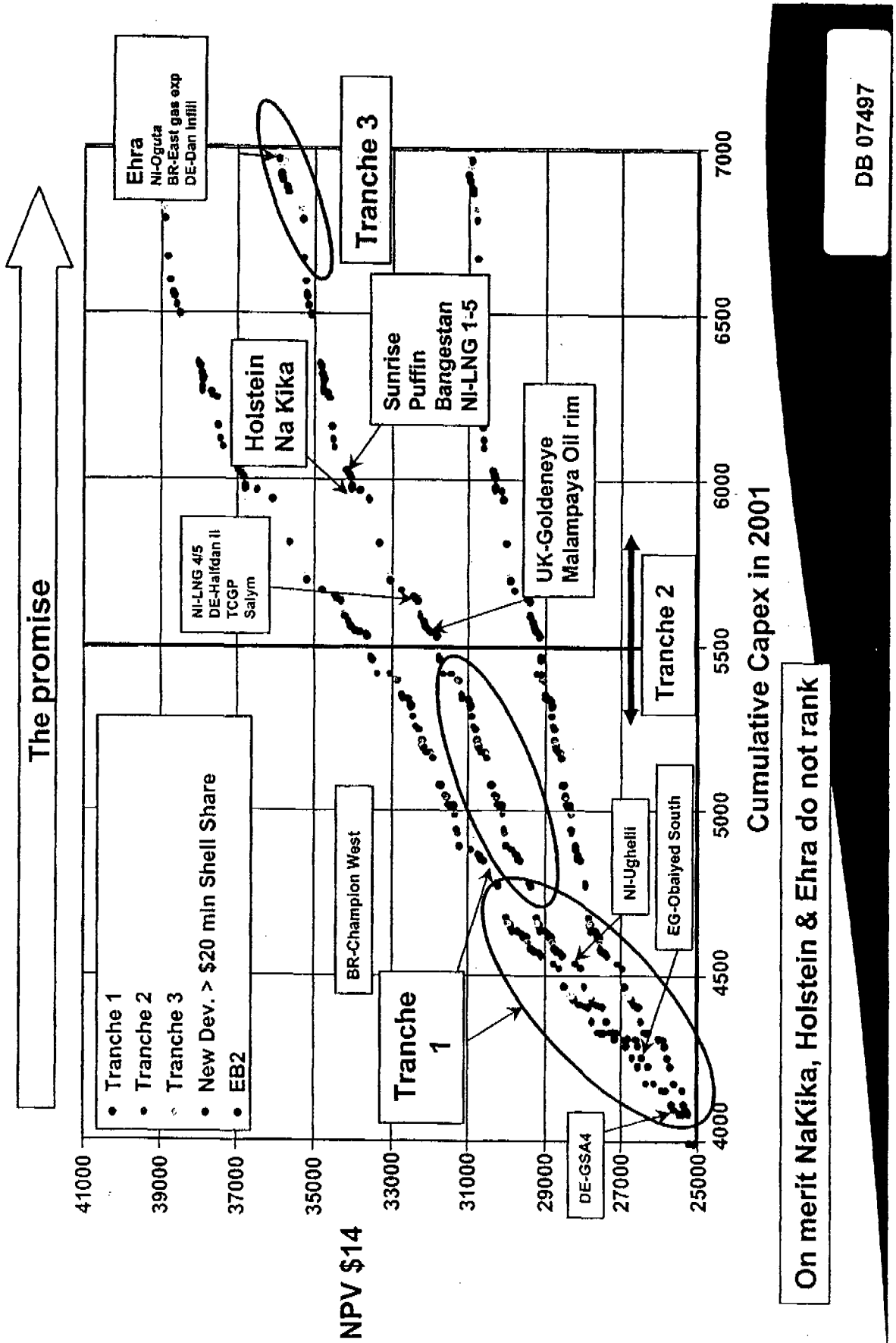
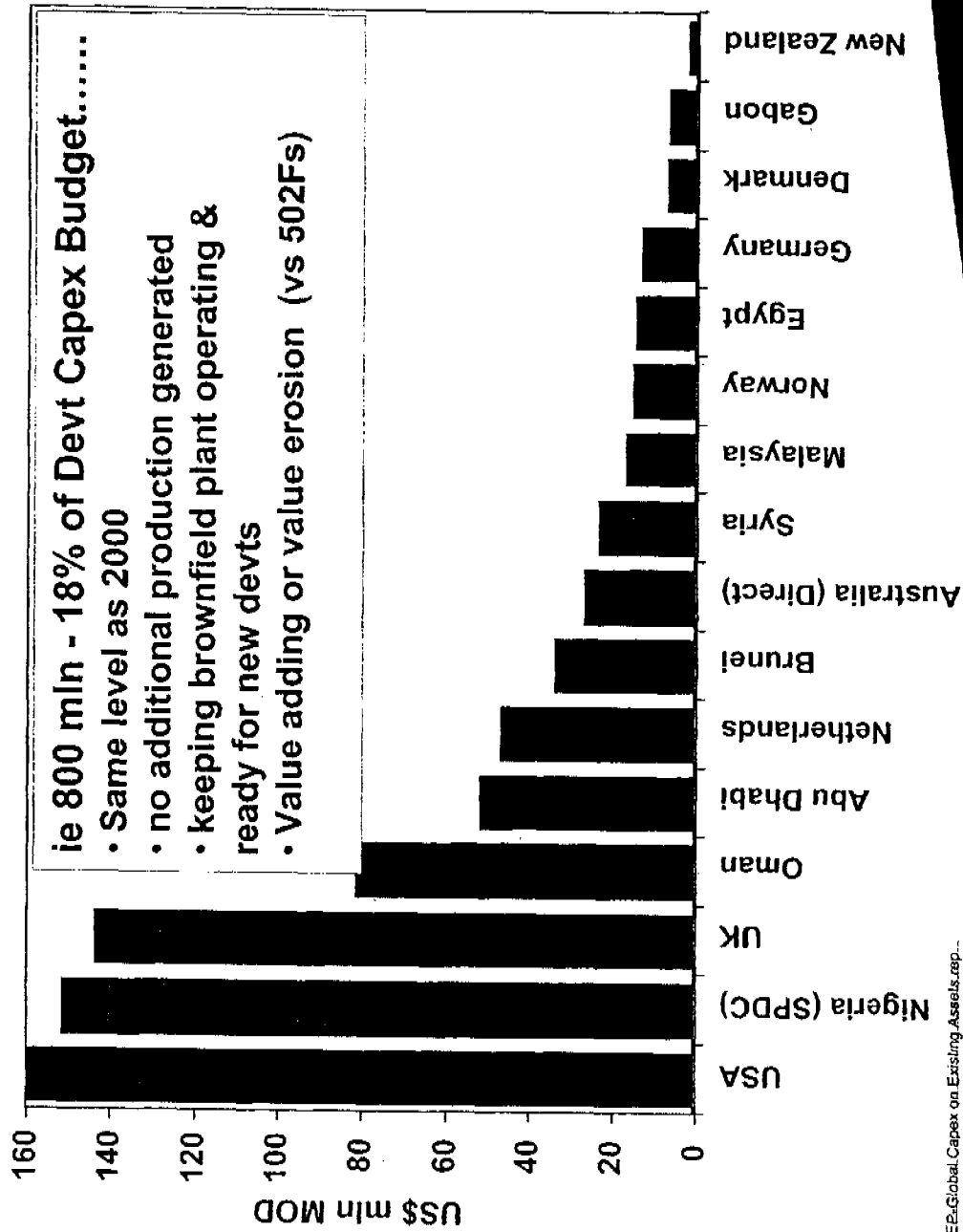


# CAPEX CREAMING CURVE - THE BUILDING BLOCKS



# "EXISTING ASSET" CATEGORY CAPEX 2001



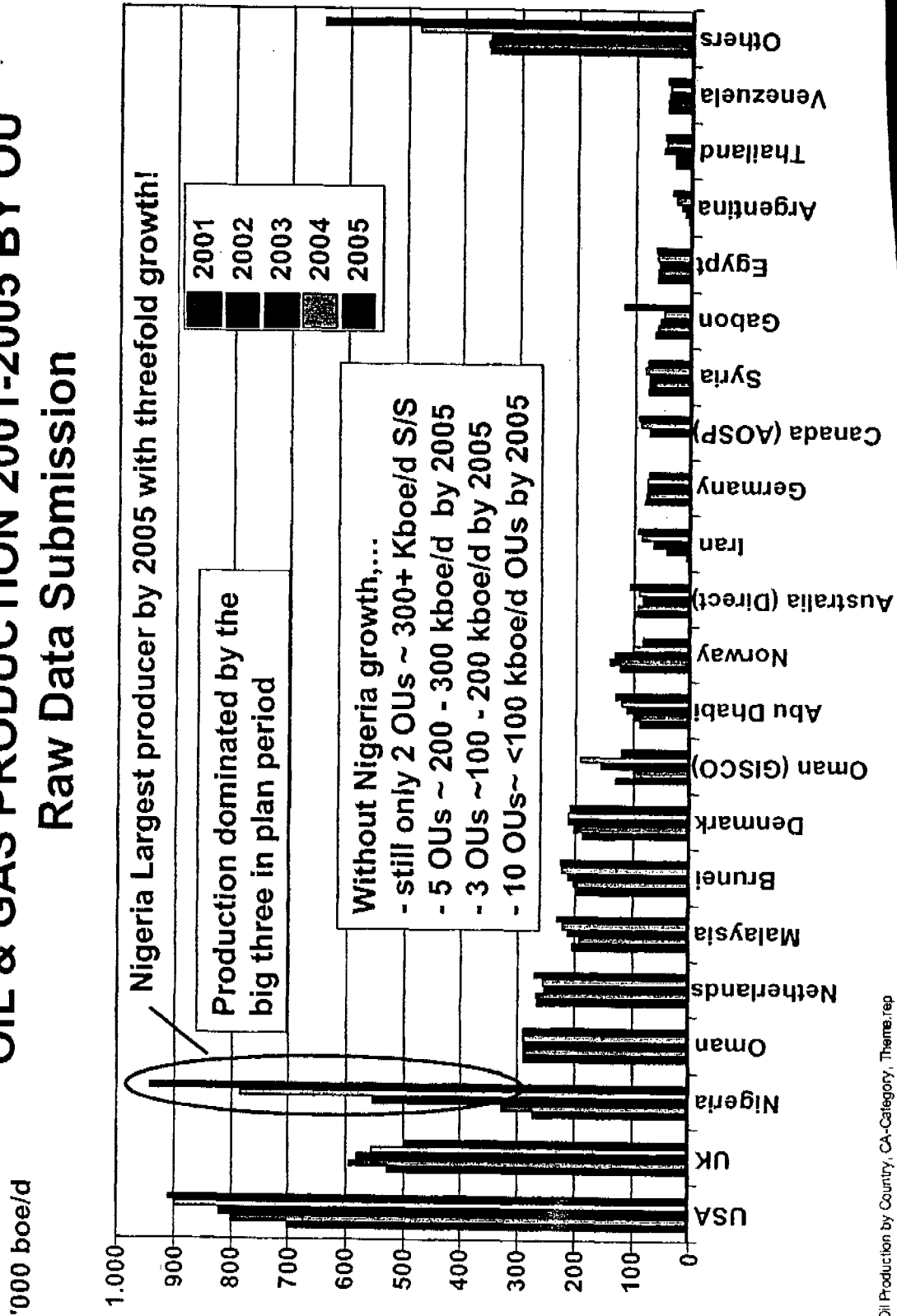
Abu Dhabi	52
Australia (Direct)	27
Brunei	34
Denmark	7
Egypt	15
Gabon	7
Germany	13
Malaysia	17
Netherlands	47
New Zealand	2
Nigeria (SPDC)	152
Norway	15
Oman	81
Syria	23
UK	144
USA	160
Total	794

DB 07498

EP-Global Capex on Existing Assets.rpt

# OIL & GAS PRODUCTION 2001-2005 BY OU

## Raw Data Submission



DB 07499

Oil Production by Country, CA-Category, Theme.rep

## **A few Outcomes from the Raw Data.....**

**Raw data quality is good,**

.....but there is a large request will be a tough competition for funds  
.....Large number of attractive new devts & tranche funds

**Large amount of funds for existing assets & Post FIDs ca \$4 Bln**

**To maintain oil production requires ca \$5 Bln, with 100 % delivery**

***Before we consider more capex funds.....there are some issues.....***

**But new devt "promises" are different from Vol- 1 findings**

.....Most post FID projects have been under delivering production

.....Most projects have aggressive schedules vs Vol-1 reality

.....VAR programme will have to be accelerated to meet FID planned

.....Last years E&A followup developments have largely not materialised

**How do we avoid an "over promise & under delivery" cycle...?**

DB 07500

## KEY ISSUES

### CURRENT PERFORMANCE

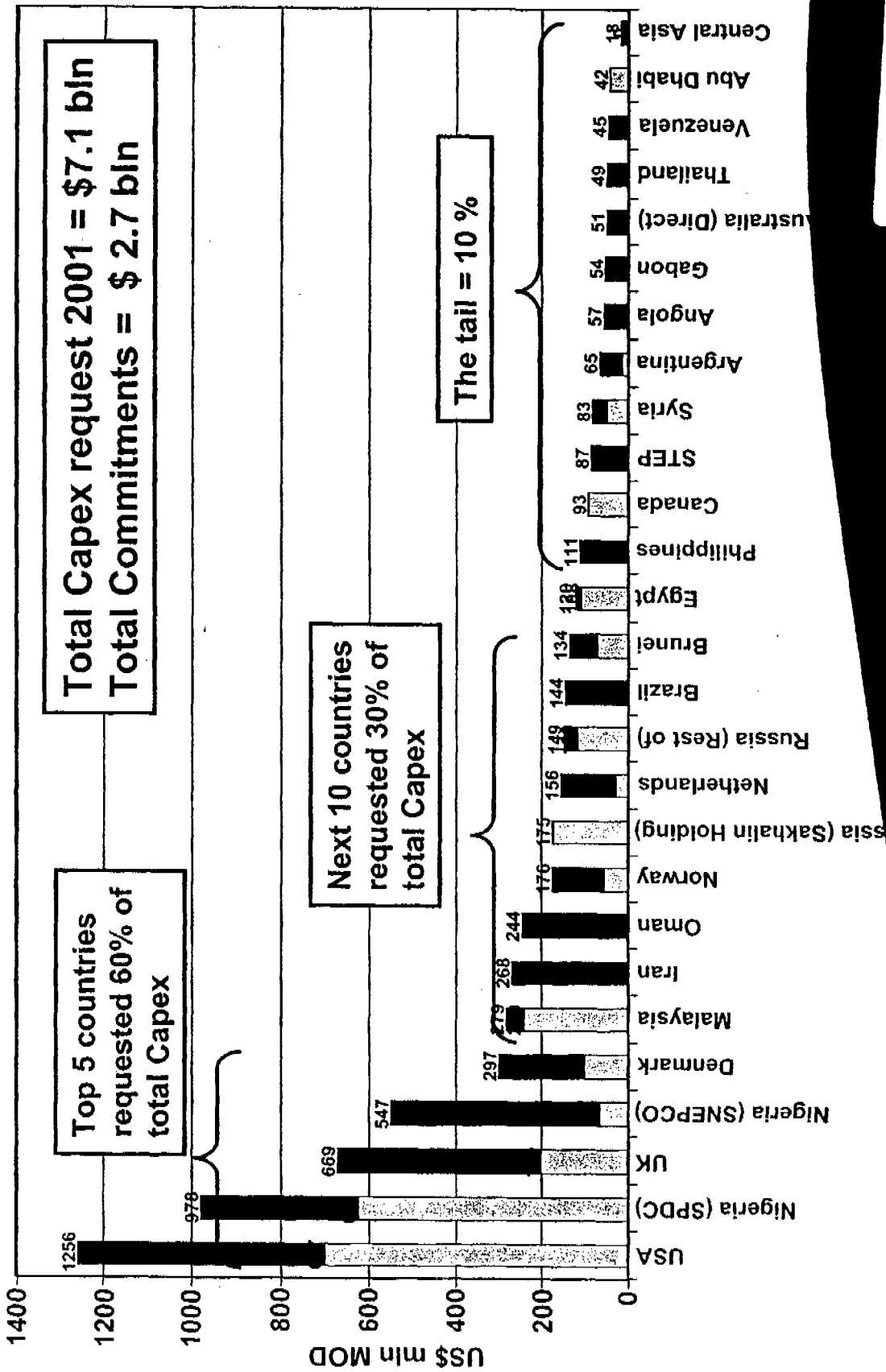
- Production under-performance
  - 1999: UK, Egypt, SPDC, Syria, Netherlands
  - 2000 LE: Oil : Essentially on target but SPDC, Gas : Egypt, Argentina, Netherlands, US
- Major New Project Delivery
  - 1999 on-stream disappointments due mainly to project schedule delays
  - 2000 onwards (CA 2000) suggests production under-delivery (sub-surface & facilities)
  - Reserves Replacement
  - 2000 LE 24 % with major concerns throughout Plan Period

### FUTURE PROMISES

- Continued reliance upon Nigeria (and our ability to grow oil production there)
- Need to avoid over promising and under delivering cycle.
- Continued pursuit of major Capex spend outside of existing portfolio ..are regretting oil?

DB 07501

# CAPEX SPEND 2001 BY COUNTRY - Raw Data Submission



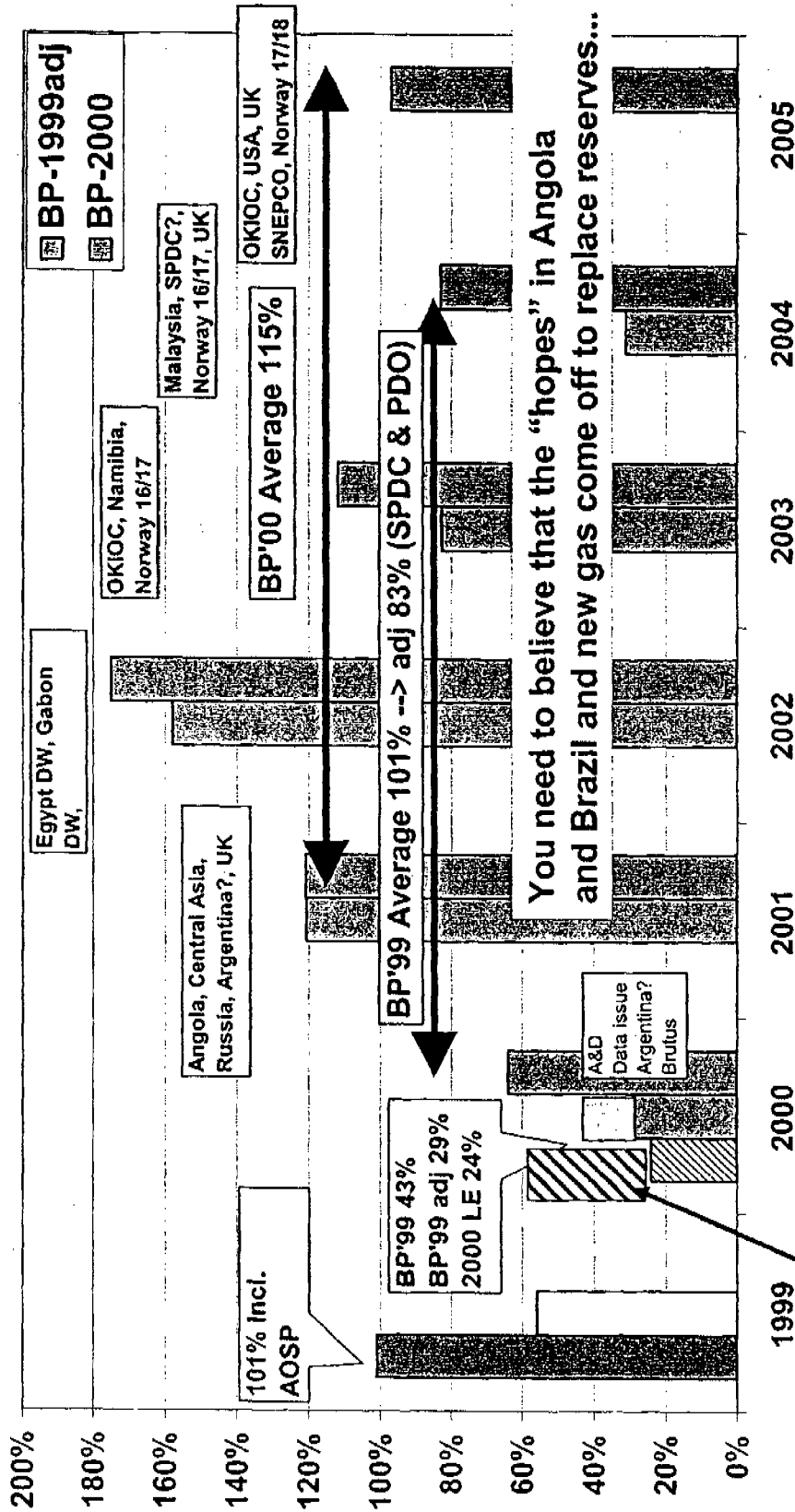
DB 07502

EP-Global Committed Capex in 2001 by CA-Category

# RESERVES REPLACEMENT - RAW DATA

## Proved Reserves Replacement Ratio

(BP-2000 raw data excl Canada & Woodside - SPDC to be updated)



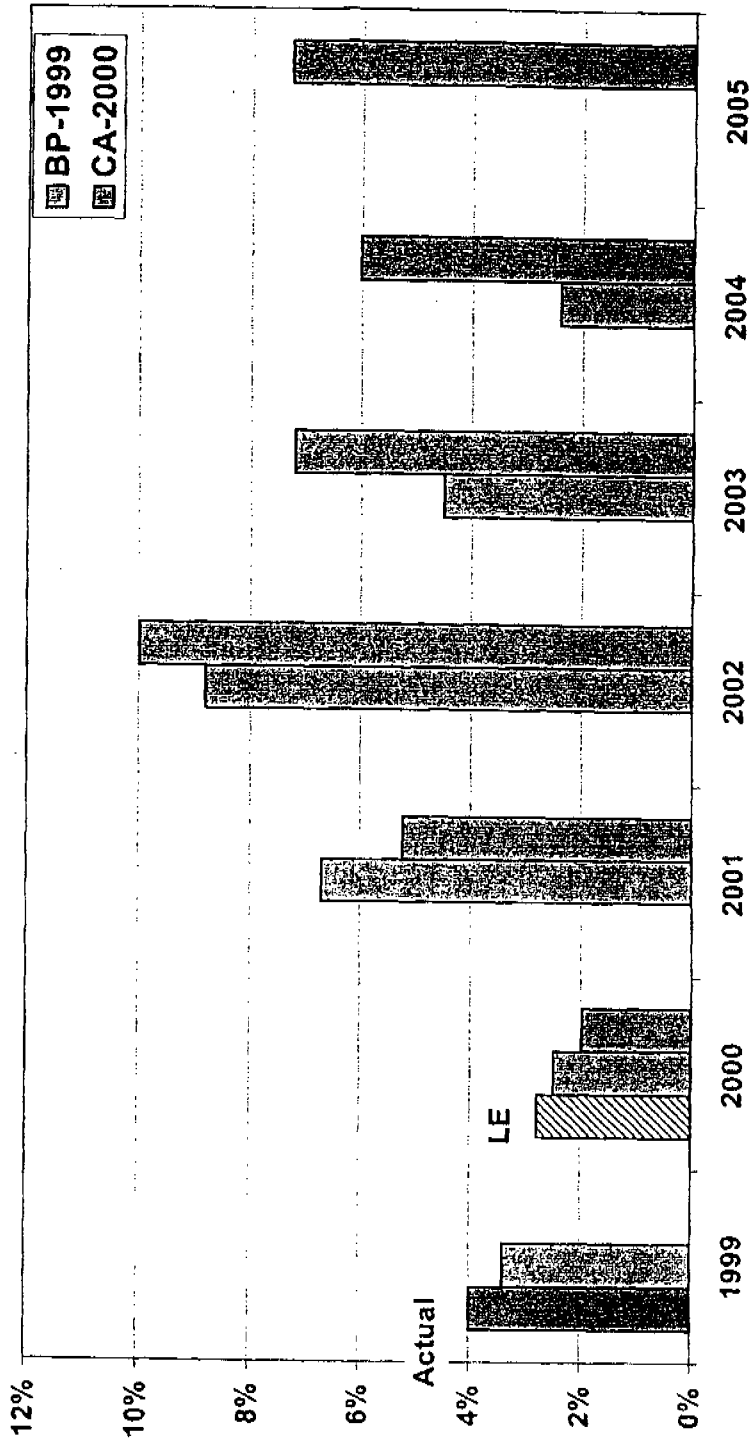
You need to believe that the "hopes" in Angola and Brazil and new gas come off to replace reserves...

Woodside Effect

DB 07503

# SFR MATURATION RATES - RAW DATA

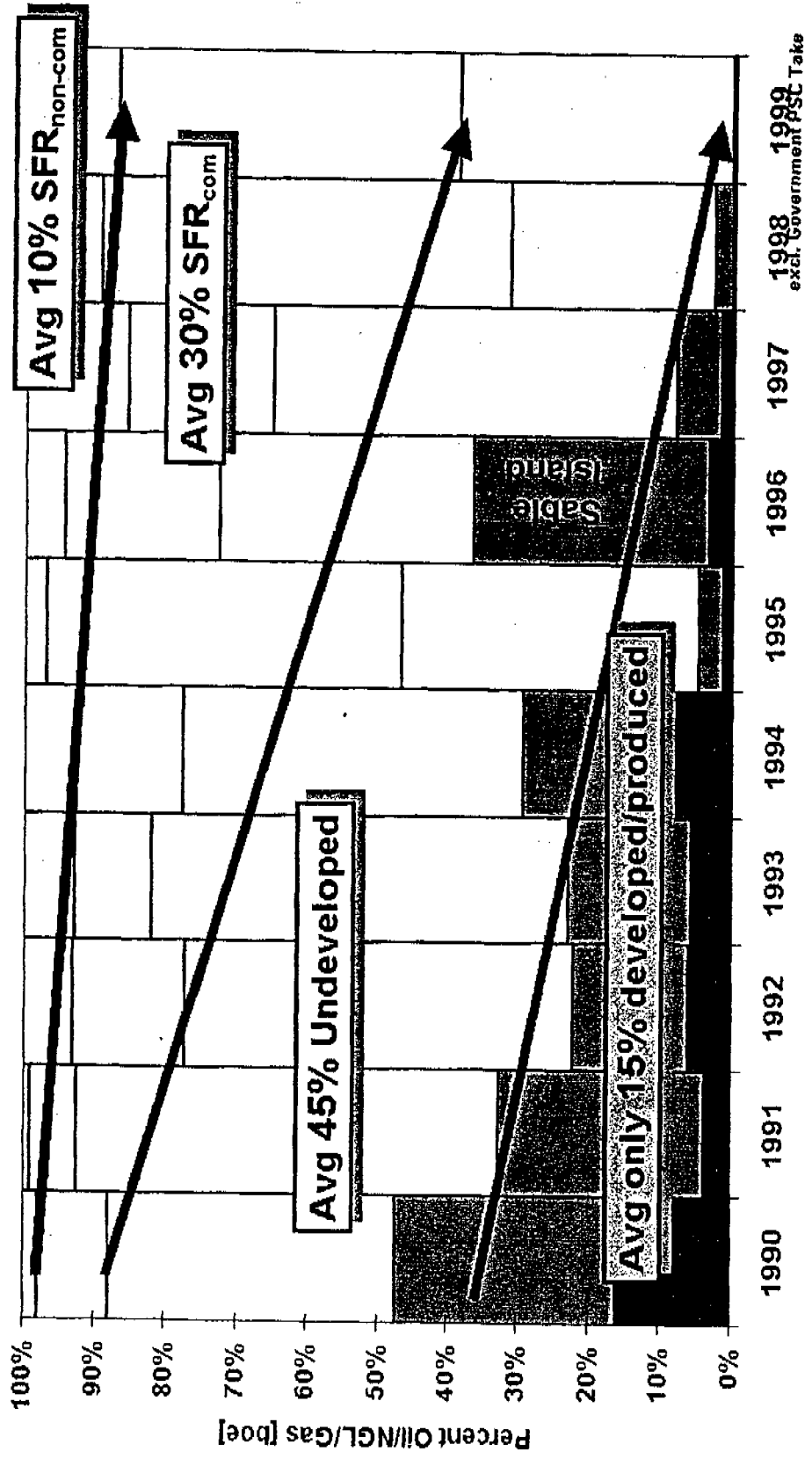
SFR<sub>com</sub> Maturation to Expectation Reserves



DB 07504



**Discoveries '90-'99 - Resource Split @1.1.2000**

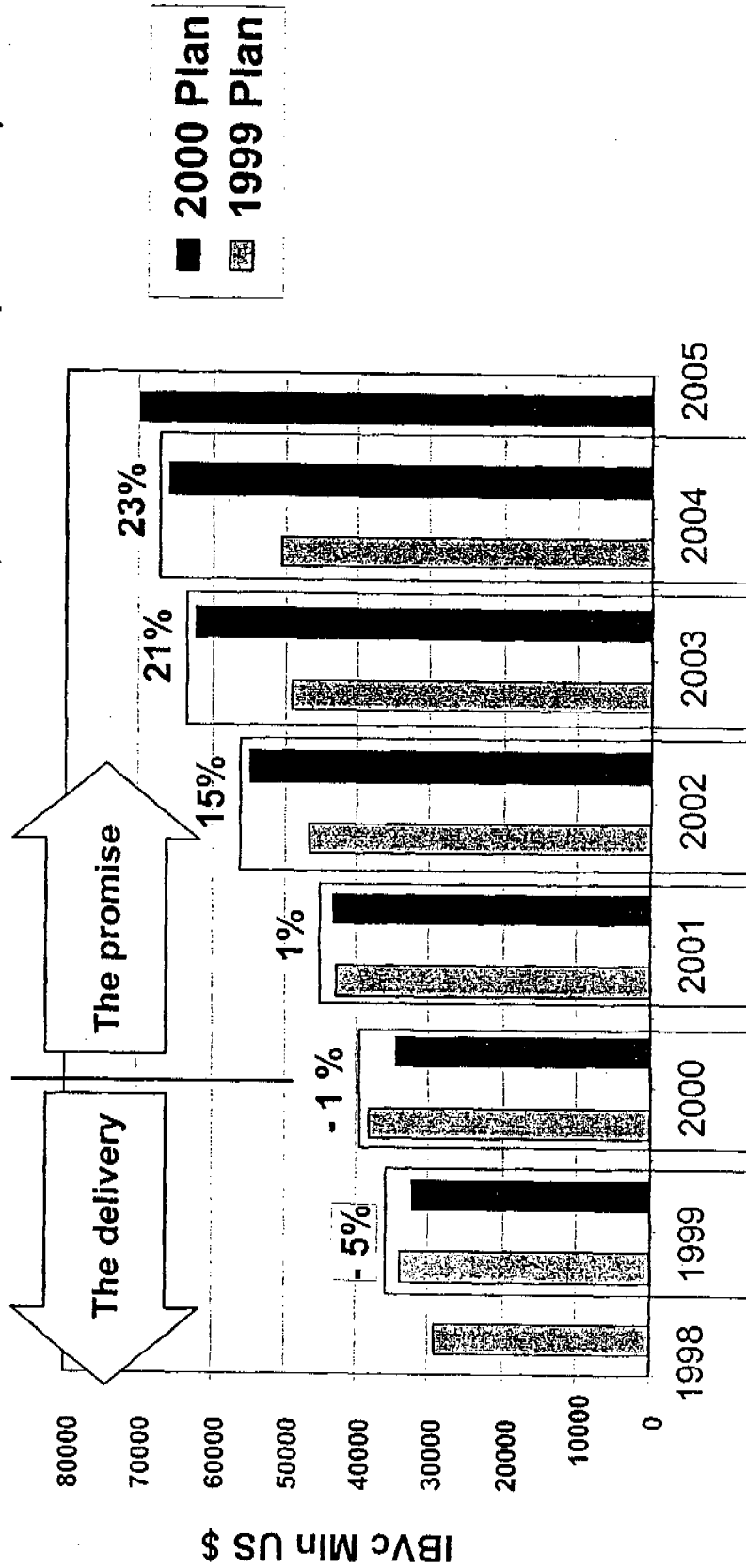


DB 07505

# IBV raw data submission versus 1999

1999 & 2000 value creation is limited.....

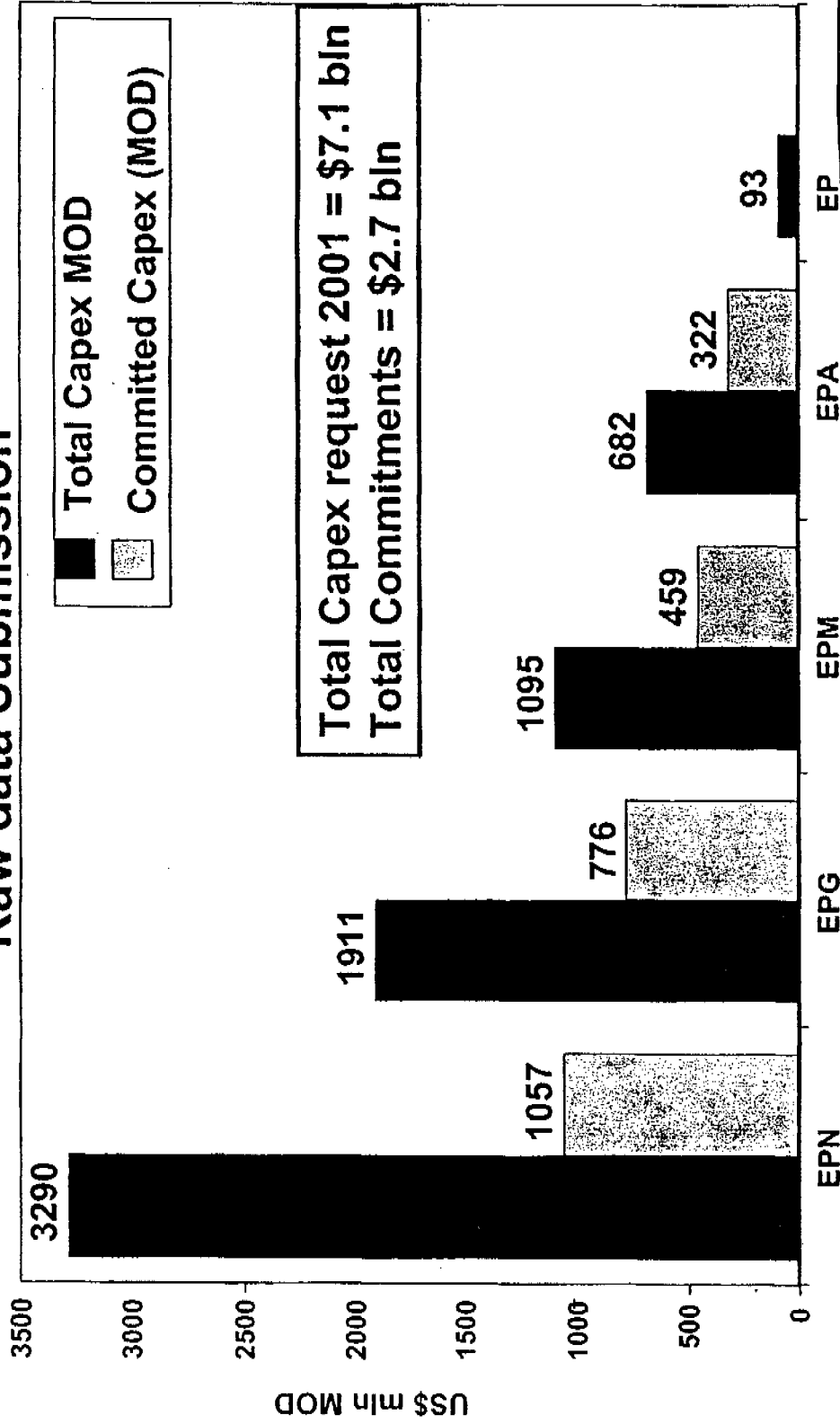
- data assumes all planned 2000 FIDs are achieved ....unlikely based on LE
- highly optimistic forward looking 2001 to 2005 (Nigeria assumed growth not likely...)
- eg 2001 assumes we take roughly one big project FID per month (ranked in)....



DB 07506

# CAPEX REQUEST 2001 BY REGION

Raw data Submission

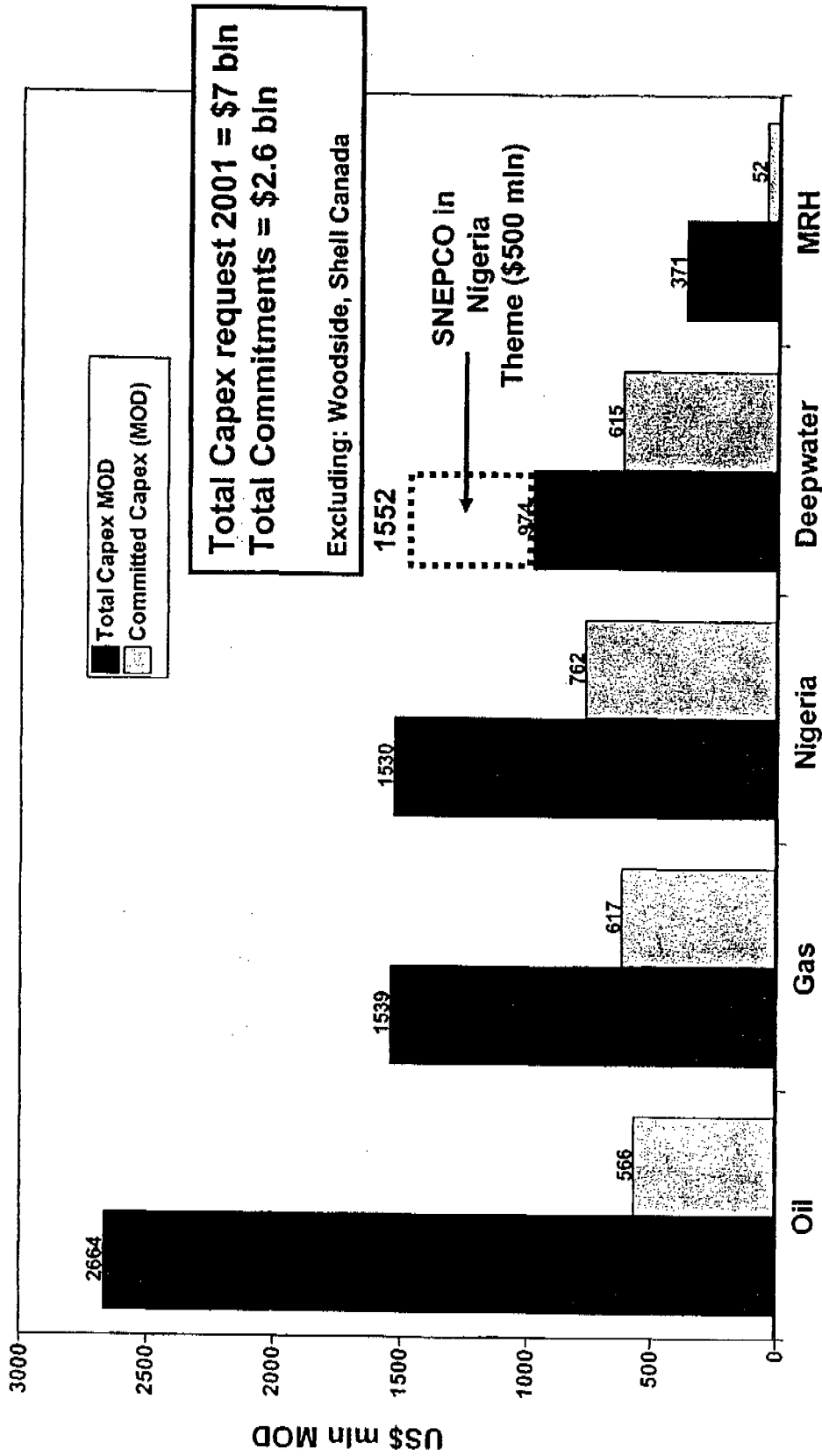


EP-Global Committed Capex in 2001 by CA-Category

DB 07507

# CAPEX REQUEST 2001 BY THEME

## Raw data Submission

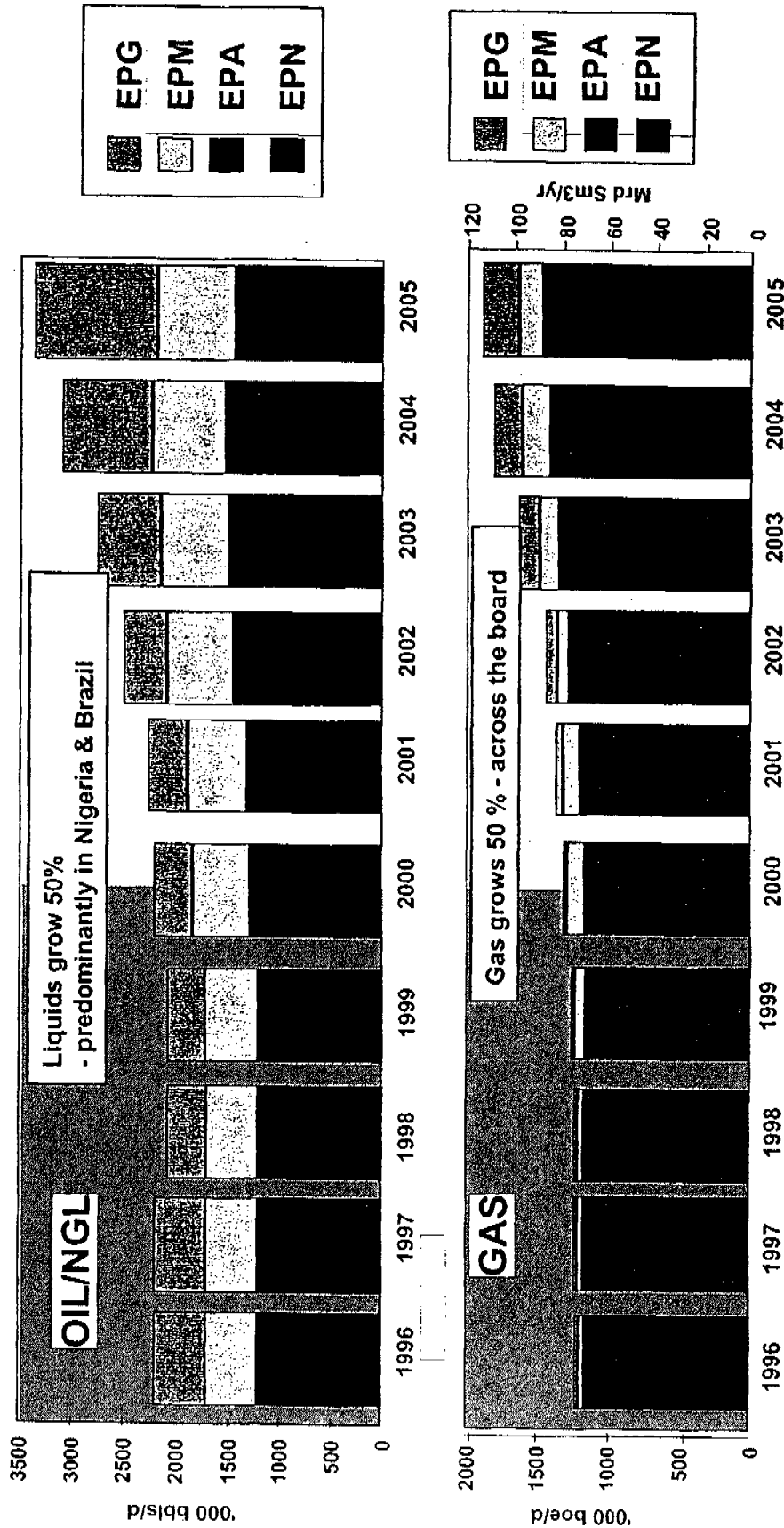


EP-Global Committed Capex in 2001 by CA-Category.rep

DB 07508

# OIL & GAS PRODUCTION 2001-2005 BY REGION

## Raw Data Submission

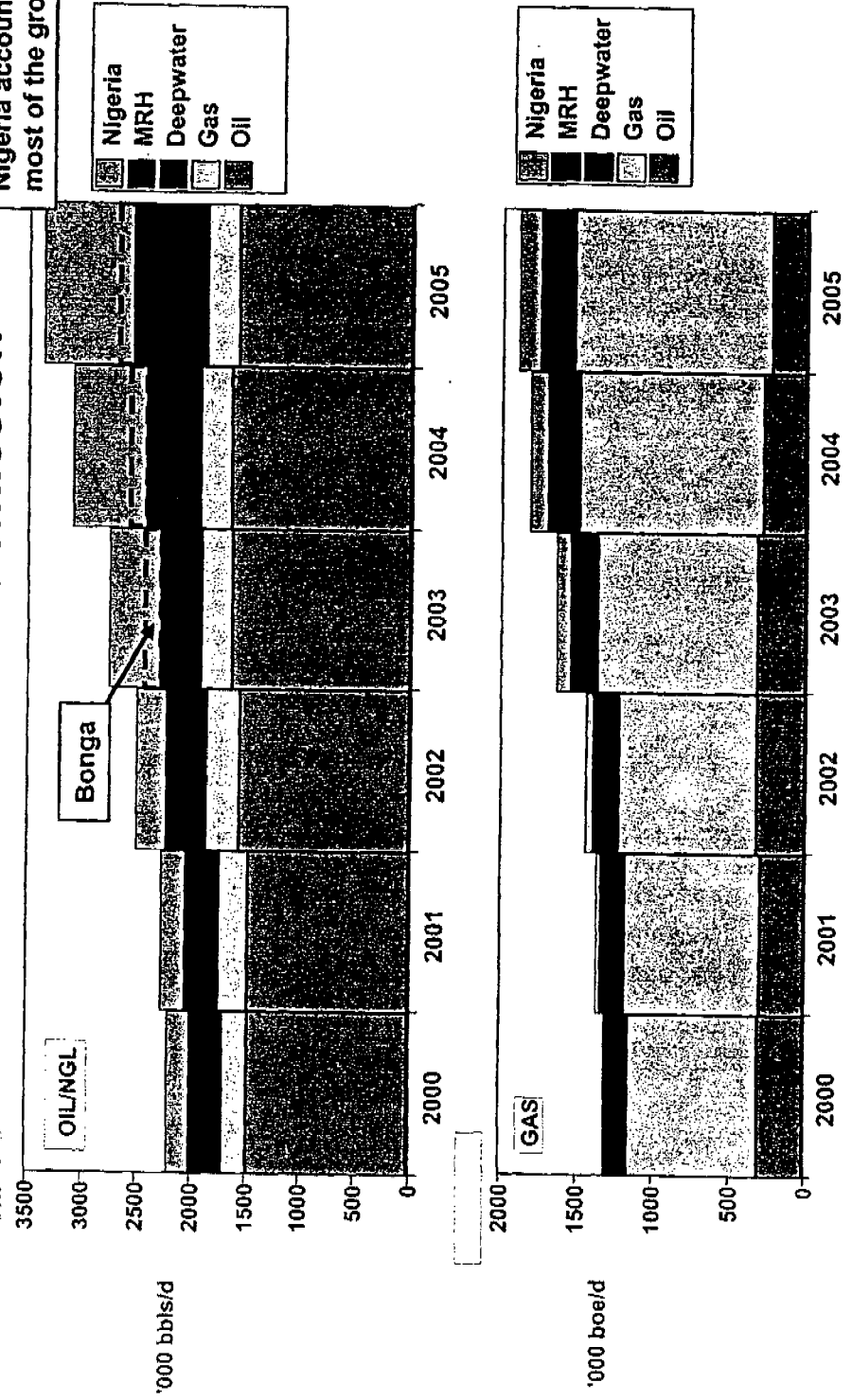


DB 07509

# OIL & GAS PRODUCTION 2001-2005 BY THEME

## Raw Data Submission

Nigeria accounts for most of the growth in liquids



Production per Region - Raw data.rep

DB 07510

# KEY METRICS - RAW DATA

Value continues to be dominated by traditional OUs.....  
 Nigeria dominance of production growth not reflected in value

IN						
	Capex 2001	IBV \$14/bbl	Boe/d 2001	Boe/d 2002	Boe/d 2003	
DW	570	5758	396	464	423	
NIGERIA	1252	5091	262	299	514	
OIL	1317	13946	1727	1699	1635	
GAS	2327	15233	1149	1158	1212	
MRH	38	-363	43	44		
TOTAL	5504	39665	3577	36	382	

OPTION						
	Capex 2001	IBV \$14/bbl	Boe/d 2001	Boe/d 2002	Boe/d 2003	
DW	319	86	0	6	39	
NIGERIA	258	1005	0	21	23	
OIL	548	2021	28	167	236	
GAS	172	2152	15	26	53	
MRH	83	943	0	0	1	
TOTAL	1375	6988	43	220	352	

MRH now includes Venezuela hence no value at \$14  
 Deepwater excludes SNEPCO  
 Ranked out production in 2001 43,000 bbls/d  
 Does not reflect OUs outside EP control - (SOGU)

Needs to be updated yet correct...!

DB 07511

## SUMMARY

- Growth in production is a major challenge
  - Existing oil assets decline 50% by 2005 1,700- 800 kb/d
  - New project schedules & project forecasts need realism
  - Growth story dominated by Nigeria
  - Still Big 3 and small 15
- Reserves replacement is a key issue
  - Brazil, Angola, CIS - new hope and OKIOC

Given the bullishness of submissions....  
Need to calibrate to ensure BP'2000 does not under deliver.

DB 07512



# Backups

DB 07513

**EP / GP Linked Projects (FID < 3 years)**

	Capex Ranking	2001 Option Capex (\$ mill)	Capex Matrix Pos.	EP/GP Lead
Malaysia	Base	24	3	GP
Australia	Option	4	6	GP
	Option	-	5	GP
China	Option	-	Expex (in)	EP
	Option	-		
Russia	Option	-	Expex (in)	EP
Egypt	Option	-	Expex (in)	EP
Iran	Option	2	6	Both
Turkmenistan	Option	18	3	EP
Saudi Arabia	Option	-	.	EP
	Option	-		
Nigeria	Base	501	misc	EP
	Option	45	misc	EP
	Base	6	3	EP
	Base	2	3	EP
Venezuela	Option	7	6	GP
Namibia	Base	-	.	EP

Portfolio Matrix

	4	2	1	
HIGH				65%
	7	5	3	
MED				45%
	9	8	6	
LOW				
		LOW	MED	HIGH

TOTAL (Base) 533  
 TOTAL (Options) 76

DB 07514

Current Capex Ranking Cut-Off is Box 3 @ 50%

### EP/GP Integrated Economics

EP Ranking		Integrated Ranking (incl NPV)	
Box	Attractiveness	Box	Attractiveness
6	41%	3	54%
5	55%	5	48%
6	21%	6	41%
3	54%	3	48%
6	34%	3	54%

EP Ranking		Integrated Ranking (incl NPV)	
Box	Attractiveness	Box	Attractiveness
6	41%	3	54%
5	55%	5	48%
6	21%	6	41%
3	54%	3	48%
6	34%	3	54%

Australia NWS Train 4  
ALNG Train 1

Iran Iran SMDS

Turkmenistan T2T Pipeline to Turkey

Venezuela Venezuela LNG

DB 07515

# KEY ISSUES - EP / GP Linked Projects

Country	Project Name	Upstream Capex
Malaysia	MLNG Tiga	....
Australia	NWS LNG Train 4	....
	ALNG Train 1	....
	ALNG Train 2	....
	NAGV Domgas & FLNG	....
	Gorgon SMDS	....
China	Ordos / Changbei	....
	Kuqa	....
Russia	Sakhalin (Pitun-Lunskoye)	....
Egypt	NEMED SMDS	....
Iran	Iran SMDS	....
Turkmenistan	T2T Pipeline to Turkey	....
Saudi Arabia	Saudi Gas Project	....
Nigeria	NLNG 3	....
	NLNG 4	....
	West Africa Gas Pipeline	....
Venezuela	VLNG	7
Namibia	Kudu	....

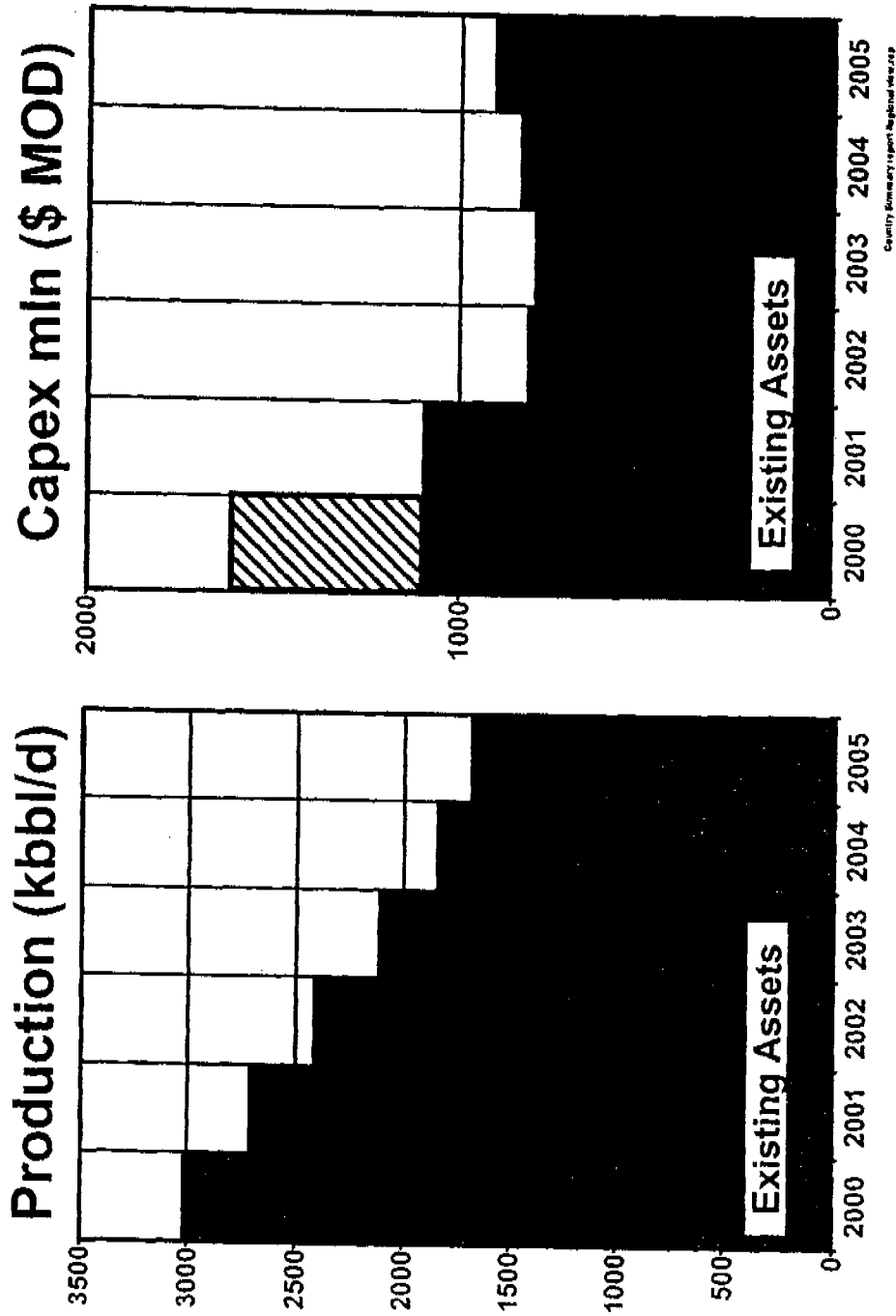
DB 07516

**26th JUNE - Position in CA 2000 Sequence**

- 7th June : Exploration Proto-Forum Discussion on expex ranking**
- 13th June : Expex/Capex Data Pack (early rankings/views) to RBAs for Consideration  
(EP / SIG Alignment Meetings take place as required per region)**
- 19th June : Some Regions Holding RBAs & OUs Meeting  
(Improve data quality & identify implications of expex & capex ranking)**
- 22-23th June : EXPEX Workshop**
- 26th June : EXCOM Raw Data and Issues**
- 27-28th June : CAPEX Workshop**
- 10th July : EXCOM Presentation on Expex, Devt Capex & with Early Financials**
- 14th July : OU Investment level letters (Expex, Capex, etc)**
- 31st July : EXCOM Presentation on Final Expex & Capex**
- 11th Aug : OU Investment Confirmation (as per 2001 Scorecard Outlines)**

DB 07517

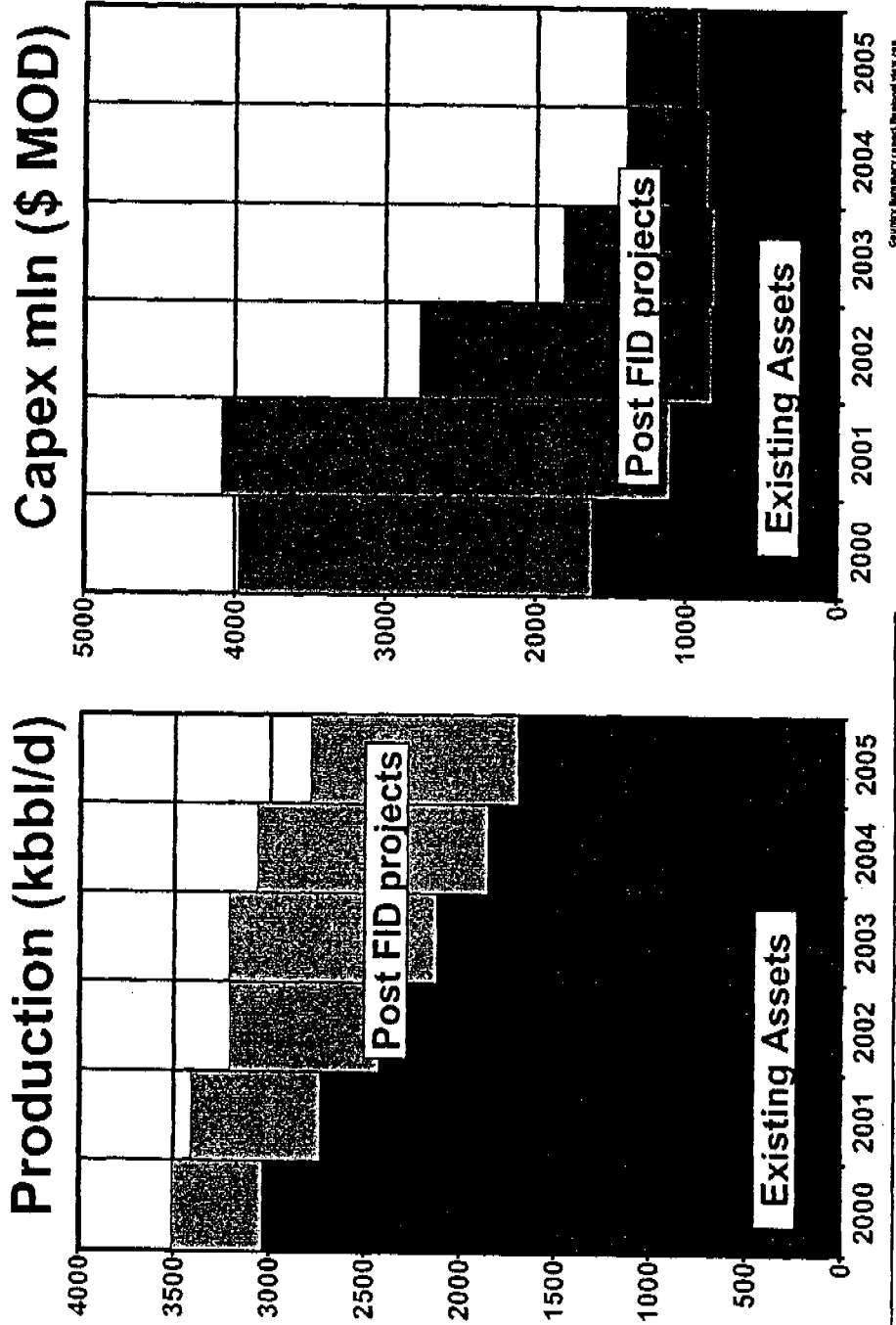
**KEY ISSUES - Decline of "Existing Asset" base**



**Decline to by half in the plan period.....  
and cost \$0.8 bln/yr to maintain**

**DB 07518**

# KEY ISSUES - Arresting the decline with post FID projects



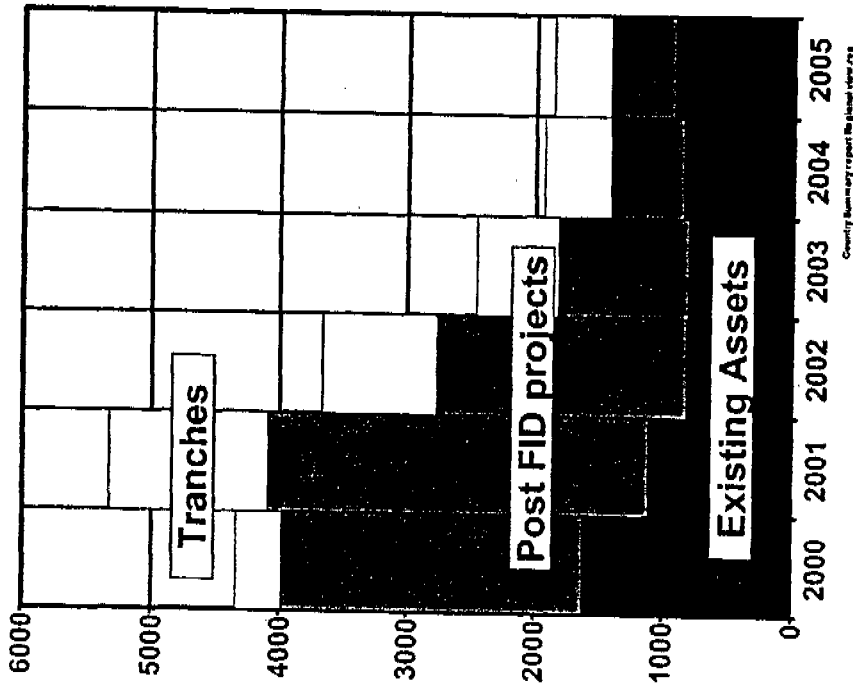
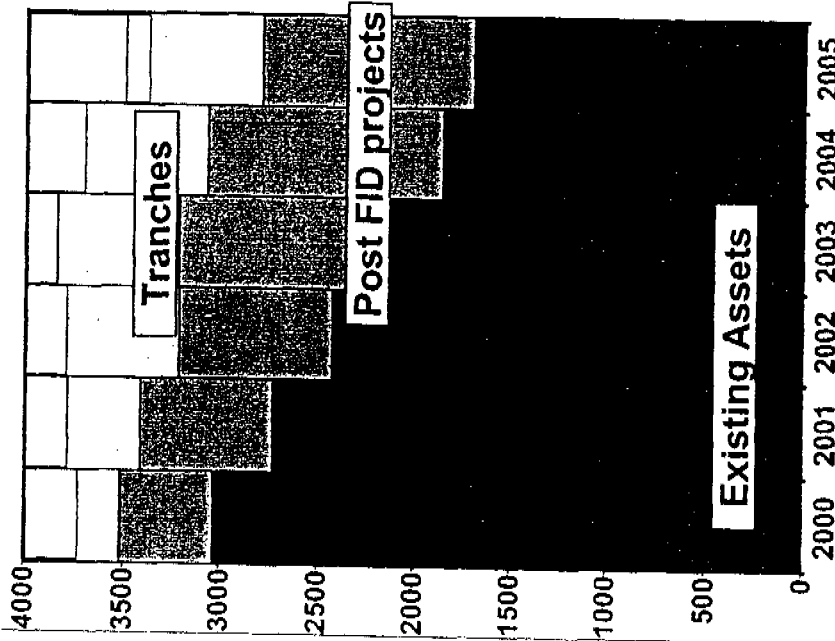
Post FID projects do not arrest the decline.....  
but cost a further \$1.4 bln/yr .....

DB 07519

# KEY ISSUES - Arresting the decline

Maintaining current production levels costs \$5.1 bln in 2001 and av. of \$3.0 bln over plan period

Adding tranche activity..... cost a \$0.8 bln/yr but does not halt the decline

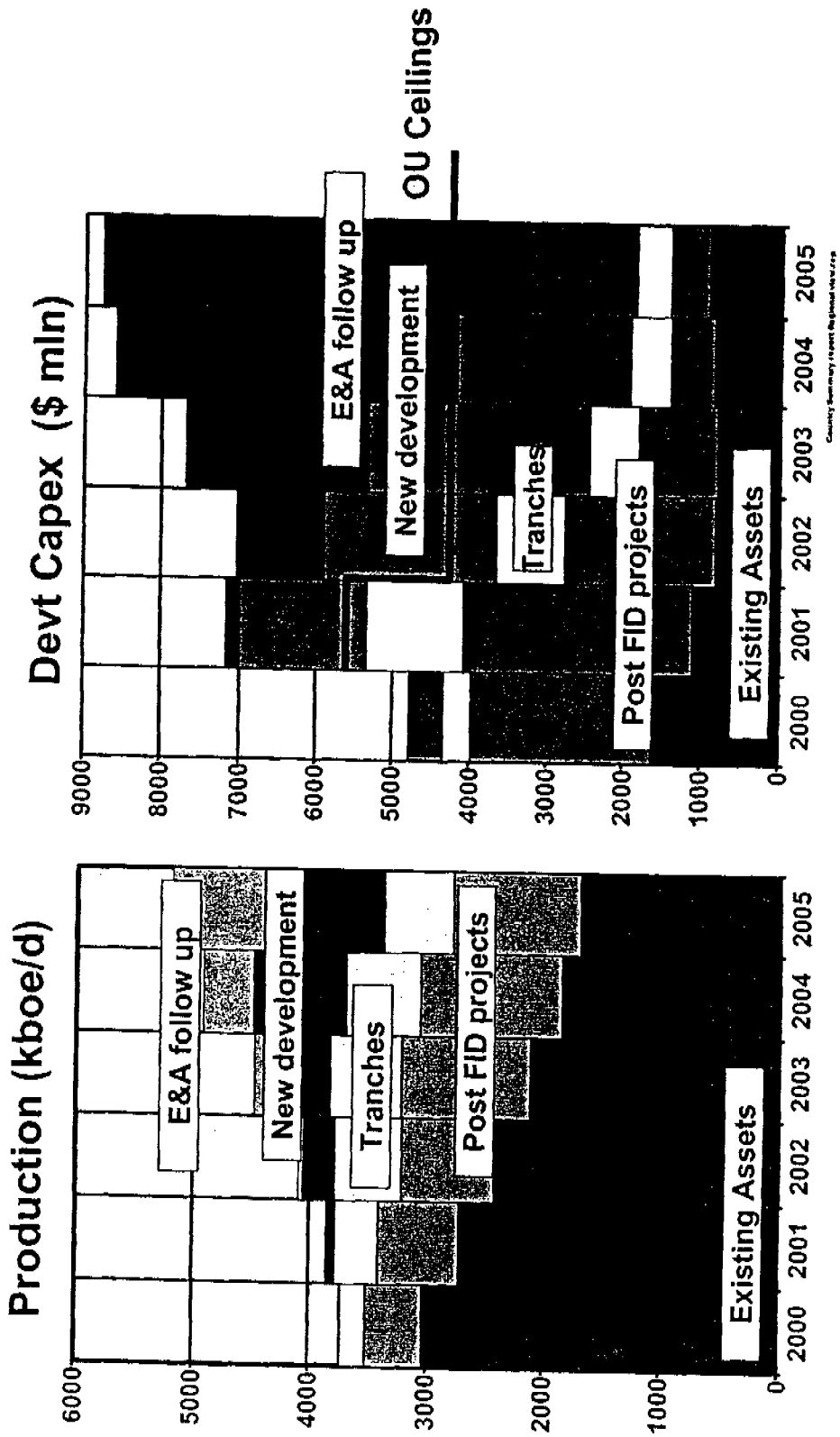


Quantity Summary report by plant year 2005

DB 07520



# KEY ISSUES Arresting the decline - the new promises



DB 07521