



CNOOC Limited  
中国海洋石油有限公司

# 2020 Strategy Preview

January 13, 2020



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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 “expect”, “anticipate”, “continue”, “estimate”, “objective”, “ongoing”, “may”, “will”, “project”, “should”, “believe”, “plans”, “intends” and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company’s expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, macro-political and economic factors, changes in the tax and fiscal regimes of the host countries in which we operate, the highly competitive nature of the oil and natural gas industry, the exploration and development activities, mergers, acquisitions and divestments activities, environmental responsibility and compliance requirements, foreign operations and cyber system attacks. For a description of these and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the Annual Report on Form 20-F filed in April of the latest fiscal year.

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# Outline

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 **Operating Strategy**

 **2020 Operating Guidance**

 **Outlook**

# 2020 Operating Strategy

- 🚢 **Steadily increase oil and gas reserves and production levels**
- 🚢 **Maintain cost competitiveness**
- 🚢 **Maintain prudent investment decision-making**
- 🚢 **Focus on shareholder returns**



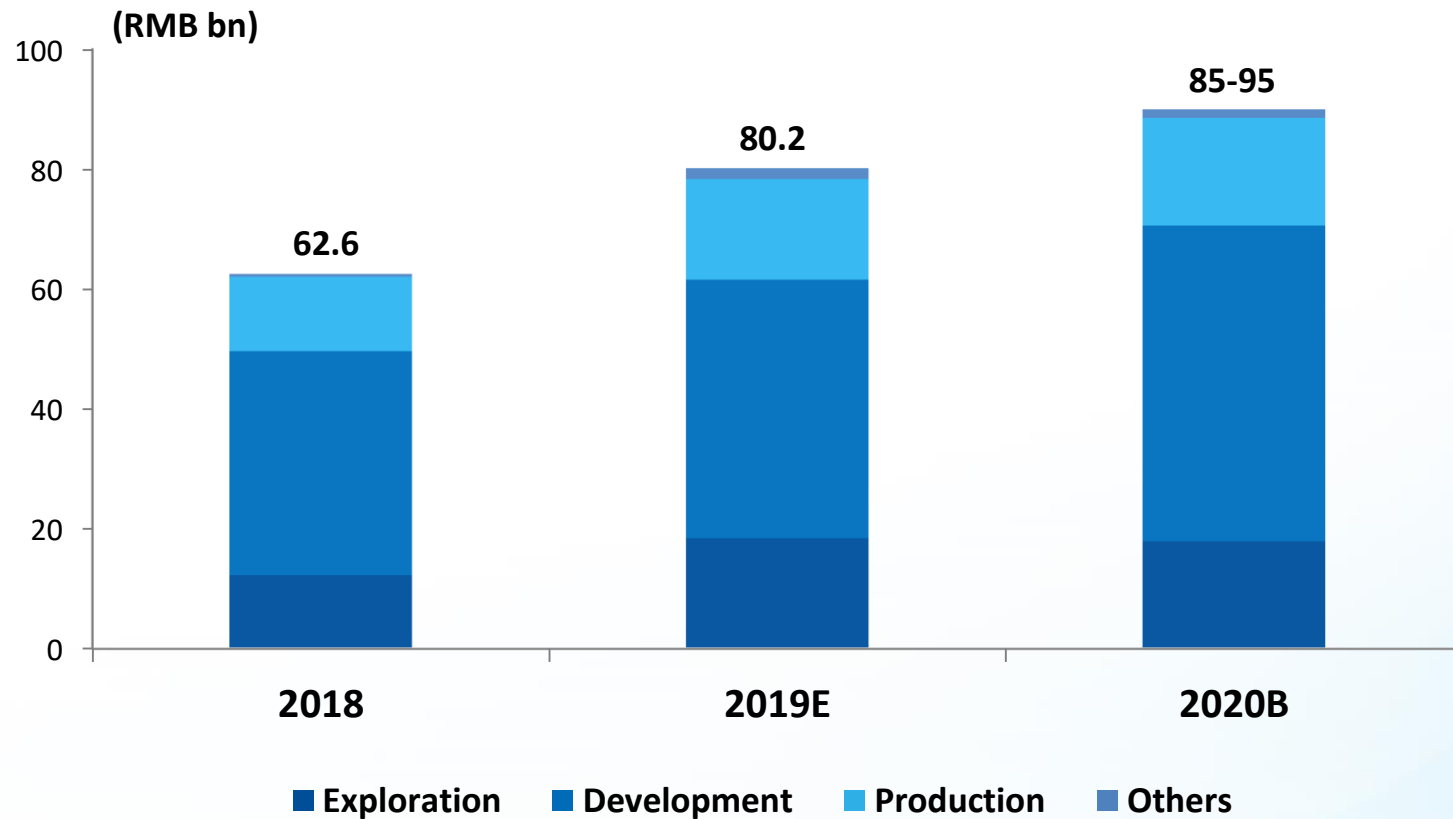
# 2020 Overview

- 🚧 Capex budget of RMB85-95 billion
- 🚧 Production target of 520-530 mmboe
- 🚧 Ten new projects to come on stream
- 🚧 Reserve Replacement Ratio (RRR) of 120%
- 🚧 Maintain high standards on HSE performance

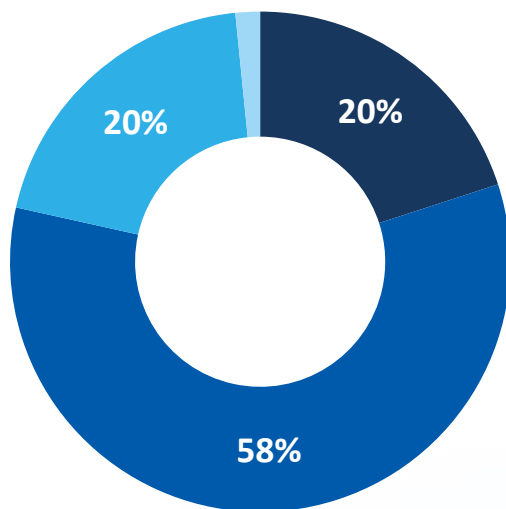


# Capex Plan

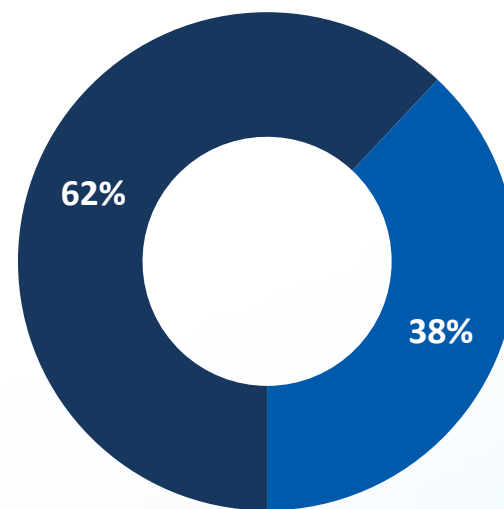
 Pursue profitable reserves and production and continue to increase Capex



# 2020 Capex Breakdown



■ Exploration ■ Development ■ Production ■ Others



■ China ■ Overseas

# Continue to Enhance Efforts on Exploration



## Exploration strategy

- Strengthen value-driven exploration and ensure the sustainable growth
- Improve exploration effectiveness and reduce exploration costs
- China: Target mid-to-large size discoveries and strengthen exploration in new areas and frontiers
- Overseas: Focus on the acquisition of high-quality blocks in exploration hot spots





# Domestic Exploration

## Strategic discovery

Identify the hydrocarbon source and reservoir conditions at the basin or sag level

- Explore of potential hydrocarbon-rich sags
- Explore of new fields and new types in proved hydrocarbon-rich sags

## Strategic breakthrough

Identify reserves growth areas at favorable exploration regions

- Breakthrough in areas based on strategic discoveries
- Breakthrough in frontiers based on strategic discoveries

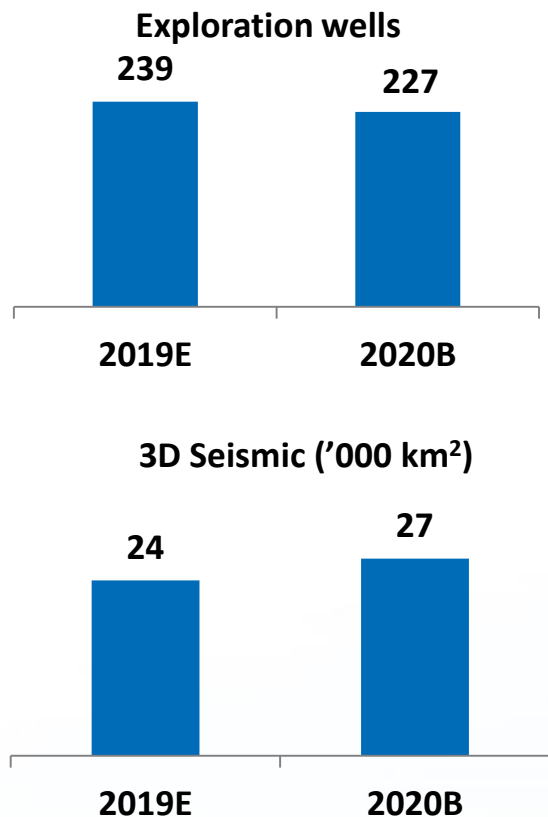
## Strategic expansion

- Rolling exploration and target assessment in mature areas



# Exploration Workload

 Continue to strengthen value-driven exploration to support sustainable growth



Note: Excludes unconventional exploration wells (82 estimated in 2019 and 100 planned for 2020).

# Development and Production

## Development Capex

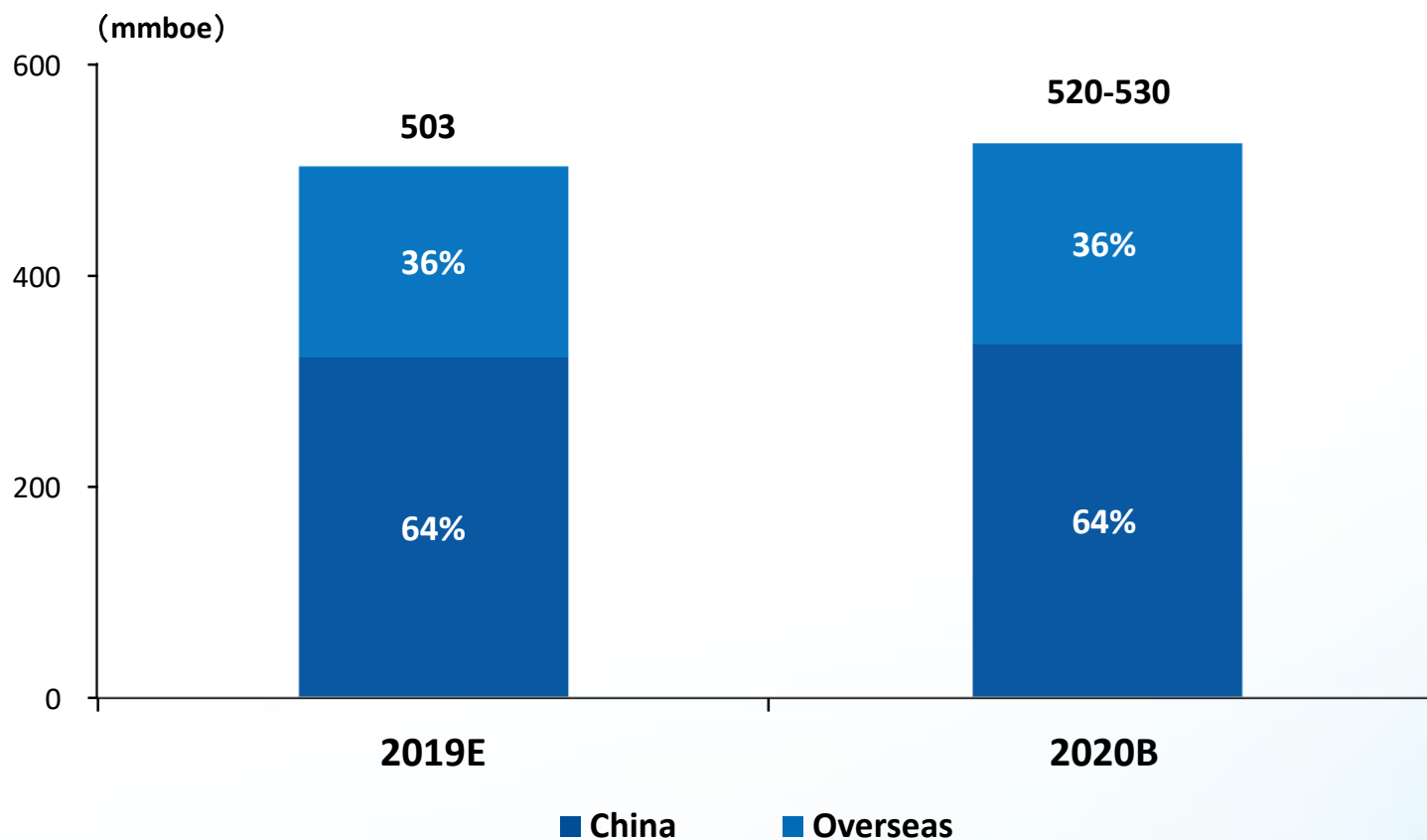
- **Actively promote important projects**
  - China: Lingshui 17-2, Liuhua 16-2/20-2, etc.
  - Overseas: Liza oil field phase 2, etc.
- **Strengthen the progress control of new projects and strive to bring on stream ahead of schedule**

## Production Capex

- **Optimize infill drilling program to slow down decline and improve oilfield recovery**



# Production Target



2020 production target of 520-530 mmboe, with oil and gas representing 81% and 19%, respectively.

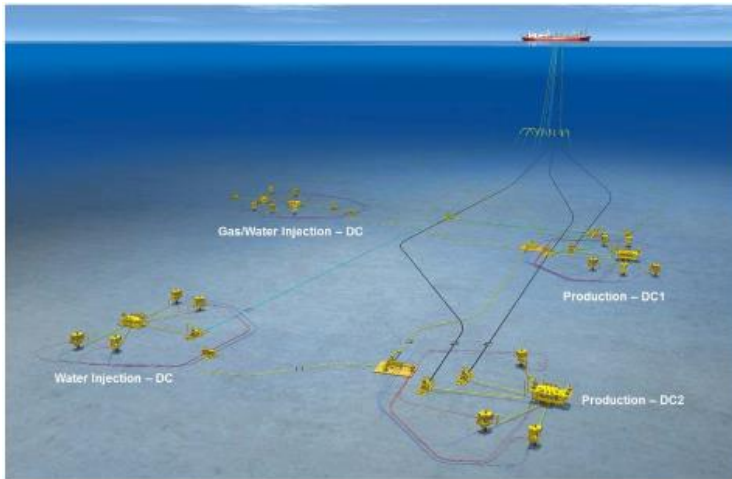


# New Projects in 2020

Project	Location	Expected Startup	Peak Production (boe/d)	Working Interests
Liza oil field phase 1	Guyana	Commenced production	120,000	25%
Penglai 19-3 oil field block 4 adjustment/Penglai 19-9 oil field phase II	Bohai	First half	12,700	51%
Qinhuangdao 33-1S oil field phase I	Bohai	First half	6,000	100%
Bozhong 19-6 gas field pilot area development project	Bohai	Second half	12,000	100%
Luda 16-3/21-2 joint development project	Bohai	Second half	26,500	100%
Nanbao 35-2 oil field S1 area	Bohai	Second half	1,800	100%
Jinzhou 25-1 oil field 6/11 area	Bohai	Second half	16,500	100%
Liuhua 29-1 gas field development project	Eastern South China Sea	Second half	10,300	25%
Liuhua 16-2 oil field/20-2 oil field joint development project	Eastern South China Sea	Second half	72,800	100%
Buzzard oil field phase II	UK	Second half	37,000	43.21%

**10 new projects are scheduled to come on stream in 2020.**

# Liza Oil Field Phase 1



- 🚢 Located in the Stabroek block offshore Guyana
- 🚢 Ultra-deepwater development project with a water depth of 1,500-1,900 meters
- 🚢 Facility details:
  - One FPSO
  - 17 wells
- 🚢 Peak production: 120,000 boe/day
- 🚢 CNOOC Limited's interest: 25% (ExxonMobil acts as the operator)
- 🚢 Commenced production ahead of schedule on December 2019

# Liuhua 16-2 Oil Field/20-2 Oil Field Joint Development Project



- 📍 Located 230-240 kilometers from Hong Kong in the South China Sea
- 📍 Water depth of ~400 meters
- 📍 Facility details:
  - One FPSO
  - 18 wells
- 📍 Peak production: 72,800 boe/day
- 📍 CNOOC Limited's interest: 100%

# Luda 16-3/21-2 Joint Development Project



- 📍 Located in Bohai with a water depth of ~25 meters
- 📍 Facility details:
  - One central platform
  - Three wellhead platforms
  - One production adjective platform
- 📍 Peak production: 26,500 boe/day
- 📍 CNOOC Limited's interest: 100%



# Bozhong 19-6 Gas Field Pilot Area Development Project



- 📍 Located in Bohai with a water depth of ~22 meters
- 📍 Facility details:
  - One wellhead platform
  - One boosting platform
- 📍 Peak production: 12,000 boe/day
- 📍 CNOOC Limited's interest: 100%

# A Long Pipe of Projects

## Offshore China

- ✓ Penglai 25-6 oil field 3 area
- ✓ Panyu 10-4 oil field
- ✓ Liuhua 29-2 gas field
- ✓ Weizhou 12-8E oil field
- ✓ Weizhou 5-7 oil field
- ✓ Luda 6-2 oil field
- ✓ Luda 5-2N oil field Phase I
- ✓ Lingshui 17-2 gas fields
- ✓ Weizhou 11-2 oil field phase II
- ✓ Lufeng oil fields

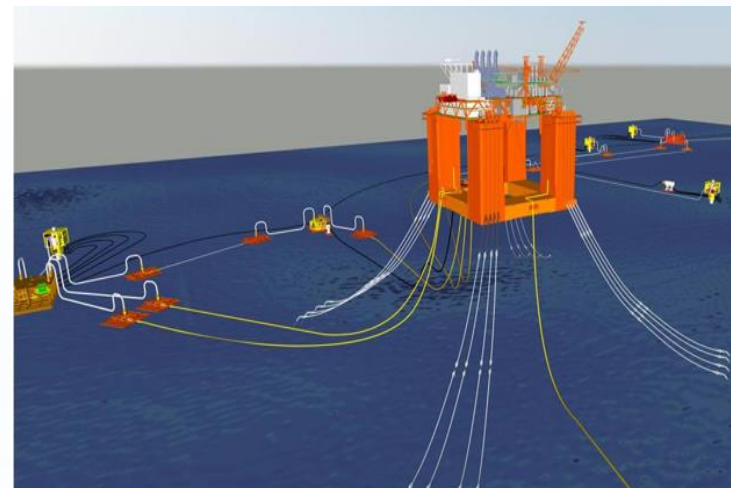
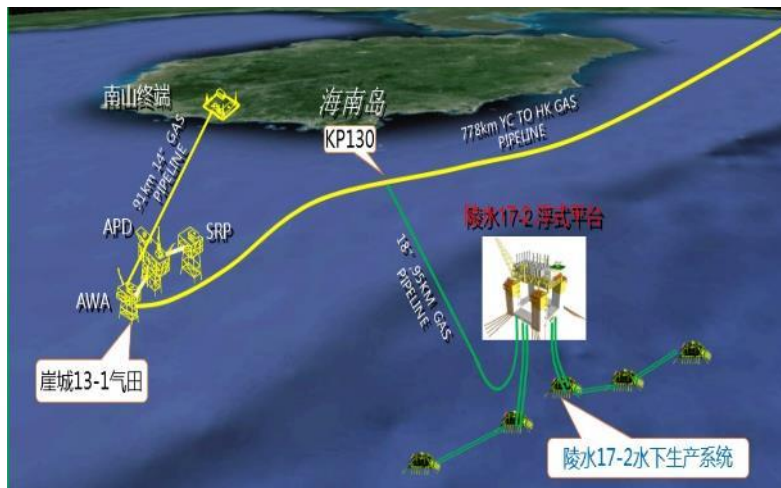
- ✓ Caofeidian 2-1 oil field
- ✓ Kenli 16-1 oil field
- ✓ Luda 29-1 oil field
- ✓ Bozhong 19-6 gas field phase I
- ✓ Caofeidian 6-4 oil field
- ✓ Bozhong 29-6 oil field
- ✓ Bozhong 8-4 oil field
- ✓ Qinhuangdao 29-2 oil field
- ✓ Wushi 17-2 oil fields
- .....

## Overseas

- ✓ LLSW project
- ✓ Mero 1 oil field
- ✓ Golden Eagle – Pacific gas field
- ✓ Madura gas fields
- ✓ Ravel oil field
- ✓ Liza oil field phase 2
- ✓ Flying Dutchman oil field
- ✓ Mero 2 oil field
- ✓ Arctic LNG 2 project
- .....

# Lingshui 17-2 Gas Fields Development Project

- 🚩 First large-size deep-water independent gas field with a water depth of 1,450 meters
- 🚩 Entered the development stage with development well drilling in December 2019
- 🚩 Created the world's first deepwater development model of semi-submersible platform with 10,000-ton oil storage
- 🚩 Stable gas supply of more than 3 billion cubic meters per year for the Guangdong-Hong Kong-Hainan area



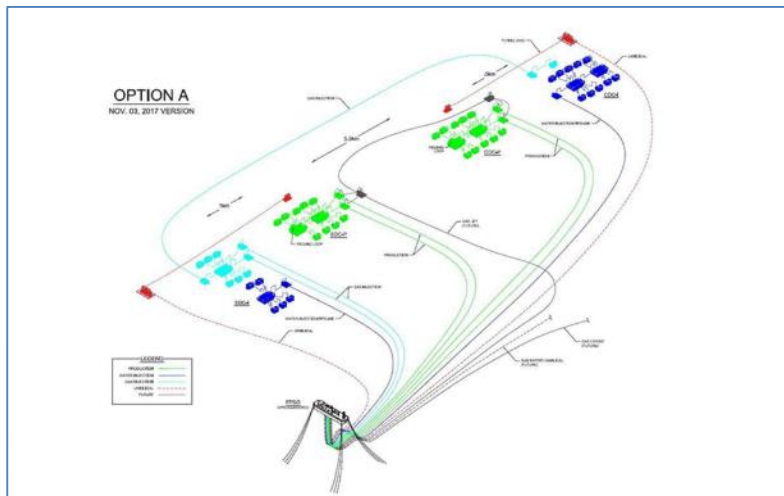
# Future Projects of Stabroek Block

## Liza oil field phase 2

- FID was sanctioned in 2019
- First oil planned in 2022
- Facilities include one FPSO and 30 wells
- Peak production: 220,000 boe/day

## Payara project

- Expected to come on stream as early as 2023
- Facilities include one FPSO and 45 wells
- Peak production: 220,000 boe/day



# Technology Advancement Free Up Heavy Oil Reserves

## Research and experiment for technologies of heavy oil thermal recovery

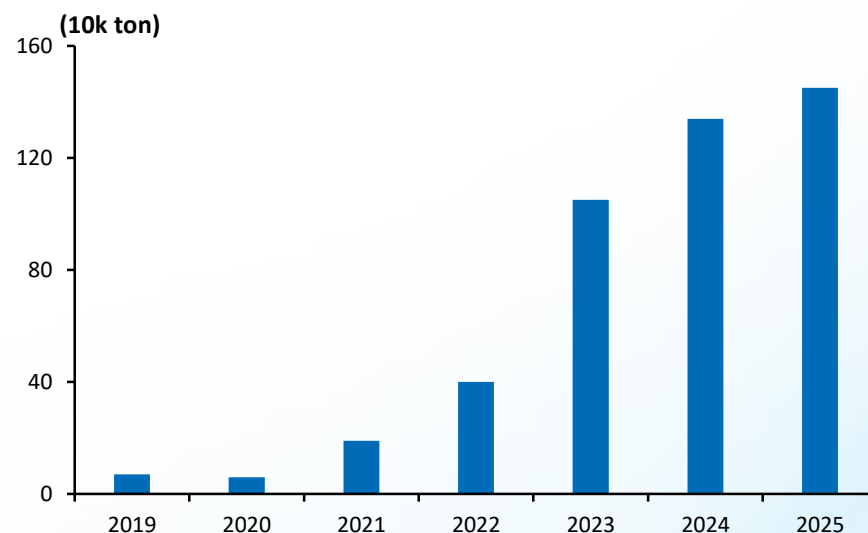
Luda 27-2-A22 well saw injection and production integration for the first time

- Simplified thermal recovery process
- Reduced thermal recovery costs
- Improved productivity
- Lowered development threshold

## Huge potential for increasing reserves and production

- At present, only 100 million tons are under development and annual output is less than 100,000 tons
- Proved in-place volume of heavy oil is approximately 600 million tons.

Thermal recovery Production plan in Bohai



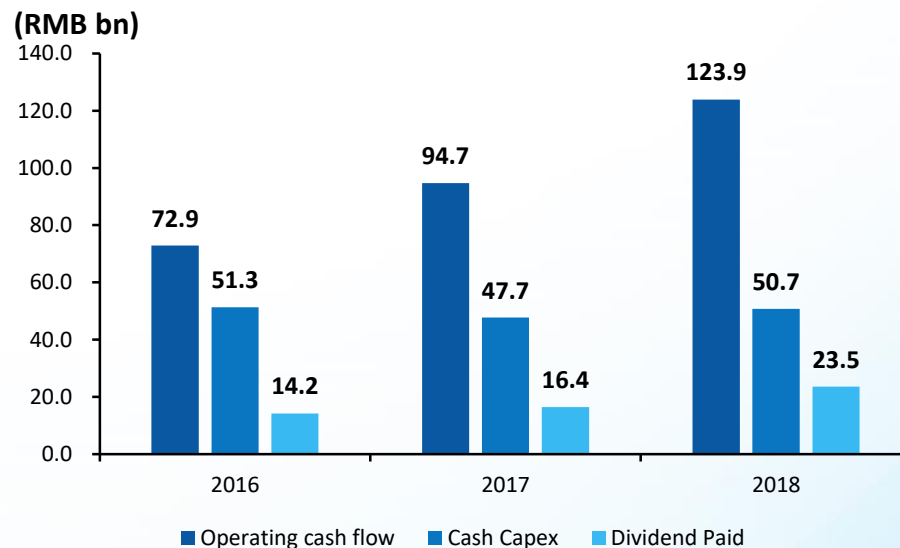
# Focus on Shareholder Returns

Focus on shareholder returns and share the Company's development results with shareholders.

Dividend distribution will continue to consider the following factors:

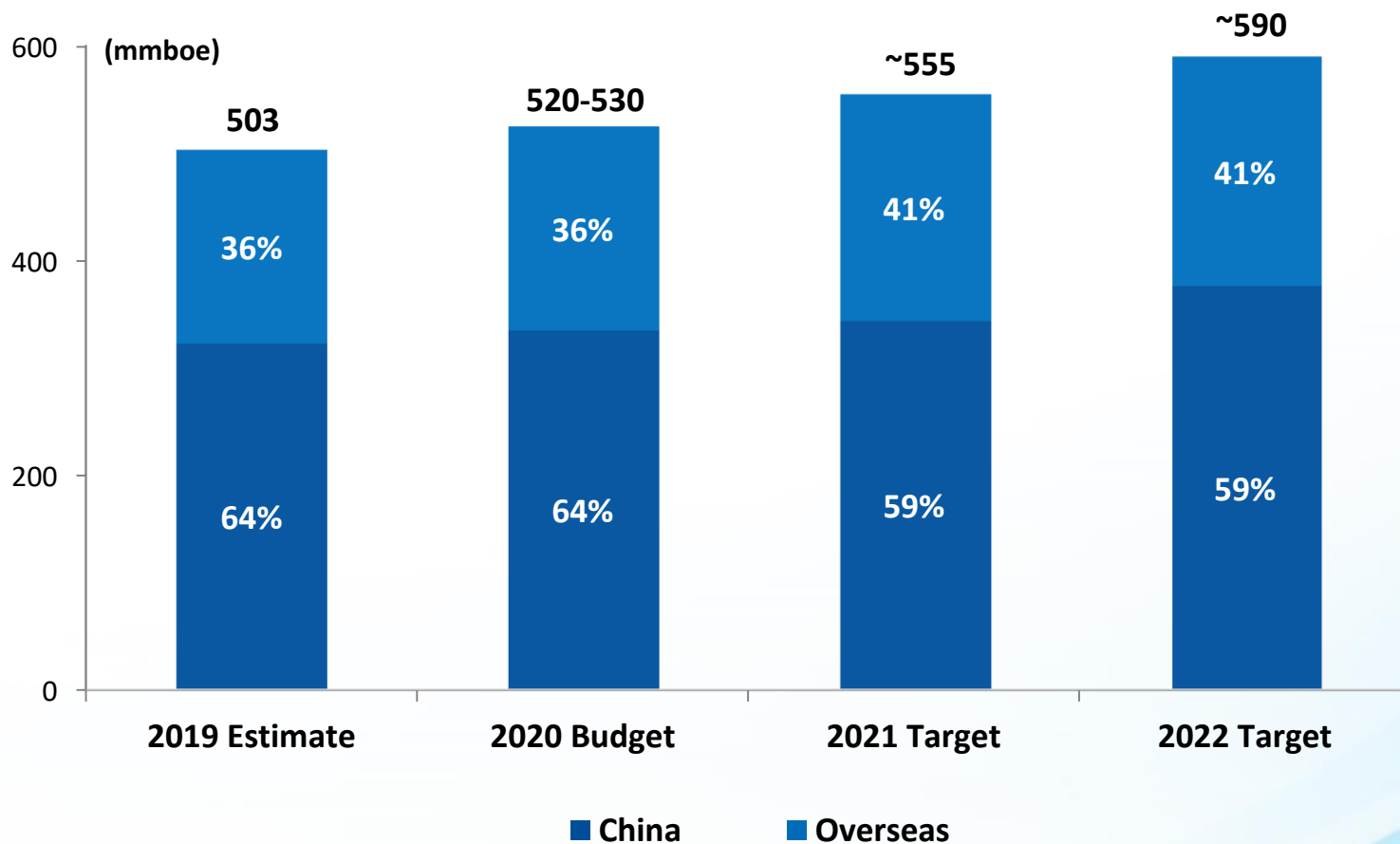
- Current and future earnings
- Financial position
- Capital expenditure plan
- Dividend level of international peers

Cash flow v.s. dividends



# Three-year Rolling Target

 Focus on organic growth and accelerate reserves and production increase



Note:

Production percentage of crude liquids and nature gas is expected to be 80% v.s. 20% in 2021.

Production percentage of crude liquids and nature gas is expected to be 78% v.s. 22% in 2022.



[www.cnooc.com](http://www.cnooc.com)