

Value Creation via Contingent Resources

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Value - PRMS

Project maturity based resources classification "Projects which are associated with petroleum accumulation evaluation."

	-			Project Maturity	-	
		COMMERCIAL	PRODUCTION	Sub-classes		
				On Production	1	
E (PIIP)	L		RESERVES	Approved for Development		
TOTAL PETROLEUM INITIALLY-IN-PLACE (PIIP)				Justified for Development		
ALLY	ŝ	SUB-COMMERCIAL		Development Pending		
	ĺ		CONTINGENT RESOURCES	Development Unclarified or On Hold Development not Viable		
ROLEU						
. PET			UNRECOVERABLE			
FOTAL		1		Prospect Lead		
,			PROSPECTIVE RESOURCES			
	1000	2000		Play		
		OND	UNRECOVERABLE			
			Range of Uncertainty	Not to scale		

RESREVES:

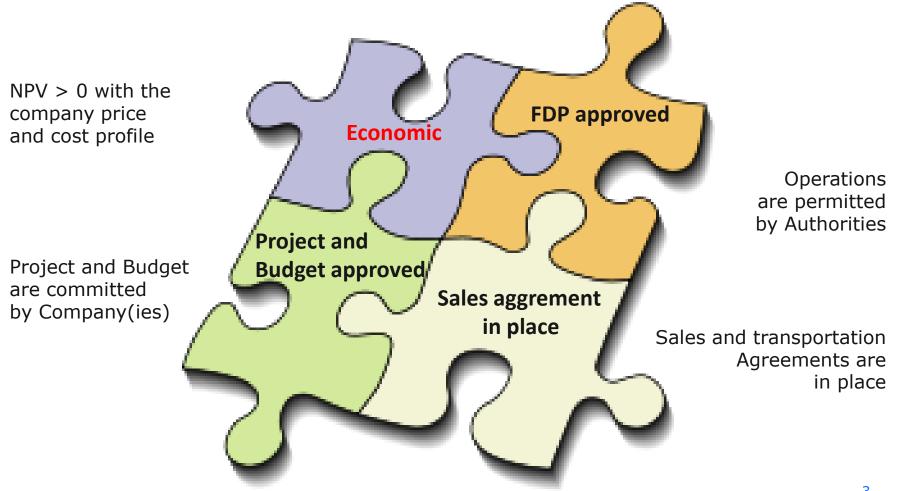
- ✓ discovered
- ✓ recoverable
- ✓ commercial
- ✓ remaining

Contingent Resources:

✓ discovered potentially recoverable sub-commercial



Commercial vs. Economic



Efficient apprisal program creates value

Appraisal is a complex project phase including technical and non-technical issues

				Project Maturity		Project Types		
		L	PRODUCTION	Sub-classes		Operations		
				On Production		d.	Reservoir Depletion	
E (PIIP)	e e	COMMERCIAL	RESERVES	Approved for Development	merciality —	Dev. & Prod.	(Re-) Development Sub-surface development	
IN-PLAC	DISCOVERED PIIP	S		Justified for Development			Surface Facility	
PETROLEUM INITIALLY-IN-PLACE	DISCO	SUB-COMMERCIAL		Development Pending	ce of Comm	ation	Appraisal	
			CONTINGENT RESOURCES	Development Unclarified or On Hold			Drilling & Testing Operations Rights	
			-	Development not Viable	Chan		(Non-economic discovery)	
			UNRECOVERABLE			Exploration	Dry hole	
TOTAL	PIIP			Prospect	Increasing	Ш		
		/EKEU	PROSPECTIVE RESOURCES	Lead	Ĕ		Geology & Geophysics Exploratory Drilling	
	TOT UNDISCOVERED PIIP			Play	1			
			UNRECOVERABLE		- •			
			Range of Uncertainty	Not to scale				

Contingent resources

PRMS definitions and guideline

"...the estimated recoverable quantities for a new discovery will be classified as Contingent Resources while further appraisal and/or evaluation is carried out"

Contingent Resources - Development Pending:

A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.

"Ongoing Appraisal ":

"Note that disappointing appraisal/evaluation results could lead to a re-classification of the project to "On Hold" or "Not Viable" status."

Contingent Resources - Development Unclarified or on Hold:

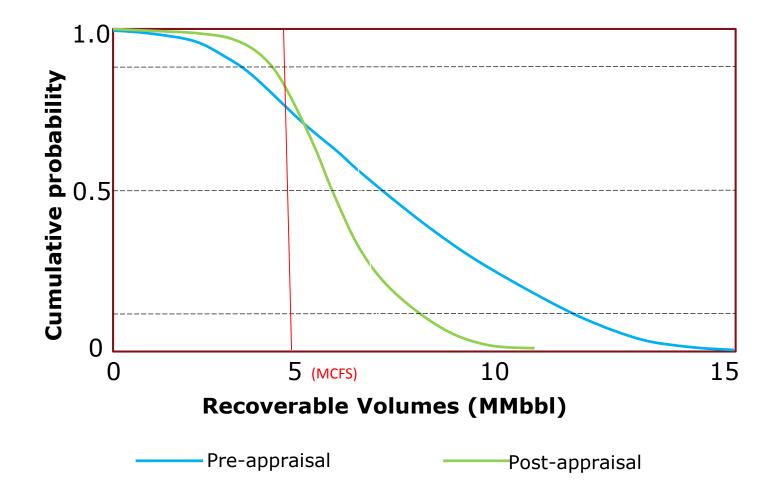
A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.

"Pending Appraisal":

" The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are on hold pending the removal of significant contingencies external to the project, …"

Handling volatility with certain estimates

Appraisal phase is to reduce uncertainty



Handling low and volatile oil price environment

... with an efficient and complex appraisal phase with certain outcomes

- Reliable technical evaluation
- Executable project(s) definition(s)
- Prepared permitting and approvals
- Correct (bottom up) timeline
- Certain oil price forecast in sensitive period of NPV
- □ Measured (pre-contracted) service prices
- Reliable cost estimates
- Market survey and prepared sales contract
- Correct communication

Conclusion

Contingent resources classification gives solution in a volatile environment

- □ Well defined and executed complex appraisal brings value or prevent loss
- □ Appraisal program targeted resources are Contingent Resources
- Reserves booking during the appraisal phase is not prohibited
 - Extended Well Test (EWT) is approved as continues production
 - □ Early Production Facility (EPF) is in place
 - □ Regular "product" transportation is solved
 - □ Sales Agreement is contracted (entitlement allocation is governed by applicable contracts)
 - Conservative reserves estimate and categorization
 - Contingent resources report has to be corrected with reserves volumes
- Contingent Resources has no time-limit
- □ Contingent Resources is value in case **reason of contingency is known**

Thank You for your attention!

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