



CNOOC LIMITED

中国海洋石油有限公司

2010 Third Quarter Review

Financial and Operating Highlights
for the Quarter Ending September 30, 2010



Overview of the Third Quarter

Operating Highlights

- Total net production of 88.7mmboe, an increase of 48.8% YOY
- 5 new projects came on stream
- 5 successful appraisal wells

Financial Achievements

- Total revenues were RMB 38,914 million , an increase of 63.8% YOY
- Realized oil price of US\$74.15/bbl, up 9.3% YOY



Production Summary

Net Production

2010Q3 2009Q3 %Chg

Crude Oil and Liquids (mmbbl)

Bohai Bay	40.8	24.3	67.9%
Western South China Sea	7.8	6.7	16.4%
Eastern South China Sea	11.1	10.1	9.9%
East China Sea	0.004	0.005	-26.5%
Overseas	10.7	7.2	48.6%
Subtotal	70.4	48.3	45.7%

Natural Gas (bcf)

Bohai Bay	11.1	7.6	46.1%
Western South China Sea	34.6	28.2	22.7%
Eastern South China Sea	13.8	5.0	176.0%
East China Sea	0.5	0.6	-16.7%
Overseas	46.8	22.9	104.4%
Subtotal	106.8	64.3	66.1%

Total (mmboe)

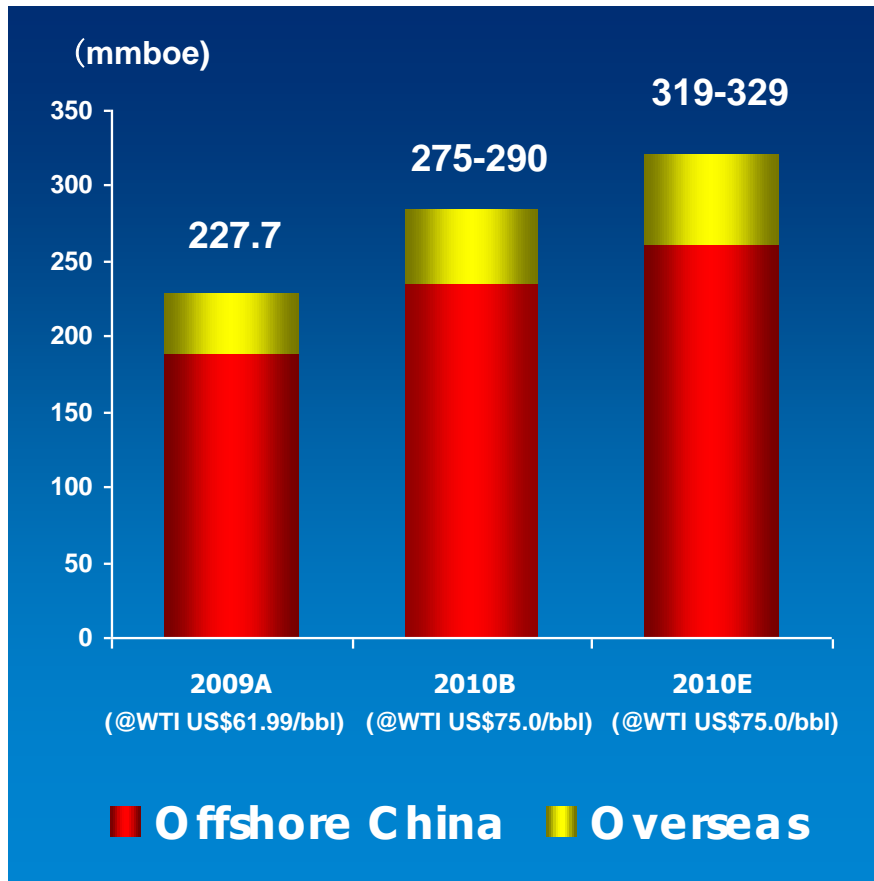
88.7 59.6 48.8%



The strong YOY production growth of 48.8% was attributable to the production of new fields on stream from 2009, better than expected performance of existing fields, less typhoon impact, and the contribution from newly acquired projects



Annual Production Expected to Exceed Target



○ 2010 net production expected to exceed the target:

- New fields came on stream since 2009 with a high ramping rate
- Better than expected performance of existing fields with the measures such as infill drilling, adjustment on the development plan and so on
- Typhoon impact less than the historical average
- 2 acquisitions: Bidas in Argentina and increased working interest of Panyu 4-2/5-1 in offshore China

○ With the contribution from all above, the 2010 net production is expected to reach 319-329 mmboe

Annual production is expected to exceed annual production target and reach 319-329 mmboe.

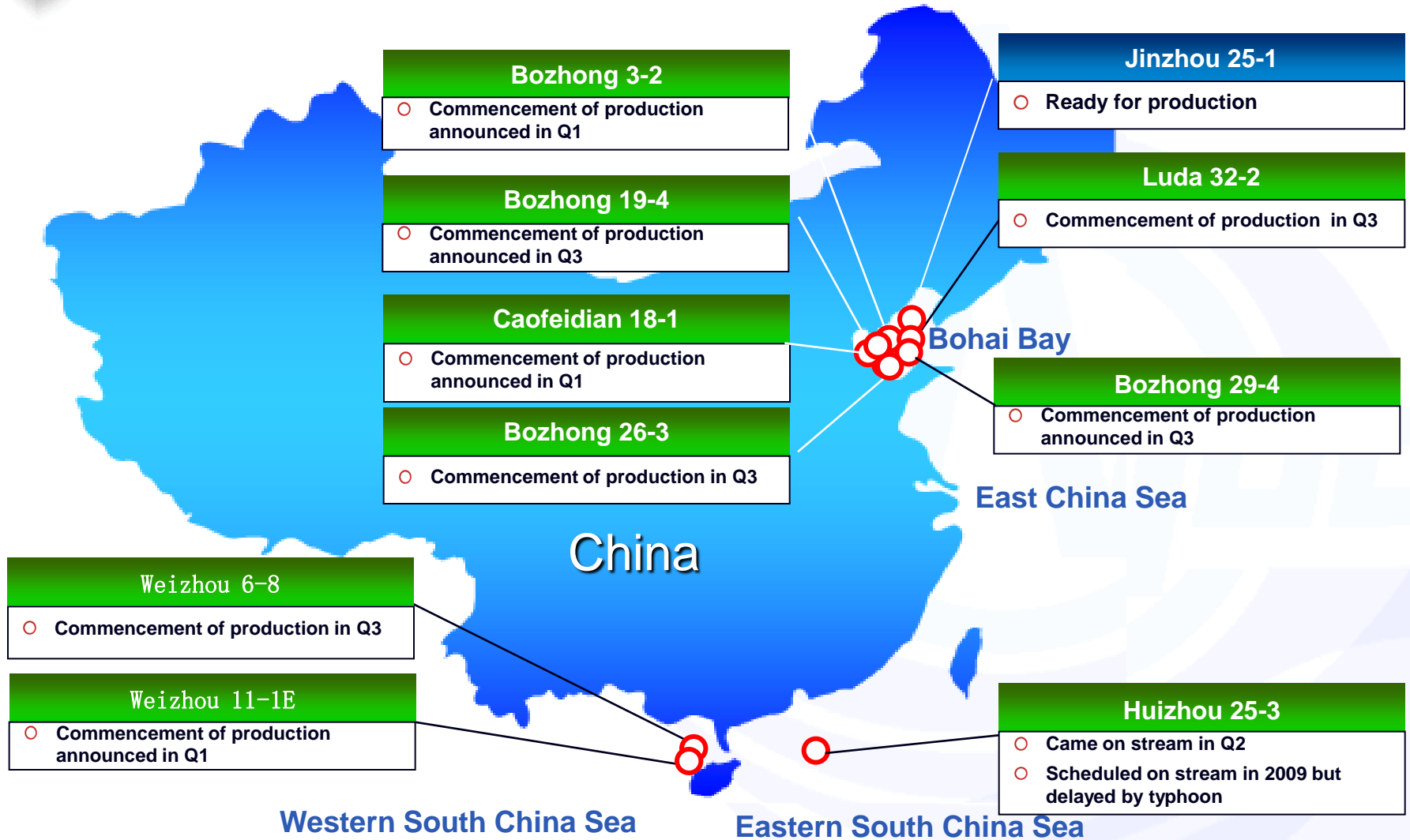


Revenues and Capital Expenditure

(unaudited)	3 months ended Sept.30			9 months ended Sept.30		
	2010	2009	%Chg	2010	2009	%Chg
<i>(RMB Million)</i>						
Revenues						
Crude Oil & liquids	35,583	21,880	62.6%	98,492	51,572	91.0%
Natural Gas	2,866	1,727	66.0%	7,595	4,558	66.6%
Marketing Revenues, Net	53	52		164	247	
Others	412	99		988	437	
Total	38,914	23,758	63.8%	107,239	56,814	88.8%
Capital Expenditure						
Exploration	2,064	2,116	-2.5%	5,409	4,974	8.7%
Development	3,526	6,999	-49.6%	10,918	20,566	-46.9%
Production	2,598	2,126	22.2%	6,281	4,173	50.5%
Total	8,188	11,241	-27.2%	22,608	29,713	-23.9%
Average Realized Prices						
Oil (US\$/bbl)	74.15	67.83	9.3%	75.67	55.80	35.6%
Natural Gas (US\$/mcf)	3.96	3.93	0.8%	4.08	3.91	4.3%



Major Development Highlights



Major new development projects were progressed smoothly with 5 new projects on stream in Q3.



Exploration Highlights

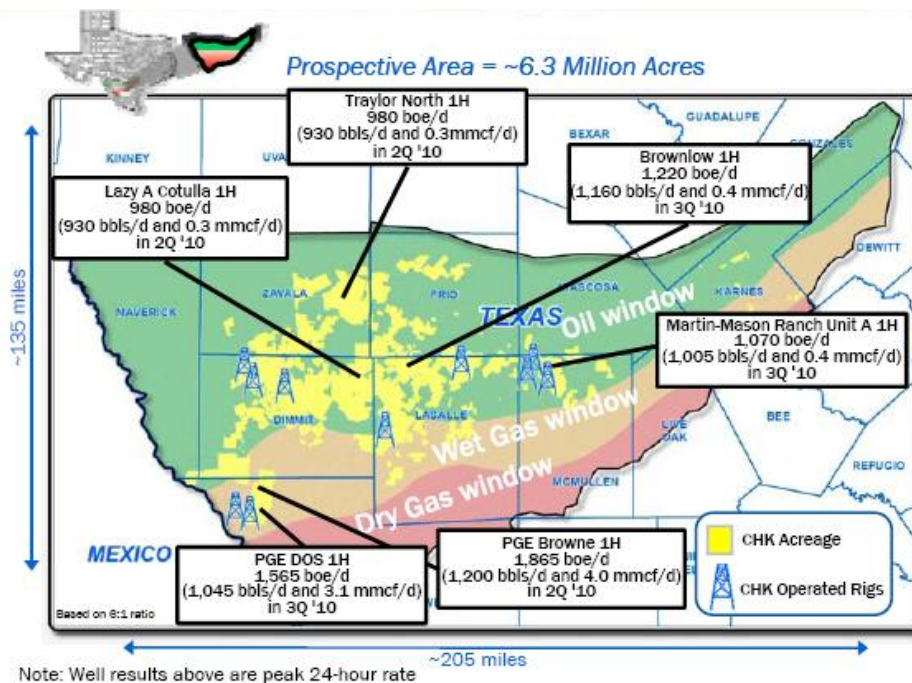


 Independent
 PSC



Eagle Ford Shale Project: Overview

Overview of Eagle Ford



- Acquired 33.3% interest in Chesapeake's Eagle Ford Shale project:
 - Transaction announced on Oct 11, 2010
 - US\$1.08bn in cash at closing
 - Another US\$1.08bn funding 75% of Chesapeake's share of drilling and completion costs
- Net unrisks unproved resource potential: up to 4 billion boe (net of royalties around 25%)
 - Including Eagle Ford Shale (oil+wet gas) and Pearshall Shale (dry gas)
- Acreage: ~600,000 acres in South Texas



Eagle Ford Shale Project: Development Plan



- 8-10 wells from single surface pad
- Lateral length: 5000'-8000'
- Nominal spacing: 500'-660' between wells
- Drilling & Completion costs: ~US\$5.5mm per well
- Days to drill well: 20-24 days
- Targeted EUR: 595 mboe
- Average operated rig count:
 - Year-end 2010: 12 rigs
 - Year-end 2011 : ~31 rigs
 - Year-end 2012 : ~40 rigs
- ~900 wells expected to be drilled by year-end 2012



Eagle Ford Shale Project: Consistent with our M&A Strategy

CNOOC Limited's M&A Strategy

Opportunistic	Value-Driven	Risk-Return Evaluation
<ul style="list-style-type: none">■ Early stage investment■ Attractive price■ Unique core position with scale	<ul style="list-style-type: none">■ Oil / liquids focused■ Partnership with nimble experienced US independent	<ul style="list-style-type: none">■ Comprehensive technical analysis indicates low level of resource risk■ Multiple areas for process improvement

Chesapeake's Eagle Ford Joint Venture

Significant Resource	Attractive Return Project	Minimal Risk Profile
<ul style="list-style-type: none">■ Net unrisks unproved resource potential: up to 4 billion boe (net of royalties)■ peak production of 400,000-500,000 boe/d expected in the next decade	<ul style="list-style-type: none">■ One of the best economics of all North American shale plays	<ul style="list-style-type: none">■ Significant surrounding activity validating the play■ US partner with successful track record in other shale plays



Health, Safety and Environment

- One of the top priorities since established
- Strictly follow the HSE standards
- HSE incidents closely monitored and effectively handled
- No major HSE accidents in the past 10 years

	<u>2010 Q3</u>	<u>2009 Q3</u>
Rate of Recordable cases (per 200,000 man hours)	0.16	0.16
Rate of lost workdays cases (per 200,000 man hours)	0.09	0.07



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