



CNOOC LIMITED

中国海洋石油有限公司

2014 Third Quarter Review

Financial and Operating Highlights
for the Quarter Ended September 30, 2014



Disclaimer

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 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 those associated with fluctuations in crude oil and natural gas prices, the exploration or development activities, the capital expenditure requirements, the business strategy, whether the transactions entered into by the Group can complete on schedule pursuant to the terms and timetable or at all, the highly competitive nature of the oil and natural gas industries, the foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the 2013 Form 20-F filed on 17 April 2014.

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Overview

Operation Highlights

- Net production of 103.0 mm boe, remained flat from the same period of last year
- Two new discoveries and nine successful appraisal wells
- New projects progressed on schedule

Financial Results

- Oil and gas sales revenues of RMB 53.6 billion, down 4.6% YoY
- Capex of RMB 26.3 billion, up 19.6% YoY
- Realized oil price of US\$ 98.98/bbl, down 6.8% YoY
- Realized gas price of US\$ 6.61/mcf, up 21.7% YoY



Production Summary

2014Q3*

2013Q3*

	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	36.8	12.6	38.9	34.9	9.7	36.5
Western South China Sea	6.8	31.3	12.2	7.3	30.8	12.6
Eastern South China Sea	11.7	10.5	13.4	11.7	14.2	14.0
East China Sea	0.1	2.3	0.5	0.2	3.0	0.7
Subtotal	55.4	56.7	65.0	54.1	57.8	63.8
Overseas						
Asia (Ex. China)	3.5	13.1	5.9	2.9	13.1	5.3
Oceania	0.4	12.1	2.8	0.5	9.7	2.4
Africa	7.3	-	7.3	7.8	-	7.8
North America (Ex. Canada)	5.0	10.3	6.7	4.7	11.2	6.6
Canada	4.2	10.5	6.0	3.9	10.4	5.6
South America	2.2	12.6	4.4	2.1	11.9	4.1
Europe	4.5	3.0	5.0	7.6	1.3	7.8
Subtotal	27.2	61.4	38.0	29.5	57.7	39.6
Total	82.6	118.1	103.0	83.5	115.5	103.4

*Including our interest in equity-accounted investees, which is approximately 4.4 mm boe in 2014Q3 and 4.2 mm boe in 2013Q3.

Nexen production in 2014Q3 and 2013Q3 was 13.0 and 16.1 mmboe respectively.

In 2014Q3, production percentage of China and overseas was 63% v.s. 37%; Crude liquids and natural gas was 80% v.s. 20%.



Revenues and Capital Expenditure

(Unaudited)	3 months ended Sep 30			9 months ended Sep 30		
	2014	2013	%Change	2014	2013	%Change
(RMB million)						
Sales Revenue						
Crude and Liquids	49,287	52,685	-6.4%	158,110	156,736	0.9%
Natural Gas	4,281	3,451	24.1%	12,554	10,199	23.1%
Marketing Revenue, net	544	346	57.2%	1,737	1,318	31.8%
Others	943	869	8.5%	2,975	2,511	18.5%
Total	55,055	57,351	-4.0%	175,376	170,764	2.7%
Capital Expenditure						
Exploration	5,607	4,496	24.7%	16,888	12,254	37.8%
Development	17,496	12,925	35.4%	48,478	37,823	28.2%
Production	2,973	4,319	-31.2%	8,410	9,048	-7.0%
Others	255	272	-6.3%	622	689	-9.7%
Total	26,330	22,012	19.6%	74,399	59,815	24.4%
Average realized prices						
Oil (US\$/bb)	98.98	106.26	-6.8%	103.91	104.88	-0.9%
Gas (US\$/mcf)	6.61	5.43	21.7%	6.50	5.59	16.2%

*Converted to US dollars at RMB6.1616=USD1.00 for 2014Q3; RMB6.1711=USD1.00 for 2013Q3.



Exploration Highlights



Gabon - BCD10

Well	Type	Status
Leopard-1*	Wildcat	Successful

Jinzhou09

Well	Type	Status
Luda21-2-2/Sa	Appraisal	Successful
Jinzhou23-2-3	Appraisal	Successful
Jinzhou23-2-5	Appraisal	Successful
Jinzhou23-2-6	Appraisal	Successful
Jinzhou23-2-7	Appraisal	Successful
Luda21-2-3	Appraisal	Successful

Bozhong09

Well	Type	Status
Penglai13-2-3D/Sa	Appraisal	Successful

Bozhong

Well	Type	Status
Bozhong8-4-15D	Appraisal	Successful

Qiongdongnan

Well	Type	Status
Lingshui17-2-3	Appraisal	Successful

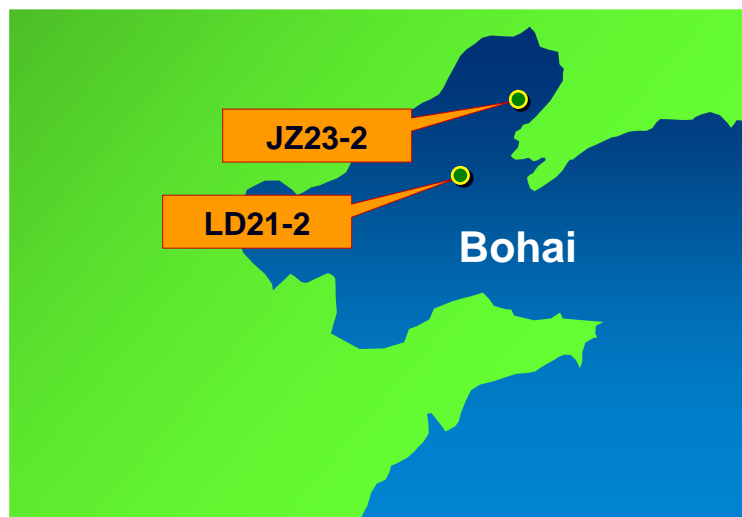


* CNOOC Limited has 25% interest

We achieved one new discovery and nine successful appraisal wells offshore China. And a new deepwater gas discovery Leopard was made in Gabon.



Successful Exploration Program



- **New Discovery Jinzhou23-2**
 - Located in Liaodong Uplift
 - Confirmed as a commercial discovery after recent successful appraisals
 - JZ23-2-3 encountered oil and gas pay zones with total thickness of 68.4 meters
 - Mid-to-large size oil and gas structure*
- **Successful appraisal Luda21-2**
 - Located in south of Liaodong Bay
 - LD21-2-2/Sa encountered oil pay zones with total thickness of 73.9 meters
 - LD21-2-3 encountered oil pay zones with total thickness of 136.3 meters
 - Large-size oil and gas structure*

*According to Regulation of Petroleum Reserves Estimation of China, a mid-size oil and gas structure is defined as a structure with recoverable oil resources of $\geq 2,500 \sim < 25,000$ thousand cubic meters, a large-size oil and gas structure is defined as a structure with recoverable oil resources of $\geq 25,000 \sim < 250,000$ thousand cubic meters



Major New Projects in 2014

Project	Location	Status	Expected Startup	Gross Peak Production (boe/day)	Working Interests
Kenli 3-2	Bohai	On stream	First half	35,000	100%
Panyu 10-2/5/8	Eastern South China Sea	On stream	Second half	13,000	100%
Wenchang 13-6	Western South China Sea	On stream	Second half	6,000	100%
Enping 24-2	Eastern South China Sea	On stream	Year end	40,000	100%
Panyu 34-1/35-1/35-2	Eastern South China Sea	Mechanically completed	Second half	25,000	100%
Qinhuangdao 32-6 adjustment	Bohai	Mechanically completed	Second half	36,000	75.5%
Golden Eagle	UK North Sea	Ready for production	Year end	70,000	36.5%



New projects progressed smoothly.

Note: Panyu 34-1/35-1/35-2 is a gas project, all the other projects listed above are oil projects.



HSE Performance

- Health, safety and environment protection are always our top priority.
- Continue to closely monitor the production operations of all oil and gas fields.
- Continue to proactively perform social responsibilities.

	2014Q3	2013Q3
Rate of Recordable Cases (per 200,000 man hours)	0.13	0.07
Rate of Lost Workdays Cases (per 200,000 man hours)	0.06	0.06



<http://www.cnooc.com>