

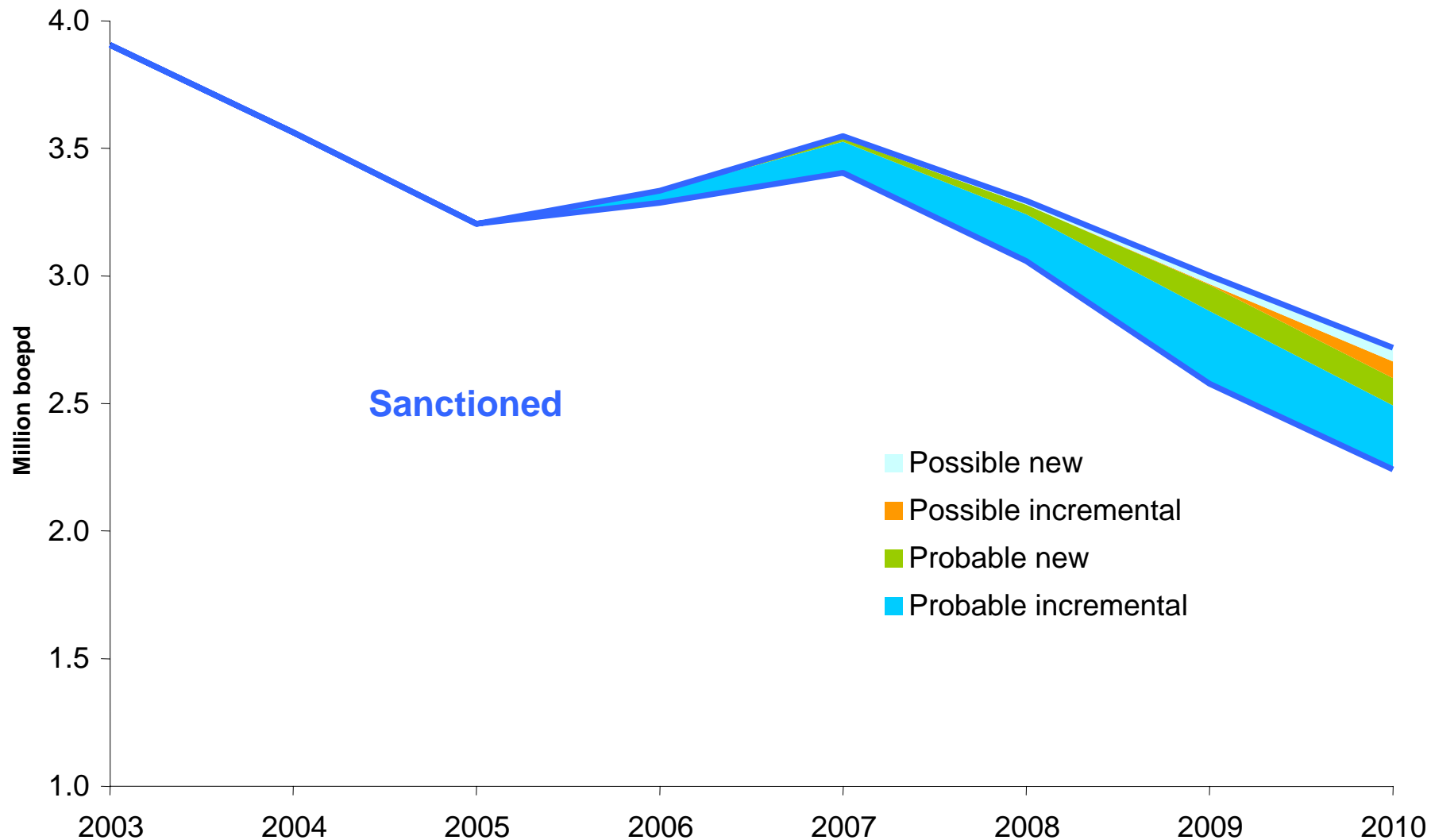
Results UKOOA 2005 Activity Survey

Mike Tholen / Sally Fraser

UKOOA 2005 Activity Survey

- Before reviewing the results of the Activity survey it should be noted that:-
 - The data supporting the 2005 Activity Survey was collected in Q4,2005 prior to the 10% tax increase in SCT announced in the PBR
 - Resources are also under increasing pressure reflected in the current rapidly escalating cost and constraints on drilling rigs
- The plans presented are typically “locked in” for 2006
- Future years activity will inevitably be revisited by companies this year as they update their business plans and should be reflected in the 2006 activity survey.

Total Production projection – Pre-PBR



Total Production Sustained in the short term

In 2005:

- Produced 3.3 mln boepd* (vs 3.6 million boepd in 2004)
- 8% overall decline (10% oil, 6% gas)
- Oil production lower than anticipated
 - reflecting challenges of a mature basin
- Gas production in line with expectations
- 30% increase in drilling
 - 78 exploration and appraisal wells
 - 227 development wells

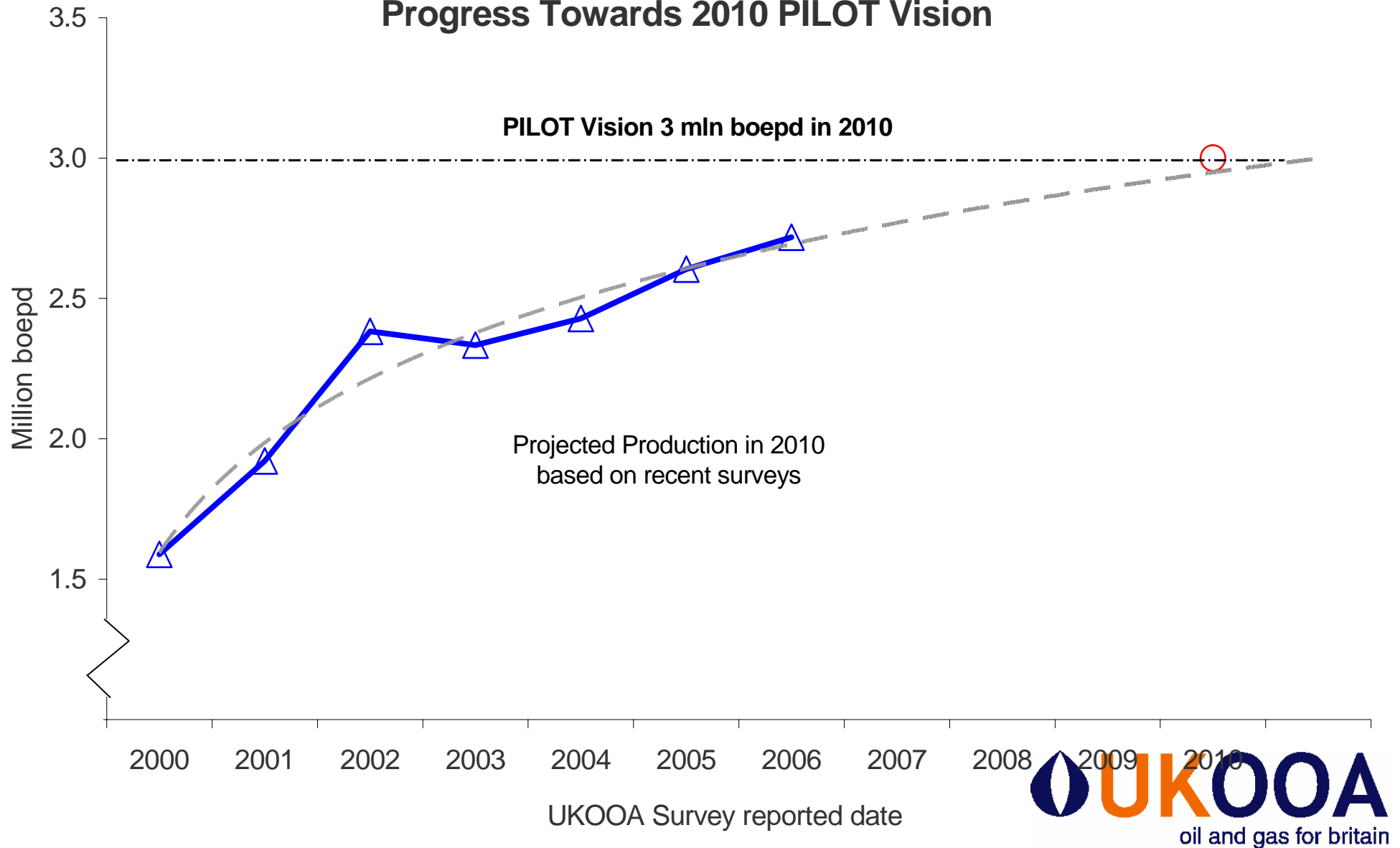
In 2006:

- Expect similar level of drilling activity
- ~ 3.2 mln boepd production

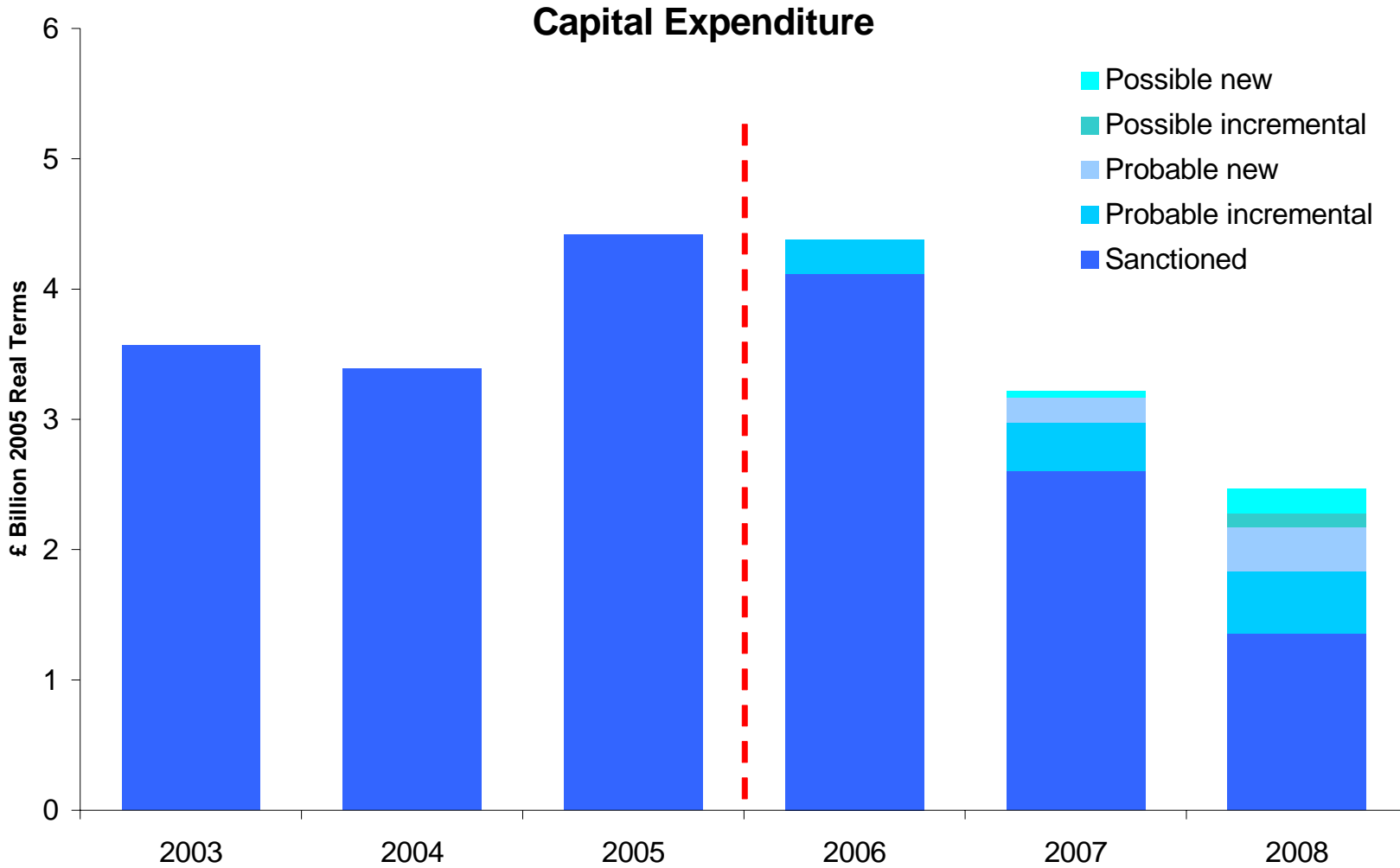
* barrels of oil equivalent per day

Future forecasts must remain uncertain despite the potential progress

Progress Towards 2010 PILOT Vision

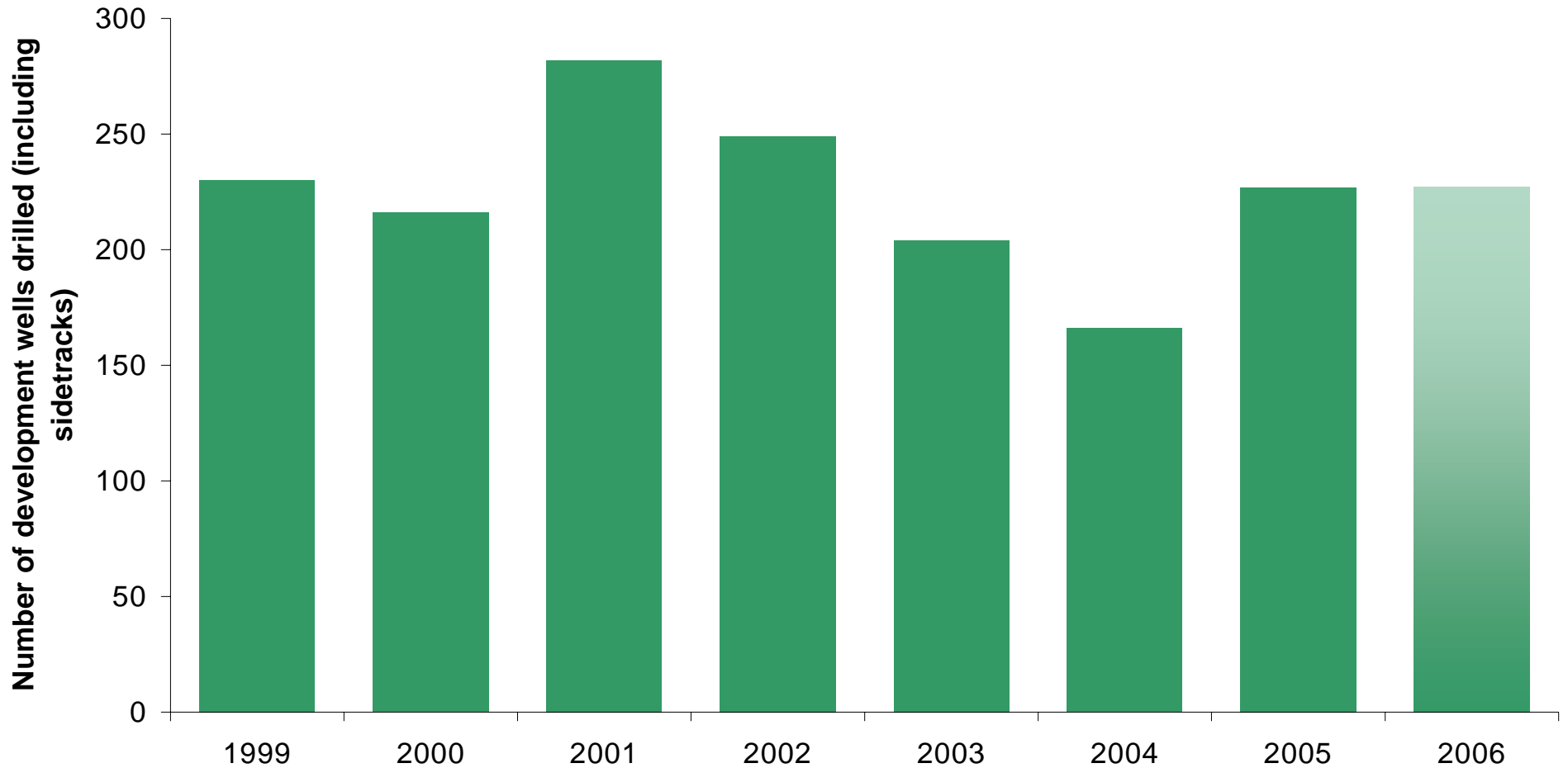


Capital Investment is robust in 2006 but tails off rapidly

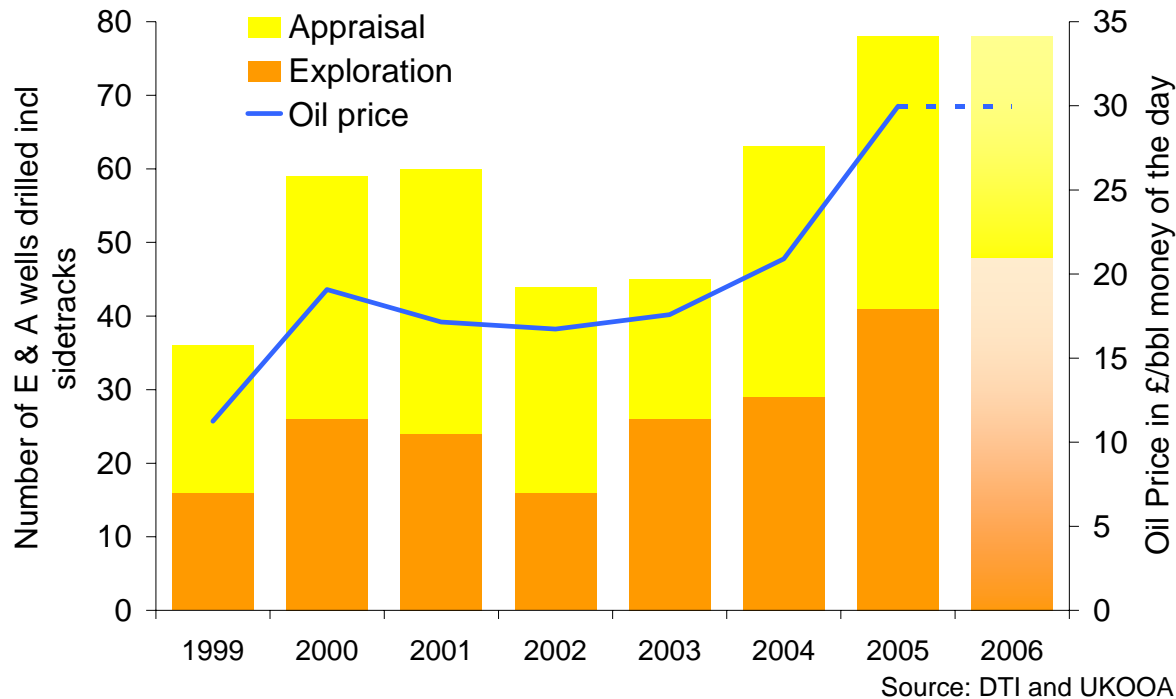


Development / Production drilling increased by 30% in 2005

Development Wells

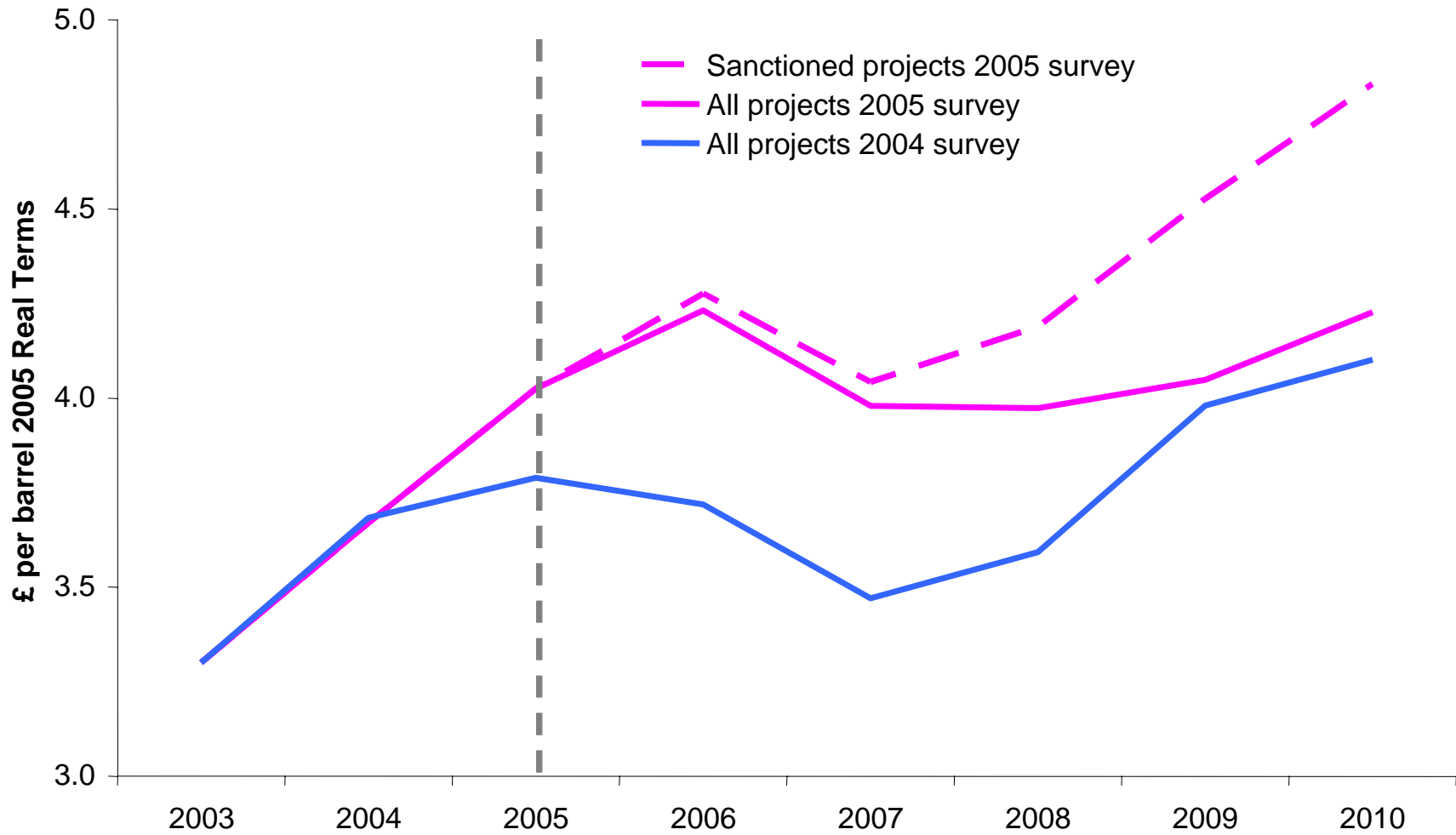


Exploration increased rapidly in 2005, sustainable in 2006

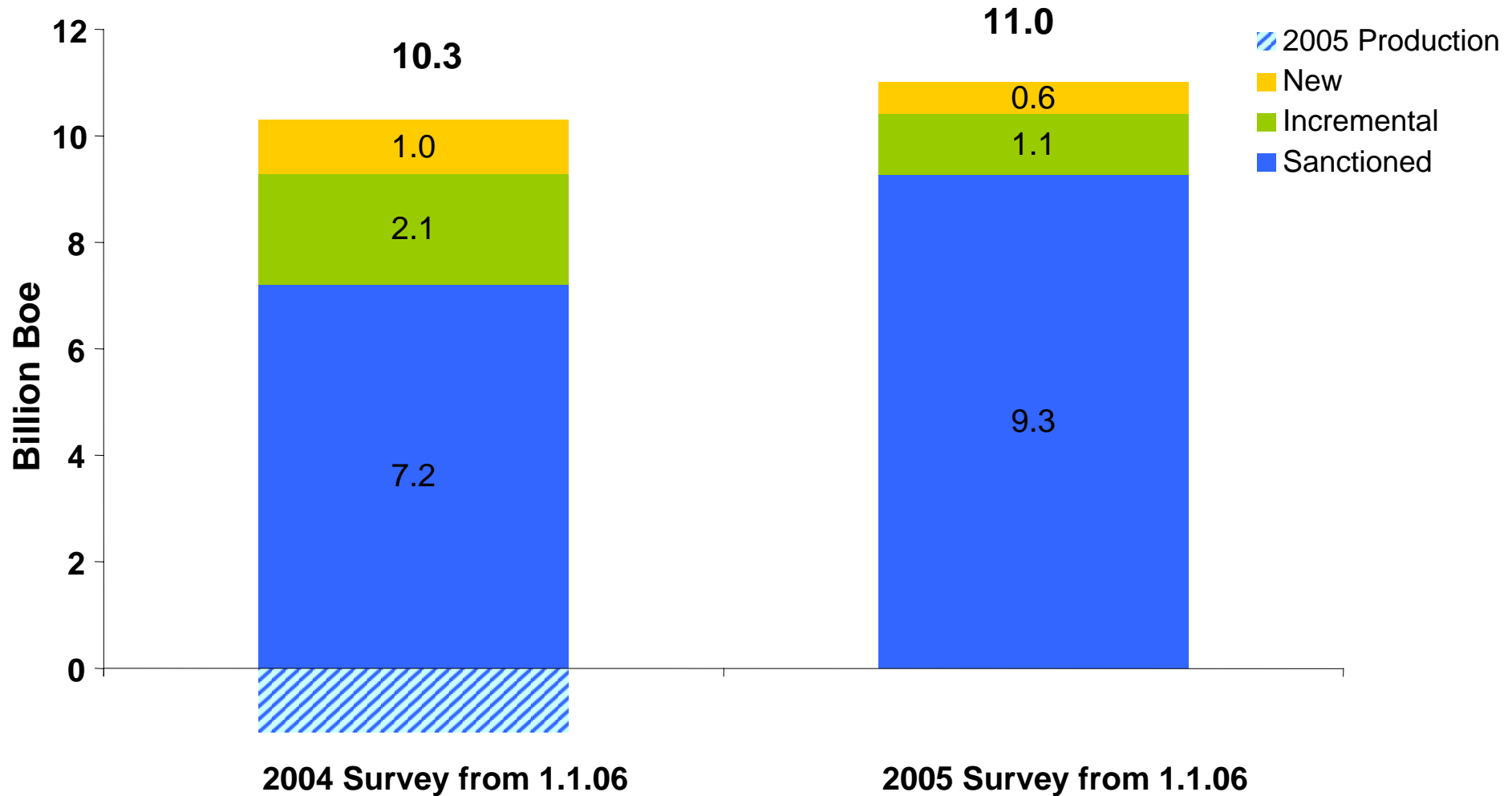


- Exploration will dominate E&A activity over next two years
 - leading to more appraisal wells subsequently as new reserves matured
 - Will have to compete against development wells
- Promote licencees seeking to drill ~ 20% of potential wells in 2006

Operating costs are rising, increasing expenditure to sustain existing production



The increased activity in 2005 has made substantial inroads into the existing reserves base



Current Plans & Future Challenge

