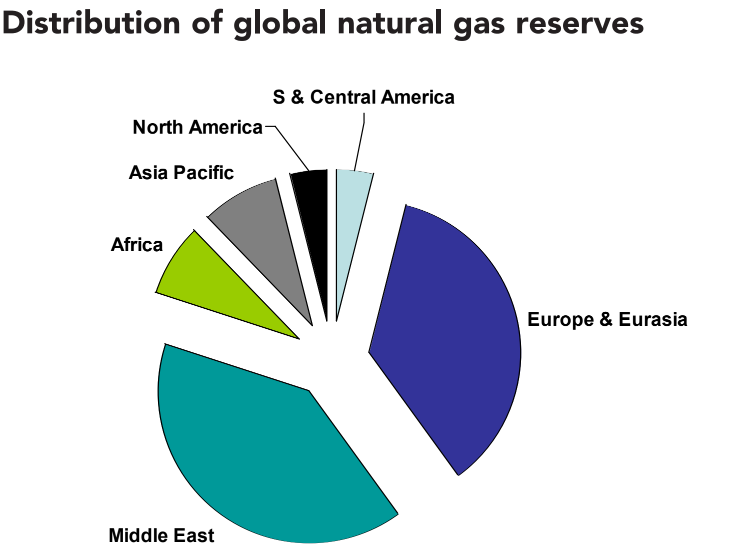
BUSINESS INSIGHTS

The Top 10 Oil & Gas Companies

Growth strategies, consolidation and convergence in the leading players

New Energy Management Report



Source: The Top 10 Oil & Gas Companies

N.B. Data relates to 2004

"The location of natural gas reserves and their key markets for consumption are mismatched. The bulk of gas reserves are in the Middle East, Europe and Eurasia (predominantly in the Russian Federation). The U.S. has only 2.9% of the global gas reserves and accounts for about 24% of the global consumption of natural gas..."

Benchmark the financial, production and reserves performance of the world's leading oil and gas companies using the analysis in this new report...

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Key issues examined in this report

Eni Reserves (2003-2005)

Reserves	2003	2004	2005
Liquids (mmb)	4,138.0	4,008.0	3,773.0
Gas (bcf)	18,008.0	18,435.0	17,591.0
Gas (mmboe)	3,130.5	3,210.6	3,063.6
Total (mmboe)	**7,268.5**	**7,218.6**	**6,836.6**
Liquids (% of total)	56.9%	55.5%	55.2%
Gas (% of total)	43.1%	44.5%	44.8%

Source: The Top 10 Oil & Gas Companies

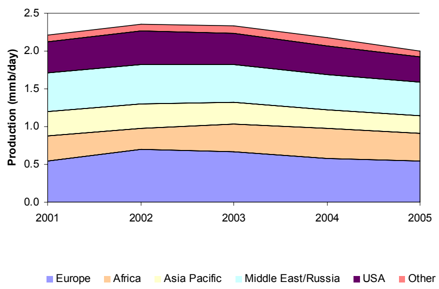
"Eni has a geographically well-diversified reserve base with reserves in more than 23 countries. Its net proved reserves of oil and natural gas are in excess of 6.8 bboe..."

Source: The Top 10 Oil & Gas Companies

- **High and increasing oil prices,** their underlying causes and their effect on the major oil and gas companies.
- **Competition for declining reserves.** Declines in both reserve life and production from existing fields are driving the leading oil and gas companies to formulate new strategies and technologies to acquire reserves and grow production.
- **Asian demand.** Rapidly population growth and strong economic growth is forecast to drive energy demand in the Asian countries to increase 57% by 2025.
- **Production stability.** Production is moving away from declining mature fields in Western countries, to politically unstable sensitive countries increasing the chances of disruptions increase and could contribute to higher oil prices in the future.
- **Alternative energy.** High oil prices and environmental concerns have renewed the appeal of alternative energy forms.

Your key questions answered...

Shell - Global liquids production



Source: The Top 10 Oil & Gas Companies

"Shell's overall liquid production has declined by 2.5% annually (CAGR) in the last five years. The greatest decline was in Asia Pacific followed by the USA and the Middle East. Only production in Africa increased between 2001 and 2005. About 27% of the total 2005 production of liquids was in Europe and 22% in the Middle East..."

Source: The Top 10 Oil & Gas Companies

- What is the current reserve replacement rate and reserve life of each of the leading oil and gas companies? What strategies are they pursuing to replenish their reserves and grow production?
- How much are the upstream capital expenditure budgets of each of the major oil and gas companies?
- What are the leading oil and companies plans for production growth given the decline in production from their existing fields and where are they focusing their exploration efforts?
- Which technologies are the leading oil and gas companies investing in and why?
- What are the key drivers of oil and gas industry mergers and acquisitions?
- What is the long term forecast for oil and gas consumption?
- What are the fundamental causes for high oil prices?

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Exxon Upstream Summary Financial Data (2003-2005)

Financial Data	2003	2004	2005
Sales & Operating Revenues ($ inbns)	21.3	23	30.1
After-tax Net Income ($ inbns)	14.5	16.7	24.3
Upstream Capital Expenditure ($ inbns)	12	11.7	14.5

Source: The Top 10 Oil & Gas Companies

"The level of Exxon's investments highlights the importance of the upstream segment in this business. It invested $14.5bn in upstream activities, which was almost 82% of the total investment in 2005 and 23.5% higher than 2004 capital expenditure in this segment in 2004..."

Source: The Top 10 Oil & Gas Companies

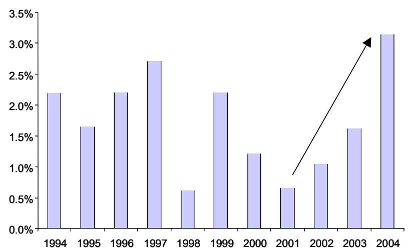
With oil prices at historical highs, most oil and gas companies have achieved record profits over the last couple of years. However, these companies face significant challenges including finding new reserves and growing production, which have serious economic implications..

The Top 10 Oil & Gas Companies: Growth strategies, consolidation and convergence in the leading players is a new report published by Business Insights that provides best practice profiles of the largest oil and gas companies examining key strengths, weaknesses, opportunities and threats facing these companies. This report contains detailed reserve analysis including replacement ratios, reserve life and the geographic distribution and concentration of reserves. It also examines upstream strategy in terms of exploration focus, production growth targets, technology and inorganic strategy.

This new report will help you to exploit the winning strategies leading oil and gas companies use to expand their businesses and achieve higher profitability.

This new report will enable you to...

Year-on-year growth rate of global oil consumption



Source: The Top 10 Oil & Gas Companies

"In 2004, global oil consumption grew at 2.5 mmb/d of which China accounted for nearly 900,000 b/d. This was double the average rate for the preceding decade. Oil consumption growth of 3.4% in 2004 was the fastest annual growth since 1986..."

Source: The Top 10 Oil & Gas Companies

- **Benchmark your performance against the world's most successful oil and gas companies** using this report's profiles of financial performance, key competitors and growth strategies.
- **Enhance your competitive strategies** based on the SWOT matrixes included in this report for Exxon, LUKOIL, BP, Chevron, Petrobras, Shell, Total, ConocoPhillips, Surgutneftegas and Eni.
- **Predict long term consumption and demand levels** based on this report's analysis of trends in current and future production by geography, reserves and consumption forecasts contained in this report.
- **Understand the drivers of key trends in the oil and gas market** using this report's examination of oil prices, population changes, economic growth, energy demand and technological development.

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Sample information from the report

Chapter 6: Chevron Corporation

In August 2005, Chevron acquired Unocal, an independent oil and gas firm, in a transaction valued at approximately $17.3bn. The transaction added 1.3 bboe to Chevron's reserve base at a valuation of approximately $10.8 per barrel of proved reserves and nearly $20 per barrel of proved, developed reserves. Unocal's reserves in the Caspian, the Southeast Asia and positions in the Gulf of Mexico were in many instances, complementary to Chevron's assets and strengthened its position in the select, high-growth regions. The group, headquartered in the Pacific Rim, is particularly well positioned following its acquisition of key gas assets in Southeast Asia to capitalize upon the growth opportunities in Asian gas demand. Unocal also enhanced Chevron's competency in ultra deep water drilling know-how.

Figure 6.33: SWOT Analysis - Chevron

Strengths	**Weaknesses**
Strong track record of exploration success Rich resource base of 62 bboe which can trigger a turnaround in reserve replacement rates Strong project pipeline to deliver production growth of 3% until 2010 Expert in deepwater E&P know-how	Decline in production, particularly in North America Low reserve replacement ratio in the last 2 years: 49% of production in 2004
Opportunities	**Threats**
Well positioned to exploit opportunities in Asian gas demand (post Unocal)	Concentration of reserves and risk in some areas. For instance, Kazakhstan accounts for 20% of 2004 reserves Potential for disruptions, higher taxation and nationalization of reserves in politically unstable countries

Source: The Top 10 Oil & Gas Companies

Chevron acquired Unocal more for the growth platform it offered rather than for the cost savings potential. In fact, cost savings from the merger, mainly arising from the elimination of duplicate facilities and services, and other synergies were estimated to be only $325 million on a pre-tax basis.

Conclusion

The key challenges confronting Chevron are decline in its production rate and reserve replacement rates in recent years. While some of the production challenges in 2005 were due to short-term reasons such as strong hurricanes in the Gulf of Mexico region, the secular decline in production is due to fall in the production rates of its US assets.

However, the group is well positioned to address both challenges. It has a very strong exploration track record and a total resource base of 62 bboe, of which 4.6 bboe was added in the last 3 years. After being below 100% for the past two years, a return to replacement ratios higher than 100% within the next three years seems likely given the near term additions to the reserves from projects such as Gorgon, Olokola LNG and Plataforma Deltana.

Chevron appears to be equally well positioned to address the lack of production growth and has committed to a 3% growth per year until 2010. A strong pipeline of project slated to come on stream should help Chevron achieving this target. Chevron is particularly well positioned to capture gas related opportunities in the Asian market.

As more production moves to politically unstable countries, Chevron, in common with its peers, faces added risks of disruptions, production restrictions and higher taxes. In particular, the company has 20% of its liquids reserves in Kazakhstan as of 2005. However besides TCO, the company's reserves are sufficiently well diversified with no single property accounted for more than 5% of the company's total oil-equivalent proved reserves.

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