2018 Strategy Preview

February 1, 2018
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Outline

- Operating Strategy
- 2018 Operating Guidance
- Outlook
2018 Operating Strategy

- Steadily increase oil and gas reserve and production levels
- Continue to reinforce quality and efficiency enhancement
- Strengthen innovation and technology-driven philosophy
- Maintain prudent financial policy and investment decision-making
- Pursue a green, healthy and environment-friendly development model
2018 Overview

- Capex budget of RMB70-80 billion
- Production target of 470-480 mmboe
- Five new projects to come on stream in 2018
- Reserve Replacement Ratio (RRR) > 100%
- Maintain high standards on HSE performance
Capex Plan

- **2016A**: 49.0
- **2017E**: 50.0
- **2018B**: 70-80

<table>
<thead>
<tr>
<th>Year</th>
<th>Exploration</th>
<th>Development</th>
<th>Production</th>
<th>Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016A</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017E</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>2018B</td>
<td></td>
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</tr>
</tbody>
</table>
2018 Capex Distribution

- Exploration: 16%
- Development: 18%
- Production: 65%
- Others: 5%

- China: 51%
- Overseas: 49%
Active layout of China and Overseas Exploration

- Exploration Capex represents no less than 18% of total Capex

  **China**
  - Maintain value-driven exploration philosophy, and continue to target mid-to-large scale discoveries
  - Make efforts on both oil and gas exploration and strengthen gas activities
  - Strengthen exploration in new area to support the Company’s sustainable growth

  **Overseas**
  - Focus on mid-to-large scale discoveries in strategic core areas
  - Actively seek high-quality blocks
Driving Value from Overseas Assets

- Focusing on the strategic core areas, continue to target mid-to-large size discoveries, and expand reserve base.
Enhanced Efforts on Exploration

Invest more resources in exploration and increase exploration activities to support the company's mid to long-term sustainable growth.

- **Exploration wells**
  - 2017E: 126
  - 2018B: 132

- **3D Seismic ('000 km²)**
  - 2017E: 12
  - 2018B: 19

Note: Excludes unconventional exploration wells (18 estimated in 2017 and 30 planned for 2018)
Development and Production Promote Stable Production

★ Development Capex is expected to represent 65% of total Capex
- Actively promote the construction of major projects
- Adhere to quality and efficiency enhancement to achieve low-cost advantage
- Advance project development through use of innovative cooperation model

★ Production Capex is expected to represent 16% of total Capex
- Arrange infilling drillings based on economic evaluation
2018 production target of 470-480 mmboe, with oil and gas representing 81% and 19%, respectively.
New projects in 2018

<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>Stampede oil field</td>
<td>United States</td>
<td>First half</td>
<td>Note ①</td>
<td>25%</td>
</tr>
<tr>
<td>Weizhou 6-13 oil field</td>
<td>Western South China Sea</td>
<td>First half</td>
<td>6,300</td>
<td>100%</td>
</tr>
<tr>
<td>Penglai 19-3 oil field 1/3/8/9 comprehensive adjustment project</td>
<td>Bohai</td>
<td>Second half</td>
<td>36,200</td>
<td>51%</td>
</tr>
<tr>
<td>Dongfang 13-2 gas fields</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>43,400</td>
<td>100%</td>
</tr>
<tr>
<td>Wenchang 9-2/9-3/10-3 gas fields</td>
<td>Western South China Sea</td>
<td>Second half</td>
<td>14,300</td>
<td>100%</td>
</tr>
</tbody>
</table>

① Refer to Operator’s disclosure

5 new projects are scheduled to come on stream in 2018.
Stampede Oil Field

- Located 185 kilometers from the coast of Louisiana, and will contribute to the Company’s production in Gulf of Mexico
- Facility details:
  - One central platform
  - 6 producing wells and 4 water injection wells
- CNOOC’s interest: 25% (Hess acts as the operator)
Dongfang 13-2 Gas Fields

- Located in Yinggehai in South China Sea, which will further support natural gas development of South China Sea
- Facility details:
  - One central platform and two wellhead platforms
  - 30 producing wells
- CNOOC’s interest: 100%
- Peak production: 43,400 boe/day
Overseas Major Projects Plan in 2018

Buzzard Phased II: Achieve FID approval and commence construction
Missan: Promote new well drilling and increase the production

Long Lake: Continue to optimize the producing project, promote the K1A pipeline recovery and LLSW project
Appomattox: Advance the project progress and bring on stream on schedule

Stabroek: Focus on growing total recoverable reserves, progressing Liza Phase I oil field development and promoting development of phase II and phase III
Libra: Continue to promote low-cost and high-efficiency development

Uganda: Achieve FID approval of Kingfisher and Tilenga oil field

Egina: Advance the project progress and bring on stream on schedule
**Strengthening of Quality and Efficiency**

**Exploration**
- High levels of success rate and capitalization rate
- Improved operating efficiency and strengthened finding cost competitive advantage

**Development**
- Steadily enhanced operation efficiency
- Competitive all-in cost

**Integration of exploration, development and production**
- Accelerate the monetization of reserves
- Optimize engineering plans to achieve effective integration of engineering construction and production operation
Reserve Life is Expected to Rise

- Reserve life is expected to see significant increase
- Reserve from new projects including Liza and Libra will be booked
- Reserve from Long Lake oil sand project to be re-booked

![Reserve Life Chart]

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve Life (Year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>8.1</td>
</tr>
<tr>
<td>2017E</td>
<td></td>
</tr>
<tr>
<td>2018E</td>
<td></td>
</tr>
</tbody>
</table>
A Long Pipe of Projects Support Production Growth

Offshore China

✓ Luda16-3 oil field
✓ Luda 21-2 oil field
✓ Luda 6-2 oil field
✓ Caofeidian 6-4 oil field
✓ Caofeidian 11-1/11-6 comprehensive adjustment
✓ Qinhuangdao 33-1S oil field
✓ Huizhou 32-5 comprehensive adjustment
✓ Huizhou 33-1 oil field
✓ Dongfang 1-1 gas field SE area
✓ Wenchang 13-2 comprehensive adjustment
✓ Wushi 17-2 oil fields
✓ Weizhou 12-8E oil field
✓ Liuhua 21-2 oil field
✓ Liuhua 16-2/20-2 joint development
✓ Liuhua 29-1 gas field
✓ Lingshui 17-2 gas fields
✓ Luda 5-2N oil field
✓ Nanbao 35-2 oil filed S1 area

Overseas

✓ Libra oil field
✓ Egina oil field
✓ Appomattox oil field
✓ LLSW project
✓ Tangguh Phase II
✓ Liza oil field Phase I
✓ Liza oil field Phase II
✓ Buzzard oil field Phase II
✓ Kingfisher oil field
✓ Tilenga oil field

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Sustainable Production Growth

The Company will pursue quality growth and profitable production to drive growth and improve shareholder returns.

<table>
<thead>
<tr>
<th></th>
<th>2017 Estimate</th>
<th>2018 Budget</th>
<th>2019 Target</th>
<th>2020 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>469</td>
<td>470-480</td>
<td>~485</td>
<td>~500</td>
</tr>
<tr>
<td>Overseas</td>
<td>36%</td>
<td>36%</td>
<td>42%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Note: (mmboe) represents millions of barrels of oil equivalent.