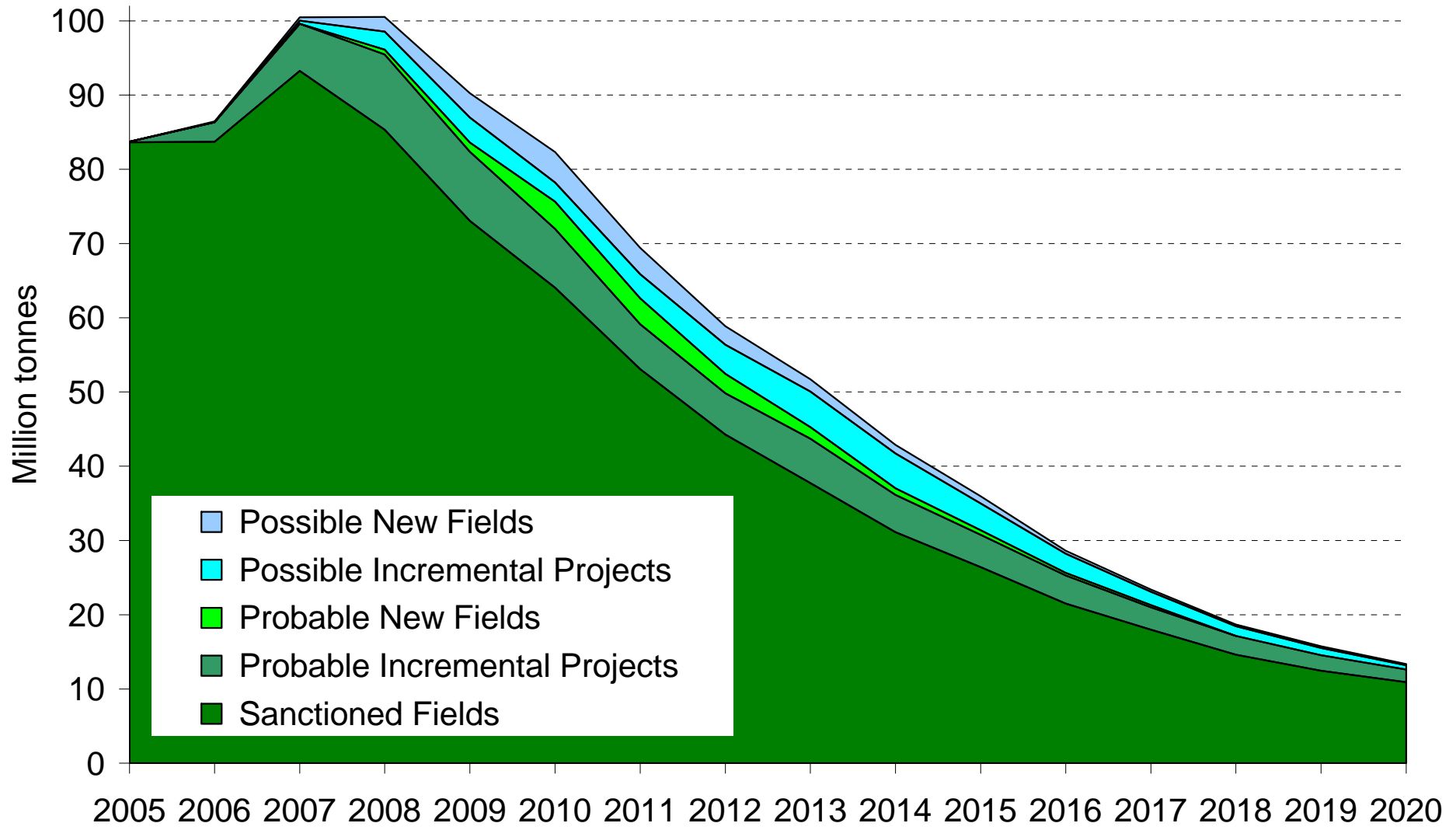


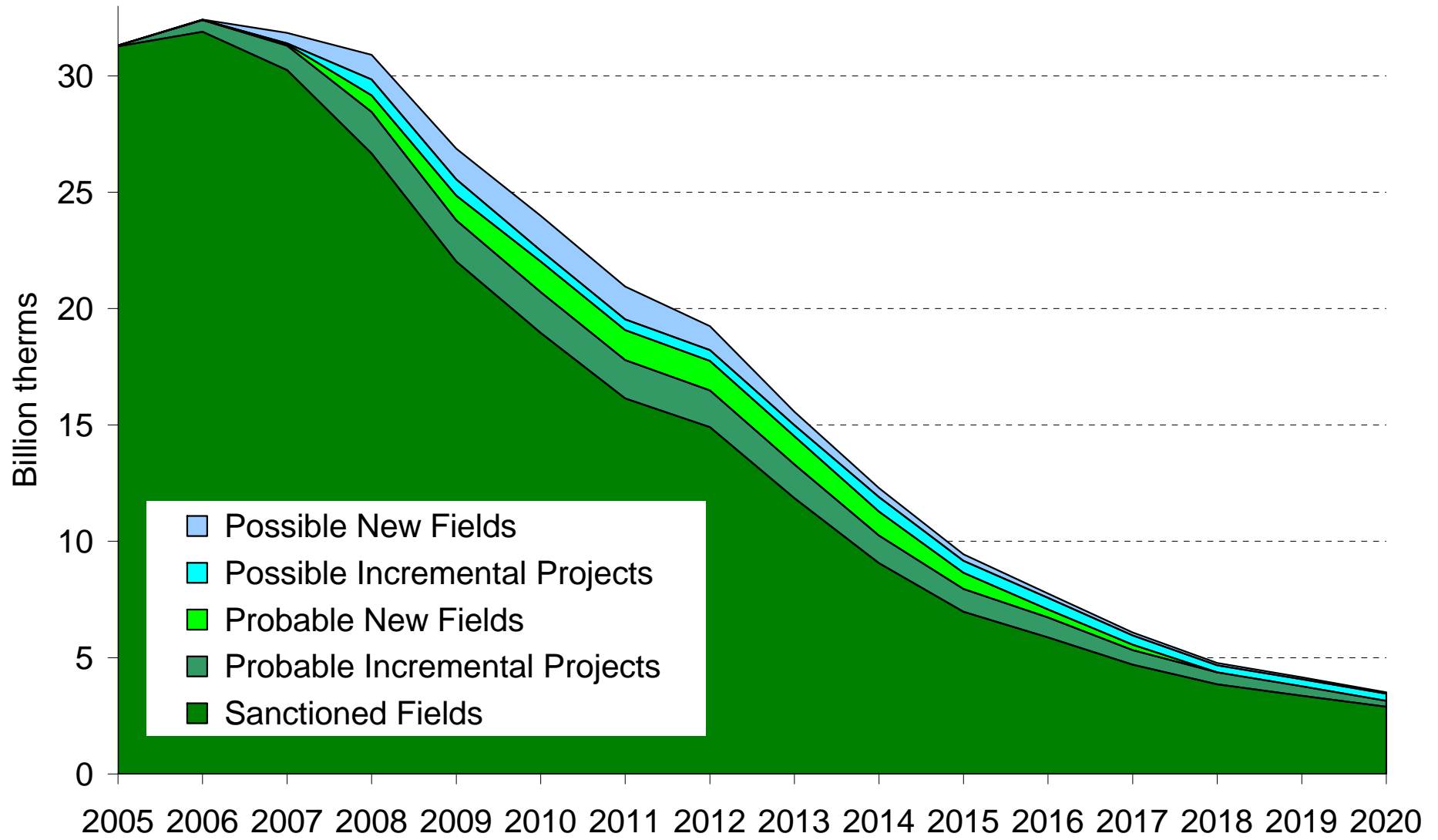
Projections of UKCS Production and Expenditure

Mike Earp, DTI

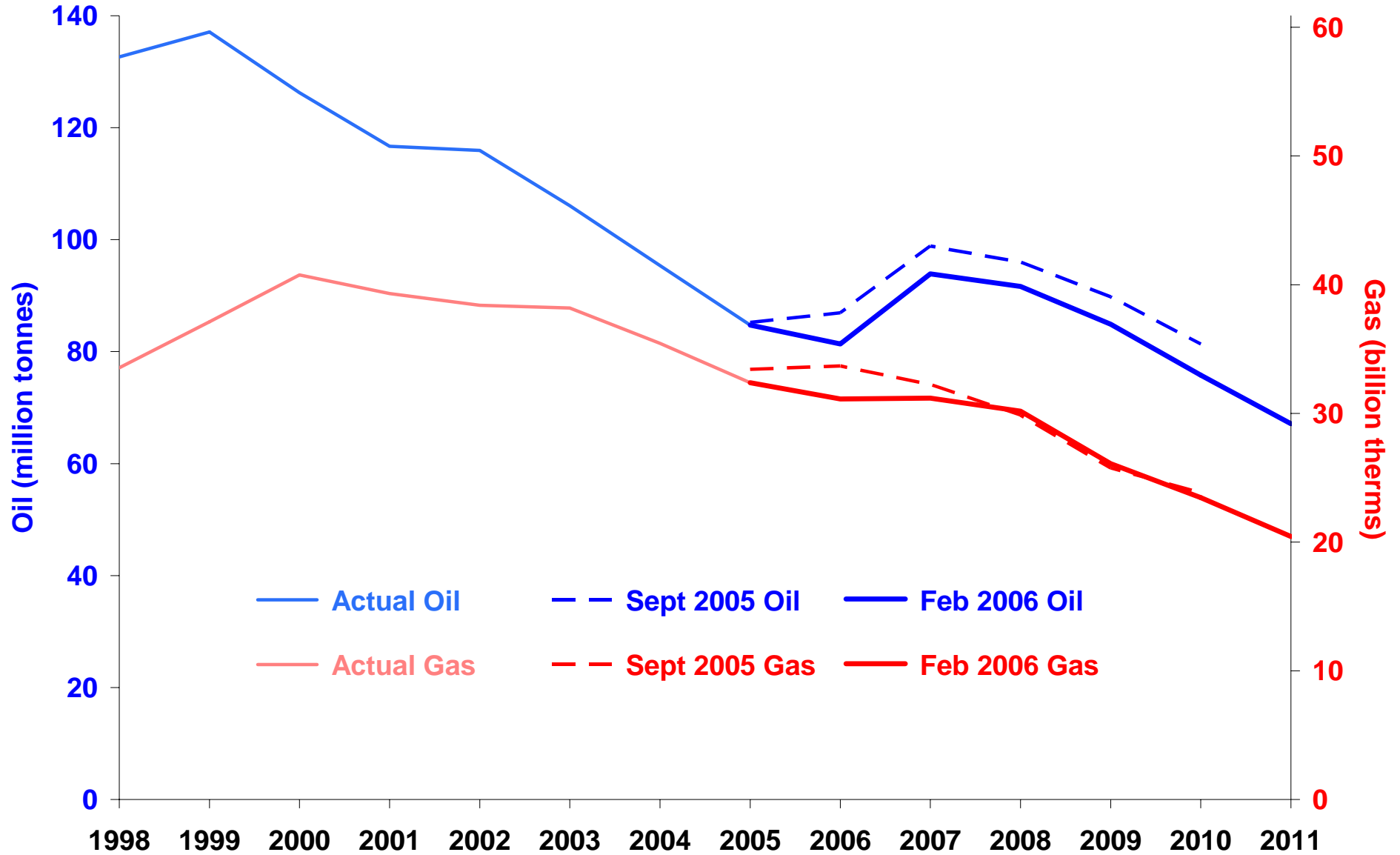
UKCS Crude Oil and NGL Production - 2005 Activity Survey



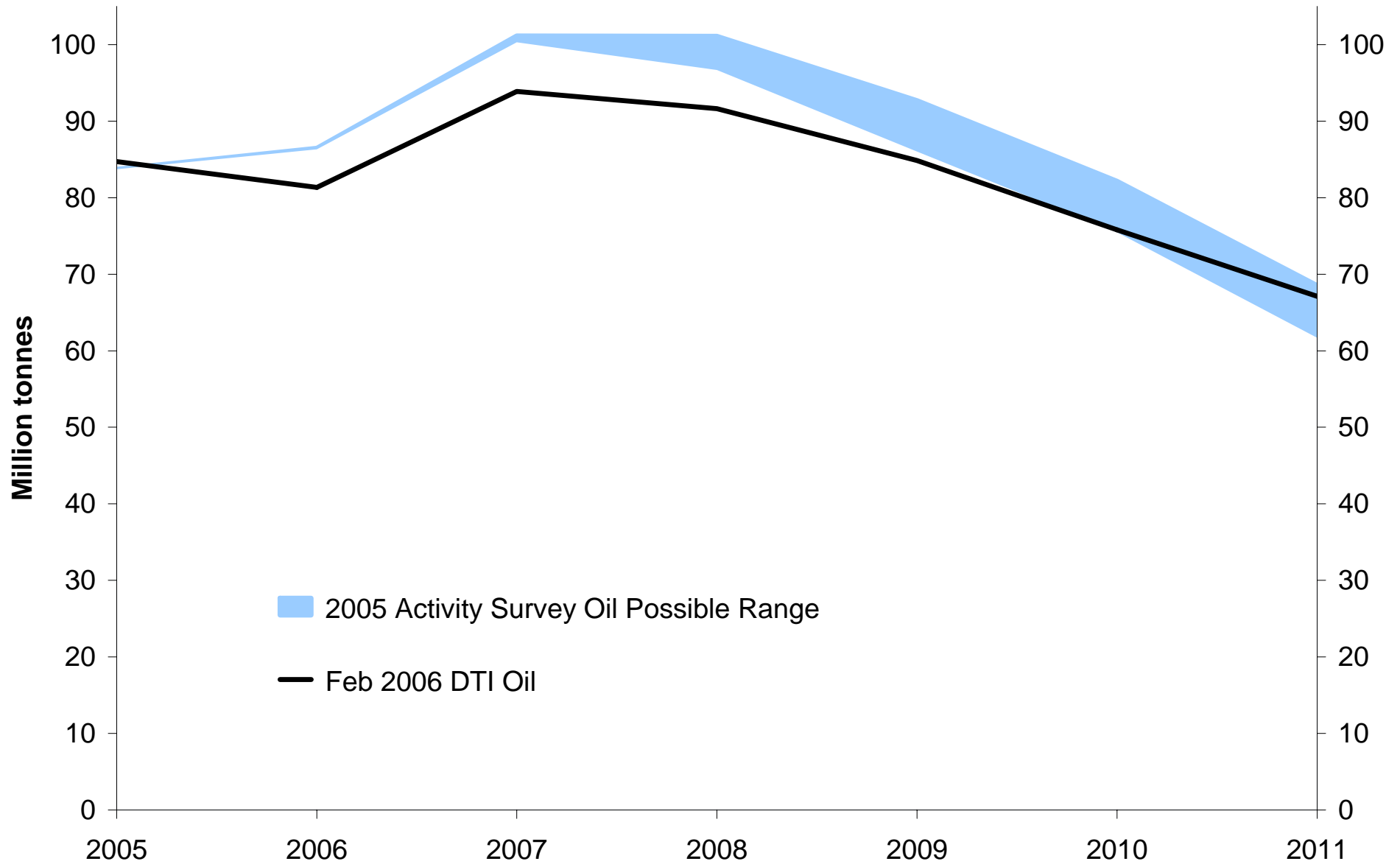
UKCS Natural Gas Production - 2005 Activity Survey



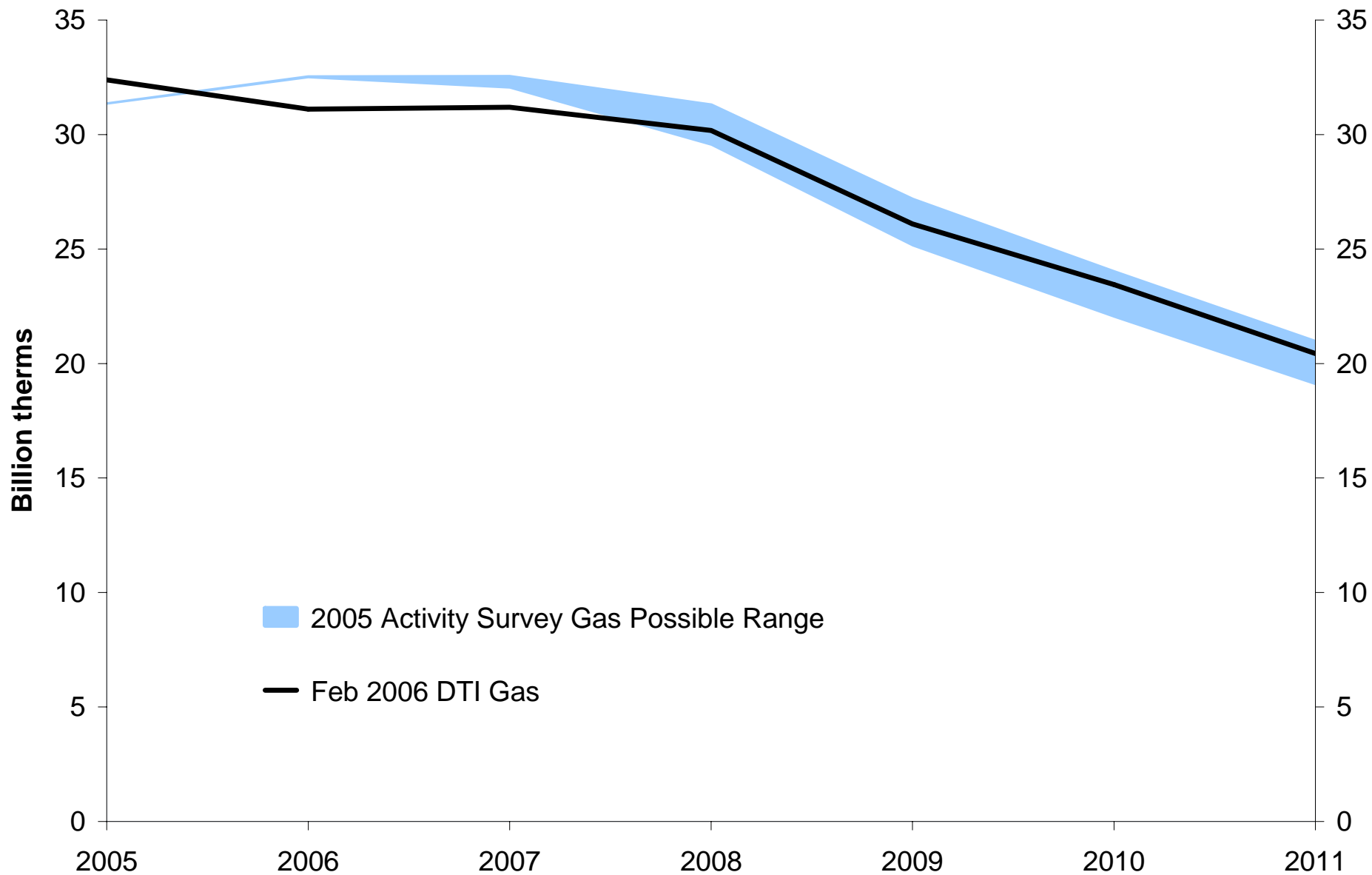
Actual/Projected UKCS Oil and Gas Production



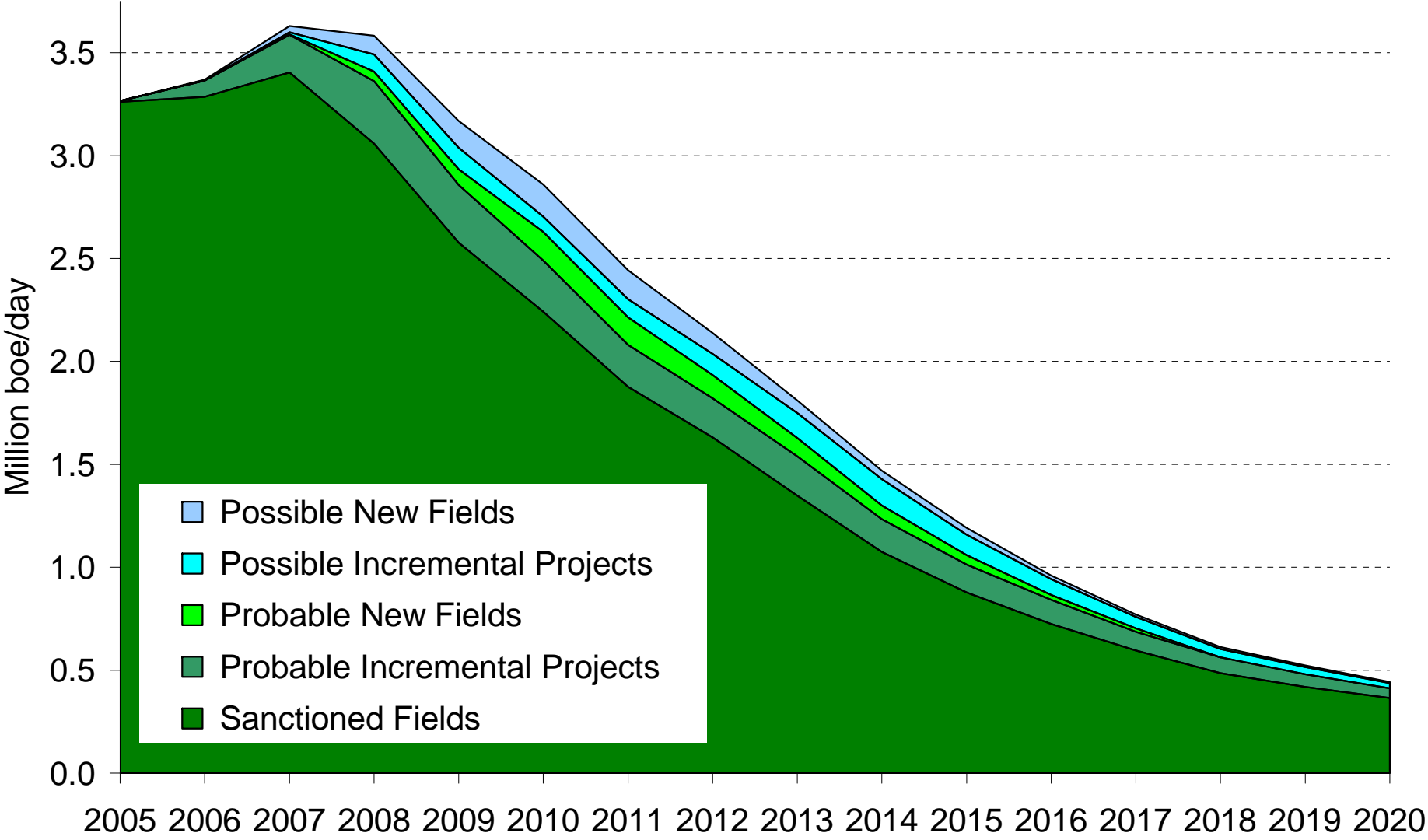
Comparison of latest DTI and Activity Survey UKCS Oil Projections



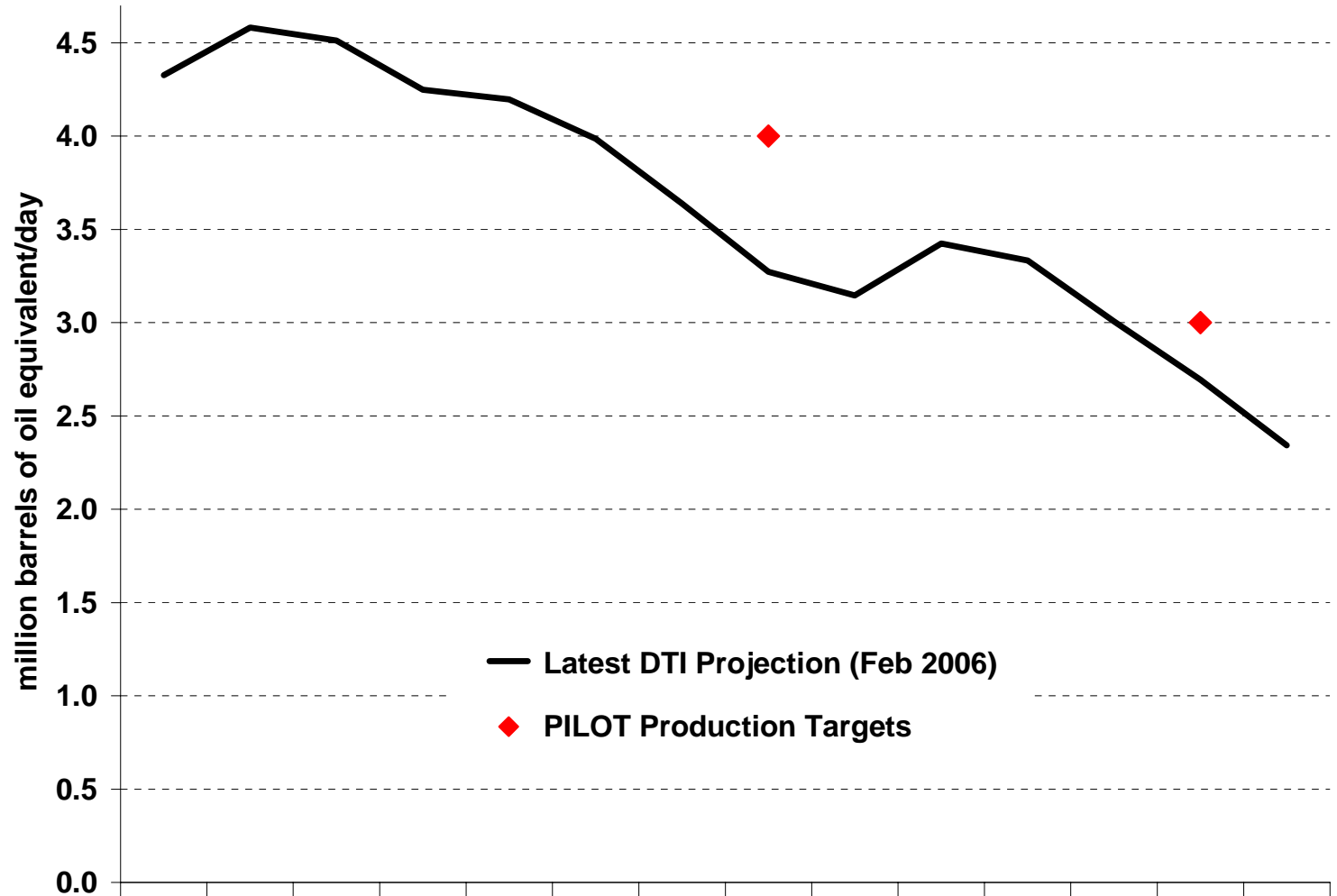
Comparison of latest DTI and Activity Survey UKCS Gas Projections



UKCS Oil and Gas Production - 2005 Activity Survey

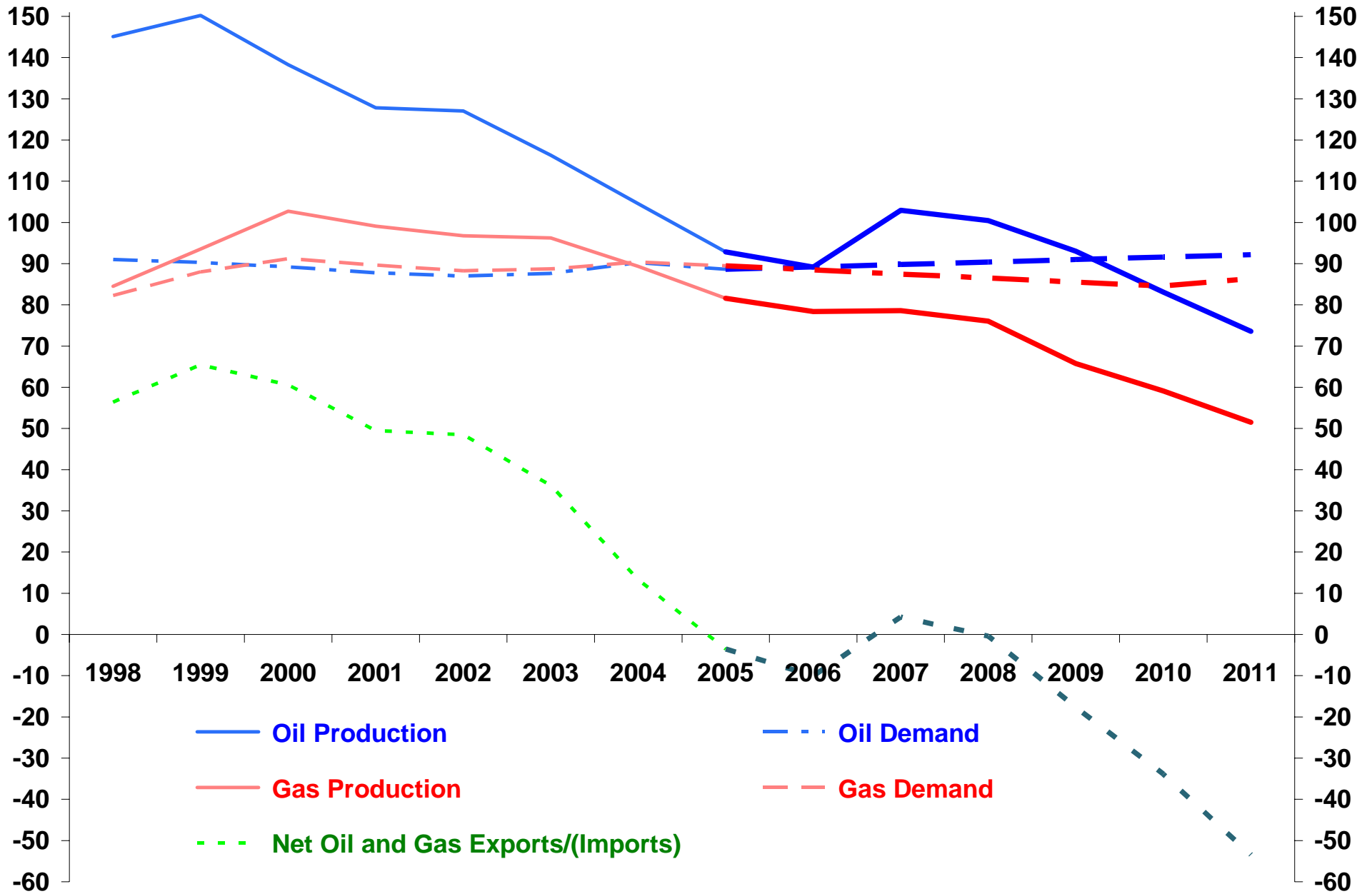


Projected UKCS Oil and Gas Production and PILOT Targets

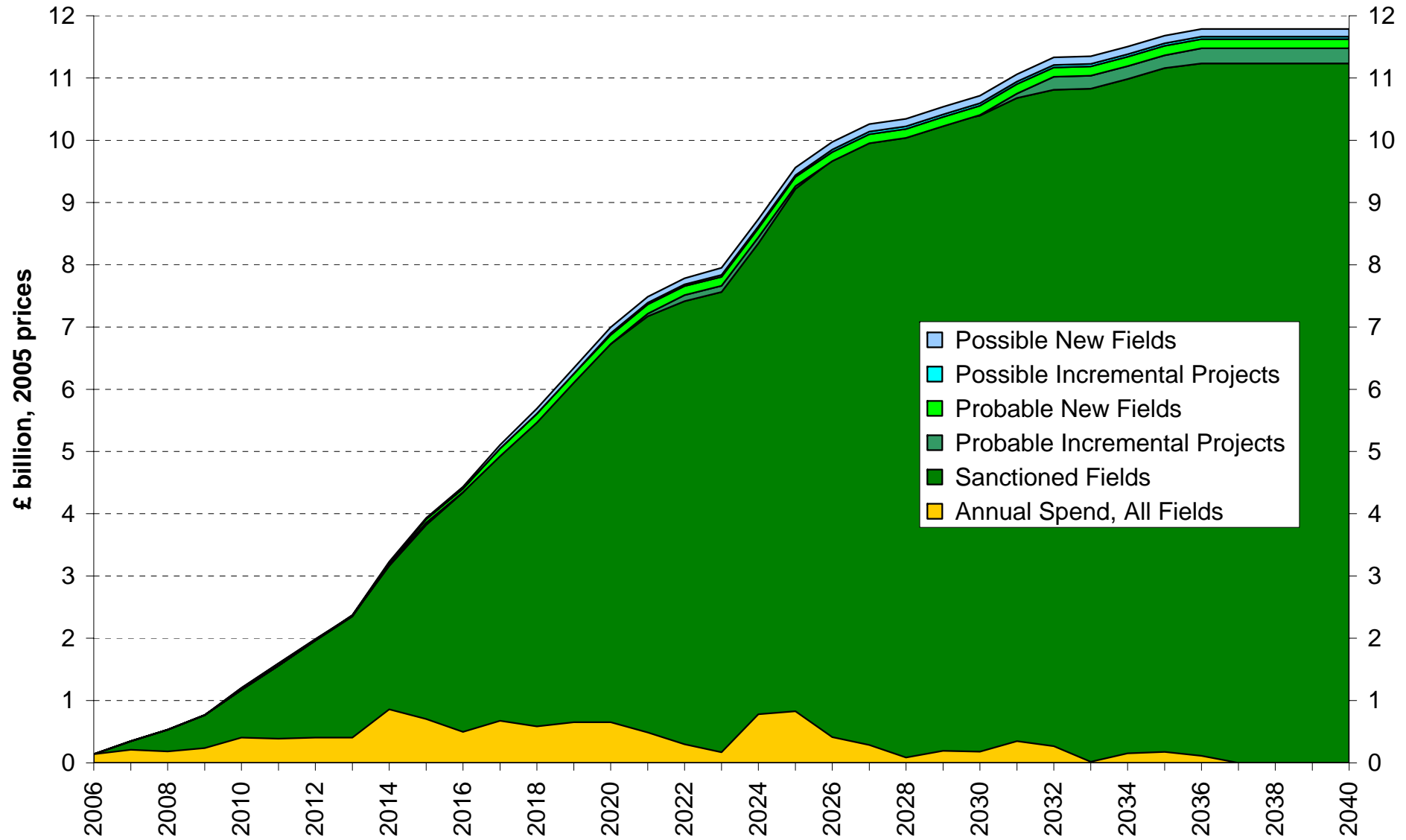


	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Latest DTI Projection (Feb 2006)	4.3	4.6	4.5	4.2	4.2	4.0	3.6	3.3	3.1	3.4	3.3	3.0	2.7	2.3
PILOT Production Targets								4.0					3.0	

Actual/Projected UK Oil and Gas Production and Demand
 (million tonnes of oil equivalent)

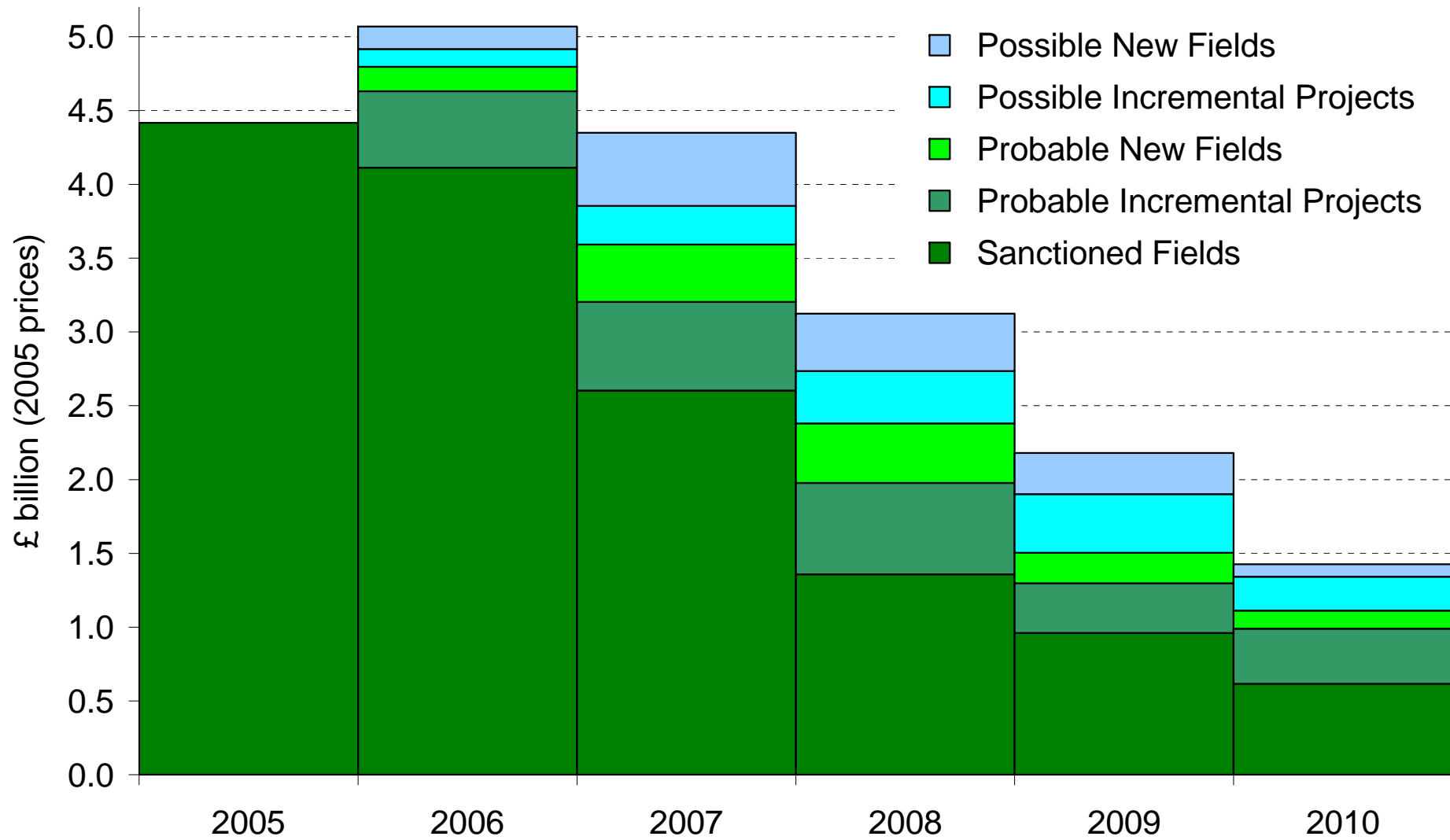


Cumulative and Annual UKCS Decommissioning Costs - 2005 Activity Survey



Source: DTI/UKOOA 2005 Activity Survey

Total UKCS Development Capital Expenditure



Source: DTI/UKOOA 2005 Activity Survey

DTI/UKOOA 2005 Activity Survey

- Operators were asked to include any developments which have the potential to become commercial at some time in the next 10 years
- They were asked to indicate the probability of each new field or project going ahead and to use the central (most likely) case in the event that there was uncertainty about the timing of expenditure
- Operators' estimates (of costs and production) were meant to be consistent with commercial development

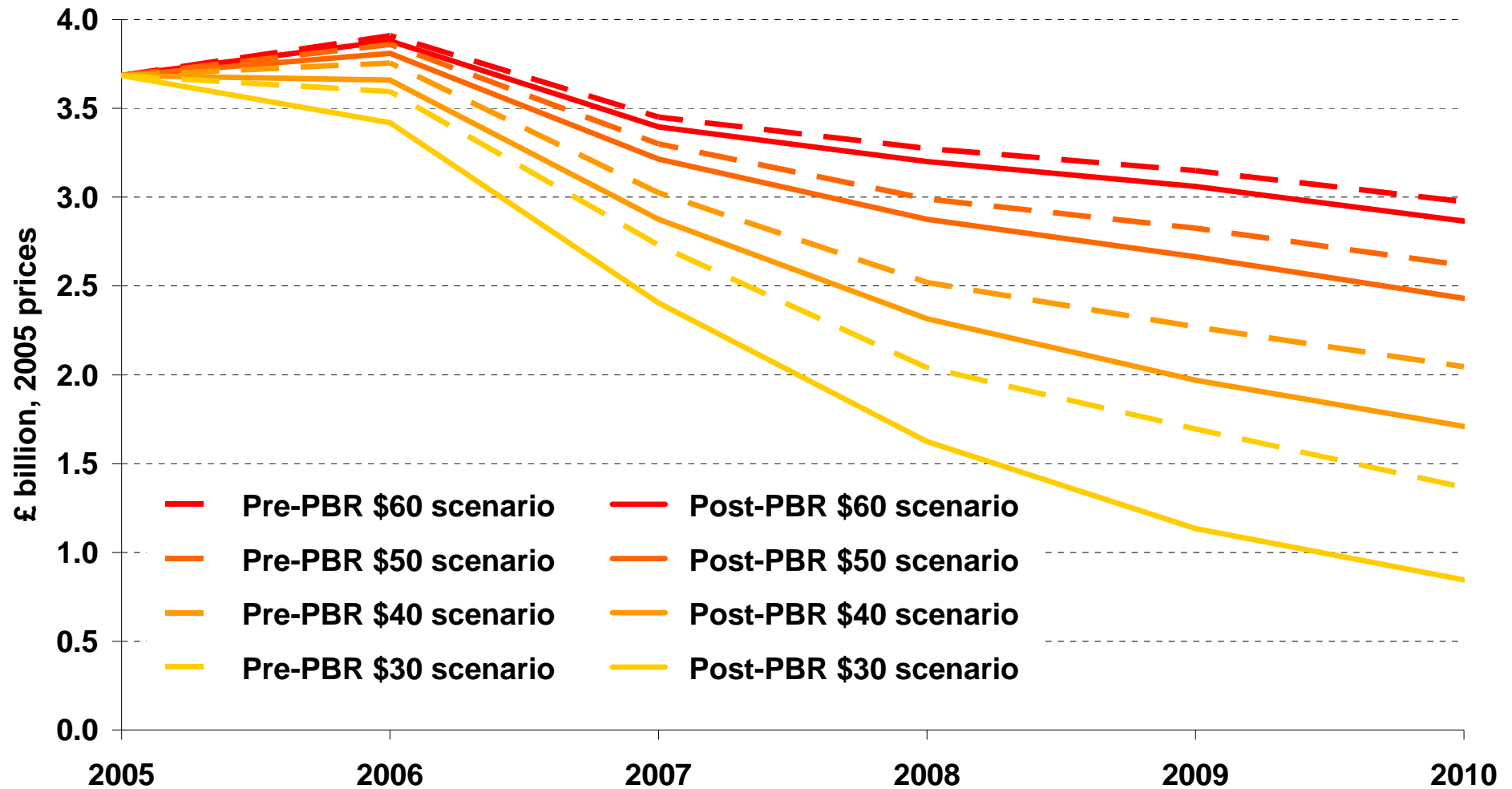
Project Type	Remaining average cost - whole UKCS (\$ per boe, 2005 prices)	Remaining average cost - Southerm North Sea (p per therm, 2005 prices)
Sanctioned <i>(of which opex)</i>	12.5 <i>(8.8)</i>	6.7 <i>(4.6)</i>
Probable Incremental Projects	9.7	4.9
Possible Incremental Projects	13.0	8.9
Probable New Fields	17.0	9.5
Possible New Fields	16.9	9.3

Assuming £1=\$1.75

Based on 10% real discount rate

Source: DTI/UKOOA 2005 Activity Survey

Total UKCS Development Capital Expenditure: Modelled Effect of PBR 2005 Tax Change and Oil Prices



Source: *North Sea Oil Taxation: Economic Impact*, a report for Scottish Enterprise Grampian by Mackay Consultants (February 2006)