year, excluded the next and then back in again. No change control was applied because the purpose of the forecast was only to show a feasible forecast to cover the booked volume, not a specific set of booked field volumes.

Proved Reserves

Three options for restating the proved oil volumes were examined. The first option took the volumes as restated at 1.1.2003 (Rockford) and applied the year-by-year, field-by-field revisions from the originally booked volumes. The dashed line indicates extending the restatement further back by simply adding back the production each year. The rationale for this is that the 1.1.2003 volumes are robust having been rigorously restated on the basis of the 2003 Business Plan forecasts, using the maturity assessments carried out by the Reserves Maturation Team in SPDC during the second half of 2003; and the revisions to the originally booked volumes are well defined. Unfortunately this leads to inconsistencies for a number of fields with their proved reserves dropping below their proved developed reserves in some years. This happens where there was a recent revision that was large compared with the restated proved volume. The proved volume stepping back a year may then be less than the proved developed, for which the revisions are generally small. Also the revisions to the originally booked volumes are not based on development activities, and it is not possible to properly assess their technical and commercial maturity leading to questionable auditability.

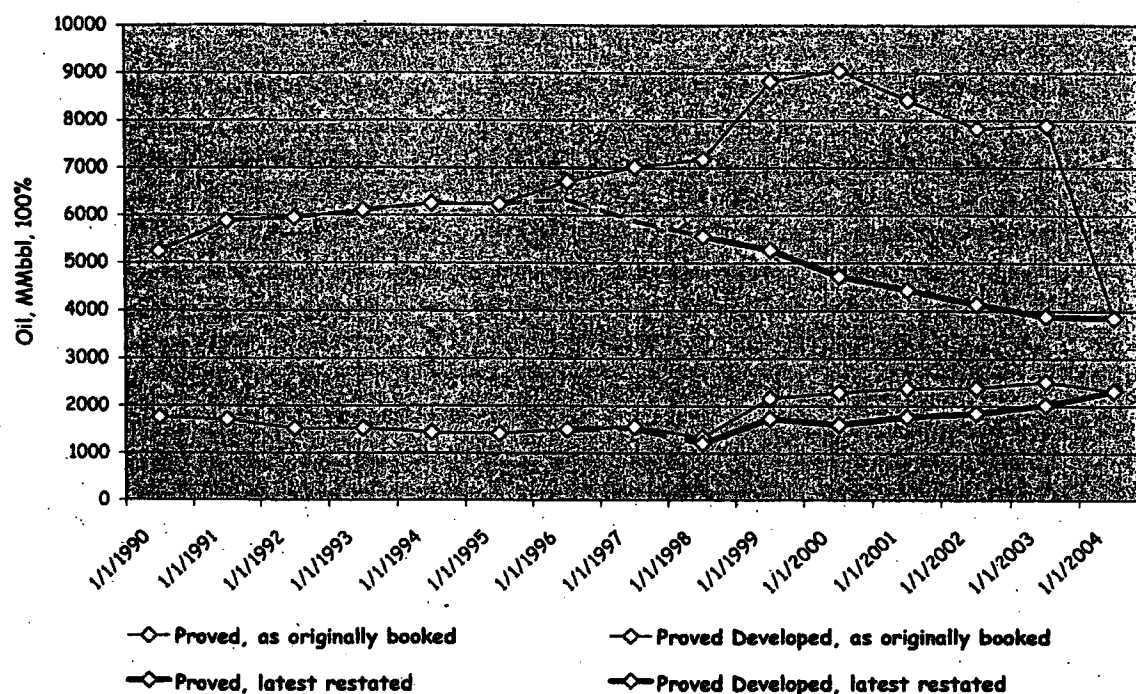
The second option excluded the historical reserves revisions and simply restated the proved volumes by adding back the production for each year starting from the volumes as restated at 1.1.2003 (Rockford). For the proved developed volumes, the restatement added back the production and subtracted any volumes developed during a

SPDC Oil Reserves (Group/SEC definitions) - Option 1



Confidential

SPDC Oil Reserves (Group/SEC definitions) - Option 2

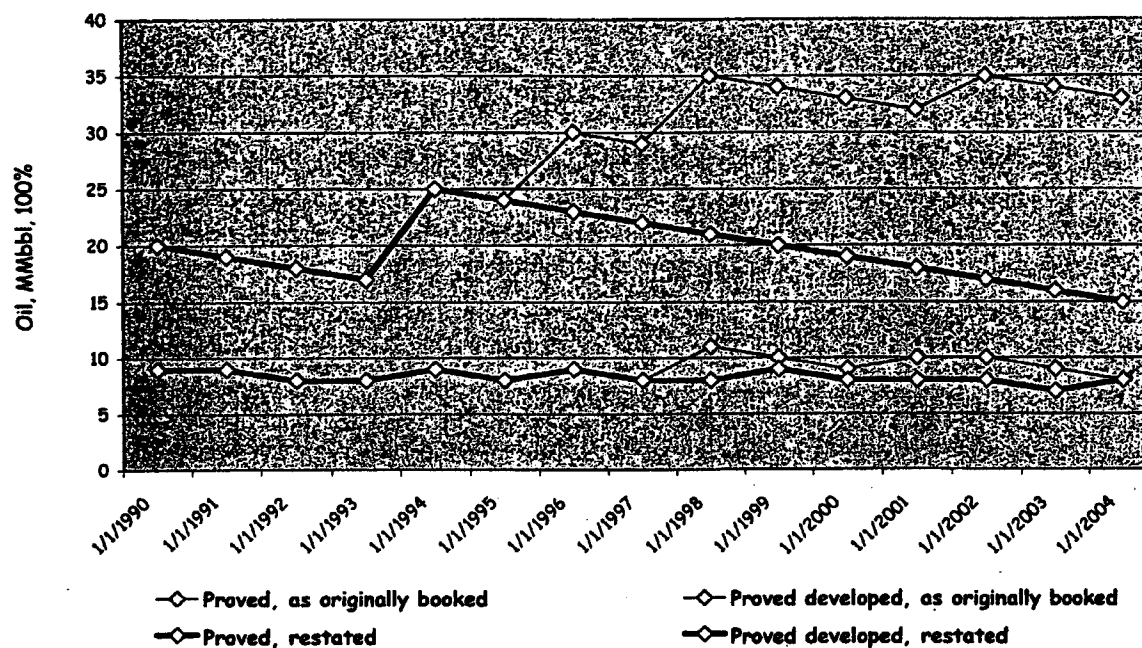


year. All of the data are fully auditable through the Rockford dataset, the production history and the 2003 Business Plan forecasts (volumes developed each year were taken from the originally booked volumes, but can be checked against the actual activities and their production history, extended through the NFA forecasts in the Business Plan dataset to assess maturity). The drawback of this approach is that restated reserves eventually become greater than the originally booked volumes for individual fields because no account is taken of when the reserves were originally added (during the period from 1998 – 2002), and this will tend to increasingly overstate the restated volumes in earlier years.

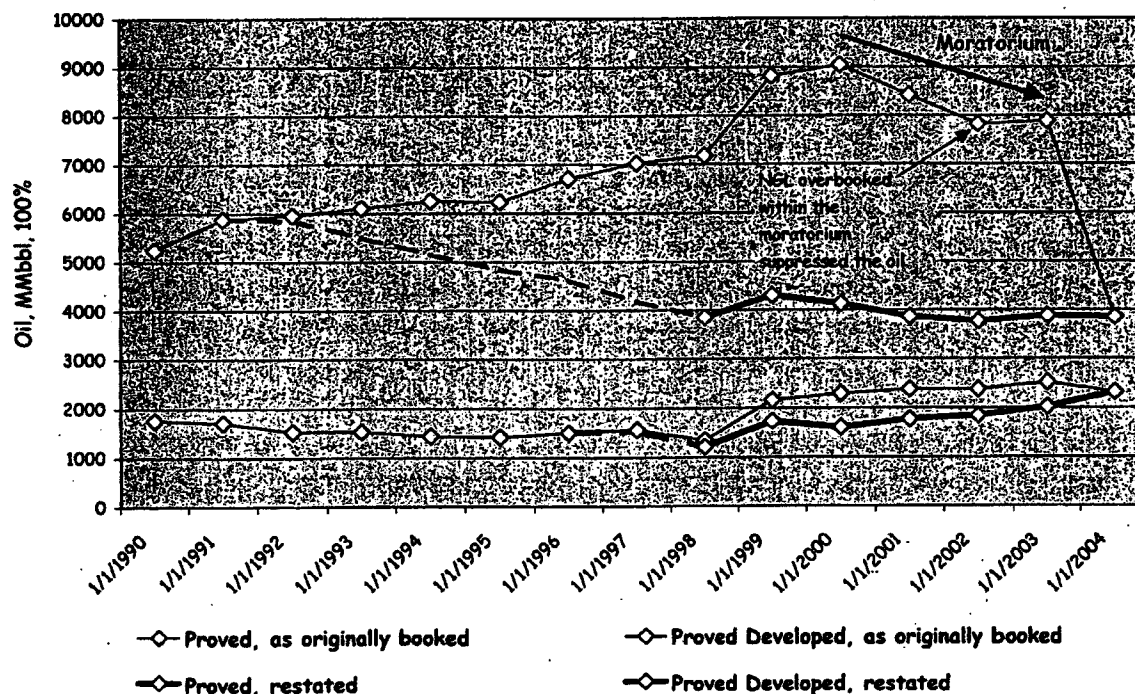
Option 3 was developed to address the drawbacks of the first two options. The basic principle for restating the total proved oil volumes was to add back in the production year-by-year (and field-by-field), constraining the reserves at the beginning of each year to be less than or equal to the originally booked volume (see chart on next page). This is equivalent to assuming a constant ultimate recovery back to the point in time when the ultimate recovery first exceeded the restated volume at 1.1.2003 (Rockford). The flaw with this approach is that the volumes retained under the Rockford restatement, which are properly tied to a forecast and a set of activities, may actually have been booked more recently and represent genuine revisions that are being ignored, while older revisions (prior to the point at which the restatement reaches the originally booked volume) that are recognised in the restated volumes should actually be the volumes removed by the restatement. This could only be resolved by a more extensive piece of work to track each revision. Whilst the volumetric data exist to carry this out (at least back to 1991 at a field level), they are not explicitly tied to forecasts and development activities, which would have allowed a linkage with the current basis (Rockford) for establishing technical and commercial maturity. It is not possible to demonstrate the proved status of those volumes.

Confidential

Example restatement for an individual field

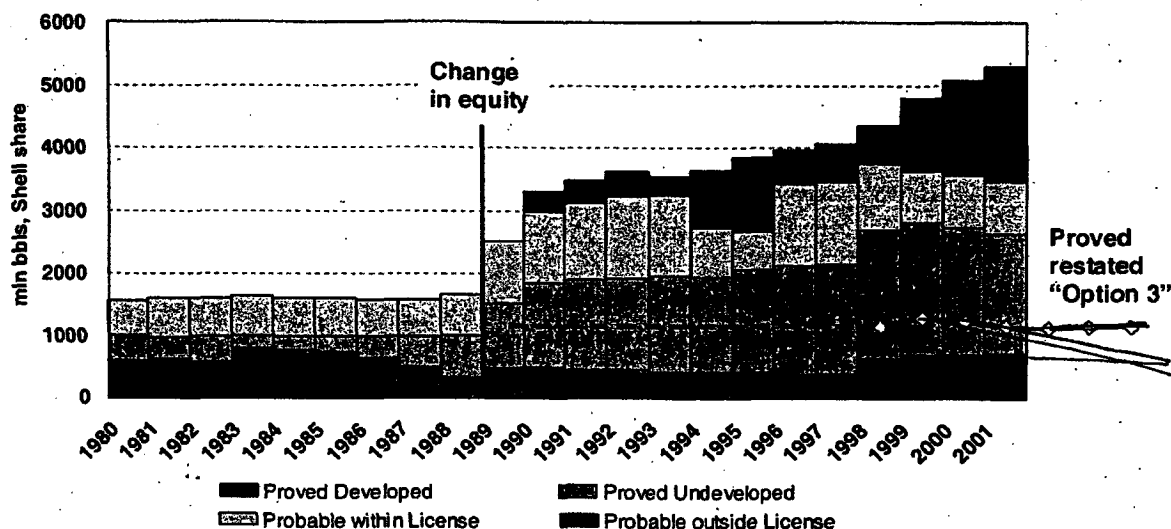


SPDC Oil Reserves (Group/SEC definitions) - Option 3



Confidential

SPDC – Historical Oil & NGL Reserves



A similar approach was used for restating proved developed volumes. Production was added back year-by-year and field-by-field, but it was also necessary to subtract the volume developed each year. Restated volumes were constrained each year to be less than or equal to the originally booked proved developed volume, and greater than or equal to zero. They were also constrained to be less than or equal to the total proved volume. Volumes developed in each field each year were derived from the originally booked proved developed volumes.

At a portfolio level the field restatements accumulate to approximate a constant total proved reserves profile going back in time to 1990, at which point it matches the earlier stable history seen through the 1980s (allowing for the change in Group equity from 20% to 30% in 1989). Offtake throughout the period was also fairly stable.

The field-by-field volumes as originally booked were taken from the "nipRes" workbooks submitted to the Group each year back to 1.1.2001. Prior to that the structure of the nipRes reporting system was evolving, and the field data that was submitted becomes increasingly incomplete and unreliable.

Approximate field-by-field volumes from 31.12.1997 to 31.12.1999 were reconstructed from the ARPR history taken from SPDC's RISRES database. This provided P85 and expectation volumes for the developed and total remaining reserves and production volumes each year. Negative volumes for a number of fields were zeroed. Proved undeveloped volumes were taken to be equal to the P85 volumes. At 31.12.1997 the proved developed volumes were taken to be equal to the P85 volumes. For 31.12.1998 and 31.12.1999 the proved developed volumes were taken to be equal to either the P85 or expectation volumes depending on the maturity of the field (N.B. this is only an approximation. At the time, the maturity criteria would have been applied at a reservoir-block level). Maturity was defined as the ratio of cumulative production to expectation ultimate recovery. For 31.12.1998 the proved developed volumes for fields with a maturity greater than 0.7 were taken to be equal to the expectation volumes. For 31.12.1999 the criteria was relaxed to a maturity greater than 0.6. For all three years the proved developed volumes were then adjusted upwards by a factor of between 4% and 7% to match the total proved developed volume recorded in the nipRes submissions for each year. Specific details on which fields had

Confidential

negative volumes zeroed, the maturity assessment and the final adjustment factors are all recorded in the **[ARPR history]** worksheet in the **FieldRestate_jeh v3.xls** workbook.

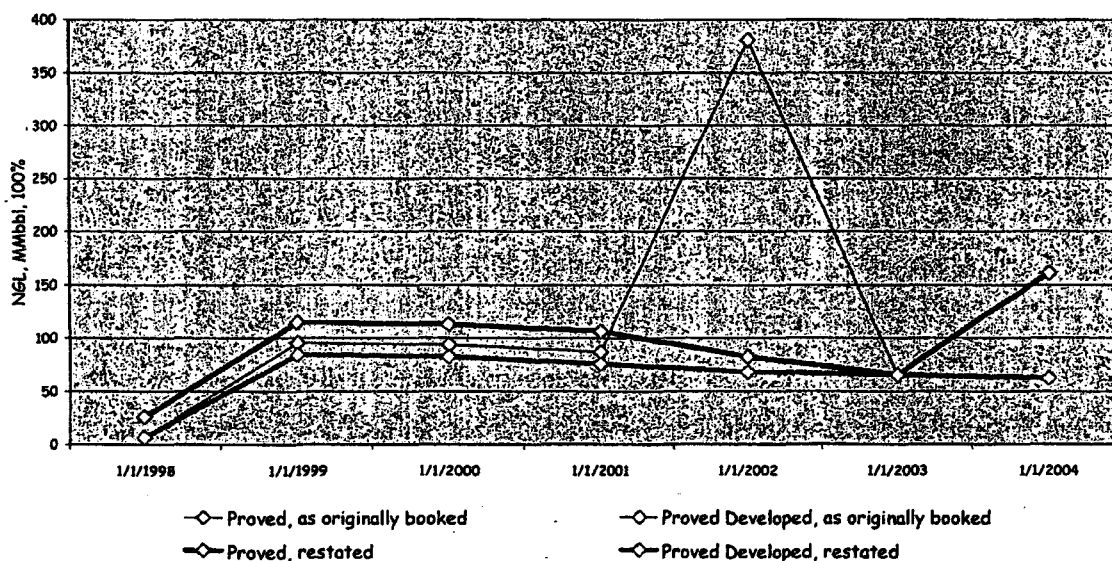
The volumes as restated at 1.1.2003 were taken from the master (Rockford) workbooks **Proved oil volumes.xls** and **Proved gas volumes.xls**. Extracts from these were provided to SPDC Finance and KPMG Lagos in support of the 1.1.2004 Group submission (latest versions of these extracts were **Volumes for Finance 28-Jan-2004.xls** and **Volumes for KPMG 04-Feb-2004.xls**, which also included the MOD capex numbers for the Standardized Measure).

Option 3 restated volumes are recorded in the workbook **FieldRestate_jeh v3.xls** with the results summarized in the linked workbook **nipRestate_jeh.xls**.

The Rockford restatement included de-booking of proved developed reserves in the EA Field. However, it was later realised that this was not a restatement since it was not the result of a change in our appreciation of the underlying SEC rules, nor our testing of proved reserves against those rules. As part of the 1.1.2004 submission, the EA change was moved out of Rockford and carried as a correction of the administrative error in the 1.1.2003 submission. In order to preserve the integrity of the various workbooks and their place in the audit trail, the EA volumes were only moved out of Rockford as a "bottom line correction" in the final summary workbook **nipRestate.xls** (see cell R33 of the **[Restatement]** sheet). The effect is to leave the revision as a "normal" revision during 2003 rather than to restate it back to 2002.

Restatement of the NGL volumes followed the same process as for the oil (Option 3), albeit more straightforward as there are relatively few fields involved. There are no data on sales NGL volumes booked prior to 1/1/2001 on a field-by-field basis. The chart below shows figures derived by adding back the production year-by-year to give an indication of likely volumes. Consequently the restated volumes were not constrained by the originally booked volumes, but were allowed to grow as the production was added back until the major contributions from the Soku, Afam and Utorogu fields disappear around 1998. The large peak originally booked

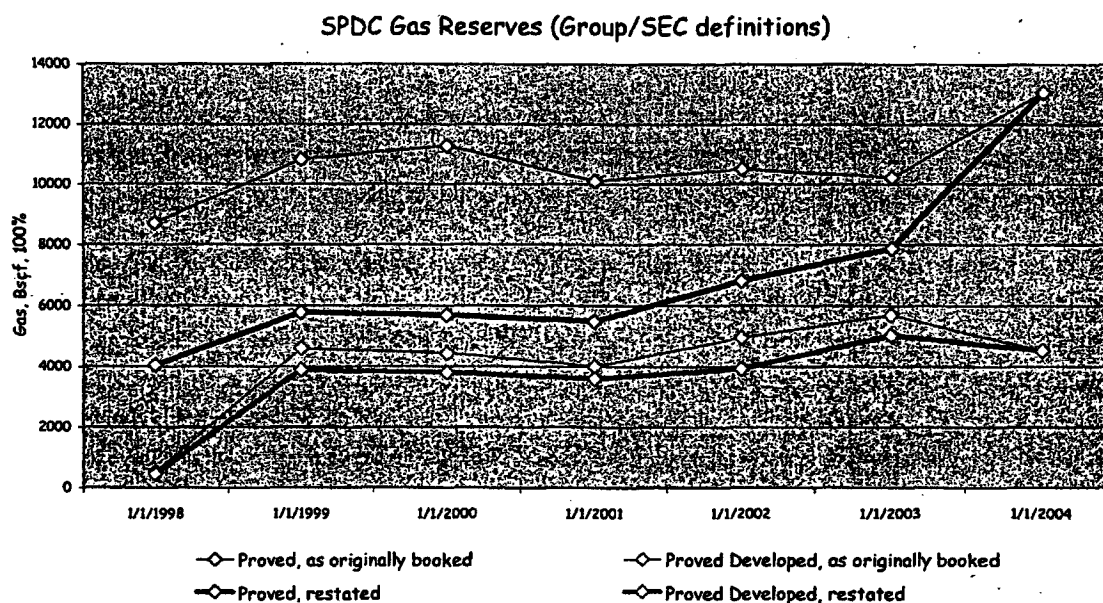
SPDC NGL Reserves (Group/SEC definitions)



Confidential

at 1.1.2002 reflected new volumes of condensate identified by studies, but were never incorporated in mature projects in the Business Plan. They were correctly de-booked the following year, and the spike has been ignored for the restatement. The moratorium was operated on a total oil & NGL basis, which gave rise to the dip in originally booked oil volumes in 1.1.2002. The effect of this swapping between oil and NGL volumes has been ignored also for the oil restatement as there were numerous oil swaps between fields during the same period. The oil and NGL swap just adds further to the "noise" in the field-by-field data during the moratorium.

Restatement of the Sales Gas volumes also follows a similar process as for the oil (Option 3). Again there are no data on sales gas volumes booked prior to 1/1/2001 on a field-by-field basis. The chart below shows figures derived by adding back the production year-by-year to give an indication of likely volumes. Consequently the restated volumes were not constrained by the originally booked volumes, but were allowed to grow as the production was added back until the major contributions from the Soku, Afam and Utorogu fields disappear around 1998.



Confidential

Expectation Reserves

Expectation oil reserves were revised at 1.1.2004 to move all expectation volumes to Discovered Scope-For-Recovery Under Appraisal in undeveloped fields, and in those fields no longer capable of production due to vandalism of their production facilities. As yet there has been no review of the volumes still carried as expectation in developed fields to assess the maturity of the volumes, and whether or not more of the volumes should be moved to SFR. This is planned for the coming few weeks.

A preliminary assessment of the expectation oil volumes for 1998-2002 was made by applying the 1.1.2004 criteria to the technical volumes in the ARPR for each year, and removing the volumes from the fields not capable of production. These numbers are reported in the workbook **Expectation FieldRestate v2.xls**. This was done only to provide some background information to the asset impairment test results for the 1.1.2003 restatement, and should not be used for other purposes, for which the more complete review is required.

NGL and Sales Gas expectation volumes are currently under review. The preliminary figures included in the Field table of the nipRes workbook as part of the 1.1.2004 Group submission are incorrect. There appears to have been some misalignment of data between fields and not all fields have been correctly categorised as to whether or not they carry (mature) Sales Gas. No attempt has been made to restate expectation NGL and Sales Gas volumes yet, but this will be done once the 1.1.2004 numbers are corrected.

It was noted that all the expectation volumes (oil, NGL and Sales Gas) submitted in previous years nipRes workbooks are unusable without further investigation, and would most probably have to be recreated from other sources. This is likely to be several weeks of work.

Standardized Measure

The Standardized Measure forecast for 1.1.2004 was derived from the 2003 Business Plan forecast by selecting those projects that contributed proved reserves and scaling the profiles according to the proved/expectation ratio for each project. MOD capex figures were also taken from the business plan, excluding money for any oil generating projects that did not contribute to the proved forecast. Forecast and capex data are recorded in the master Rockford workbooks **Proved oil volumes.xls** and **Proved gas volumes.xls**.

The restatement for 1.1.2003 used exactly the same data set but rolled back a year to include the actuals for 2003 and exclude any activities matured during the year. The profiles were then smoothed to match the restated proved and proved developed volumes. Actual capex was used for 2003.

The same process was used to restate the Standardized Measure to earlier years (1998 – 2002). Actual production was added at the front of the profiles, together with actual capex for each year. Exclusion of the newly matured activities was handled implicitly by adjusting the profiles to match the restated proved and proved developed volumes rather than generating specific activity forecasts for the volume changes. The proved and proved developed volumes were taken from the restatement summary workbook **nipRestate.xls**. The forecasts and capex numbers for each year are recorded in the workbook **SM_Restate.xls** and subsequently loaded into **nipSMtemplate.xls** for input to the Standardized Measure calculations.