



CNOOC LIMITED

中国海洋石油有限公司

2011 Third Quarter Review

Financial and Operating Highlights
for the Quarter Ending September 30, 2011



Third Quarter Overview

Operating Highlights

- Total net production of 80.9 mmboe
- 2 new discoveries and 9 successful appraisal wells

Financial Achievements

- Oil and gas sales revenues were RMB 46,261 million, representing an increase of 23.7% YOY
- Realized oil price of US\$112.04/bbl, realized gas price of US\$5.18/mcf



Production Summary

Net production	3Q 2011*	3Q 2010*
Crude oil and liquids (mm bbls)		
Bohai Bay	35.6	40.7
Western South China Sea	6.1	7.8
Eastern South China Sea	9.8	11.1
East China Sea	0.08	0.06
Overseas	9.8	10.7
Subtotal	61.4	70.4
Natural gas (bcf)		
Bohai Bay	10.7	11.1
Western South China Sea	37.1	34.6
Eastern South China Sea	14.9	13.8
East China Sea	2.5	1.4
Overseas	48.8	46.8
Subtotal	114.0	107.7
Total (mm boe)	80.9	89.0

* Including our interest in equity-accounted investees, which is approximately 4.6 mmboe in 3Q 2011 and 4.7 mmboe in 3Q 2010.



Revenues and Capital Expenditure

(unaudited)	3 months ended Sept.30			9 months ended Sept.30		
	2011	2010	%Chg	2011	2010	%Chg
(RMB Million)						
Revenues						
Crude Oil & liquids	42,897	34,633	23.9%	134,027	96,924	38.3%
Natural Gas	3,363	2,758	21.9%	9,264	7,370	25.7%
Marketing Revenues, Net	28	53		112	164	
Others	227	392		655	961	
Total	46,516	37,836	22.9%	144,058	105,420	36.7%
Capital Expenditure						
Exploration	2,549	2,064	23.5%	6,596	5,409	22.0%
Development	6,109	3,526	73.3%	14,495	10,918	32.8%
Production	1,888	2,598	-27.3%	4,791	6,281	-23.7%
Total	10,546	8,188	28.8%	25,882	22,608	14.5%
Average Realized Prices						
Oil (US\$/bbl)	112.04	74.56	50.3%	109.41	75.98	44.0%
Natural Gas (US\$/mcf)	5.18	4.32	20.0%	5.01	4.28	16.9%



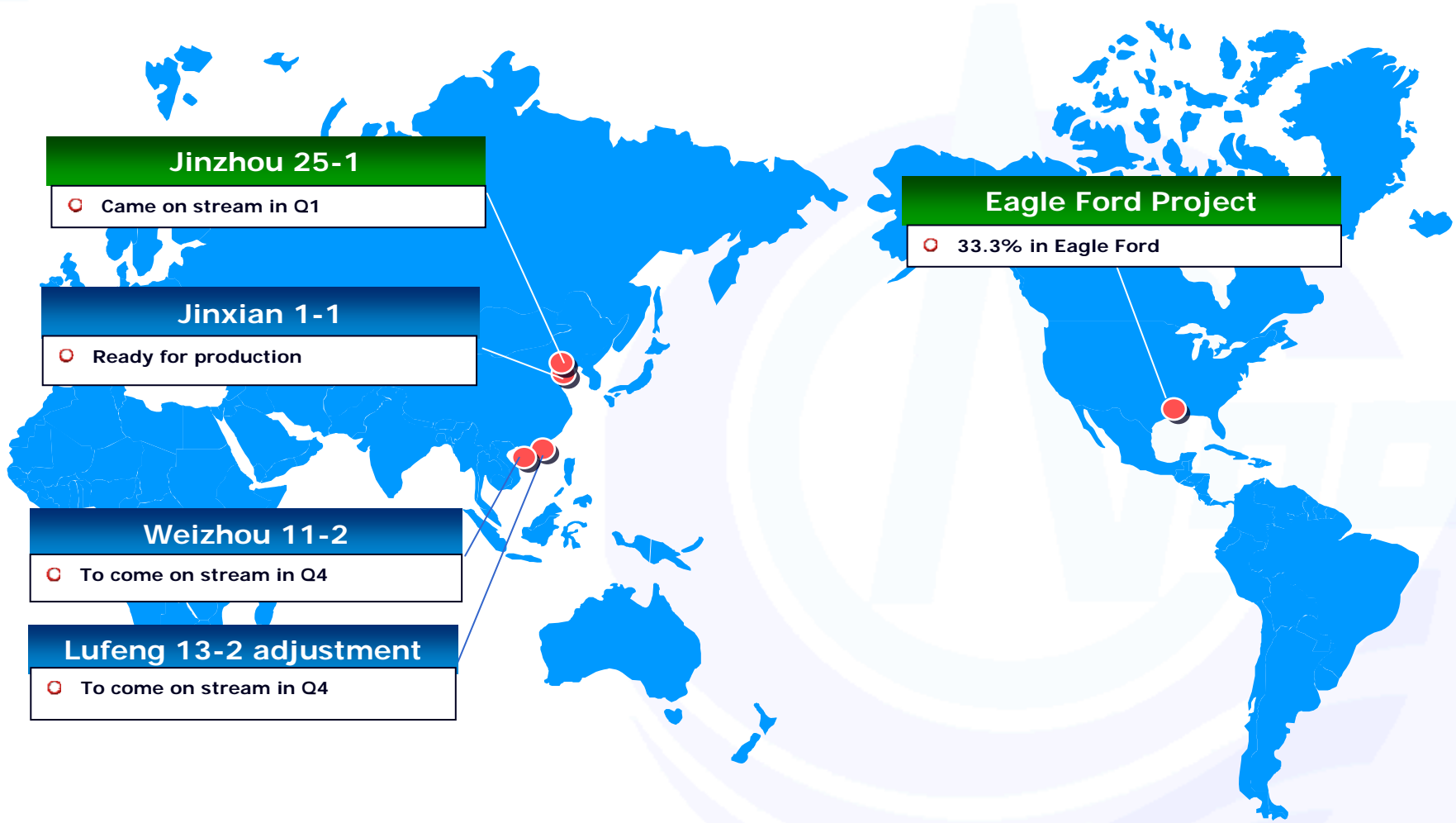
Resource Tax

- On October 10, the State Council announced to reform the Resource Tax.
- Effective from November 1, 2011.
- For our independent oil and gas fields, current royalties will be replaced by resource tax; PSC fields will continue to pay royalties until PSC contracts end and be replaced by resource tax thereafter.

	Before	After																																
Name	Royalty	Resource tax																																
Tax Base	Production	Oil and gas sales revenue																																
Tax Rate	<table border="1"> <thead> <tr> <th colspan="2">Oil</th> <th colspan="2">Gas</th> </tr> <tr> <th>Annual gross production</th> <th>Royalty</th> <th>Annual gross production</th> <th>Royalty</th> </tr> </thead> <tbody> <tr> <td><1 mmton</td> <td>0.0%</td> <td><2 bcm</td> <td>0.0%</td> </tr> <tr> <td>1-1.5 mmton</td> <td>4.0%</td> <td>2-3.5 bcm</td> <td>1.0%</td> </tr> <tr> <td>1.5-2 mmton</td> <td>6.0%</td> <td>3.5-5 bcm</td> <td>2.0%</td> </tr> <tr> <td>2-3 mmton</td> <td>8.0%</td> <td>>5 bcm</td> <td>3.0%</td> </tr> <tr> <td>3-4 mmton</td> <td>10.0%</td> <td></td> <td></td> </tr> <tr> <td>>4 mmton</td> <td>12.5%</td> <td></td> <td></td> </tr> </tbody> </table>	Oil		Gas		Annual gross production	Royalty	Annual gross production	Royalty	<1 mmton	0.0%	<2 bcm	0.0%	1-1.5 mmton	4.0%	2-3.5 bcm	1.0%	1.5-2 mmton	6.0%	3.5-5 bcm	2.0%	2-3 mmton	8.0%	>5 bcm	3.0%	3-4 mmton	10.0%			>4 mmton	12.5%			5%-10%
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Major Development Highlights



Major new projects in 2011 are progressing as planned.



Exploration Highlights

■ Independent
■ PSC



Indonesia		
Name of wells	Type of wells	Description
Nadia-1	Wildcat	Successful
MDA-4	Appraisal	Successful

06/17		
Name of wells	Type of wells	Description
QHD33-2-2	Appraisal	Successful
QHD33-3-2	Appraisal	Successful
QHD33-3-3	Appraisal	Successful

China

Bohai Bay

Weizhou 12		
Name of wells	Type of wells	Description
WSH17-2-5	Appraisal	Successful
WSH17-2-7	Appraisal	Successful

East China Sea

Yulin 35		
Name of wells	Type of wells	Description
WZH11-7N-1	Wildcat	Successful
WZH11-7N-2	Appraisal	Successful

Dongfang 1-1		
Name of wells	Type of wells	Description
DF13-1-6	Appraisal	Successful

Liuhua 07		
Name of wells	Type of wells	Description
EP23-1-2	Appraisal	Successful

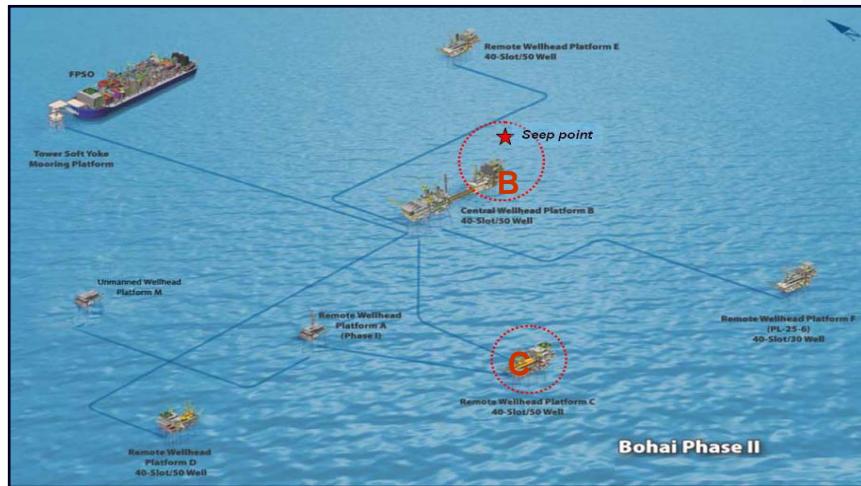
Western South China Sea

Eastern South China Sea

2 new discoveries and 9 successful appraisal wells were made in Q3 2011.



Penglai 19-3 Oil Spill Recap



Source: ConocoPhillips China Inc

- Located at south Bohai Bay; largest oilfield in offshore China
- Operated under Production Sharing Contract
- PSC signed: 1994
- First discovery: 1999
- Production startup: 2002
- Operator: ConocoPhillips China Inc (COPC)
- Participating interests: CNOOC Limited (51%), COPC (49%)
- Production loss since shutdown of platform B&C (net to CNOOC Limited) on Jul 13: ~22,000 bbl/d
- On Sept 2, SOA* ordered to suspend water injection, drilling and oil and gas production operations at the entire PL19-3 oilfield, recompile the Oceanic Environmental Impact Assessment (the "EIA"), and revise the Overall Development Plan (the "ODP") . Additional production loss is ~40,000 bbl/d

* SOA: State Oceanic Administration



Health, Safety and Environment

- Health, safety and environment protection are always our top priority.
- Continue to closely monitor the production operations of all oilfields.
- Actively carry out the offshore safety inspection to screen out any potential risks and thus fix the problems.
- Continue to proactively perform our social responsibilities.

	<u>2011 Q3</u>	<u>2010 Q3</u>
Rate of Recordable cases (per 200,000 man hours)	0.13	0.16
Rate of lost workdays cases (per 200,000 man hours)	0.08	0.09



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