



CNOOC LIMITED
中国海洋石油有限公司

2008 Mid-Year Review
Media Briefing

August 27, 2008



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These statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results and developments will meet our expectations and predictions depend on a number of risks and uncertainties which could cause our actual results, performance and financial condition to differ materially from our expectations, including those associated with fluctuations in crude oil and natural gas prices, our exploration or development activities, our capital expenditure requirements, our business strategy, the highly competitive nature of the oil and natural gas industries, our foreign operations, environmental liabilities and compliance requirements, and economic and political conditions in the People’s Republic of China. For a description of these and other risks and uncertainties, please see the documents we file from time to time with the United States Securities and Exchange Commission, including our 2007 Annual Report on Form 20-F filed on June 26, 2008. Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. We cannot assure that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected effect on us, our business or our operations.



Agenda

- **Overview**
- **Strong Financial Results**
- **Solid Operating Results**
- **Outlook**



Overview



Mid-Year Summary Highlights

- **Strong production growth**
 - Net production of 92.4 mm BOE, increased by 8.3% YoY, mainly driven by new fields commenced production
 - 2 major projects, Xijiang 23-1 and Wenchang oilfields started
- **Successful exploration program**
 - 6 new discoveries and 3 successful appraisals
 - Breakthroughs in new areas/frontiers
- **Strong financial results**
 - a record net profit of RMB27.54 billion, up 89.3% YoY
- **Good control of production cost**
 - All-in cost up 10.3% YoY excluding production tax and exchange rate factors
- **Continued high dividends payment**
 - Interim dividend of HK\$ 0.20 per share



Summary Results

- Net production recorded a strong growth of 8.3% yoy
- Oil and gas sales increased by 63.9% yoy due to growth of production and realized oil and gas prices
- Driven by sales increase and good control of costs, net profit increased by 89.3% yoy

| (RMB MM) | 1H 2008 | 1H 2007 | % Change |
|-------------------------|---------|---------|----------|
| Net Production (mm BOE) | 92.4 | 85.4 | 8.3% |
| Oil and gas sales | 54,464 | 33,222 | 63.9% |
| Net marketing revenue | 168 | 129 | 30.4% |
| Profit before tax | 35,771 | 20,013 | 78.7% |
| Income Tax | 8,229 | 5,462 | 50.7% |
| Net profit | 27,542 | 14,551 | 89.3% |
| EPS(RMB) | 0.62 | 0.34 | 82.4% |



Production Results

| | | 1H 2008 | 1H 2007 | change % |
|-------------------------|----------|---------|---------|----------|
| <u>Net Production</u> | | | | |
| Oil | mmbbl | 72.9 | 68.1 | 7.1% |
| Gas | bcf | 112.5 | 99.7 | 12.8% |
| Total | mmboe | 92.4 | 85.4 | 8.3% |
| <u>Daily Production</u> | | | | |
| Oil | bb/d | 400,662 | 376,444 | |
| Gas | mmcf/d | 618 | 551 | |
| Total | boe/d | 507,964 | 471,611 | |
| <u>Realized Price</u> | | | | |
| Oil | US\$/bbl | 102.49 | 58.80 | 74.3% |
| Gas | US\$/mcf | 3.66 | 3.21 | 14.0% |

More projects will come on stream in 2H 2008, 2008 production target at 195-199 mm BOE



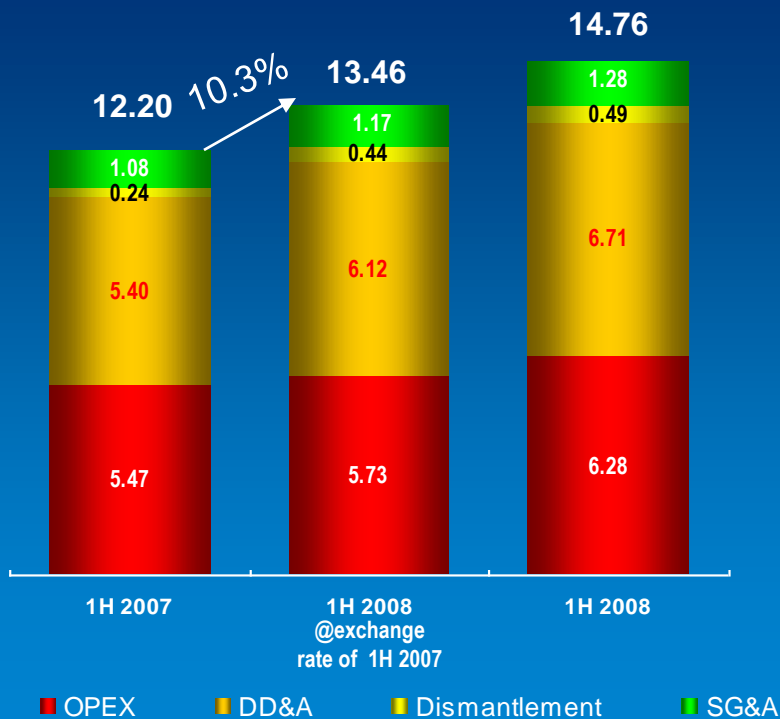
Strong Financial Results



Cost Structure

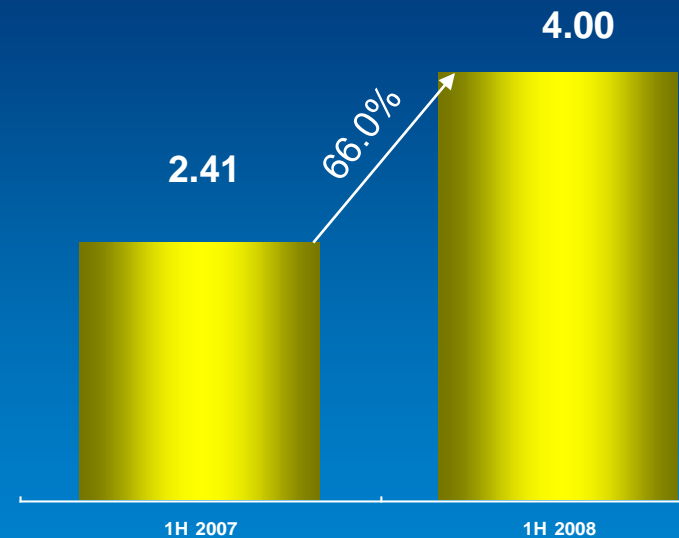
All-in Production Cost (excl. Production Tax)

US\$/BOE



Production Tax

US\$/BOE

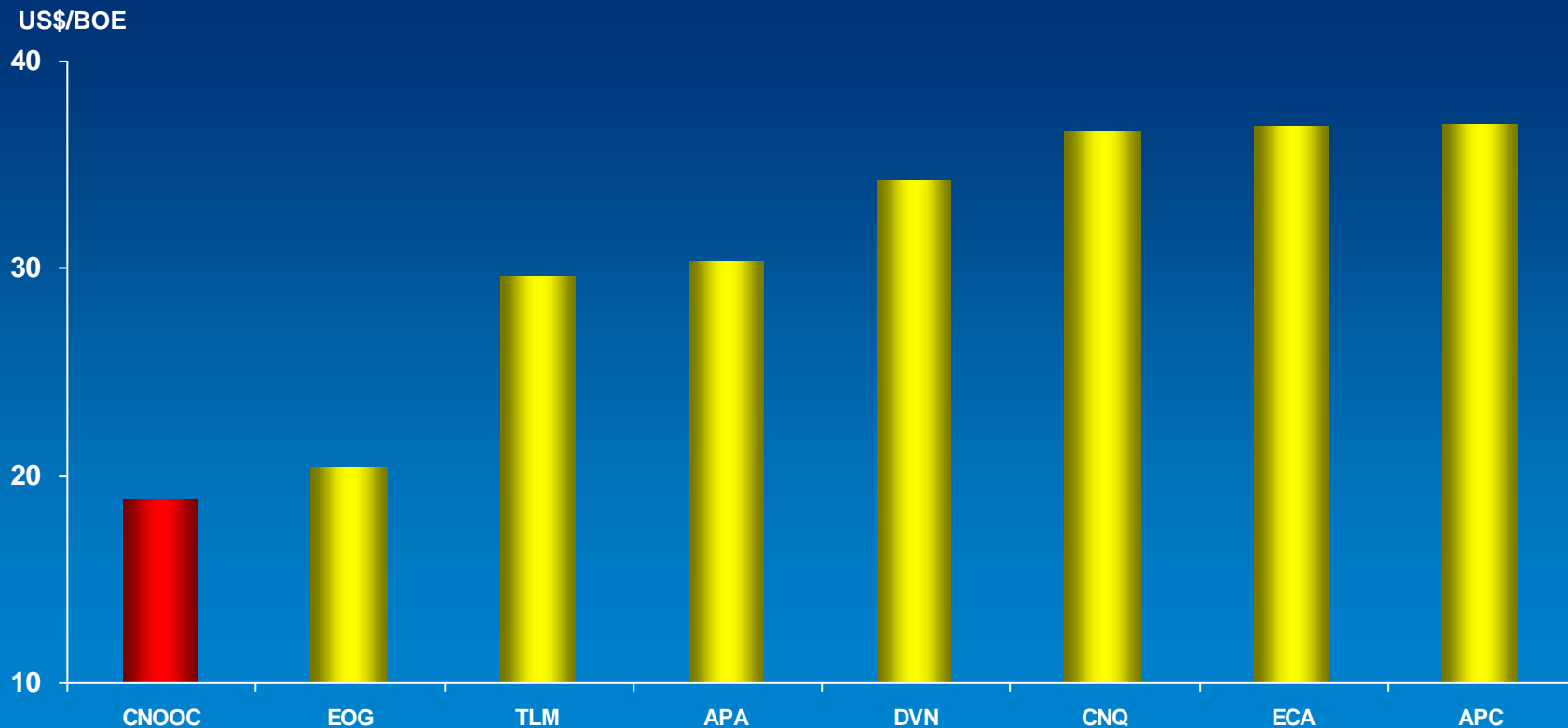


All-in cost increased 10.3% YoY excluding production tax and exchange rate factors



Costs Leading Peers

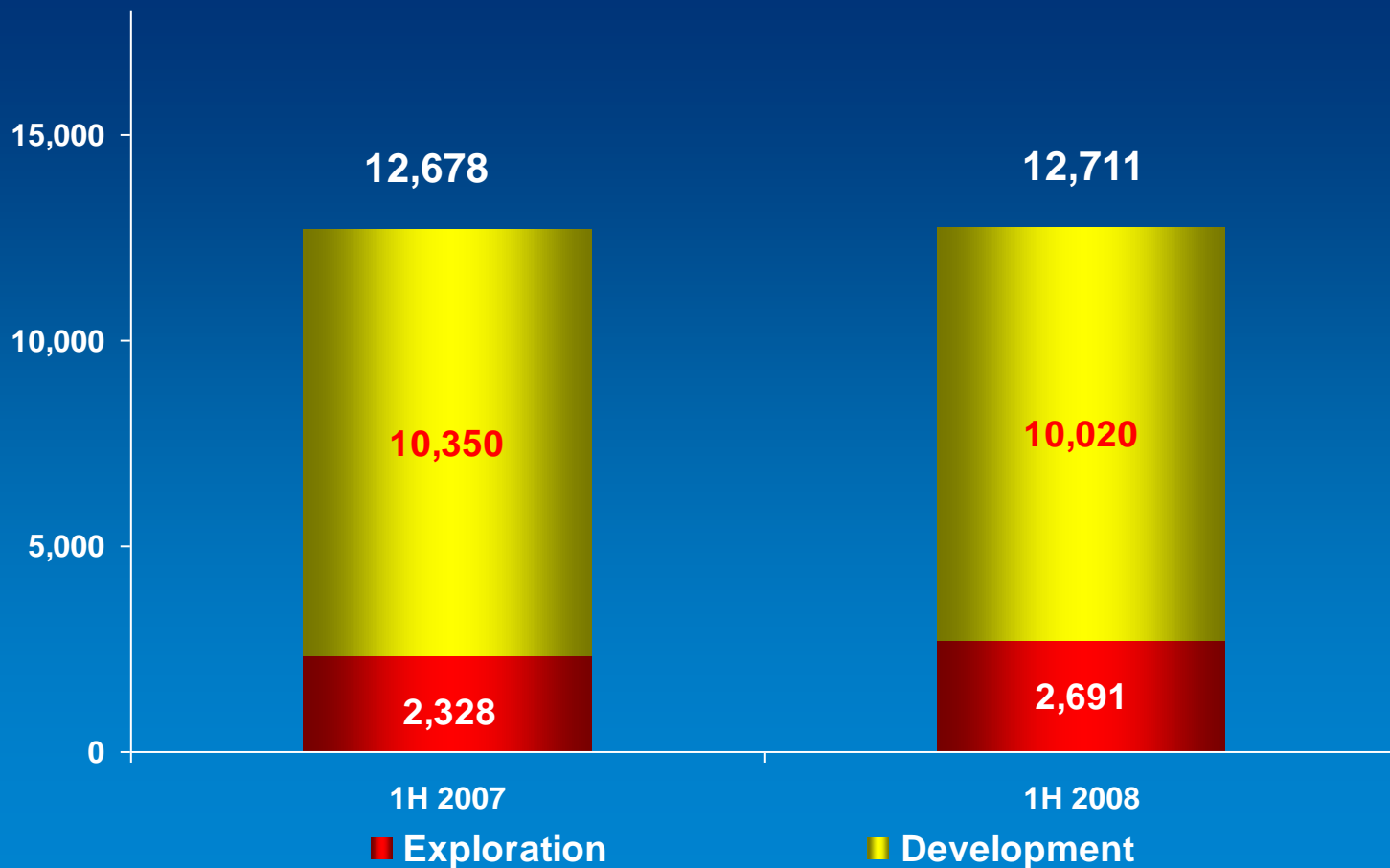
1H 2008 Unit All-in Costs





Capital Expenditure

(RMB Million)



Our CAPEX mainly goes to projects including BZ28-2S, XJ23-1, LD and Wenchang



Mid-Year Dividend

- **The Board of Directors has approved a dividend of HK\$ 0.20 per share for 1H 2008**
 - **Approximately 28.5% payout of net profit**
 - **1.85 %⁽¹⁾ interim dividend yield**
 - **Total interim dividend per share increased by 53.8 % yoy**
- **The dividend is in line with the publicly stated policy**

(1) Based on share price of HK\$10.80 as of August 5 , 2008

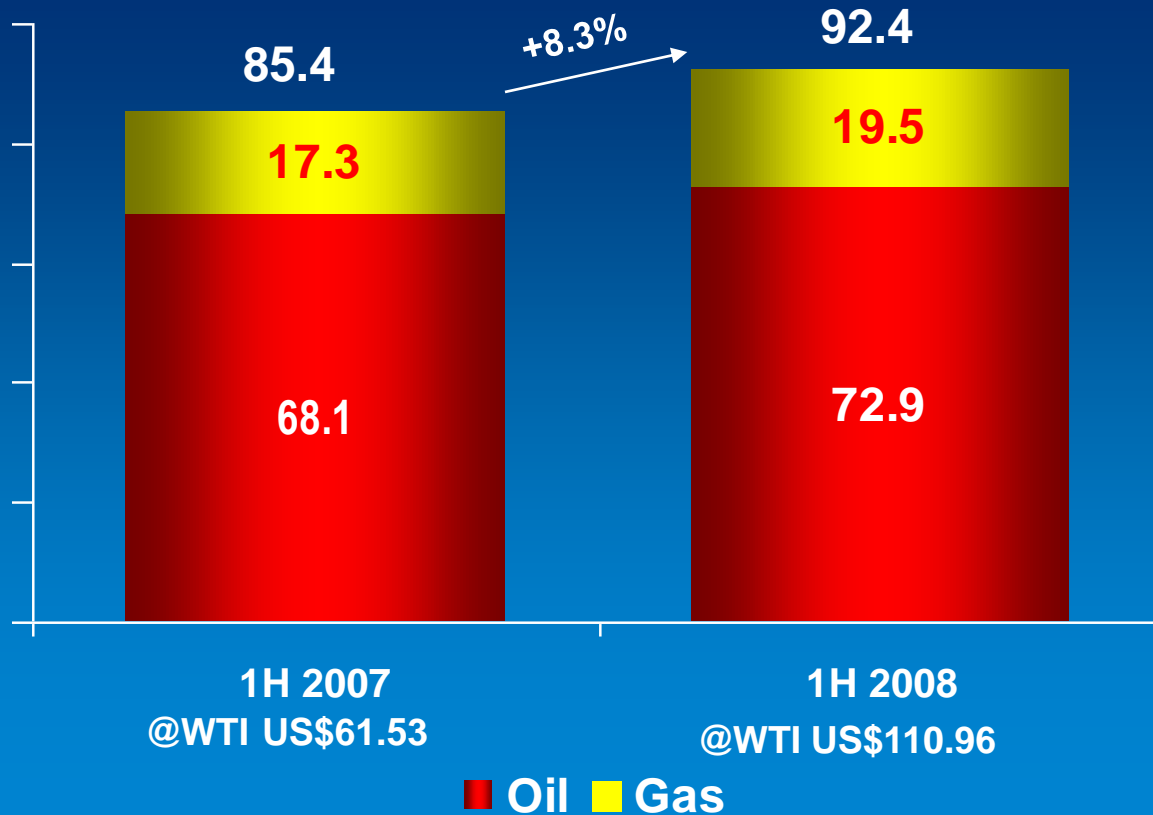


Solid Operating Results



Production Growth

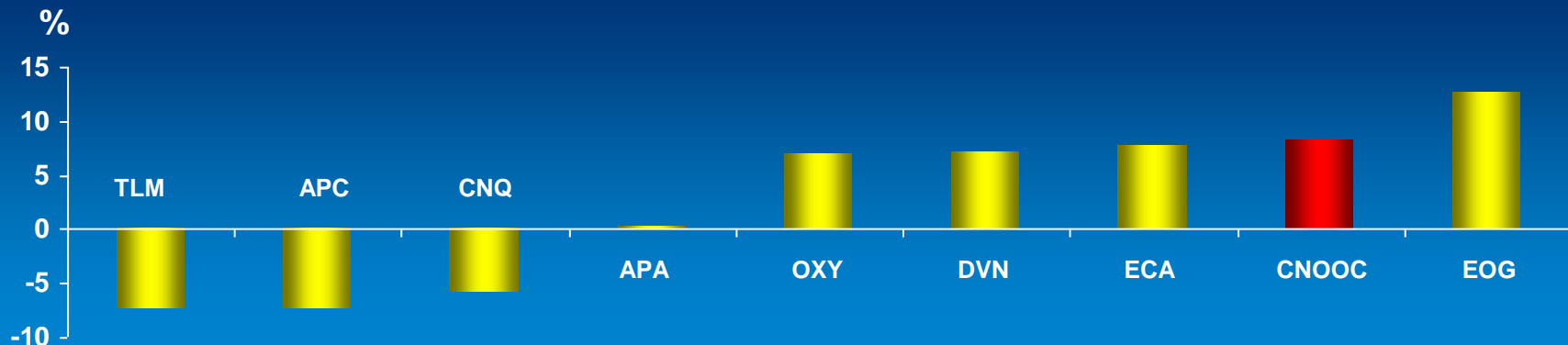
mm BOE



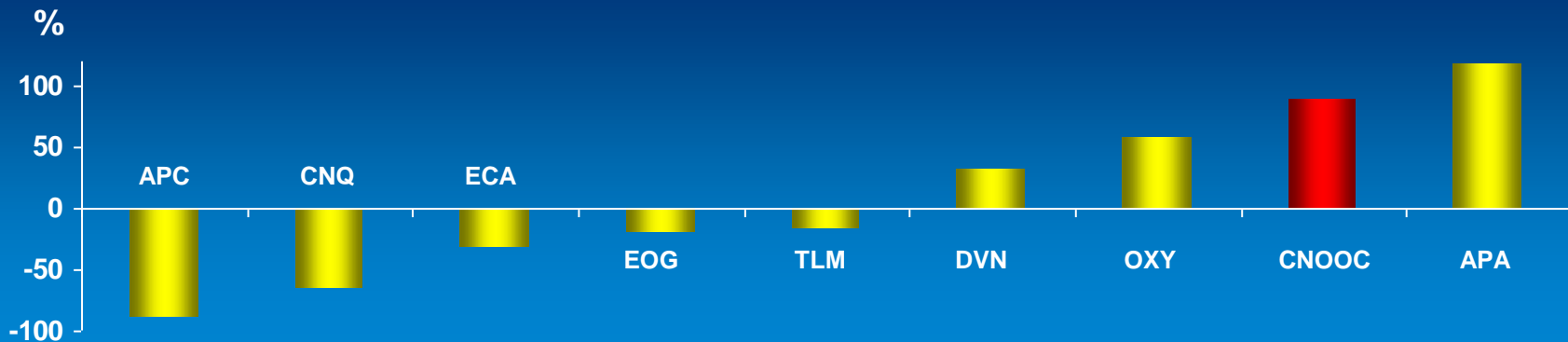


Strong Growth Momentum

1H 2008 Production Growth YoY



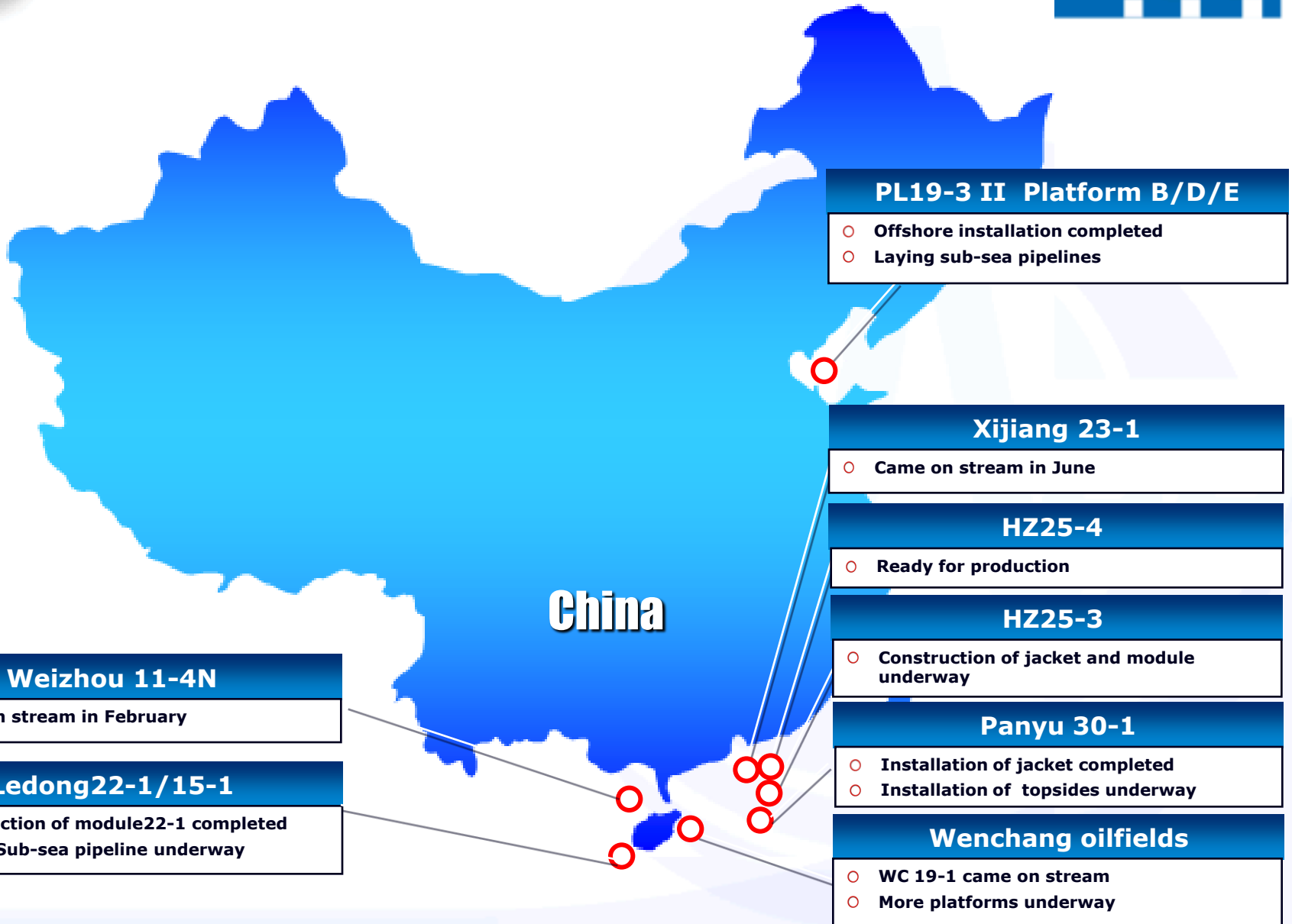
1H 2008 Net Profit Growth YoY



We are leading peers in production growth and costs control



Major Development Highlights

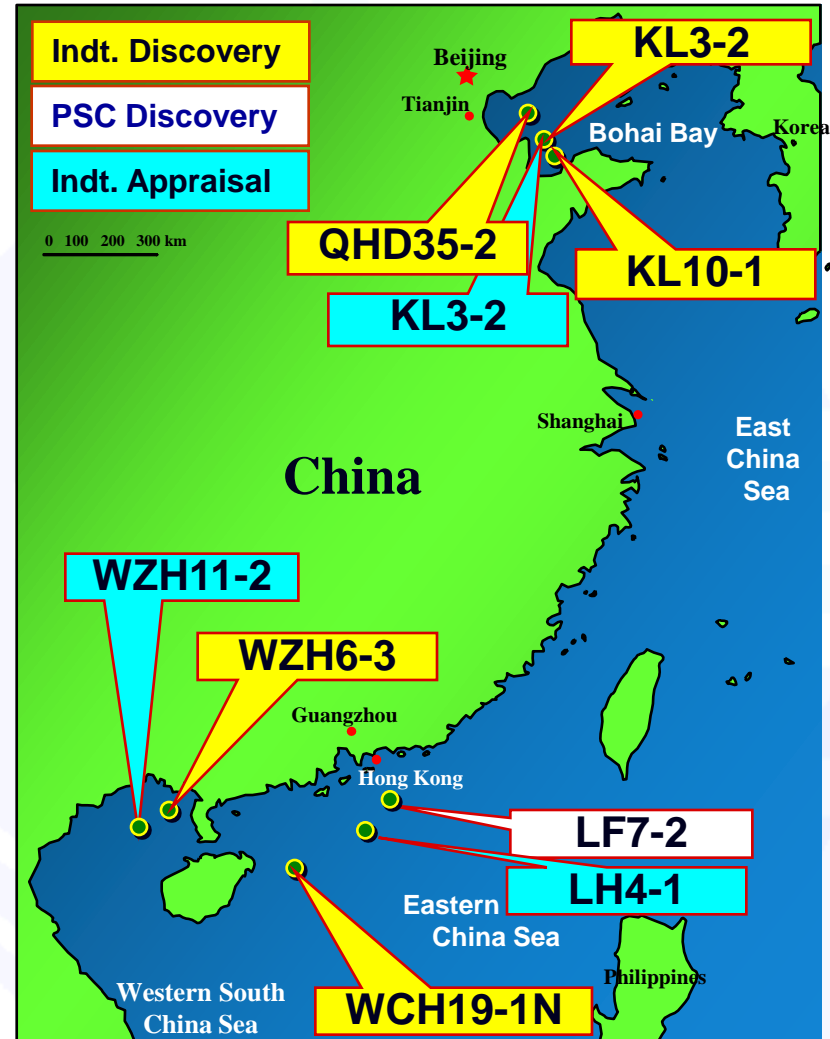




Oil and Gas Discoveries/Appraisals

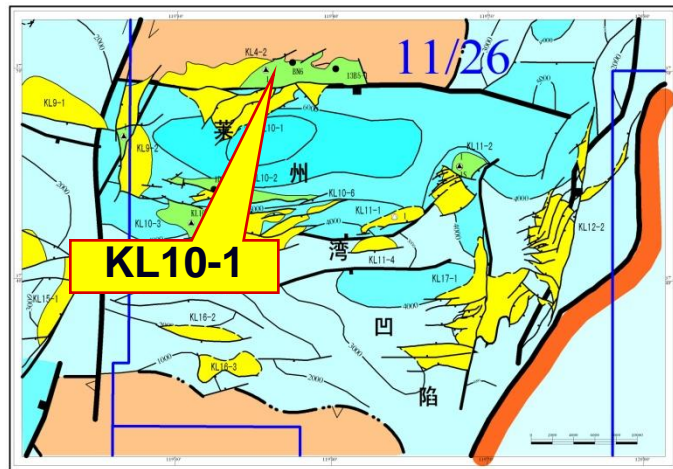
Discoveries/Appraisals

- 5 independent discoveries
 - KL3-2
 - KL10-1
 - QHD35-2
 - WZH6-3
 - WCH19-1N
- 1 PSC discovery
 - LF7-2
- 3 independent appraisals
 - KL3-2
 - LH4-1
 - WZH11-2

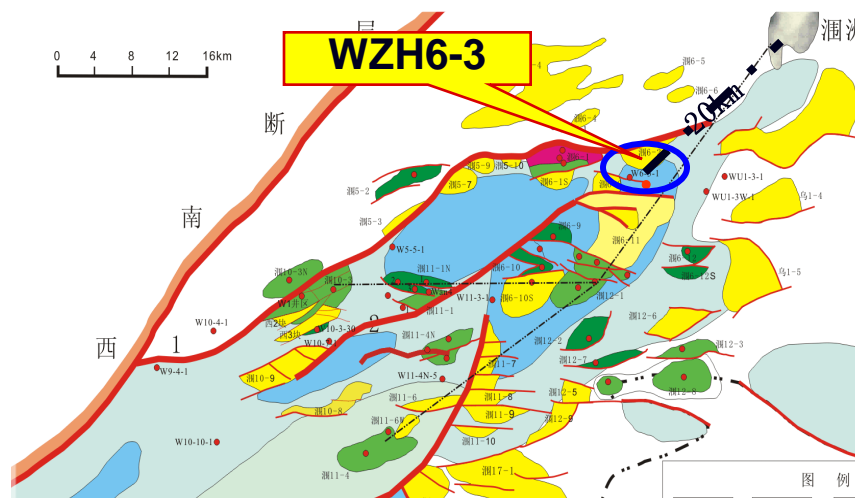
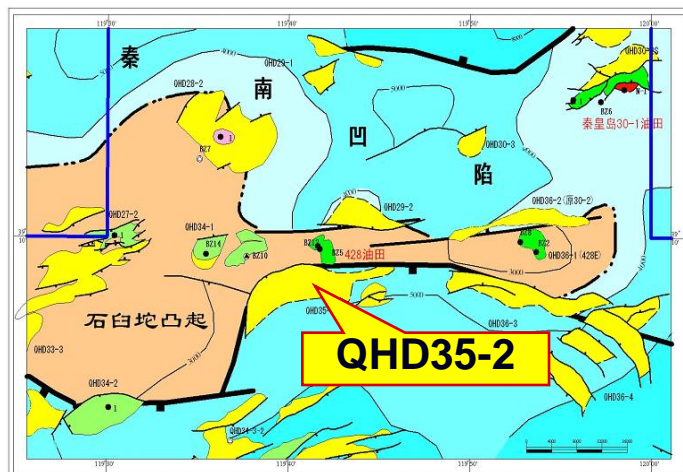




Breakthroughs in New Areas/Frontiers



- Kenli 10-1 opened new area for Bohai exploration
- Qinhuangdao 35-2 and Weizhou 6-3 marked new discoveries in the deep zone of Bozhong and Weixinan trough and enlarged our exploration area





HSE Performance

- CNOOC Limited strives to achieve the highest standards in terms of its health, safety and environmental performance
 - Health and safety incidents are closely monitored and recorded and promptly reported to government agencies and organizations
 - HSE records are kept improving

| | <u>1H 2008</u> | <u>1H 2007</u> |
|--|----------------|----------------|
| Rate of Recordable Cases (per 200,000 man hours) | 0.12 | 0.13 |
| Rate of Lost Workdays Cases (per 200,000 man hours) | 0.01 | 0.09 |



Outlook



2008 Outlook

Reserves

- Continue to add reserves through exploration and acquisitions
- RRR: >100%

Development

- 10 development projects scheduled to come on stream in 2008

Production

- Production target of 195-199 mmboe

Financial Management

- Maintain prudent financial discipline

HSE

- Maintain company-wide focus and high standard on HSE



<http://www.cnooc.com>