



CNOOC LIMITED
中国海洋石油有限公司

2010 Mid-Year Review
Media Briefing

August 19, 2010



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 “believe,” “intend,” “expect,” “anticipate,” “project,” “estimate,” “plan,” “predict” and similar expressions are intended to identify such forward-looking statements.

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 2009 Annual Report on Form 20-F filed on April 23, 2010. 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**
- **Solid Operating Results**
- **Strong Financial Performance**
- **Outlook**



Overview



Mid-Year Summary

- **Successful exploration program**
 - 9 new discoveries, 7 successful appraisals and breakthrough in new areas
- **Strong production growth**
 - Net production of 149.0 mm boe, up 40.8% YoY
 - 4 new projects came on stream
- **Robust financial performance**
 - Net profit of RMB 25.99 billion, an increase of 109.6% YoY
- **Strict control of production cost**
 - Opex down 15.3% from 2009
 - All-in cost was US\$23.85/boe
- **Continuous high dividend payments**
 - Interim dividend of HK\$0.21 per share
- **HSE performance continues to lead the industry**



Highlights

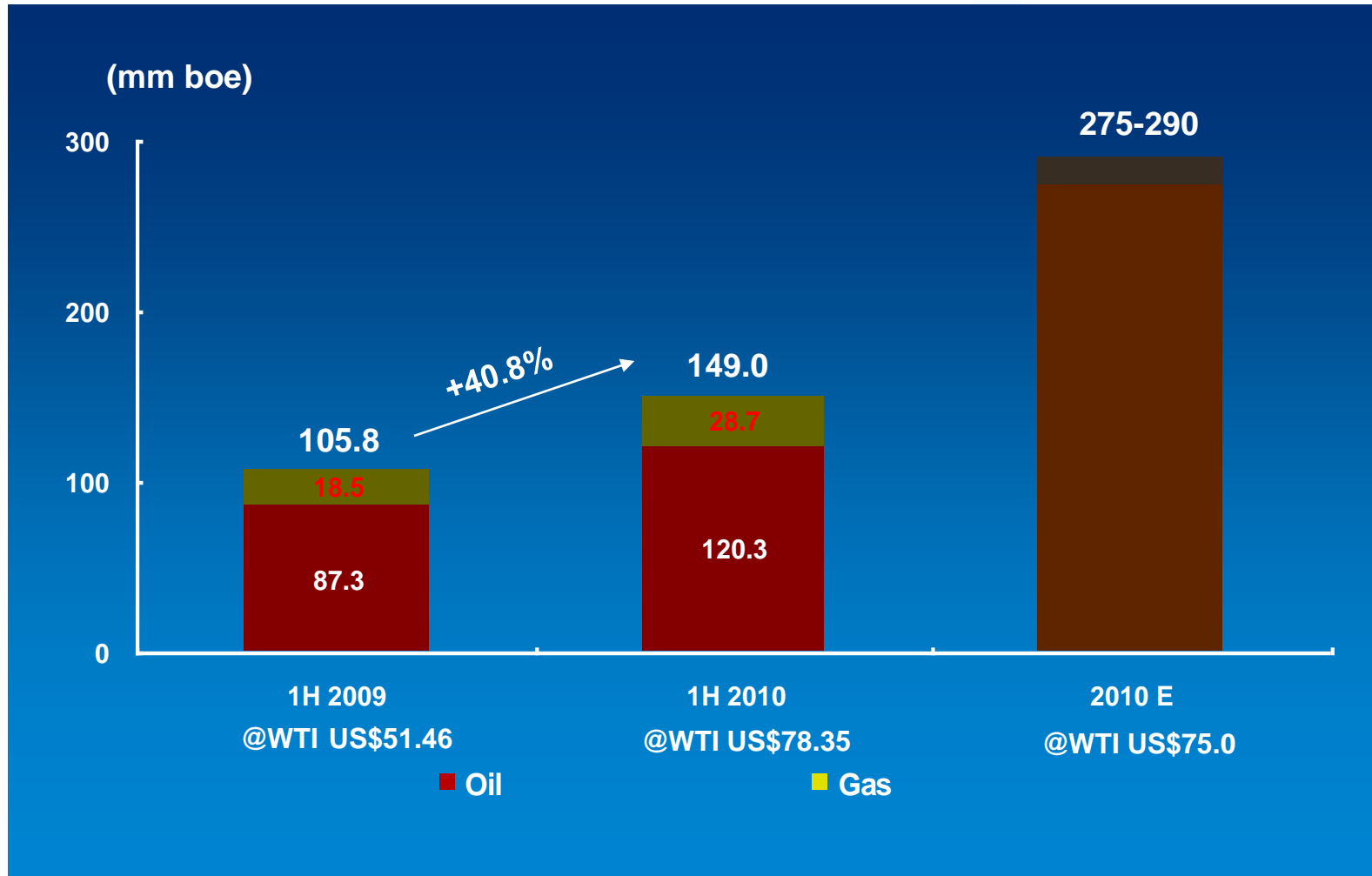
	1H 2010	1H 2009	% Change
Oil and gas sales (RMB mm)	67,639	32,523	108.0%
Net profit (RMB mm)	25,988	12,402	109.6%
EPS (RMB)	0.58	0.28	
Dividends per share (HK\$)	0.21	0.20	
Net production (mmboe)	149.0	105.8	40.8%
Realized oil price (US\$/bbl)	76.59	49.35	55.2%
Realized gas price (US\$/mcf)	4.16	3.90	6.7%



Solid Operating Results



Robust Production Growth



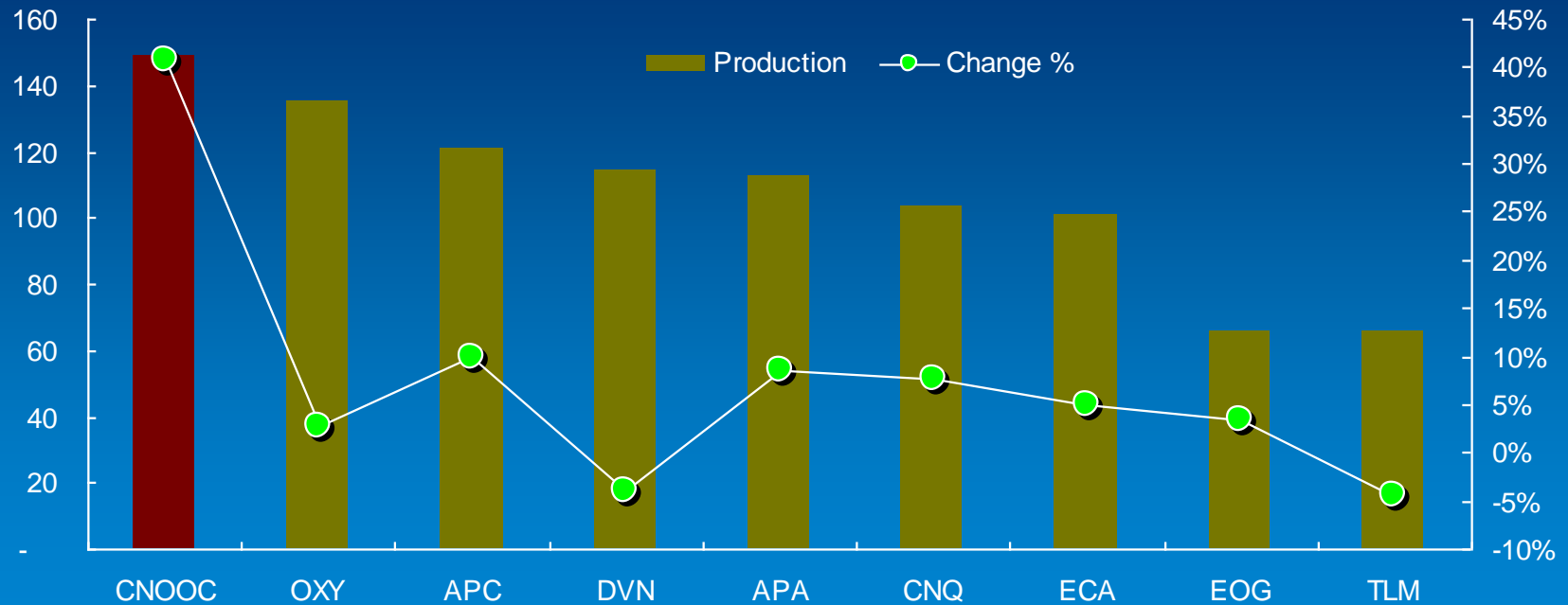
Given the strong production performance in 1H 2010, we are confident to achieve 2010 production target



Net Production Leading Peers

1H 2010 Production & Change (YoY)

mm boe





Major Development Projects



In the first half of the year, 4 new projects came on stream.



Oil and Gas Discoveries/Appraisals

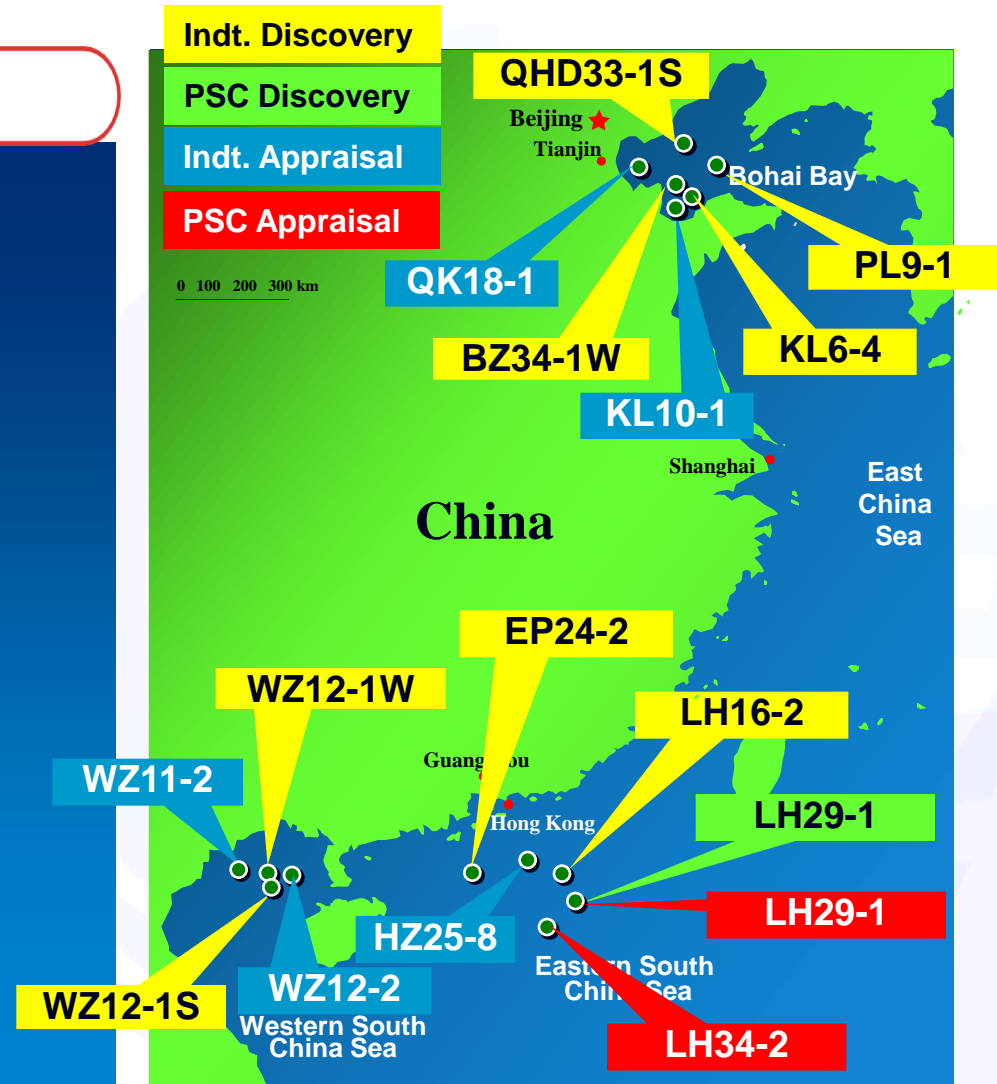
Discoveries/Appraisals

9 discoveries

- PL9-1
- KL6-4
- QHD33-1S
- BZ34-1W
- EP24-2
- LH16-2
- WZ12-1S
- WZ12-1W
- LH29-1(PSC)

7 appraisals

- KL10-1
- QK18-1
- WZ12-2
- WZ11-2
- HZ25-8
- LH29-1(PSC)
- LH34-2(PSC)





Disciplined Acquisitions

Growth strategy

Reserves and production growth

Develop natural gas

Prudent financial policy

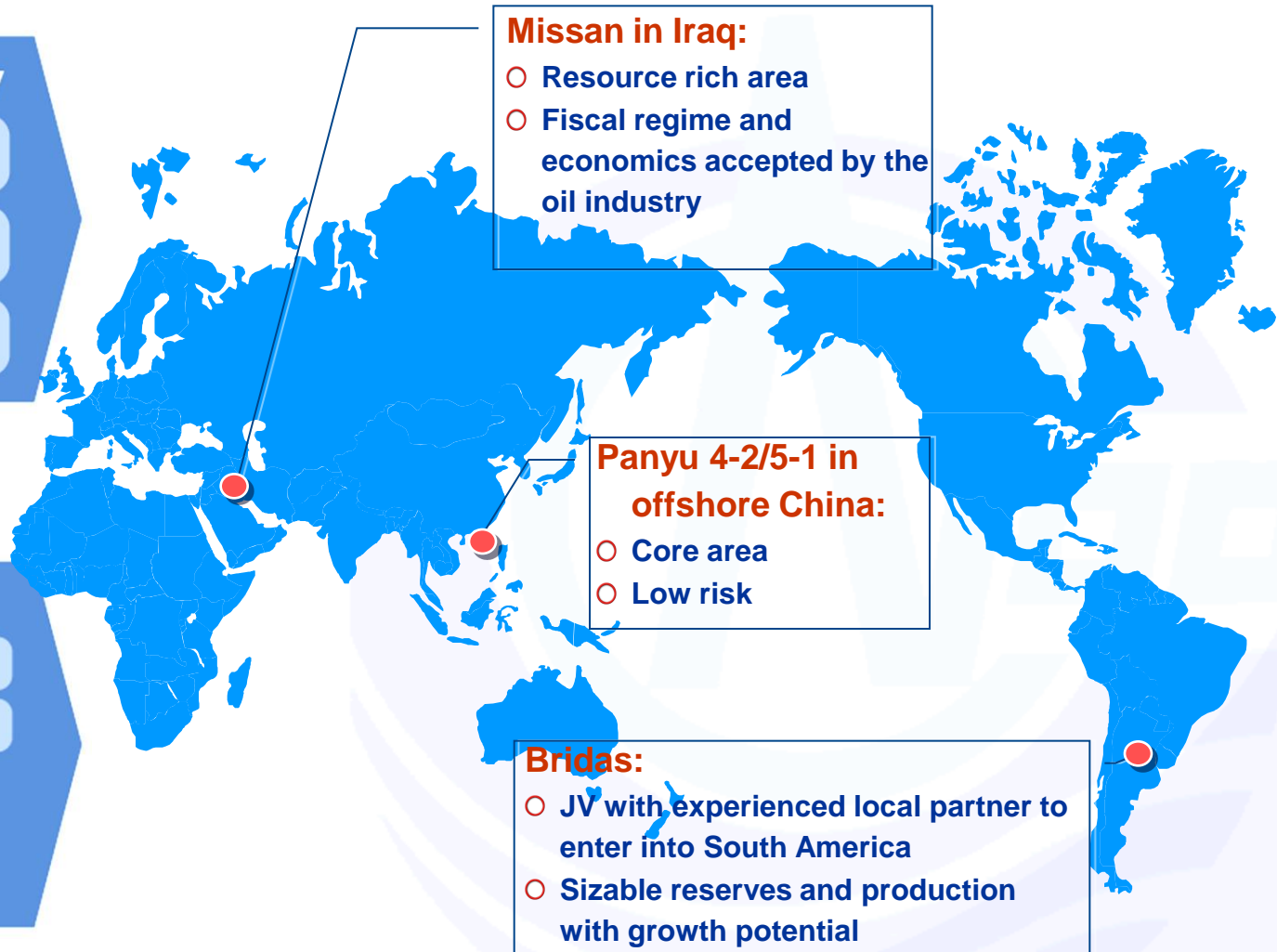


M&A tactics

Value-driven

Return & risk evaluation

- Resources
- Return
- Risk profile



M&A activities are value-driven and disciplined, and in compliance with our growth strategy.



Solid HSE Performance

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

	1H 2010	1H 2009
Rate of Recordable Cases (per 200,000 man hours)	0.18	0.12
Rate of Lost Workdays Cases (per 200,000 man hours)	0.12	0.05



Proactive Response to Emergency



- 7 response bases in offshore China, 7 more in planning
- Close cooperation with professional contractors
- Frequent equipment inspections
- Emergency procedure drills
- Constant communication with the regulatory bodies



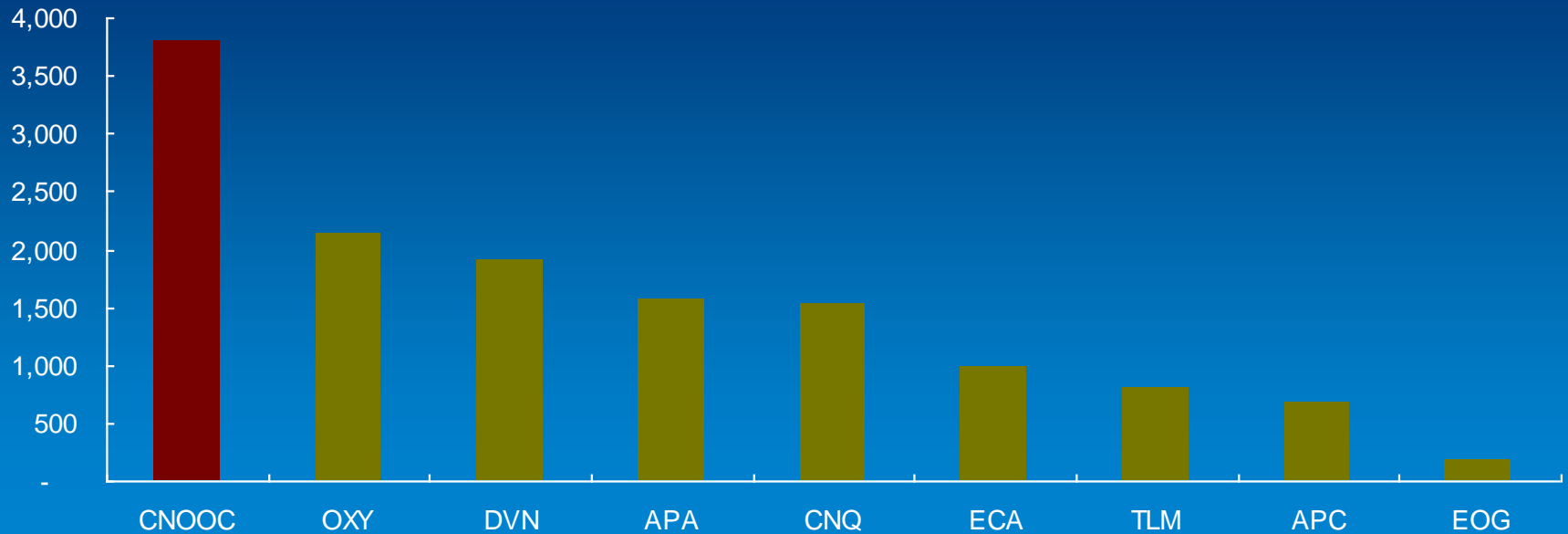
Strong Financial Performance



Net Profit Leading Peers

1H 2010 Net Profit

US\$ million

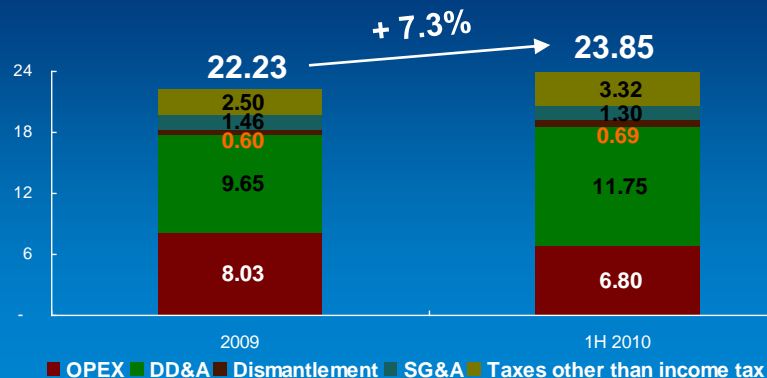




All-in Cost

All-in Cost

(US\$/boe)

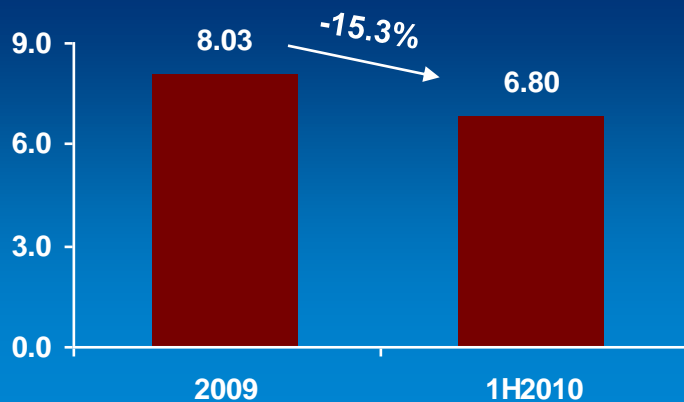


All-in cost up 7.3% from 2009

- Mainly due to DD&A growth
- Controllable items decreased
 - Opex down 15.3% from 2009
 - SG&A down 11.0% from 2009
- Production tax replaced by taxes other than income tax

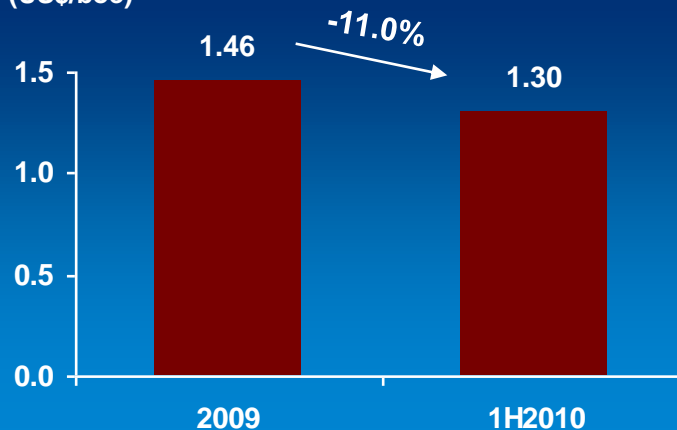
Opex

(US\$/boe)



SG&A

(US\$/boe)

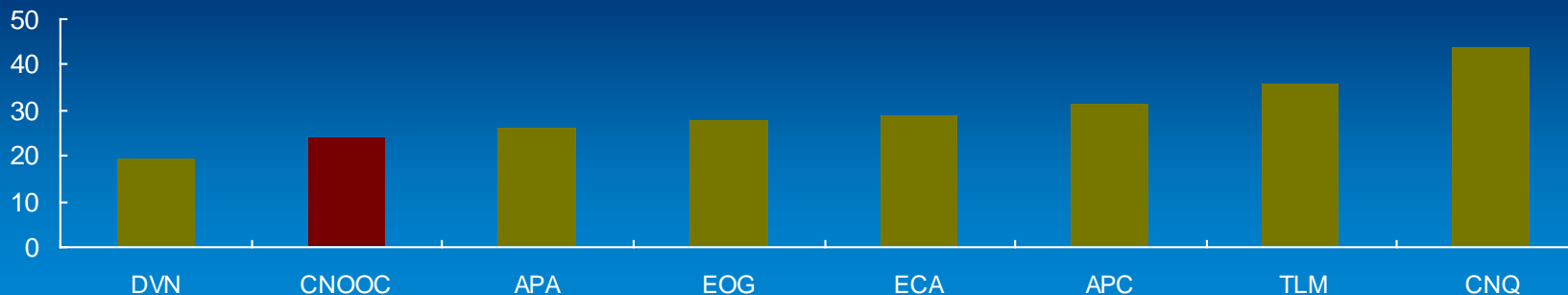




All-in Cost and Opex Benchmark

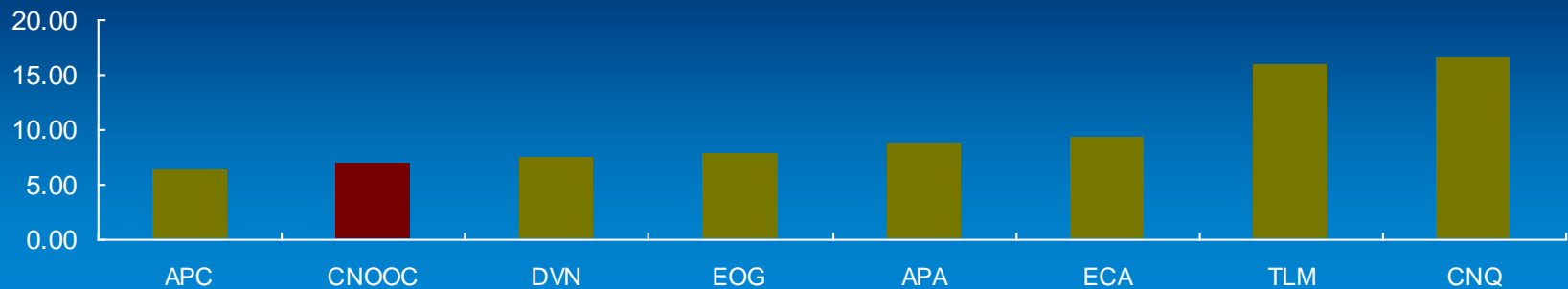
All-in Cost

(US\$/boe)



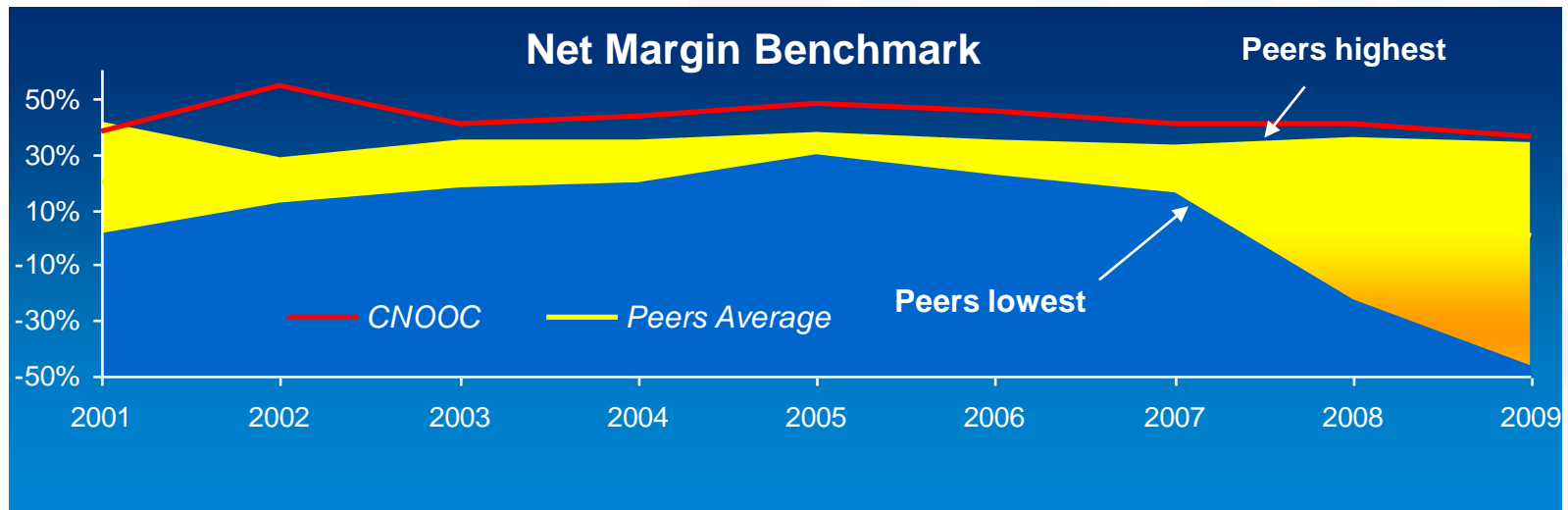
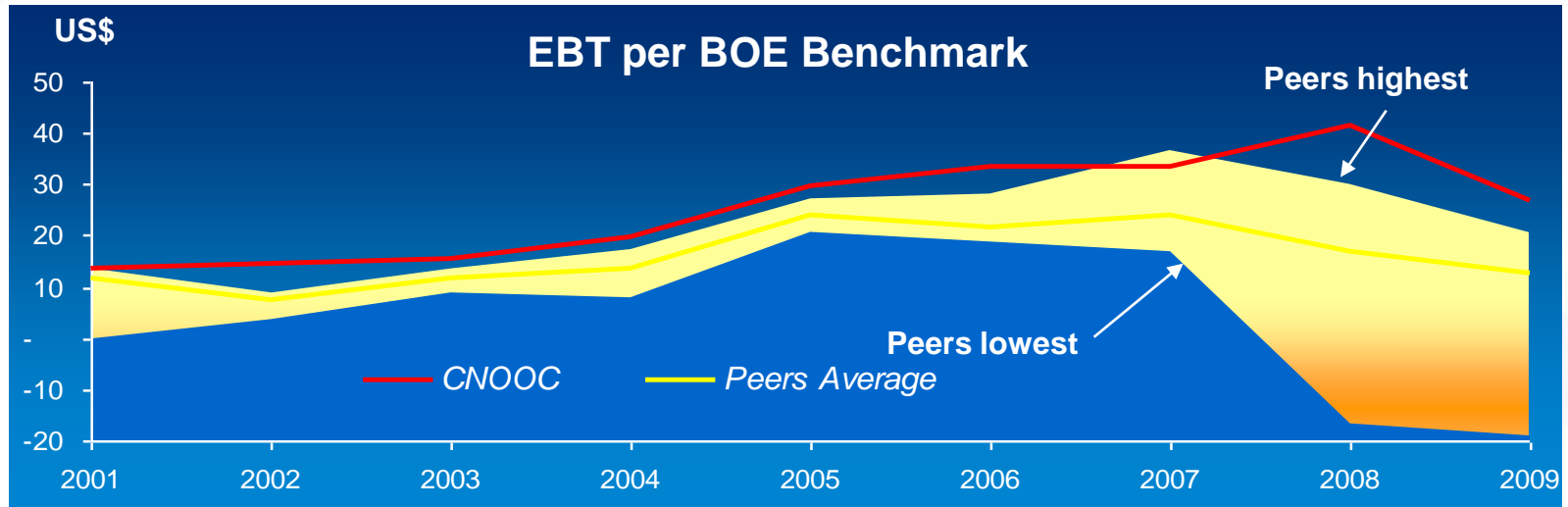
Opex

(US\$/boe)





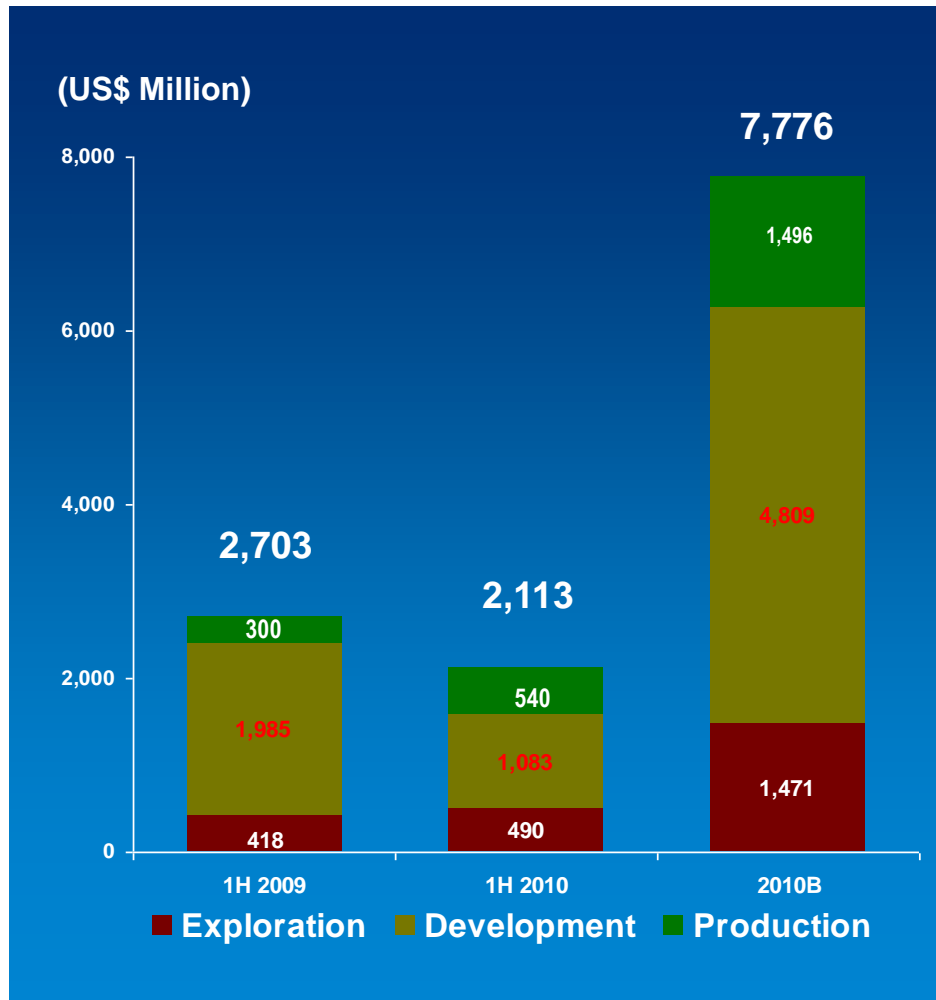
Profitability Leading Peers



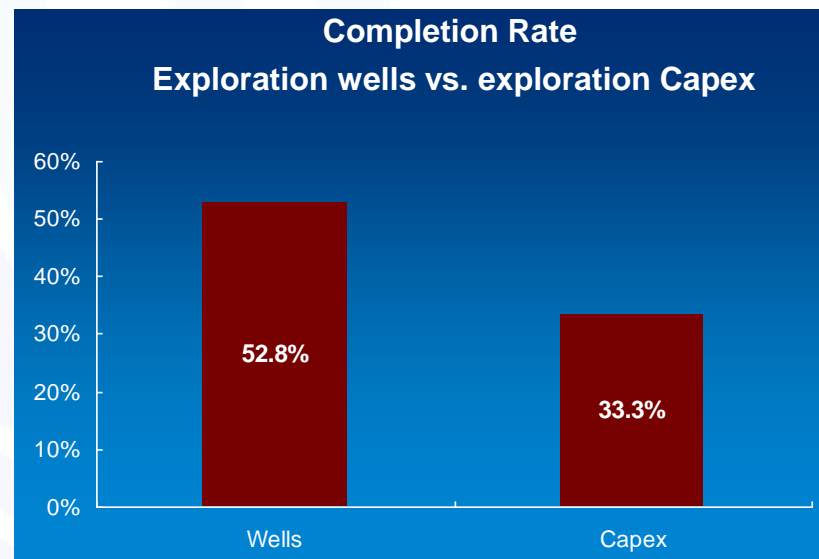
Profitability leads the industry despite facing with cost pressure.



Capital Expenditure



- Cost savings through high efficiency
- More workload scheduled in 2H 2010
- Delay by bad weather conditions





High Dividend Payment

Proposed 2010 interim dividend of **HK\$0.21 per share**:

- Dividend per share increased 5.0% YoY
- 31.5%⁽¹⁾ payout of net profit of 1H 2010
- 3.0%⁽²⁾ dividend yield
- Interim dividend payment will be approximately RMB8.18 billion⁽³⁾, representing about 23.4% of cash balance, which will not affect cash flow requirements for operations

Proposed Schedule:

Record date:	September 8
Book close period:	September 3-8
Payment date:	September 17

(1). (3) Exchange rate quoted as HK\$1=RMB0.87244 of August 6, 2010

(2) Based on closing share price of HK\$13.52 as of August 6, 2010



Outlook



Sustainable, Stable and Profitable Growth

Reserves

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

Development

- 9 development projects scheduled to come on stream in 2010

Production

- Production target of 275-290 mm boe

Financial Management

- Maintain prudent financial policy

HSE

- Maintain company-wide focus and high standard on HSE



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