

Excom Early Look Business Plan 2000

- **Flaws in the Capital Allocation Process**
- **The Capex requirements**
- **The Over-promise on delivery**
- **The Way Ahead**

The Good News

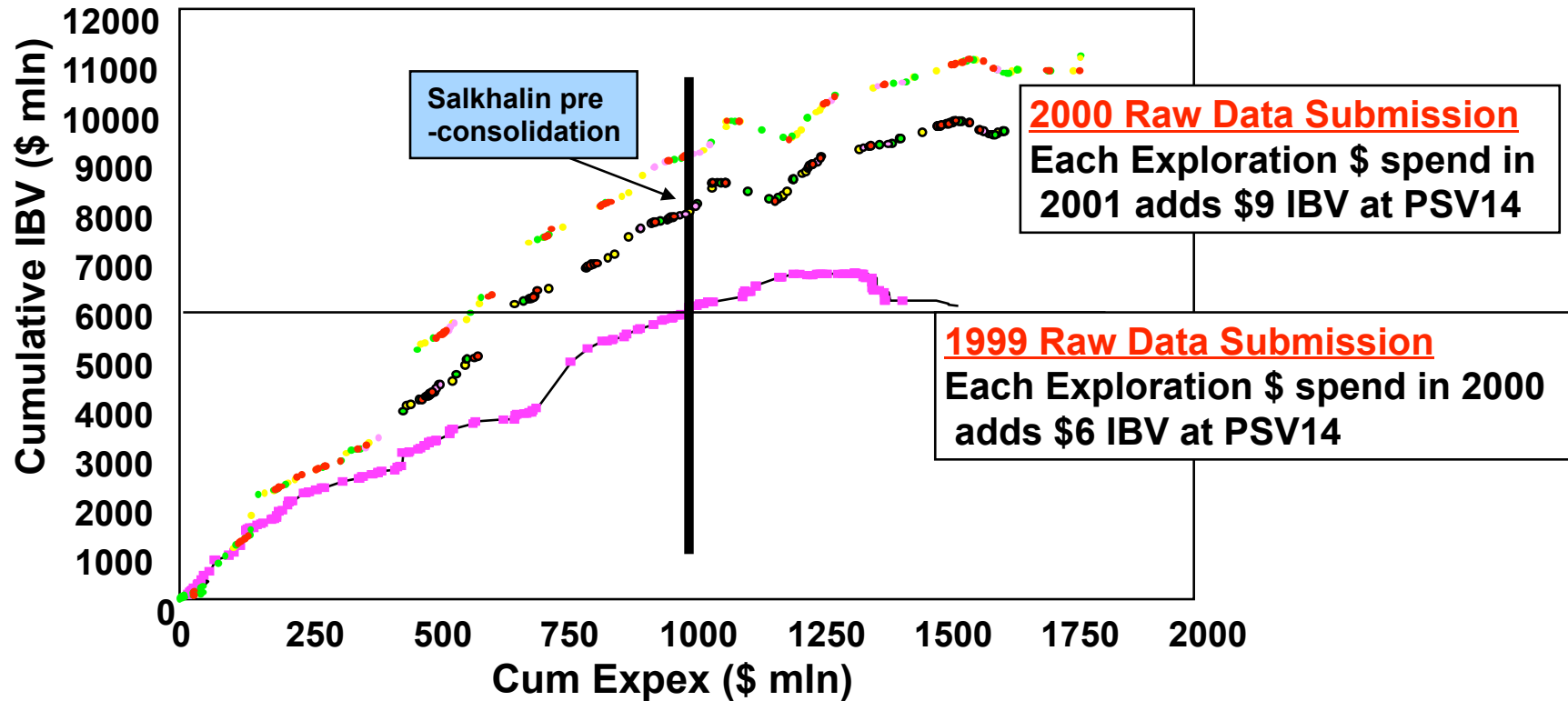
- **High quality internally consistent data submissions**
- **Abundance of projects competing for funds:**
 - **1.9 bln US\$ Exploration**
 - **7.0 bln US\$ Production**

The Bad News

- **Projects appear over-optimistic both in Exploration and Production**
- **The Capital Allocation Process appears to be flawed with overstatements of key parameters to secure funds**

We run the risk of initiating an Over-promise Under-delivery Cycle.....

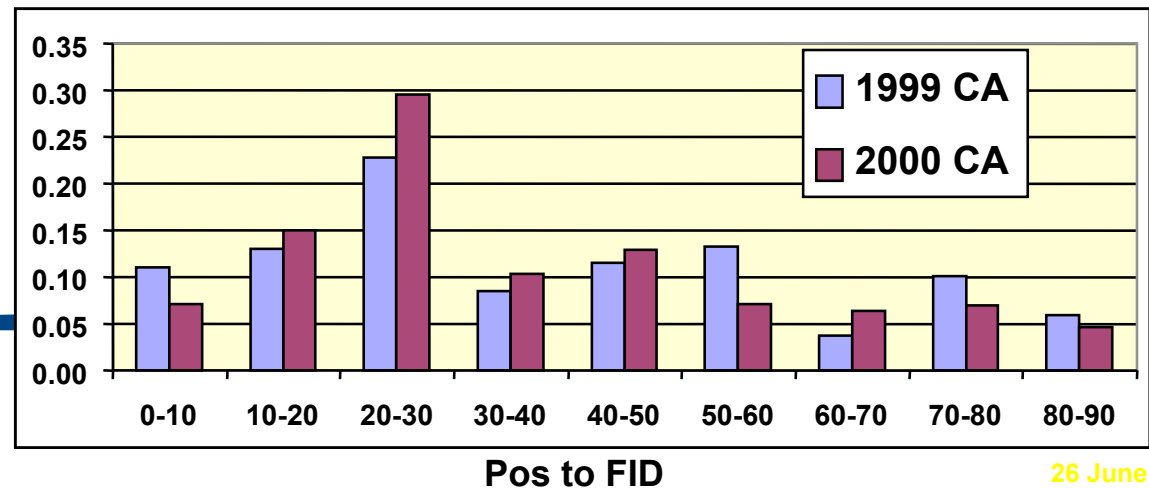
Exploration-Overstated Value?



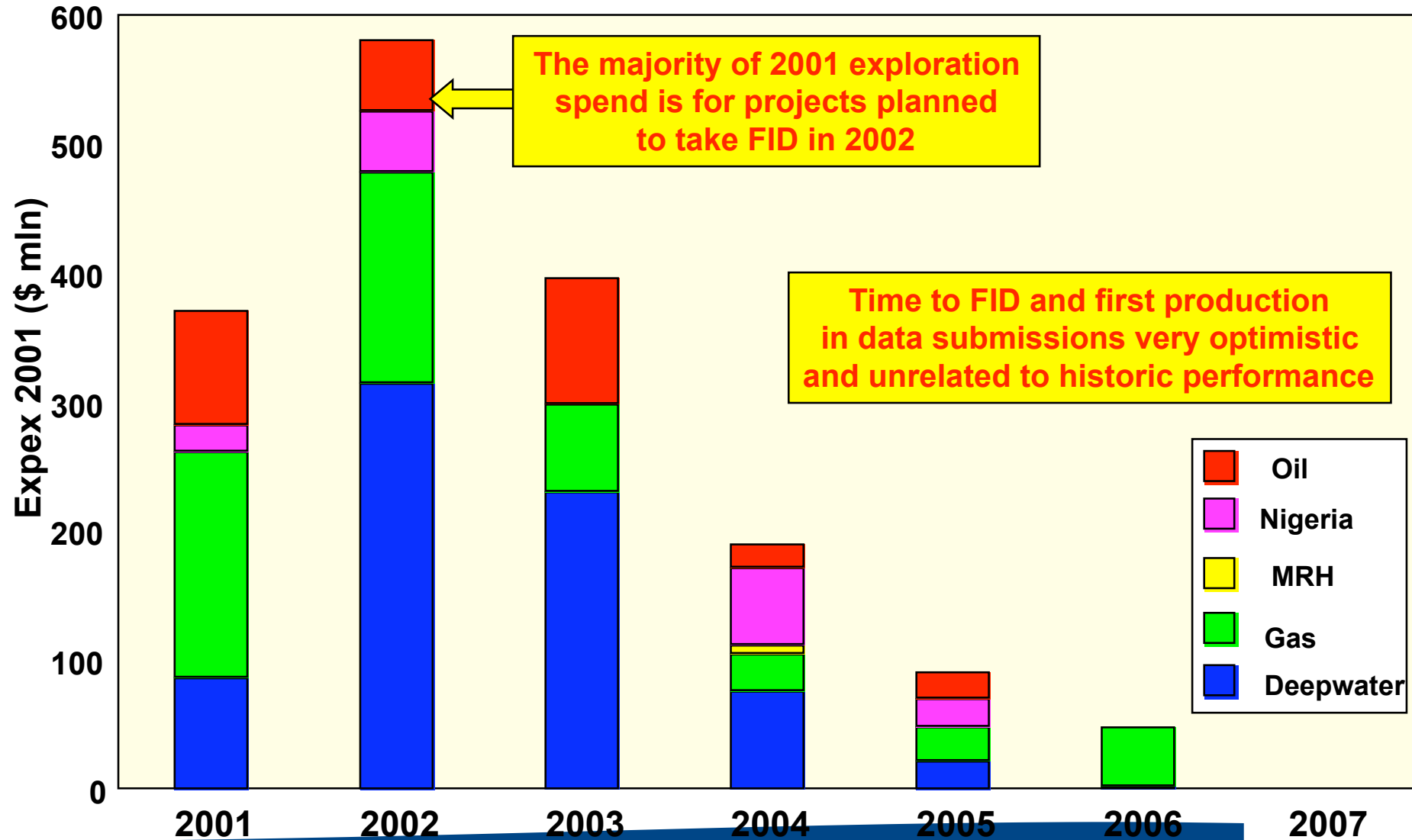
Pos to FID shows no major differences in 99 submission to 2000



Expex Spend (Normalised)



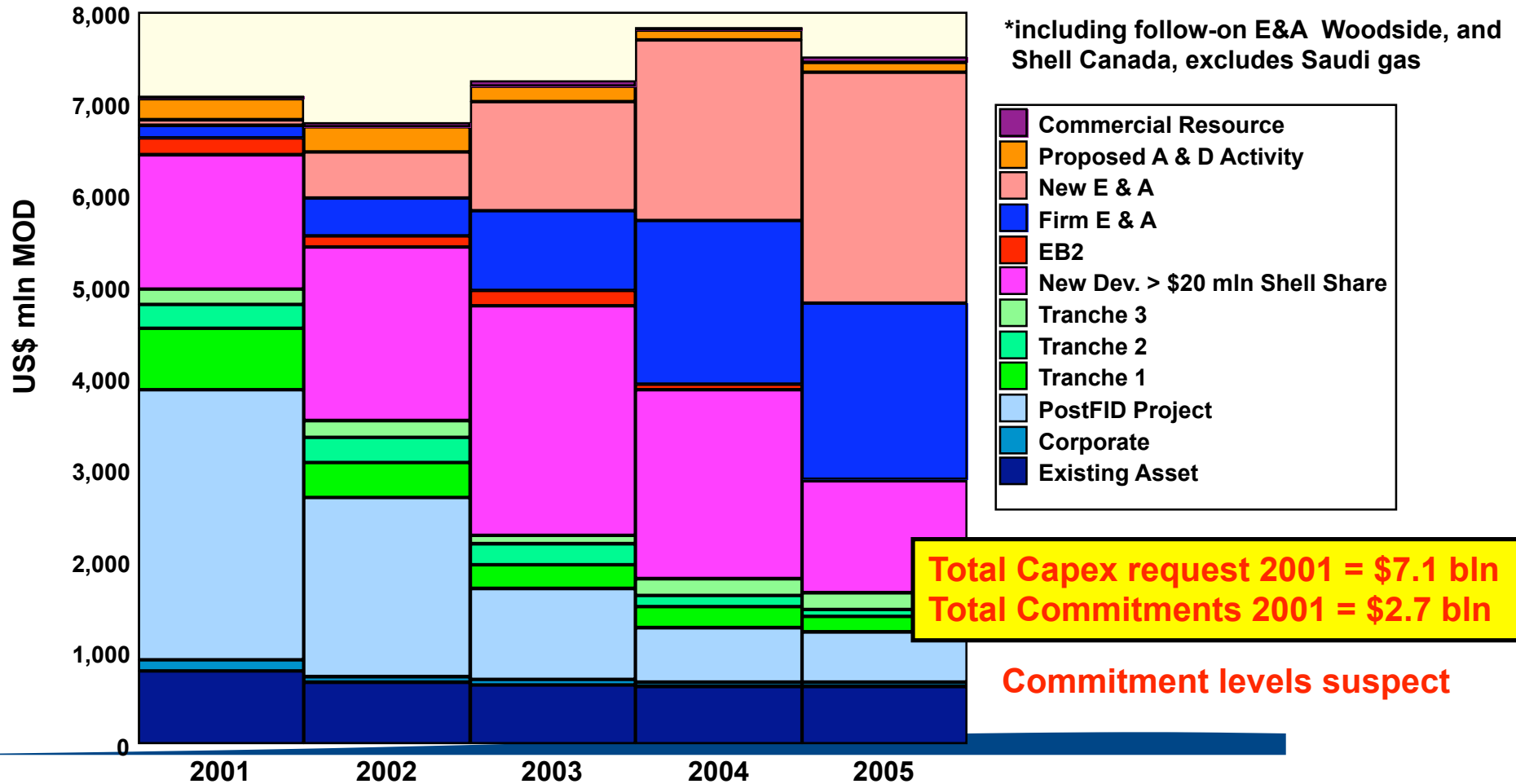
Exploration: Overstated Delivery?



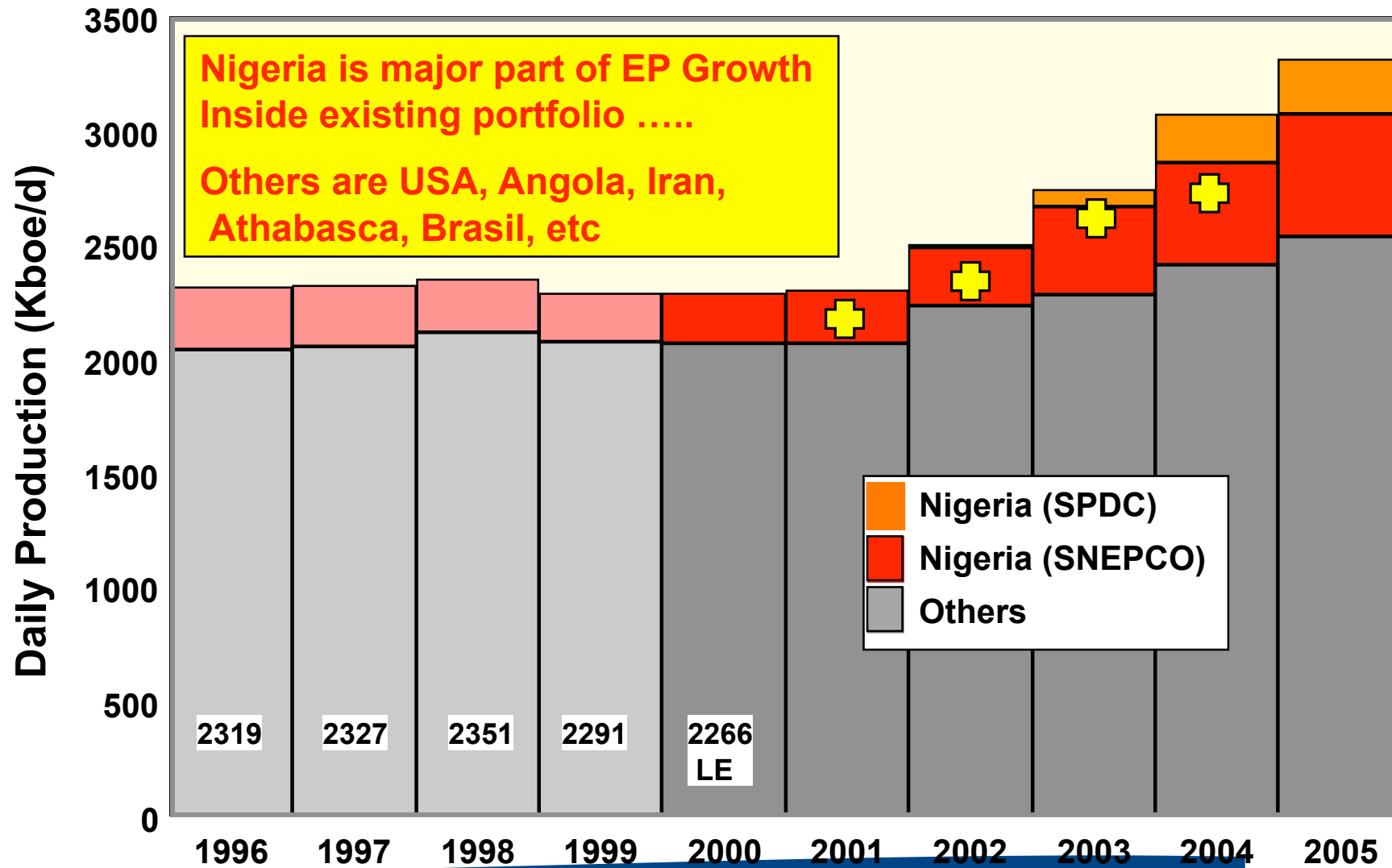
CAPEX REQUEST 2001-2005

Raw Data Submission

Proposed spend is ca \$7 bln per year over the Plan Period*

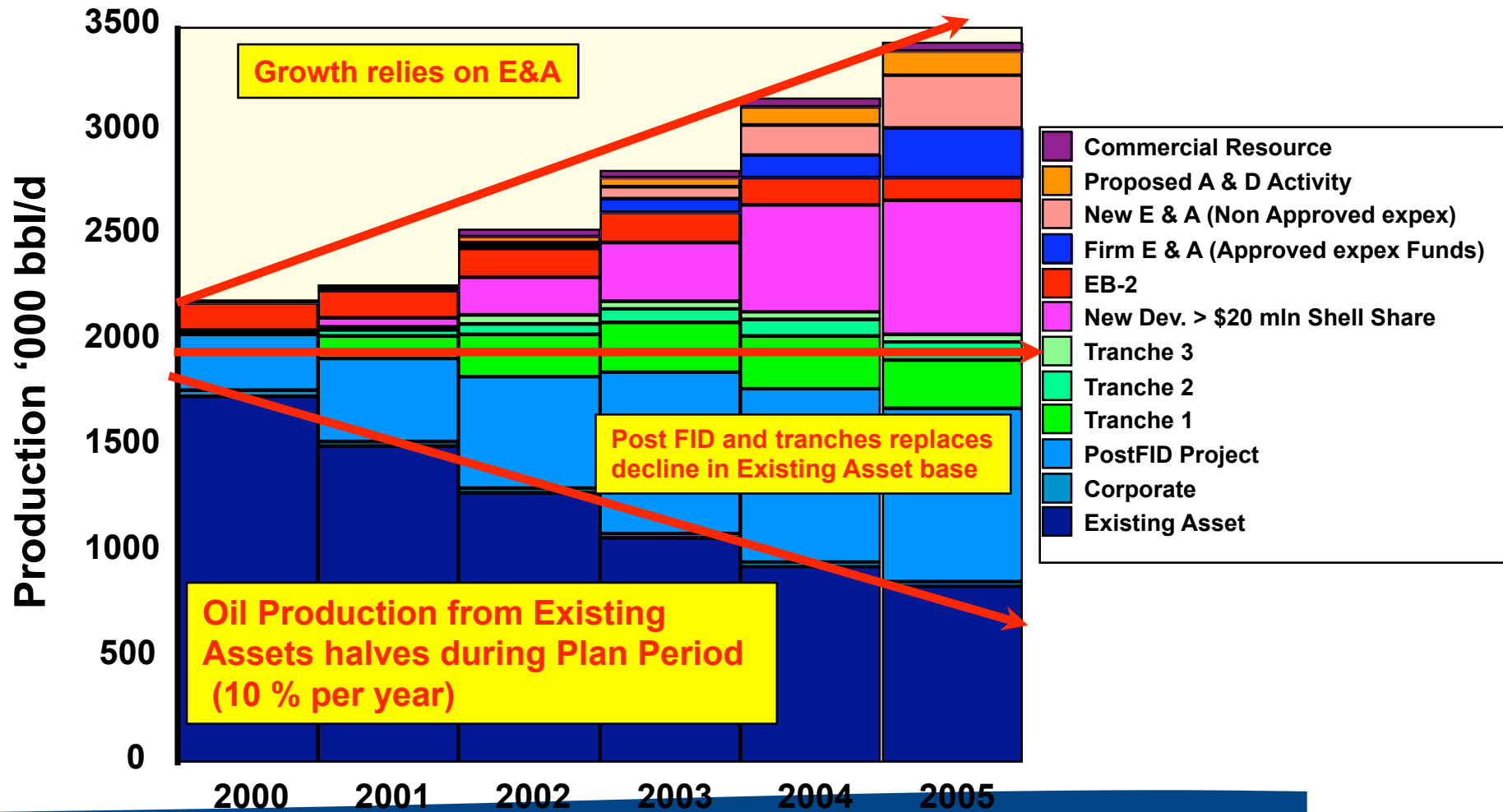


Production: Can we deliver on this promise?



OIL PRODUCTION 2001-2005

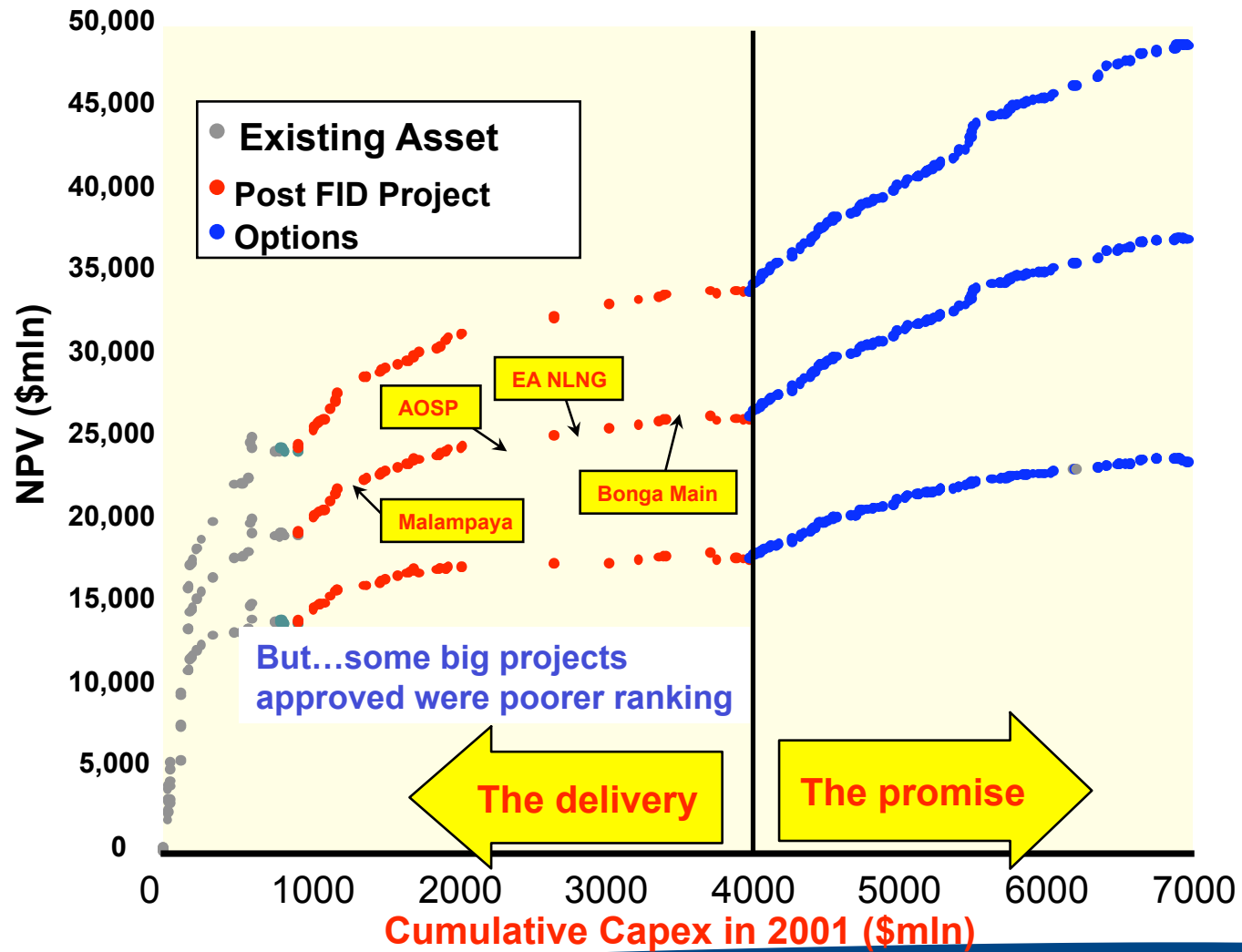
Raw Data Submission



Major Concerns

- Existing Assets require 800 Million US\$ in 2001 without adding production...
 - Most large post-FID projects indicate underdelivery compared with 1999
 - New projects have very aggressive FID dates (36 FIDs in 2001 excluding big tickets e.g. Saudi Gas) and possibly overstated value promises
 - E&A Follow Up extremely optimistic when compared with history
 - **Not enough funds for promising projects and strategic options**
-

CAPEX CREAMING CURVE



Historical performance raises questions over ambitious future promises

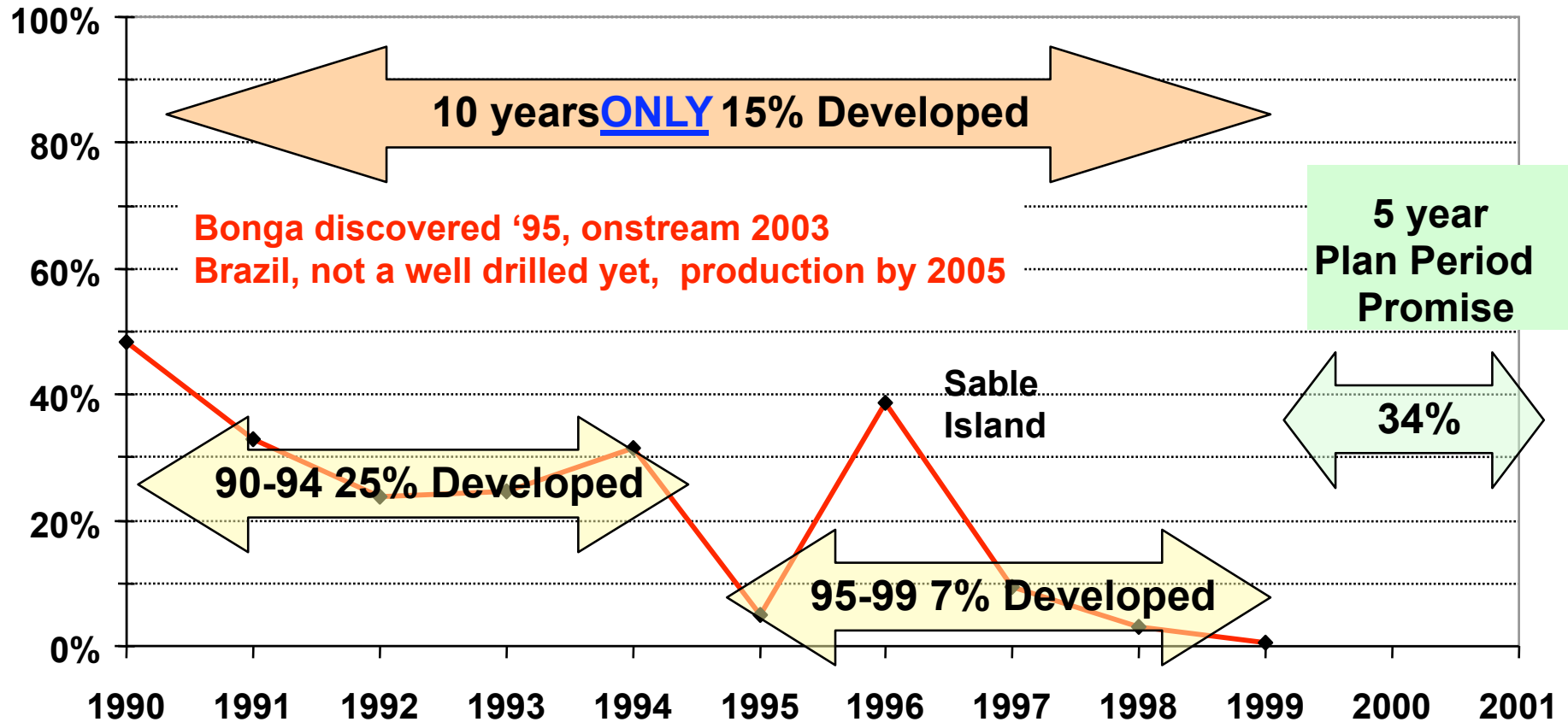
But...some big projects approved were poorer ranking

The delivery

The promise

Exploration Discoveries 1990-1999

Development Percentage @1.1.2000



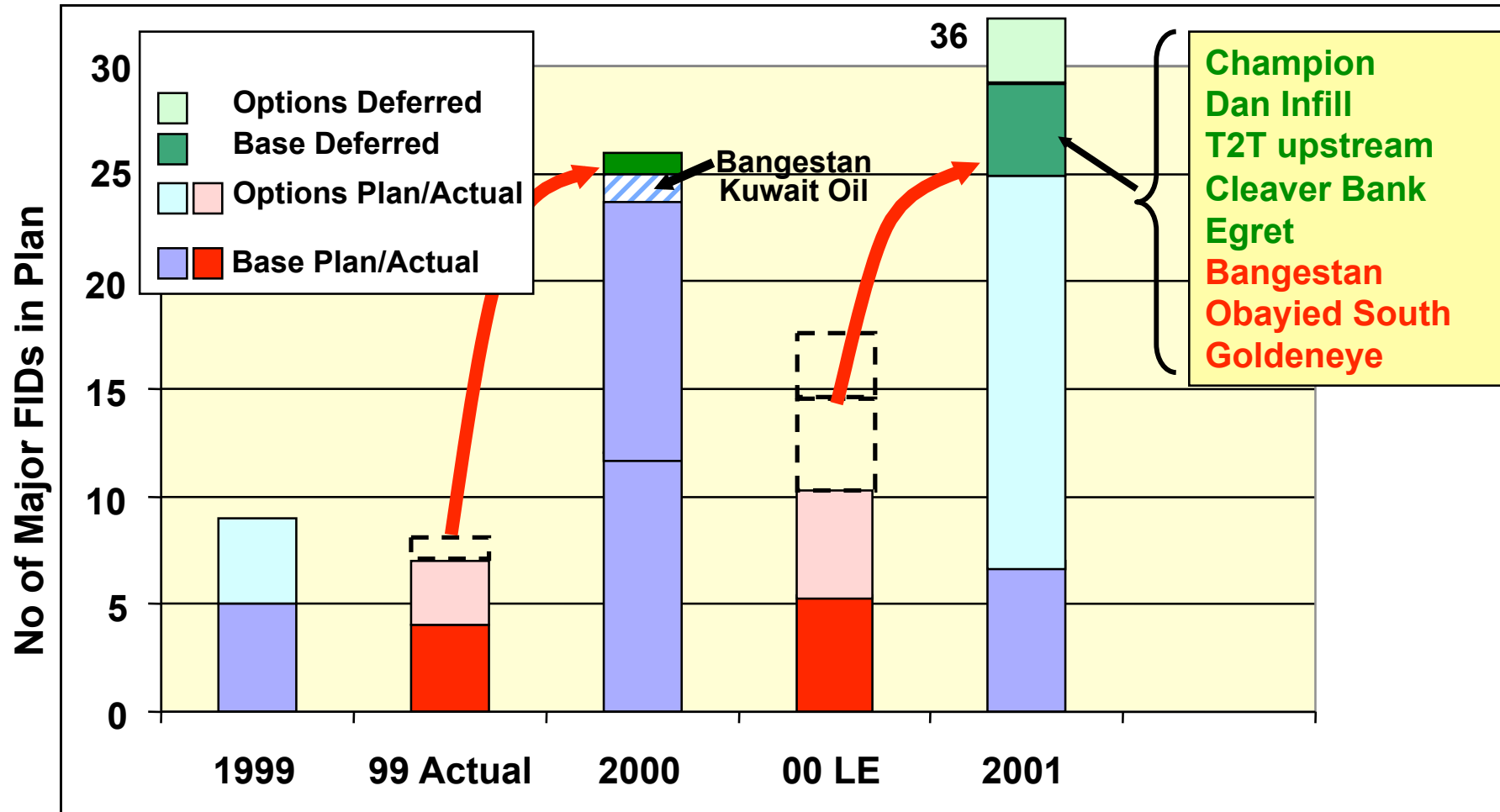
>> 34% Development percentage Exploration discoveries within 5 years has not been achieved to date

Plan Excl. Sakhalin & OKIOC

MAJOR PROJECT FIDs 2000 from BP'99

	Country	Projects with FIDs in 2000	BP '99 Timing	CA 2000 Timing
On-time	Shell Malaysia (total)	KN ROUND 2	01-2000	1999
	Shell Malaysia (total)	KN S1S2	01-2000	1999
	Shell Iran	Soroosh /Nowrooz	01-2000	11-1999
	Shell USA	Oregano	05-2000	04-2000
	Shell USA	Serrano	05-2000	04-2000
	Shell USA	Na Kika	05-2000	07-2000
	Shell USA	North Marlin	04-2000	07-2000
	Norske Shell	Garn West	03-2000	04-2000
	Shell UK Expro	Mandarin	10-2000	09-2000
	SPDC	Bonny Terminal Refurbishment	07-2000	07-2000
	SPDC	Cawthorne Channel	09-2000	10-2000
Slipped	Brunei Shell	Champion West Existing Facilities	12-2000	01-2001
	SOGU	Dan Infill and Debottlenecking	03-2000	03-2001
	Shell Egypt N.V.	Obaiyed South Devt	11-2000	07-2001
	Shell UK Expro	Goldeneye	10-2000	12-2001
	Turkmenistan, Uzbekistan,	Uzbekistan Alan & Kandym	07-2000	01-2001
	Shell Australia	NWS LNG Expansion U/S	03-2000	01-2004
	Shell Australia	ALNG LNG Train 1 U/S	09-2000	01-2004
	Brunei Shell	Egret Development	10-2000	01-2004
	Shell UK Expro	Cleaver Bank High	10-2000	10-2001
	Shell Capsa	Cerro Tuyunti Sth.	11-2000	?
	A/S Norske Shell	Sogn Gjoa Development	09-2000	?
Shell Devt. Pakistan B.V.	Kirthar Block : Bhit dev	03-2000	?	

MAJOR PROJECT FIDs 2000 from BP'99

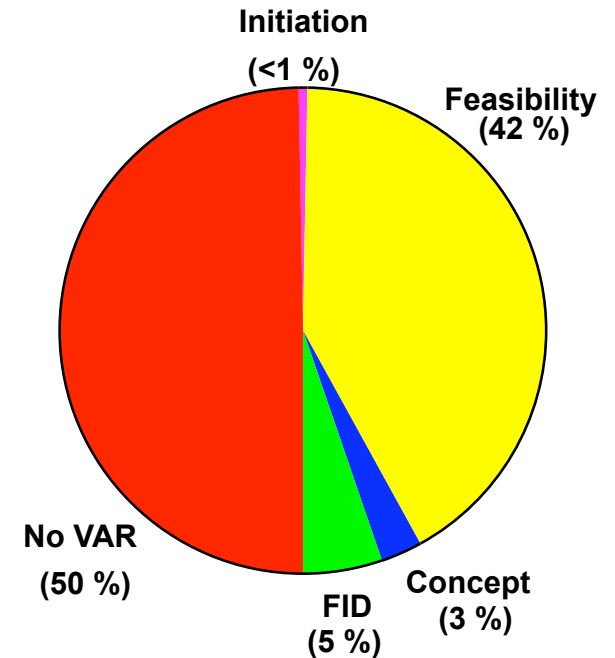


- 12 major Base Plan projects planned for FID in 2000 (BP 99) - 5 will now take FID
- 13 major Options projects planned for FID in 2000 (BP 99) - 6 will now take FID

MAJOR PROJECTS WITH PROMISES OF FID IN 2001....

Country	Project	2001 Capex	2001-2005 Capex (Risked)	
Australia (Direct)	Gorgon SMDS Upstream	0	46	■
Brunei	Champion West Central Platform Dev	1	75	■
Brunei	East Gas Expansion	4	38	■
Brunei	Egret Development. Phase 1	3	40	■
Denmark	Halfdan Phase III	102	475	■
Denmark	Halfdan Phase II	41	65	■
Denmark	GSA4	13	75	■
Denmark	Dan Infill and Debottlenecking	8	42	■
Denmark	Skjold Phase II	32	32	■
Egypt	Obaiyed South & Compression I	26	85	■
Malaysia	96 PSC : BT/SF Stage IVC(SF30) WI Int.	1	31	■
New Zealand	Pohokura Development	3	26	■
Nigeria (SNEPCO)	Erha Main	48	902	■
Nigeria (SNEPCO)	EWTF (Extended Well Test Facility)	118	128	■
Nigeria (SPDC)	92 Offshore Pipeline AF - NLNG 1-5	87	184	■
Nigeria (SPDC)	49 UGHELLI	24	122	■
Nigeria (SPDC)	66 OTUMARA - NLNG 4/5	16	117	■
Nigeria (SPDC)	67 SAPELE	1	90	■
Nigeria (SPDC)	45 OGUTA	3	77	■
Nigeria (SPDC)	61 BONNY - NLNG 3	1	29	■
Nigeria (SPDC)	98 WAGP	22	22	■

VAR coverage in 2001 on Total Capex



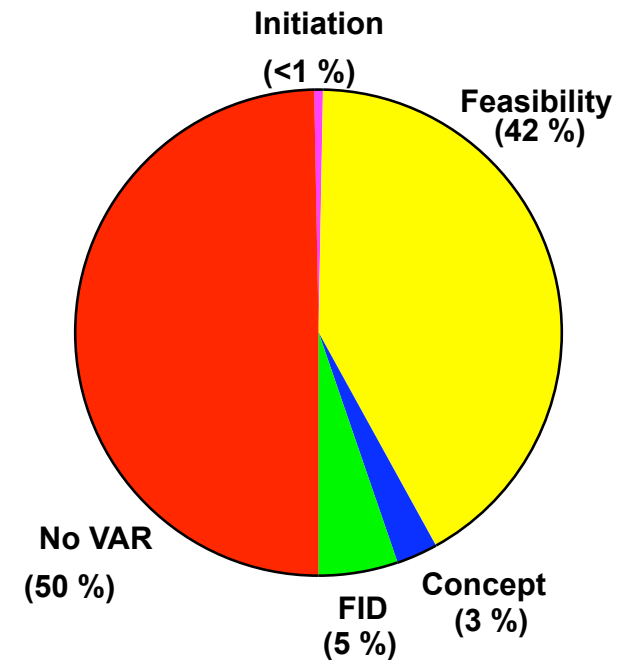
Total Capex from 2001 FID projects amounts to \$4 bln in plan period

36 Projects with >20 mln spend excluding Major Options e.g. Bangestan, Saudi Gas

MAJOR PROJECTS WITH FID IN 2001 - continued

Country	Project	2001 Capex	2001-2005 Capex (Risky)	
Norway	Kollsnes and Vestprosess Upgrade	0	53	■
Philippines	Malampaya Oil Rim Devt - unrisked	6	83	■
Russia (Rest of)	Salym	29	129	■
Syria	Souedie	0	26	■
UK	Goldeneye	7	151	■
UK	Loyal Phase II (W.o.S)	31	65	■
UK	Puffin Field Development	9	62	■
UK	Schiehallion Extension Claw	9	57	■
UK	Scoter	0	55	■
UK	Schiehallion North Channel	0	21	■
USA	Holstein	26	327	■
USA	Habanero	0	39	■
USA	Manatee	14	33	■
USA	Alex Gas Devt Phase 2	22	22	■
Venezuela	02 - 05 Further Dev. (1)	0	64	■

VAR coverage in 2001 on Total Capex

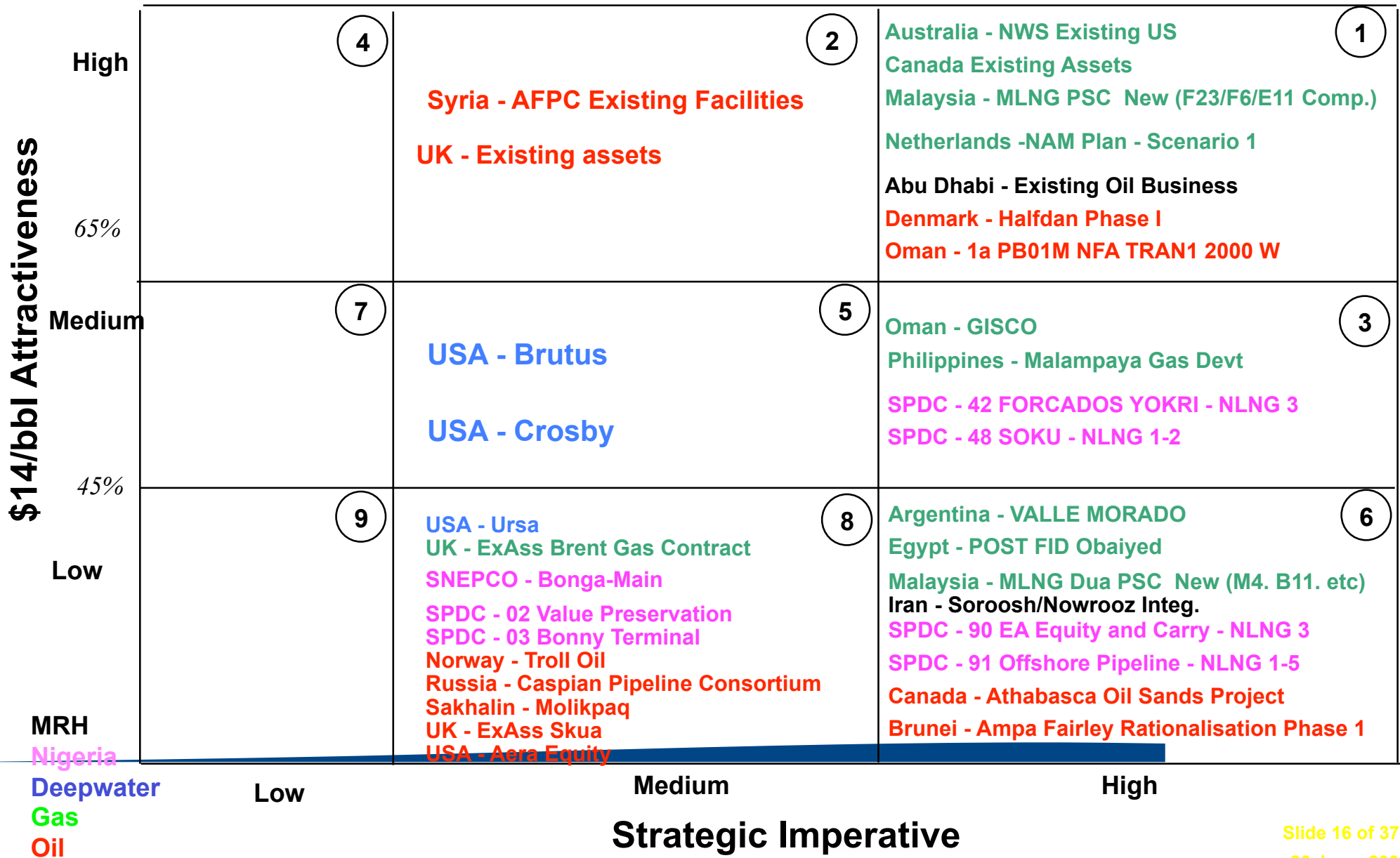


Total Capex from 2001 FID projects circa \$4 bln in plan period

36 Projects with >20 mln spend excluding Major Options e.g. Bangestan, Saudi Gas

Existing Assets / Post FID Ranking (2001 Capex > \$20 million)

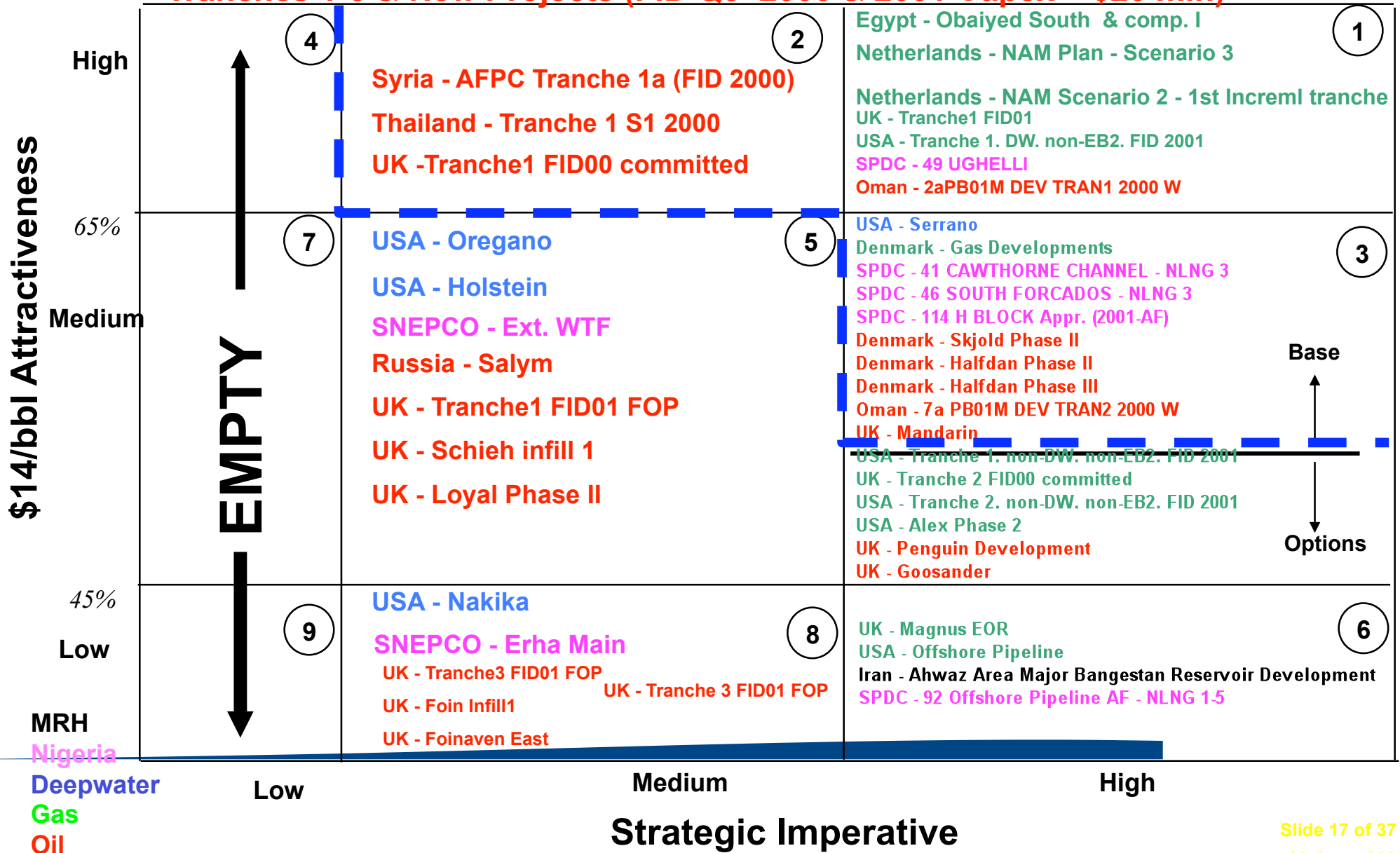
\$14/bbl



\$ 5.5 BLN CAPEX CEILING FOR EXISTING OUs

\$14/bbl

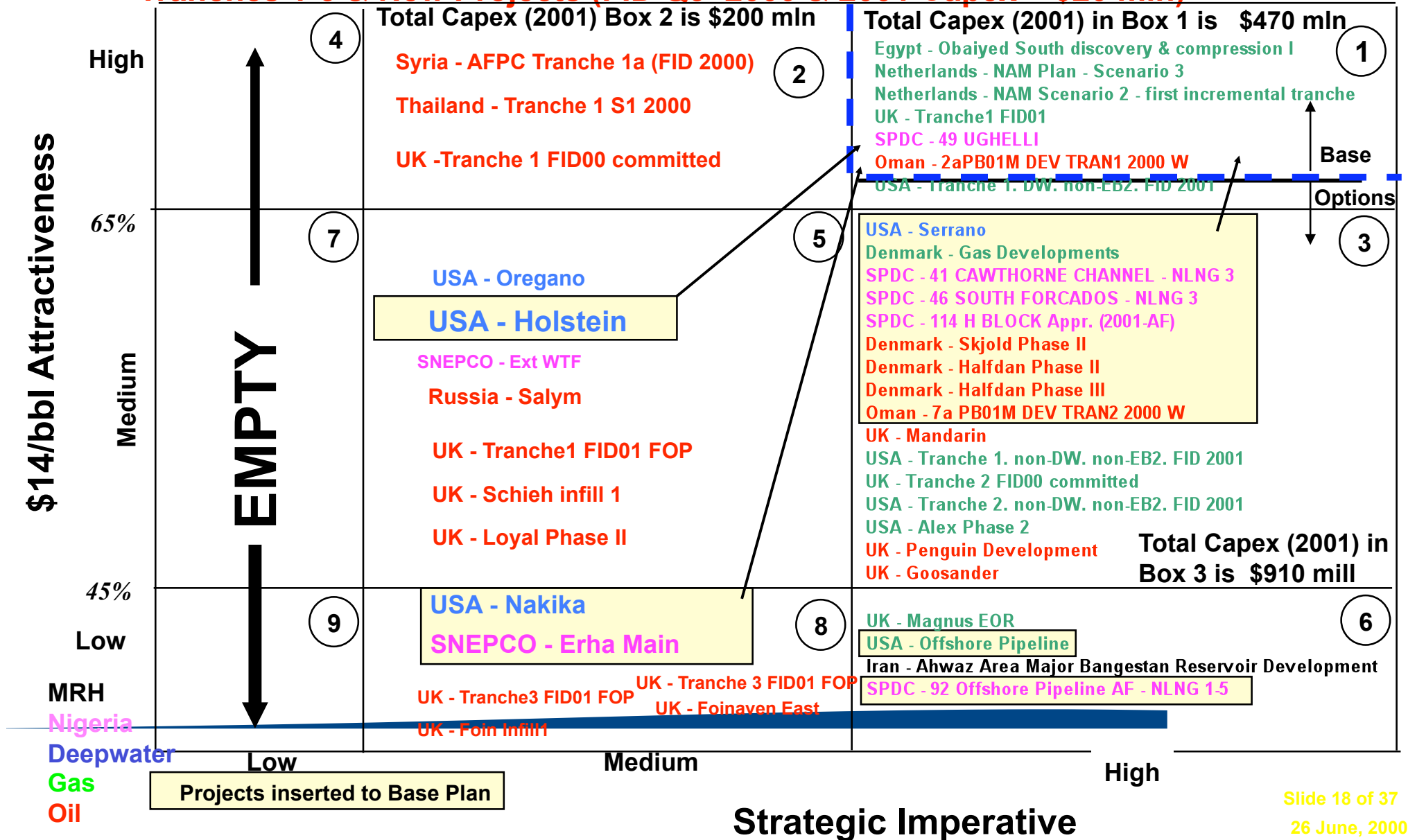
Tranches 1-3 & New Projects (FID Q3+ 2000 & 2001 Capex > \$20 mln)



\$ 5.5 BLN CAPEX CEILING.....DENMARK & BIG PROJECTS IN

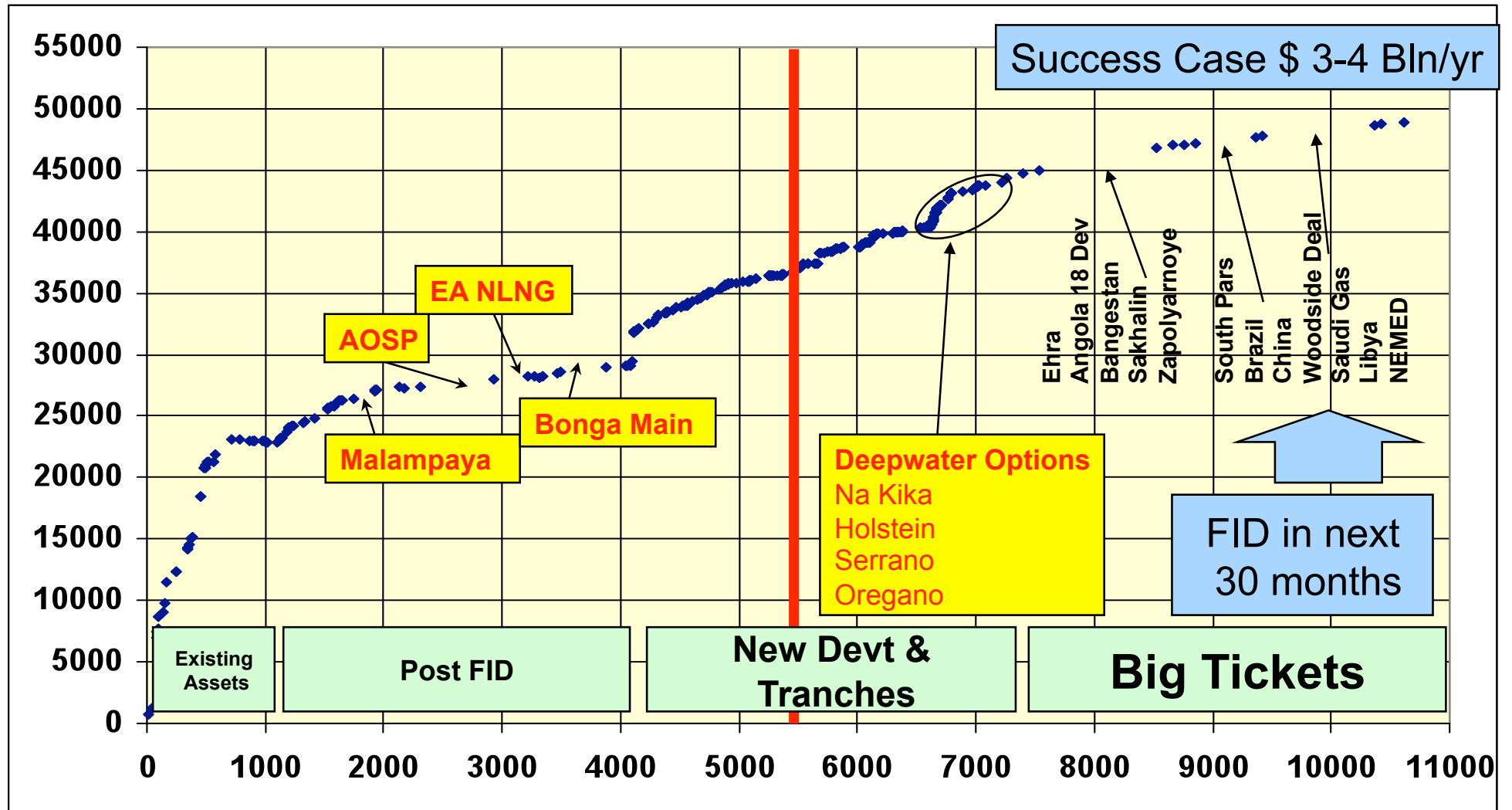
\$14/bbl

Tranches 1-3 & New Projects (FID Q3+ 2000 & 2001 Capex > \$20 mln)



CAPEX CREAMING CURVE

NPV Bln \$



Cumulative Capex in 2001

The Way Forward..(1)

- We accept the flaws in the process, challenge the submissions at the workshop, build the 2000 Plan and make a “*promise adjustment*” at Excom level:
 - existing assets minus 200 Million US\$
 - post-FID minus 400 Million US\$
 - weed out “false promises” to the tune of 400 Million US\$
 - adjust production promise

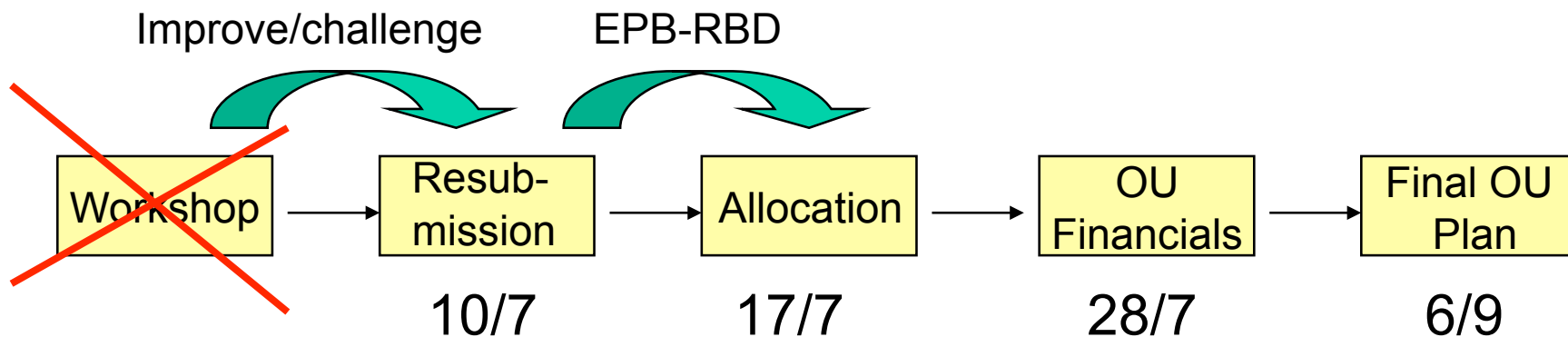
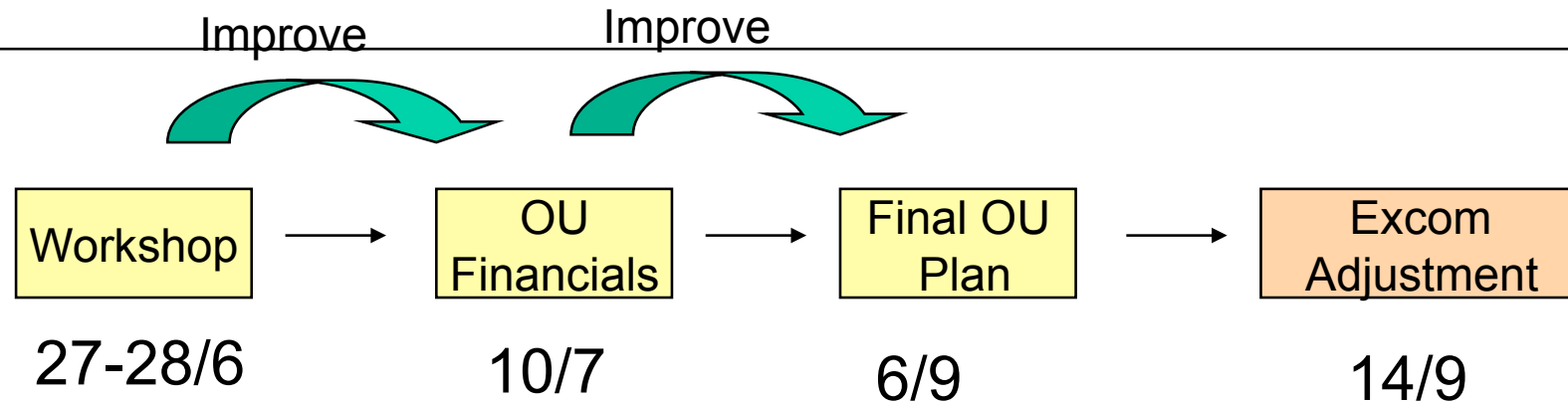
Manage Improvement through the scorecards

We must address the integrity flaws in the CA process and send a very strong signal...

The Way Forward..(2)

- We demand a resubmission....we change the workshop:
 - We explain our problems to the delegates at workshop.
 - We ask the delegates to return to their OU/NVOs and rework their submissions and restore reality
 - Key OU/NVOs will be invited for a hard challenge session with the Excom (large OUs) or their RBD.
- After resubmission of sanitised data, a final ranking will be done with the RBA/RFA community.

Two Possible Schedules



BACKUPSDETAILS

KEY METRICS - RAW DATA

Base

	<i>Capex 2001</i>	<i>IBV \$14</i>	<i>Boe/d 2001</i>	<i>Boe/d 2002</i>	<i>Boe/d 2003</i>
Deepwater	454	5418	395	438	386
Gas	1238	16551	1351	1323	1361
MRH	278	34	139	180	205
Nigeria	1291	4509	265	288	494
Oil	2308	14271	1586	1524	1438
Total	5570	40783	3735	3754	3884

Value continues to be dominated by traditional OUs Nigeria dominance of production growth not reflected in value

Options

	<i>Capex 2001</i>	<i>IBV \$14</i>	<i>Boe/d 2001</i>	<i>Boe/d 2002</i>	<i>Boe/d 2003</i>
Deepwater	520	29176	2	33	100
Gas	469	20702	12	65	139
MRH	83	1582	0	5	12
Nigeria	220	4116	7	38	59
Oil	466	10374	41	169	286
Total	1757	65950	63	312	597

Deepwater excludes SNEPCO Ranked out production in 2001 63,000 bbls/d Does not reflect OUs outside EP control - (SOGU)

SHORT TERM OPPORTUNITIESRANKED OUT

Short Term Oil Projects are predominantly in Shell Expro.....

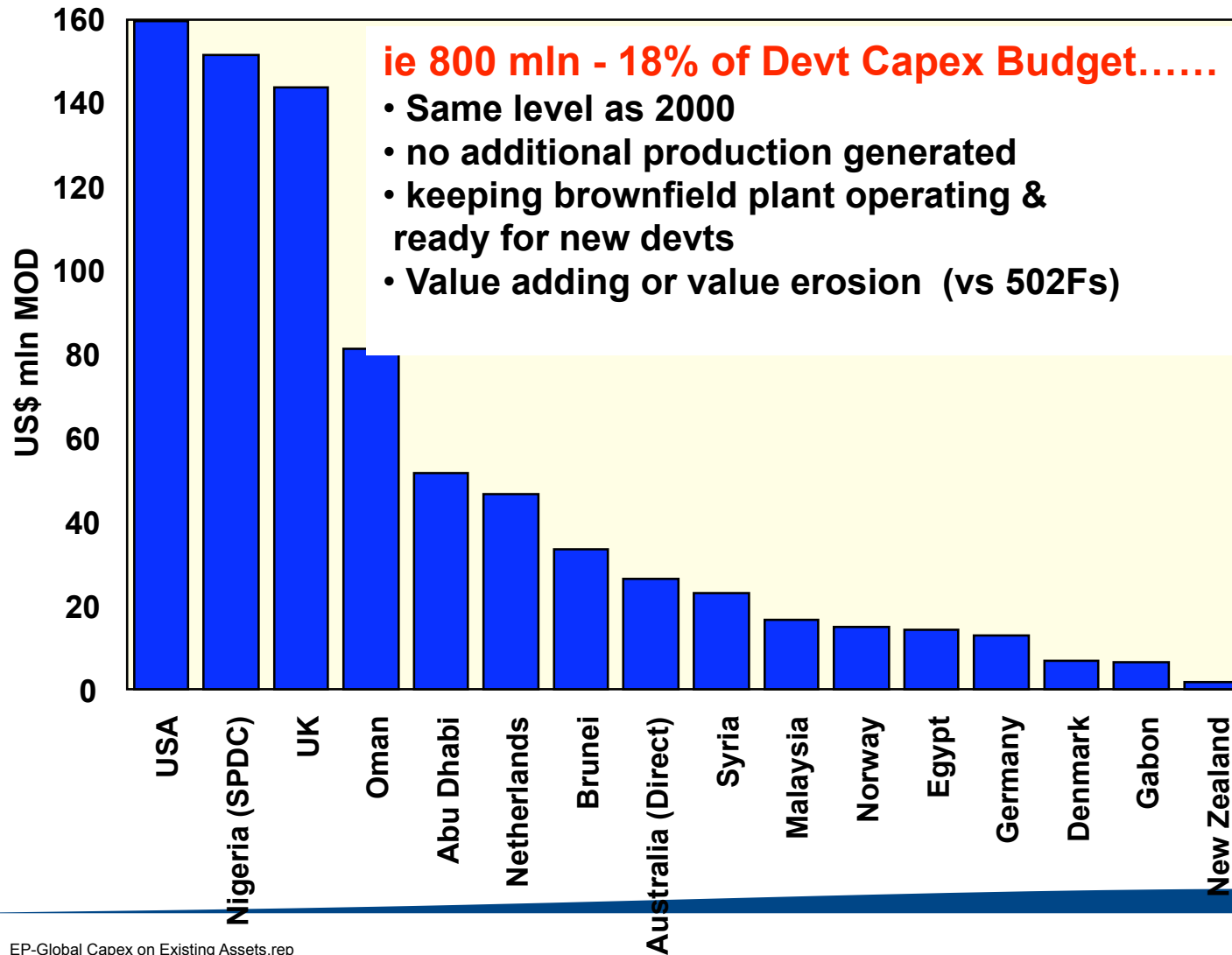
Country Name	Project Name	CA Cat	FID yr	Status	2001 Capex	2001 MBOE/d
UK	Tranche 2 FID00 FOP	Tranche 2	2000	Option	5.96	4.40
UK	Tranche 3 FID00 FOP	Tranche 3	2000	Base	12.60	21.27
UK	Tranche1 FID00 FOP	Tranche 1	2000	Base	15.46	22.73
UK	Tranche1 FID01 FOP	Tranche 1	2001	Option	25.23	5.08
UK	Tranche1 FID02 FOP	Tranche 1	2002	Option	0.29	0.00
UK	Tranche2 FID01 FOP	Tranche 2	2001	Option	8.51	1.03
UK	Tranche2 FID02 FOP	Tranche 2	2002	Option	0.00	0.00
UK	Tranche3 FID01 FOP	Tranche 3	2001	Option	31.91	2.39
UK	Tranche3 FID02 FOP	Tranche 3	2002	Option	0.00	0.00
			Sum:		99.94	56.89

UTCs \$3.5 - 5.5/bbl

VIRs [\$14] 0.4 - 0.8

low / medium strategic fit.

“EXISTING ASSET” CATEGORY CAPEX 2001

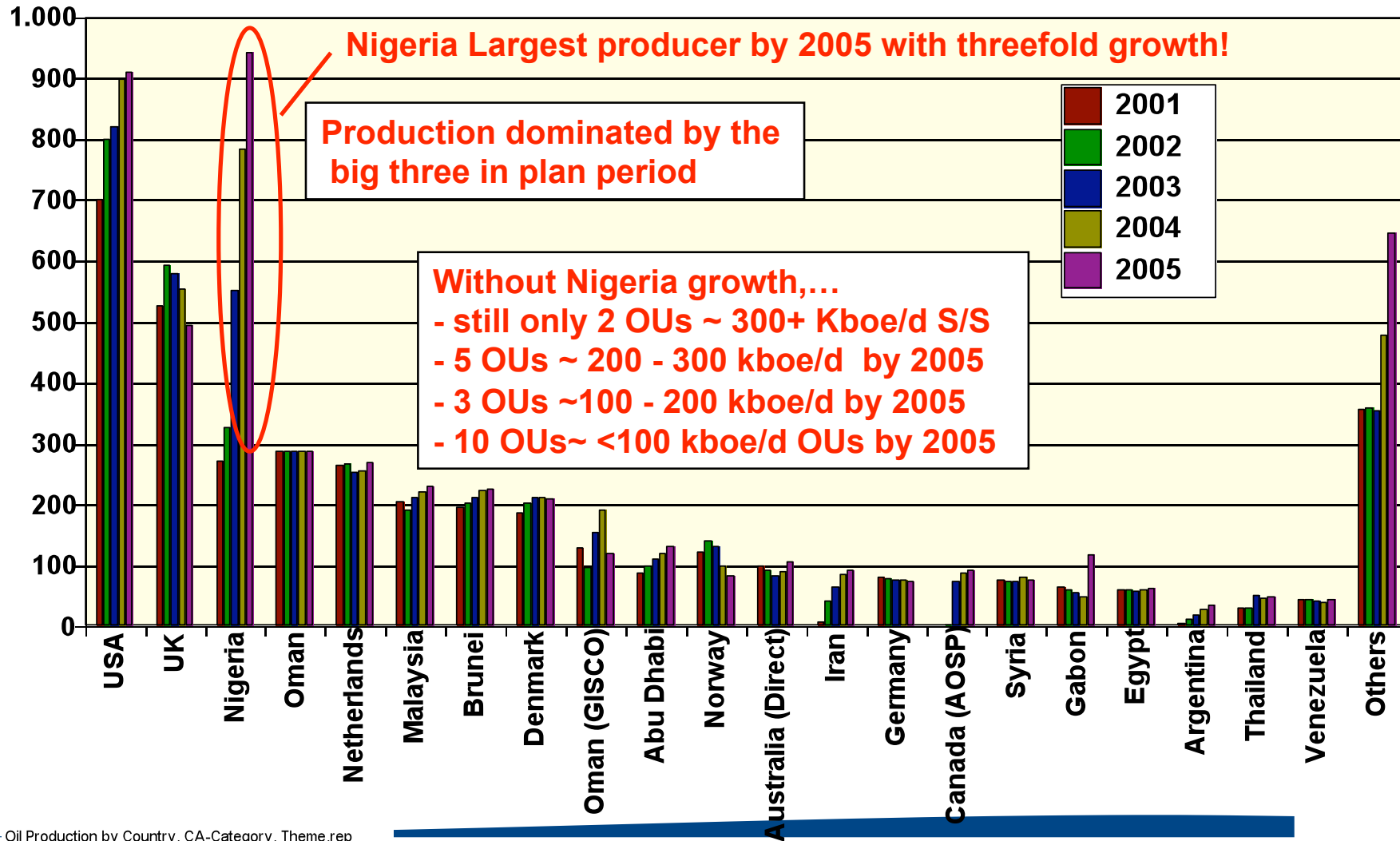


Country Name	Capex 2001
Abu Dhabi	52
Australia (Direct)	27
Brunei	34
Denmark	7
Egypt	15
Gabon	7
Germany	13
Malaysia	17
Netherlands	47
New Zealand	2
Nigeria (SPDC)	152
Norway	15
Oman	81
Syria	23
UK	144
USA	160
Total	794

OIL & GAS PRODUCTION 2001-2005 BY OU

Raw Data Submission

'000 boe/d



Oil Production by Country, CA-Category, Theme.rep

A few Outcomes from the Raw Data.....

Raw data quality is good,

.....but there is a large request will be a tough competition for funds

.....Large number of attractive new devts & tranche funds

Large amount of funds for existing assets & Post FIDs ca \$4 Bln

To maintain oil production requires ca \$5 Bln, with 100 % delivery

Before we consider more capex funds.....there are some issues....

But new devt “promises” are different from Vol- 1 findings

.....Most post FID projects have been under delivering production

.....Most projects have aggressive schedules vs Vol-1 reality

.....VAR programme will have to be accelerated to meet FID planned

.....Last years E&A followup developments have largely not materialised

How do we avoid an “over promise & under delivery” cycle...?

KEY ISSUES

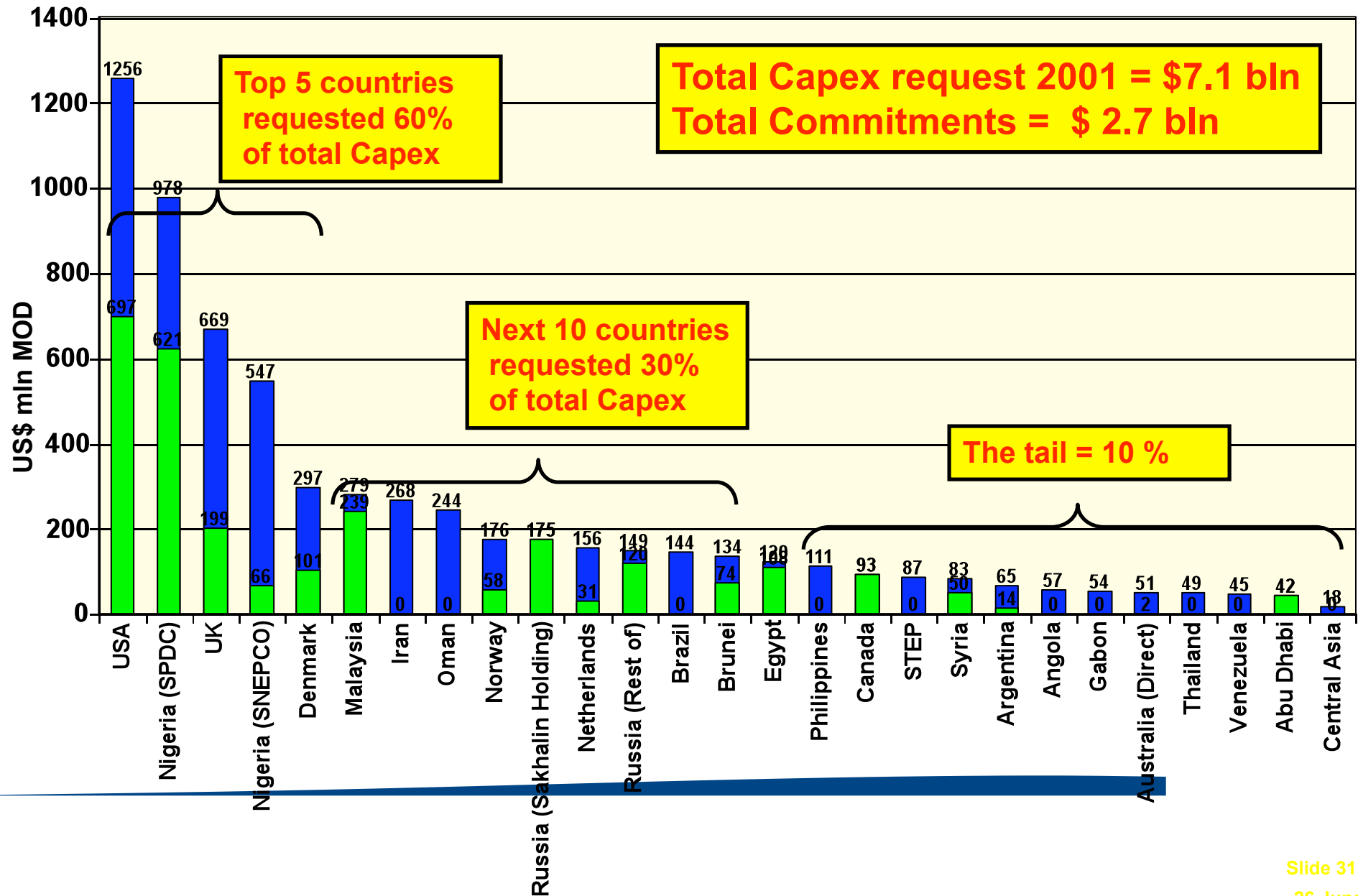
CURRENT PERFORMANCE

- **Production under-performance**
 - 1999: UK, Egypt, SPDC, Syria, Netherlands
 - 2000 LE: Oil : Essentially on target but SPDC,
Gas : Egypt, Argentina, Netherlands, US
- **Major New Project Delivery**
 - 1999 on-stream disappointments due mainly to project schedule delays
 - 2000 onwards (CA 2000) suggests production under-delivery (sub-surface & facilities)
 - Reserves Replacement
 - 2000 LE 24 % with major concerns throughout Plan Period

FUTURE PROMISES

- Continued reliance upon Nigeria (and our ability to grow oil production there)
- Need to avoid over promising and under delivering cycle.
- Continued pursuit of major Capex spend outside of existing portfolio ..are regretting oil?

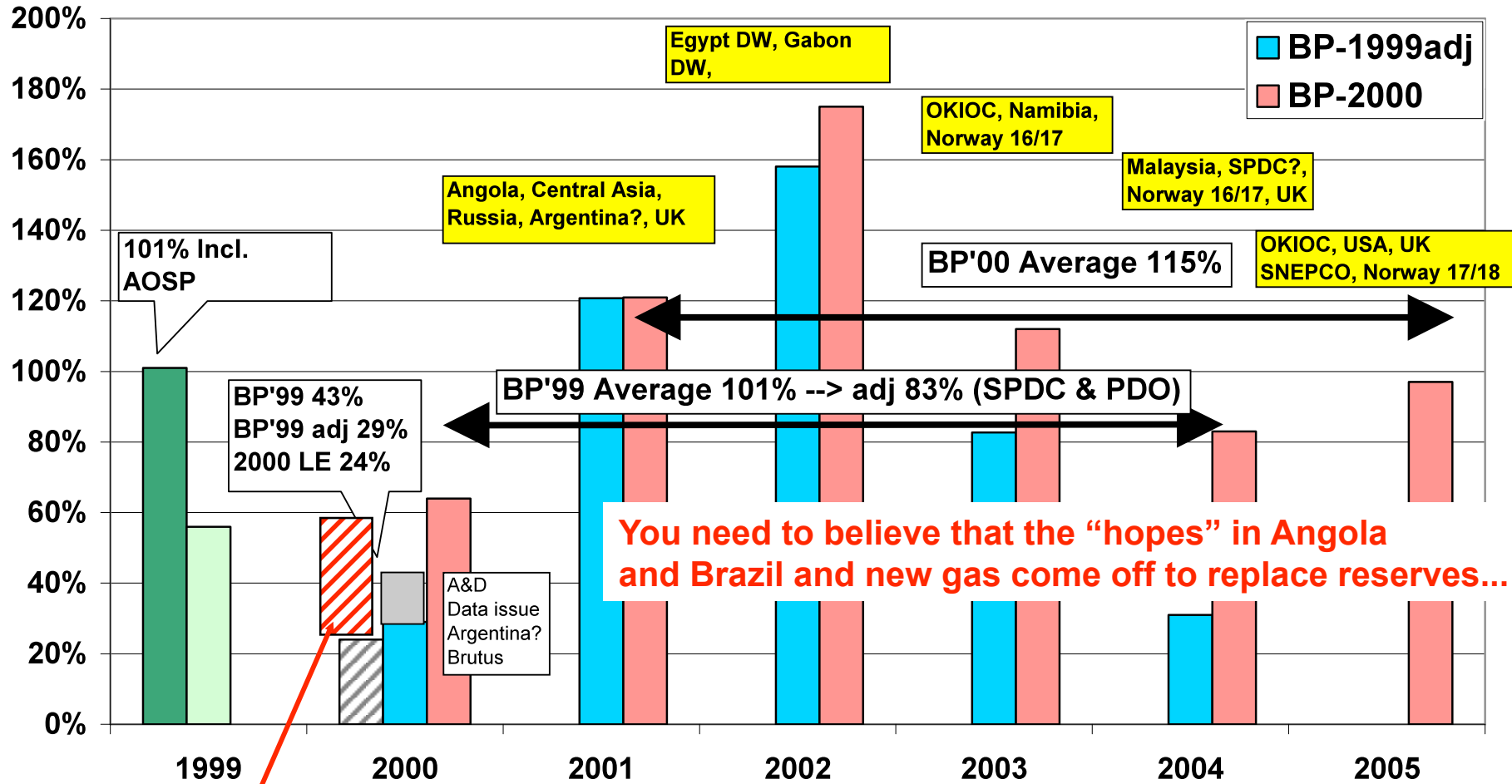
CAPEX SPEND 2001 BY COUNTRY - Raw Data Submission



RESERVES REPLACEMENT - RAW DATA

Proved Reserves Replacement Ratio

(BP-2000 raw data excl Canada & Woodside - SPDC to be updated)

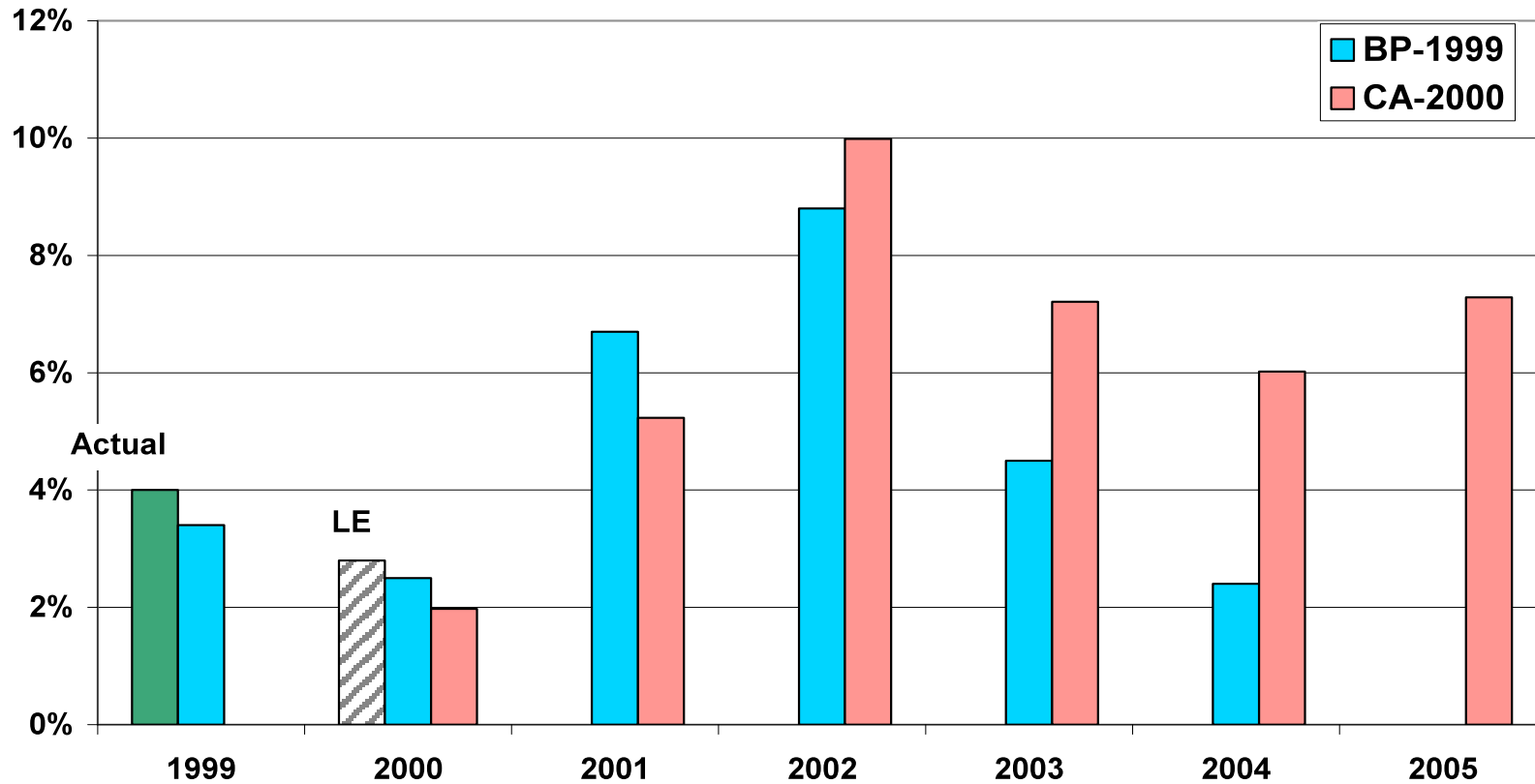


You need to believe that the "hopes" in Angola and Brazil and new gas come off to replace reserves...

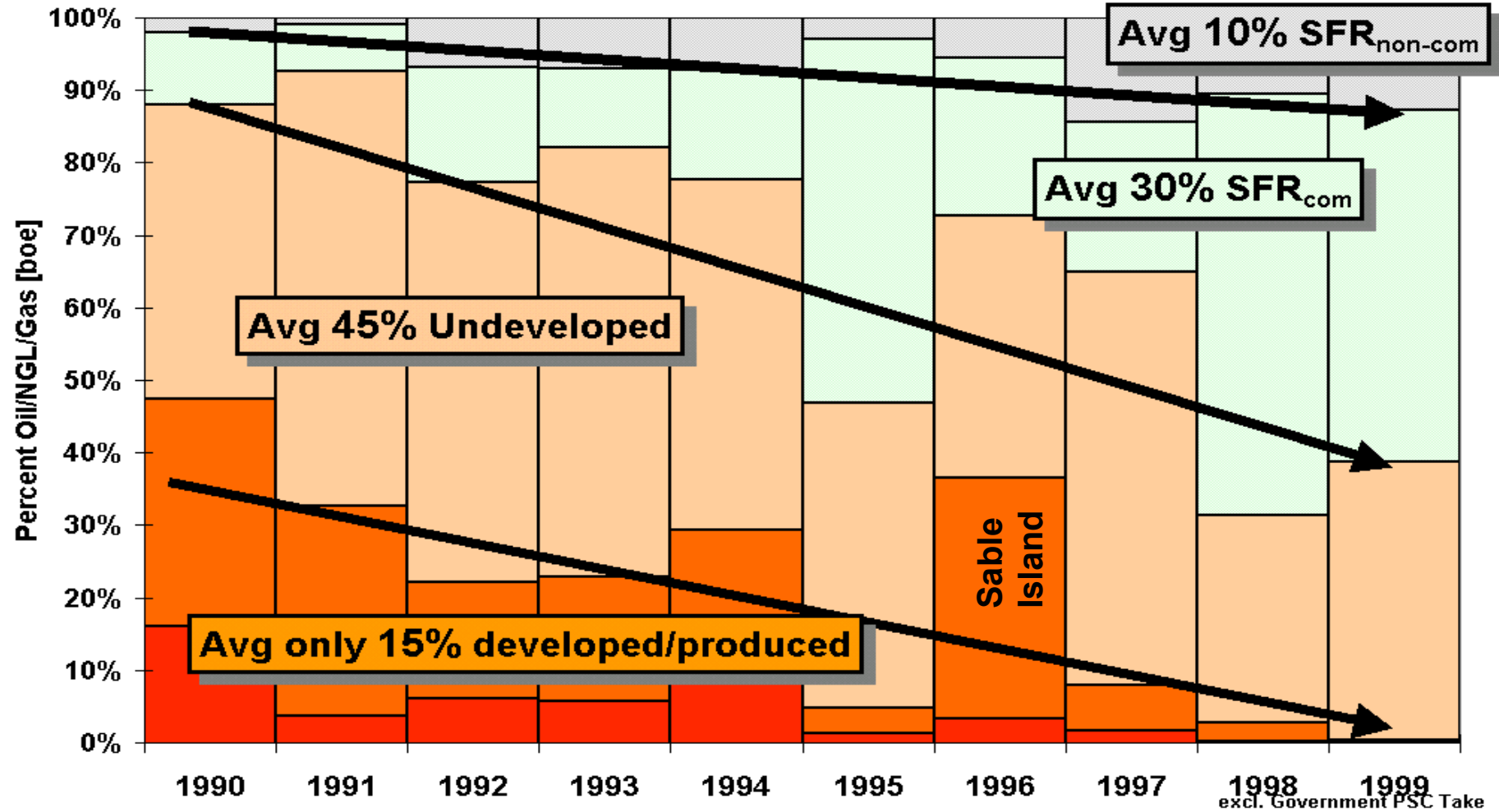
Woodside Effect

SFR MATURATION RATES - RAW DATA

SFR_{com} Maturation to Expectation Reserves



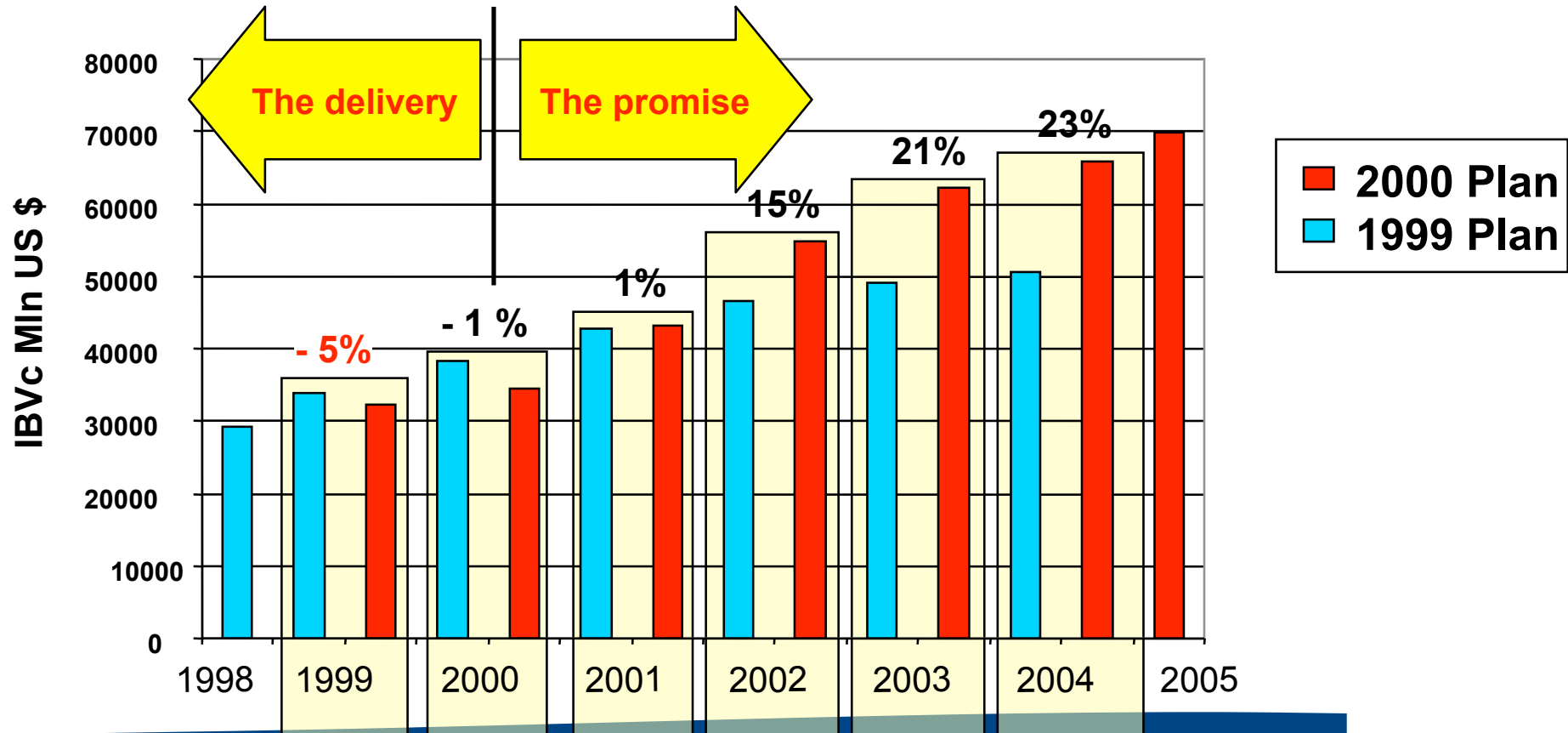
Discoveries '90-'99 - Resource Split @1.1.2000



IBV raw data submission versus 1999

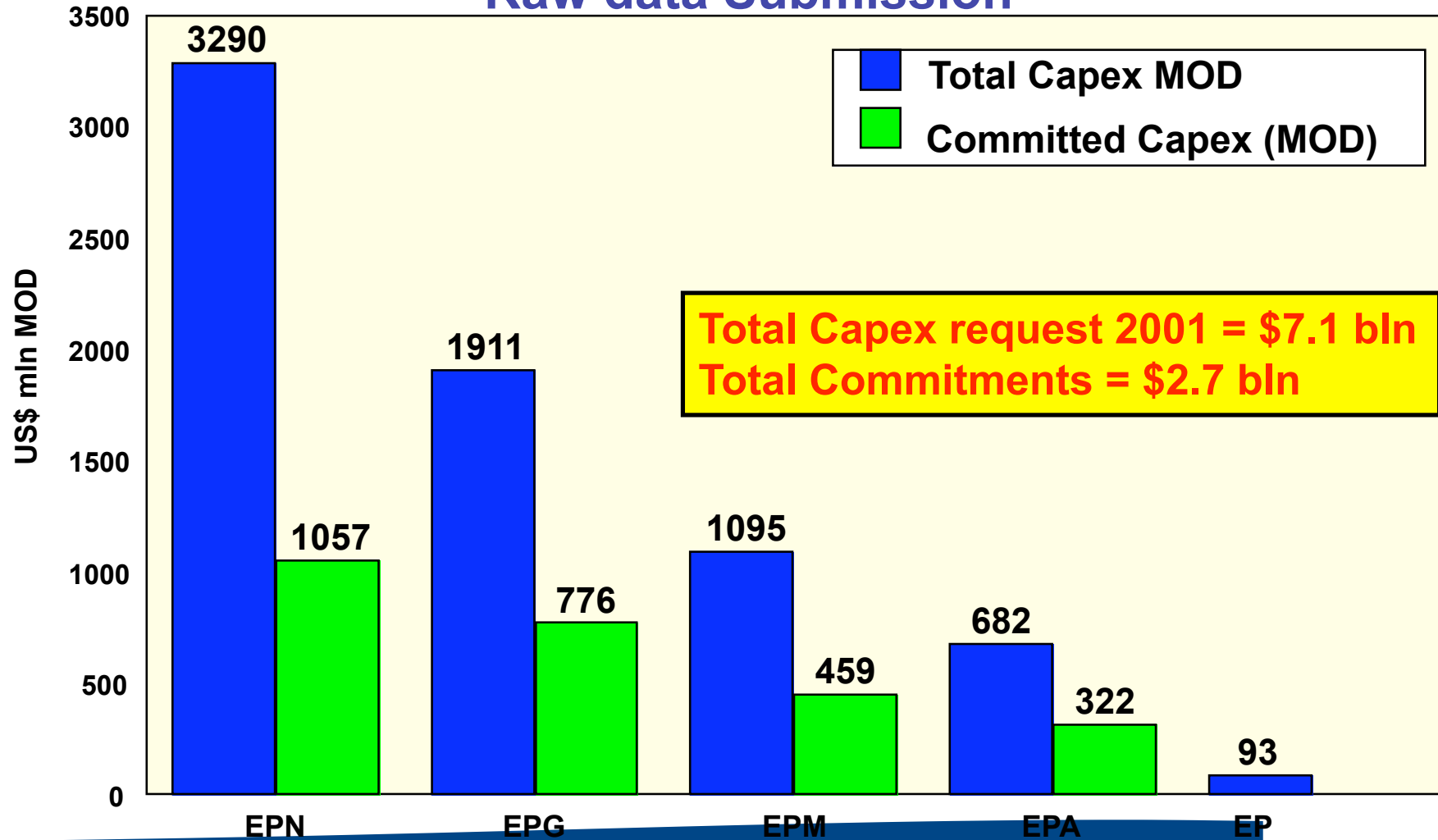
1999 & 2000 value creation is limited.....

- data assumes all planned 2000 FIDs are achievedunlikely based on LE
- highly optimistic forward looking 2001 to 2005 (Nigeria assumed growth not likely...)
- eg 2001 assumes we take roughly one big project FID per month (ranked in)....



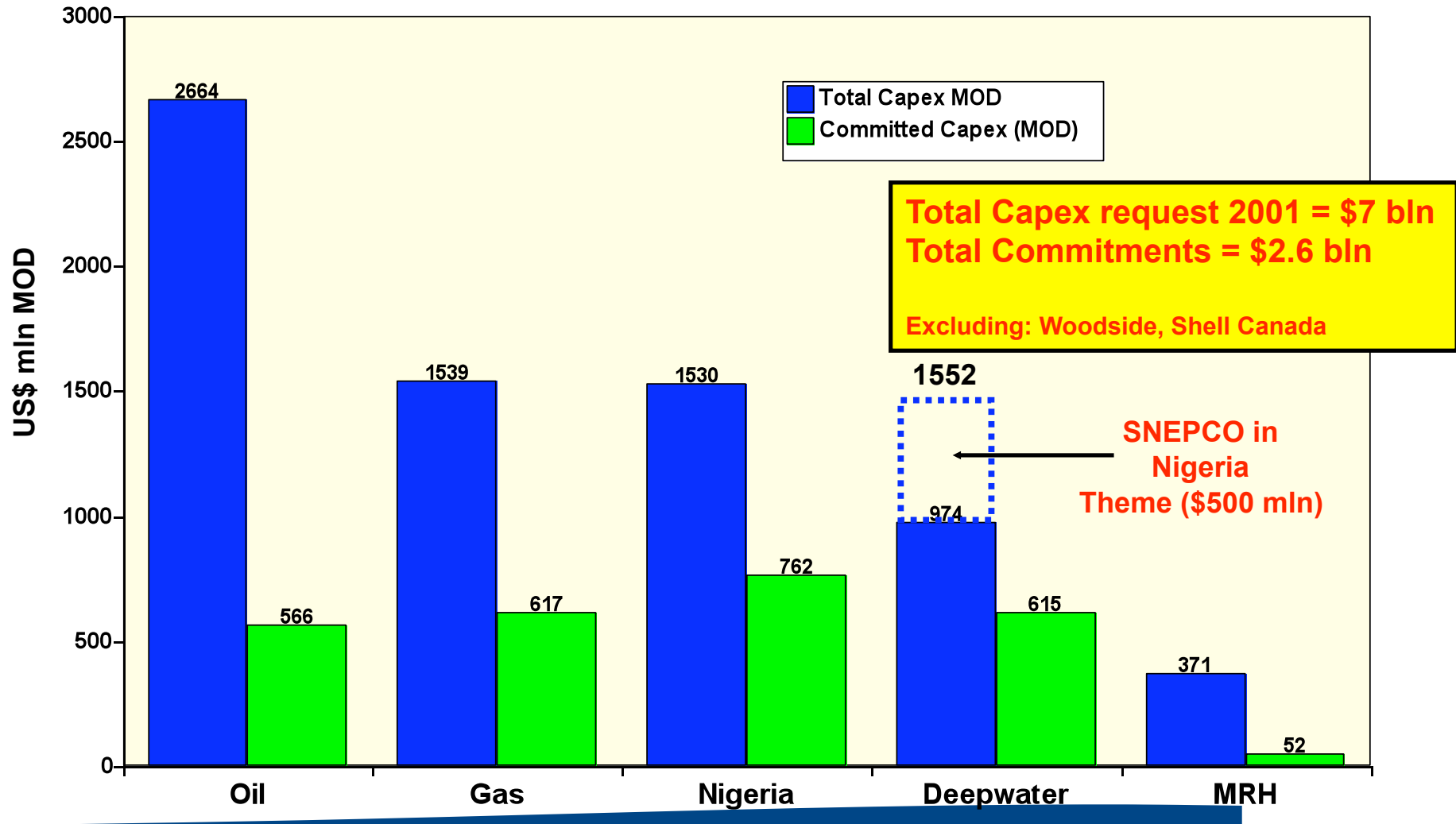
CAPEX REQUEST 2001 BY REGION

Raw data Submission



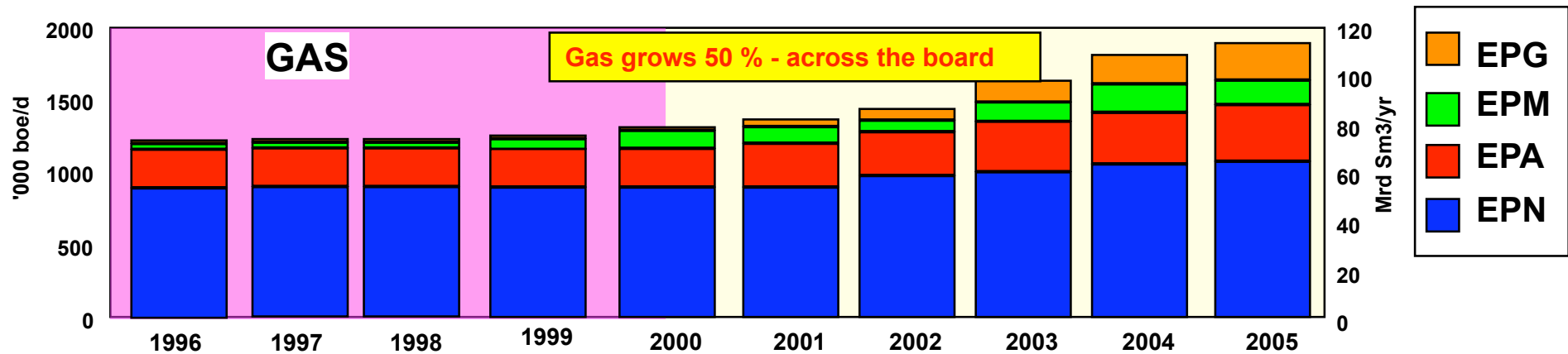
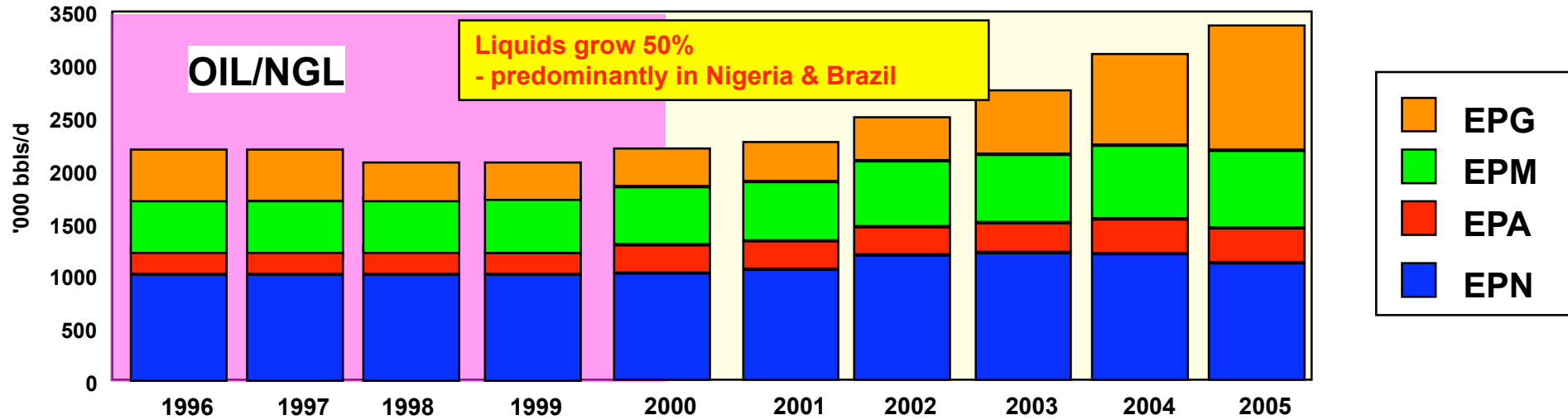
CAPEX REQUEST 2001 BY THEME

Raw data Submission



OIL & GAS PRODUCTION 2001-2005 BY REGION

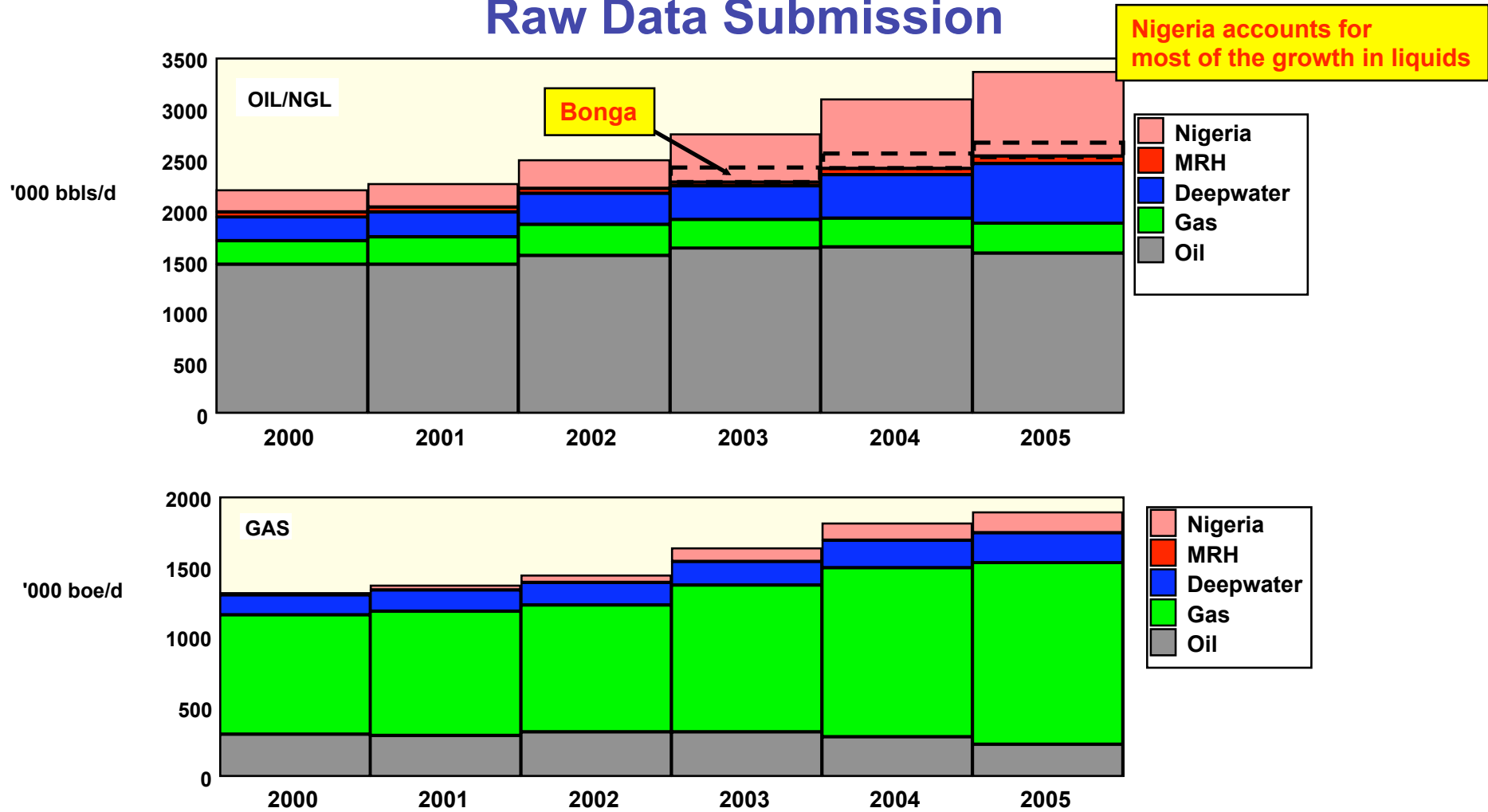
Raw Data Submission



Production per Region - Raw data.rep

OIL & GAS PRODUCTION 2001-2005 BY THEME

Raw Data Submission



Production per Region - Raw data.rep

KEY METRICS - RAW DATA

Value continues to be dominated by traditional OUs.....
 Nigeria dominance of production growth not reflected in value

	IN				
	Capex 2001	IBV \$14/bbl	Boe/d 2001	Boe/d 2002	Boe/d 2003
DW	570	5758	396	464	423
NIGERIA	1252	5091	262	299	514
OIL	1317	13946	1727	1699	1635
GAS	2327	15233	1149	1158	1212
MRH	38	-363	43	44	1
TOTAL	5504	39665	3577	3614	3827

	OPTION				
	Capex 2001	IBV \$14/bbl	Boe/d 2001	Boe/d 2002	Boe/d 2003
DW	319	86	0	6	39
NIGERIA	208	1005	0	21	23
OIL	543	2021	28	167	236
GAS	172	2152	15	26	53
MRH	83	943	0	0	1
TOTAL	1375	6988	43	220	352

Needs to be updated yet...incorrect...!

MRH now includes Venezuela hence no value at \$14
 Deepwater excludes SNEPCO
 Ranked out production in 2001 43,000 bbls/d
 Does not reflect OUs outside EP control - (SOGU)

SUMMARY

- **Growth in production is a major challenge**
 - Existing oil assets decline 50% by 2005 1,700- 800 kb/d
 - New project schedules & project forecasts need realism
 - Growth story dominated by Nigeria
 - Still Big 3 and small 15
- **Reserves replacement is a key issue**
 - Brazil, Angola, CIS - new hope and OKIOC

**Given the bullishness of submissions....
Need to calibrate to ensure BP'2000 does not under deliver.**

Backups

EP / GP Linked Projects (FID < 3 years)

		Capex Ranking	2001 Option Capex (\$ mill)	Capex Matrix Pos.	EP/GP Lead
Malaysia	MLNG Tiga	Base	24	3	GP
Australia	NWS LNG Train 4	Option	4	6	GP
	ALNG Train 1	Option	-	5	GP
China	Ordos / Changbei	Option	-	Expex (in)	EP
Russia	Piltun-Lunskoye	Option	-	Expex (in)	EP
Egypt	NEMed SMDS	Option	-	Expex (in)	EP
Iran	Iran SMDS	Option		2	6
	Both				
Turkmenistan	T2T Pipeline to Turkey	Option	18	3	EP
Saudi Arabia	Saudi Maturation Project	Option	-	-	EP
Nigeria	NLNG 3	Base	501	misc	EP
	NLNG 4	Option	45	misc	EP
	West Africa Gas Pipeline	Base	6	3	EP
	Abuja Gas Pipeline	Base	2	3	EP
Venezuela	VLNG	Option	7	6	GP
Namibia	Kudu	Base	-	-	EP
		TOTAL (Base)	533		
		TOTAL (Options)	76		

Portfolio Matrix

HIGH	4	2	1	65%
MED	7	5	3	
LOW	9	8	6	45%
	LOW	MED	HIGH	

Current Capex Ranking Cut-Off is Box 3 @ 50%

EP/GP Integrated Economics

		EP Ranking		Integrated Ranking (incl NPV)	
		Box	Attractiveness	Box	Attractiveness
Australia	NWS Train 4	6	41%	3	54%
	ALNG Train 1	5	55%	5	48%
Iran	Iran SMDS	6	21%	6	41%
Turkmenistan	T2T Pipeline to Turkey	3	54%	3	48%
Venezuela	Venezuela LNG	6	34%	3	54%

KEY ISSUES - EP / GP Linked Projects

Country	Project Name	Upstream Capex
Malaysia	MLNG Tiga	....
Australia	NWS LNG Train 4 ALNG Train 1 ALNG Train 2 NAGV Domgas & FLNG Gorgon SMDS	....................
China	Ordos / Changbei Kuqa	........
Russia	Sakhalin (Piltun-Lunskoye)	....
Egypt	NEMED SMDS	....
Iran	Iran SMDS	....
Turkmenistan	T2T Pipeline to Turkey	....
Saudi Arabia	Saudi Gas Project	....
Nigeria	NLNG 3 NLNG 4 West Africa Gas Pipeline	............
Venezuela	VLNG	7
Namibia	Kudu	....

26th JUNE - Position in CA 2000 Sequence

7th June : Exploration Proto-Forum Discussion on expex ranking

13th June : Expex/Capex Data Pack (early rankings/views) to RBAs for Consideration
(EP / SIG Alignment Meetings take place as required per region)

19th June : Some Regions Holding RBAs & OUs Meeting
(Improve data quality & identify implications of expex & capex ranking)

22-23th June : EXPEX Workshop

26th June : EXCOM Raw Data and Issues

27-28th June : CAPEX Workshop

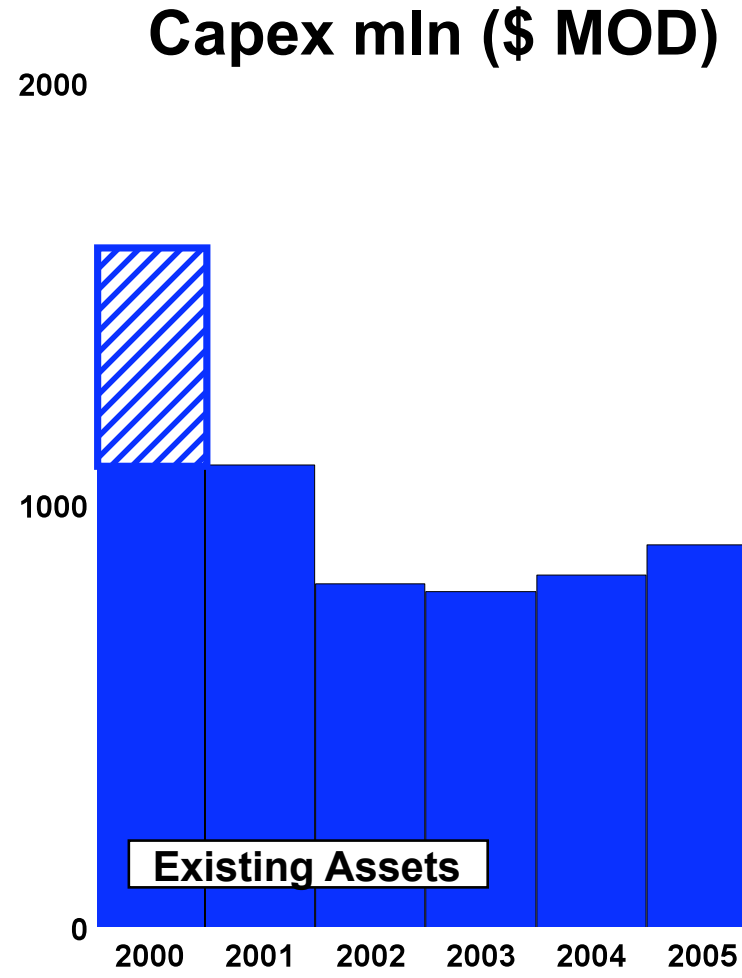
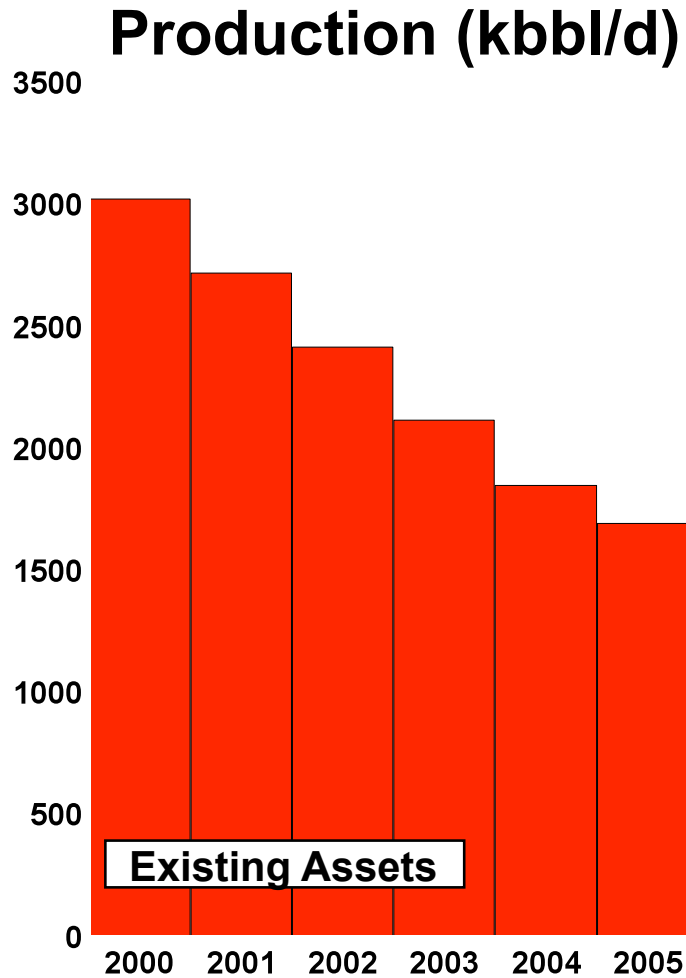
10th July : EXCOM Presentation on Expex, Devt Capex & with Early Financials

14th July : OU Investment level letters (Expex, Capex, etc)

31st July : EXCOM Presentation on Final Expex & Capex

11th Aug : OU Investment Confirmation (as per 2001 Scorecard Outlines)

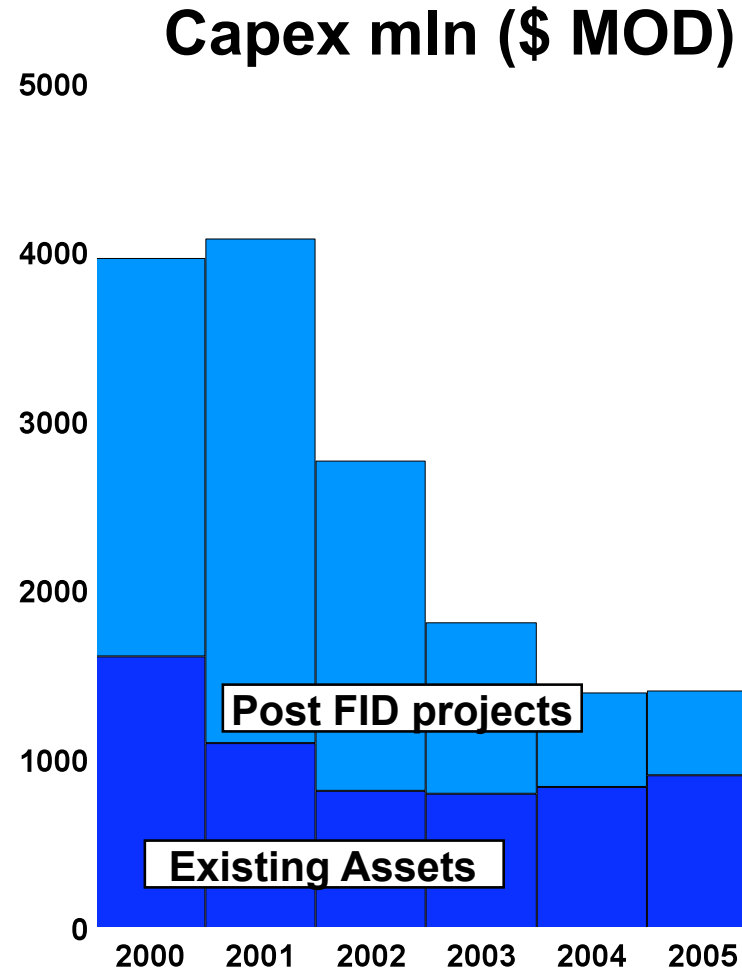
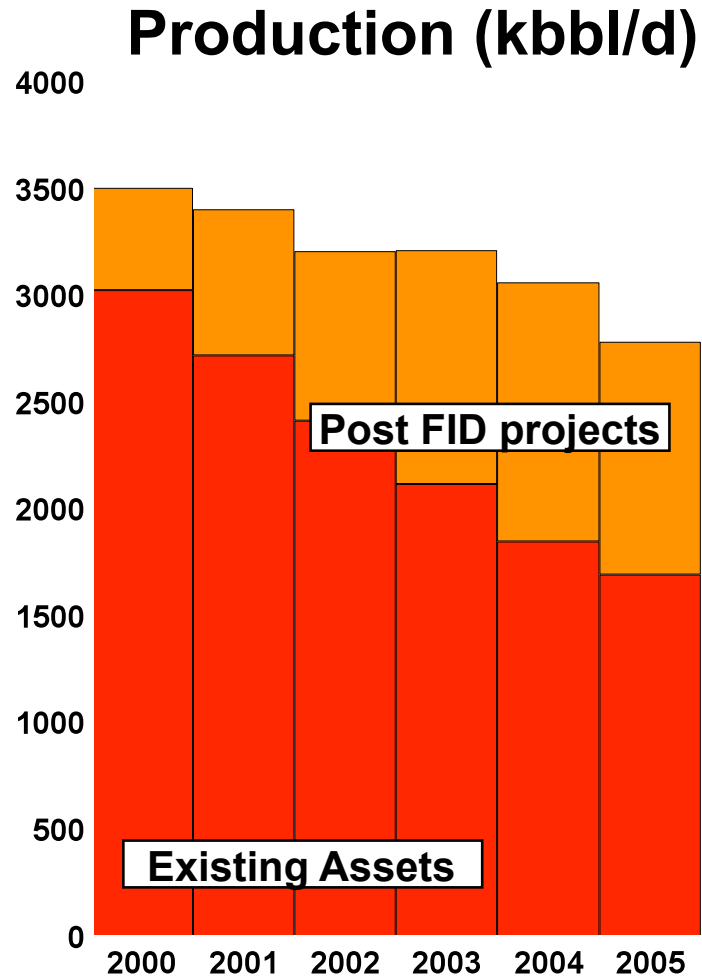
KEY ISSUES - Decline of “Existing Asset” base



Country Summary report Regional view.rep

**Decline to by half in the plan period.....
and cost \$0.8 bln/yr to maintain**

KEY ISSUES - Arresting the decline with post FID projects



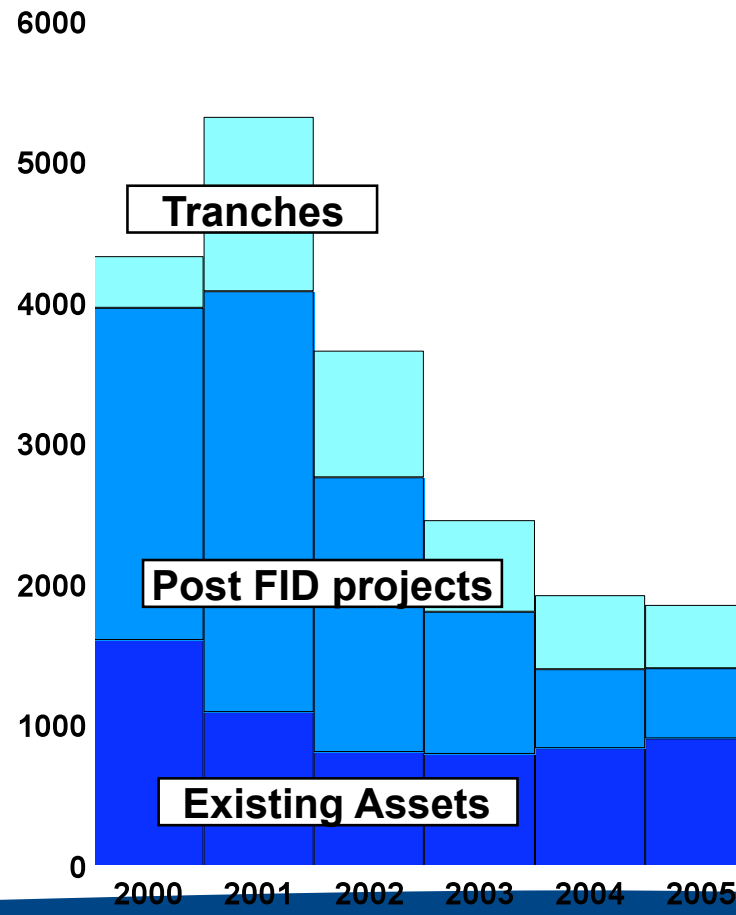
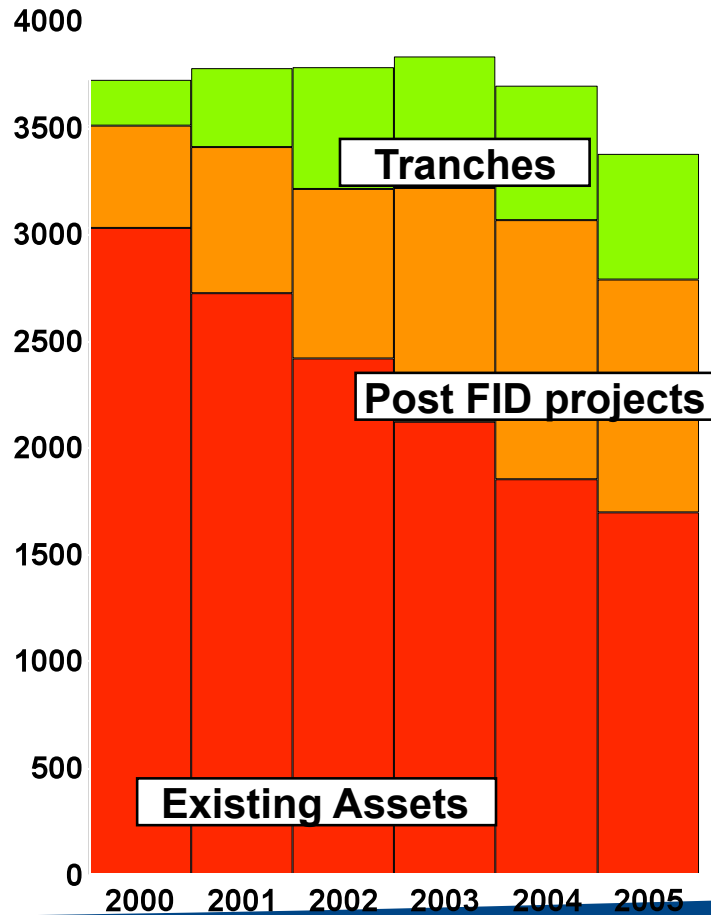
Country Summary report Regional view.rep

**Post FID projects do not arrest the decline.....
but cost a further \$1.4 bln/yr**

KEY ISSUES - Arresting the decline

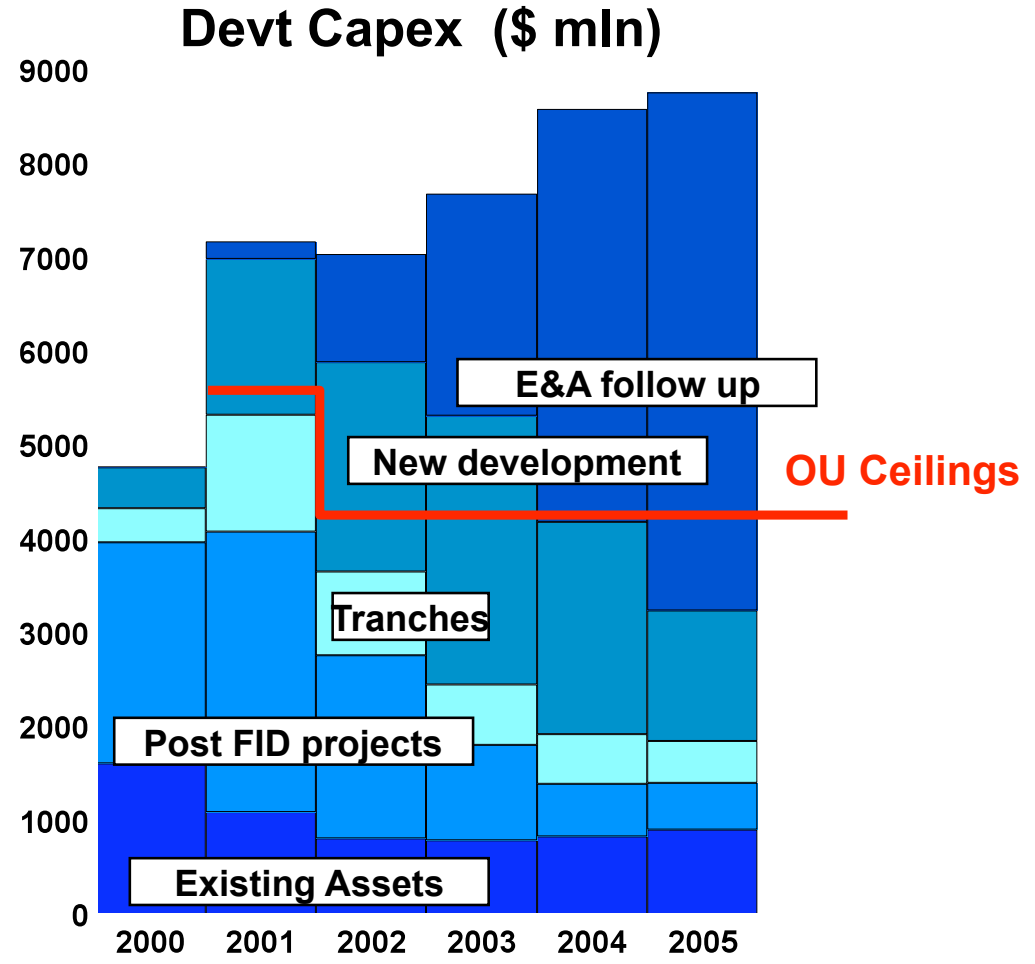
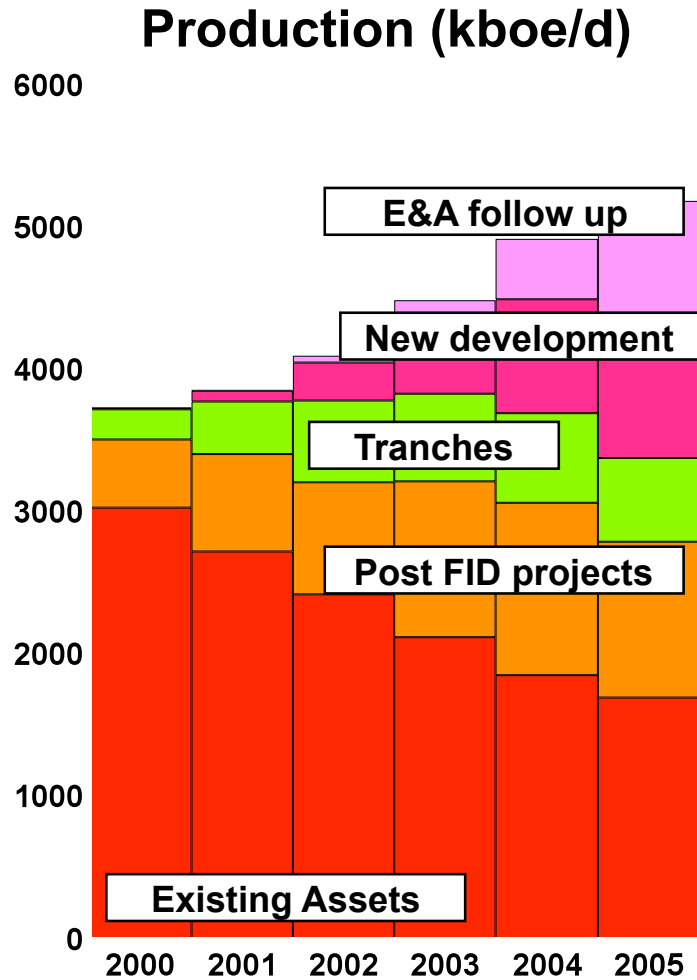
Maintaining current production levels costs \$5.1 bln in 2001 and av. of \$3.0 bln over plan period

Adding tranche activity..... cost a \$0.8 bln/yr but does not halt the decline



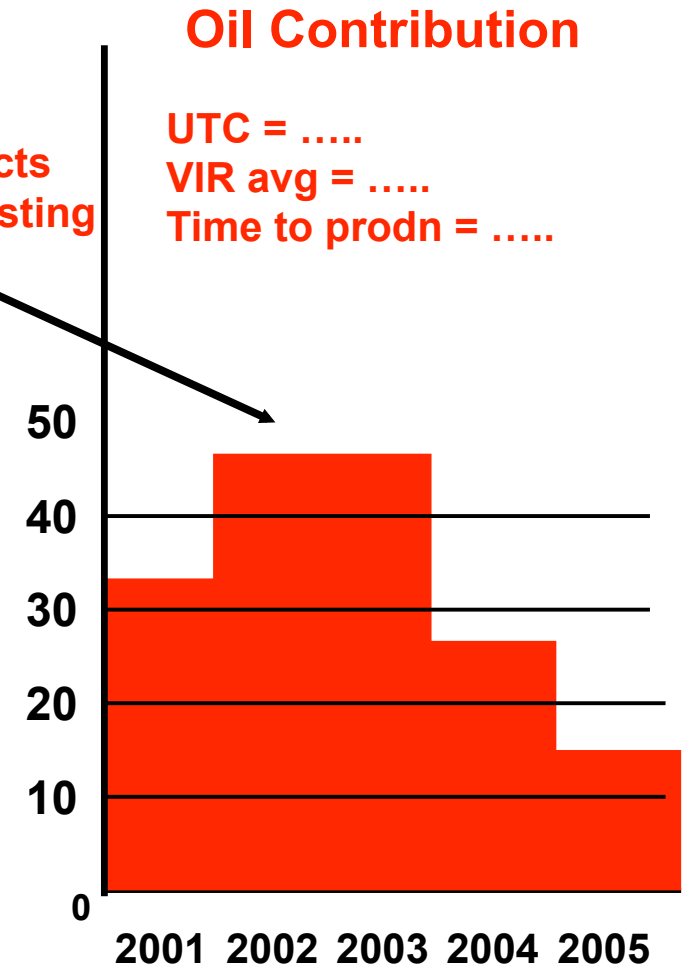
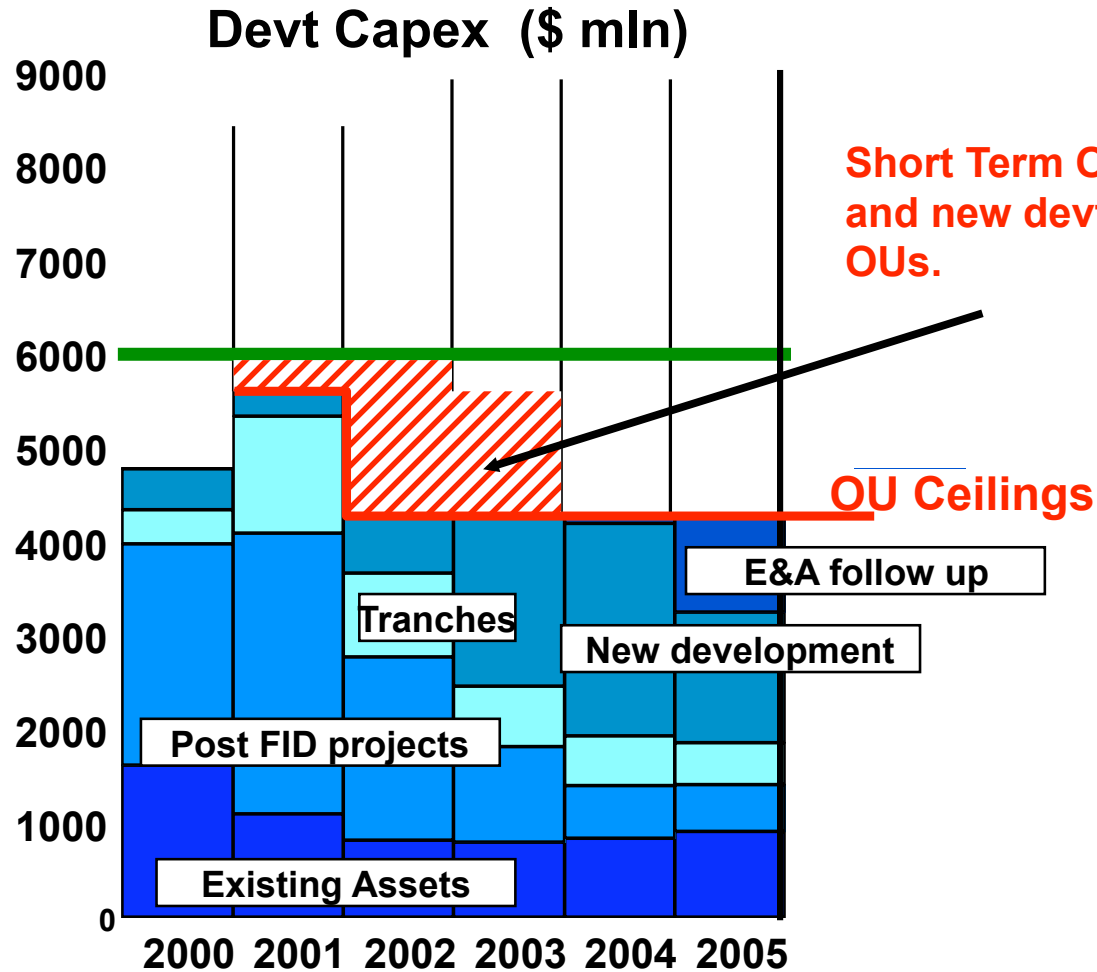
Country Summary report Regional view.rep

KEY ISSUES Arresting the decline - the new promises



Country Summary report Regional view.rep

KEY ISSUES - Allowing further Funds for Existing OUs.



BIG TICKET ITEMS...Planned to take FID by end 2002/early 2003

Capex Requirements \$ mln (till 2005)

Nigeria -Ehra	900
Egypt - NEMED (no dilute)	2000
Brazil - BC-10+	670
Angola - Blk -18	1400
China deals	600
Venezuela LNG	7
MRH Others (Kuwait, Lybia)	600
Bangestan	740
South Pars	370
Zapolynaroye	550
Saudi Gas development	2400
Sakhalin 40 % Gas devt I	1500

Possibly requiring \$11,000+ mln in plan period.

Possible People Resources Reqcd

Global DW Business Staffed up	Nigeria	25+
	Egypt	25+
	Brazil	25+
	Angola	25+
	China deals	25+(?)
	Venezuela LNG	(?)
	MRH Entry Others	25+
MRH & CIS Business	Bangestan	25+
	South Pars	25+
	Zapolynaroye	50+
	Saudi Gas development	100+
	Sakhalin deal & Gas devt I	150+

Possibly 500+ Staff required

Shell Expro - Existing Assets capex

Existing Assets Capex \$ mln MOD	2001	2002	2003	2004	2005
Brent Gas commitments	30	21	11	1	
Gas Contract commitments	5	0	3	3	
HSE & legal obligations	5	6	6	2	
Minority shareholder obligations	2	1	1	1	0
Prime Scope Schiehallion	2	15			
Infrastructure integrity	12	10	5	5	5
Production seismic & subsurface modelling	2	0		4	0
Economic improvement	11	3	4	2	2
Minor modifications	9	8	8	6	6
Capital overheads	5	3	3	3	3
Subject to portfolio management	61	3	2	2	1
Grand Total	144	70	42	28	17

BSP Capex Corporate & Existing Assets

<u>Corporate Assets</u>		MIn US\$ Shell Share, MOD						
		BP2001					Plan Period	Common Years
		2001	2002	2003	2004	2005		
IGPDS	BP2001	4.6	4.0	0.6	0.1	1.4	10.8	9.4
Tariffed resources	BP2001	5.9	5.5	4.4	3.7	1.4	20.8	19.5
Corporate services	BP2001	0.5	0.1	0.0	0.0	0.0	0.6	0.6
Refinery	BP2001	0.2	0.3	0.0	0.0	0.0	0.5	0.5

<u>Product flow Existing assets</u>		MIn US\$ Shell Share, MOD						
		BP2001					Plan Period	Common Years
		2001	2002	2003	2004	2005		
SRU LAND	BP2001	2.3	1.9	0.8	0.7	0.9	6.6	5.7
SRU EAST	BP2001	3.4	4.5	2.8	0.9	0.9	12.6	11.7
SRU WEST	BP2001	3.5	3.7	2.2	0.3	0.1	9.8	9.7

SRU Tariff Resources

CA Category : Corporate

Category		Description	2001	Justification
			Min US\$, SS	
IT/Data Mgmt.	DM H/W PURCHASE		0.10	Part of budget for annual upgrades to keep the DM Unix computing infrastructure fit for purpose; essential for continuation of subsurface modelling, data management and alignment with OM/XM systems.
IT/Data Mgmt.	CORTRAN2 IMPLEMENTATION		0.26	Contract committed (40% VOWD in 2000) to replace/upgrade current application. Budget of 0.26 mln US\$ SS in 2001 is required to complete the project.
IT/Data Mgmt.	AIMS FACILITIES DATABASE PHASE 1		0.24	Project to develop database to capture integrity of assets/facilities. Provision in 2001 for populating the database using in-house resources.
IT/Data Mgmt.	FIC CENTRAL SERVICES		0.06	Replacement of servers/equipment to maintain IT Infrastructure service.
IT/Data Mgmt.	EP Business Systems Strategy implementation		0.59	Budget (project total US\$ SS 8.8 mln) required to replace BSP's legacy of Group Common systems with an integrated solution based on the EP Blueprint. Most will be obsolete 2002/3 and Group/Vendor support will soon cease to exist, .
IT/Data Mgmt.	DESKTOP SERVICE		0.07	BSP have 20 servers to provide desktop services. These are planned to be replaced at the rate of five per year. The replacement of these servers is required to ensure that the quality of the service does not deteriorate.
IT/Data Mgmt.	EPIDORIS II REPLACEMENT		0.03	Ongoing IT system replacement.
IT/Data Mgmt.	DMR FREQUENCY CHANGE		0.75	Driven by international telecommunication rules as enforced by ITU/JTB (Brunei telecom departments).
IT/Data Mgmt.	TELECOM MISC PROJECTS		0.15	Project necessary to ensure continuity, reliability, availability and expansion of Radio, Telephony communication Networks and infrastructure.
IT/Data Mgmt.	DATAKOMMS NETWORK		0.21	Project necessary to ensure continuity, reliability, availability and expansion of Datacommunication & Telemetry Networks (LAN & WAN).
IT/Data Mgmt.	LOGOS MIGRATION TO POWERBUILDER		0.08	The budget covers the application's (logistics planning/scheduling) migration to software that is supported(I.e. internally within the organisation or externally), existing software is obsolete and no longer supported.
IT/Data Mgmt.	DM HARDWARE PURCHASE PHASE 2		0.07	Part of budget for annual upgrades to keep the DM Unix computing infrastructure fit for purpose; essential for continuation of subsurface modelling, data management and alignment with OM/XM systems.

2.60

SRU East

CA Category : Existing Assets

Category	Description	2001	Justification
		Min US\$, SS	
HSE	Magpie Vent to Flare Conversions	0.12	To meet Group venting target
HSE	CP Natural Flow Implementation phase 2	0.59	To meet Group venting target
HSE/ Production	CP Natural Flow Implementation phase 1	0.74	To meet Group venting target and oil production targets
Integrity	Field Request Plant Change (FRPC)	0.26	Minor operational projects to eliminate shutdown and improve facility operability.
Integrity	Sand Detection	0.15	To prevent sand erosion failures and optimize production capacity.
Integrity	CPFB-7 Flare Upgrade	0.29	Upgrade on the CP-7 Flare required as a result of the recent incident on CP 7
Integrity	CP7 Fire Water System	0.29	Upgrades and study work on CP-7 Fire water system which has leaks and blockages and may need pump replacements.
Integrity / Production	CP-7 Elect Systems Rationalisation	0.38	Modifications on CP-7 electrical systems - integrity and deferment related
Integrity / Production	Remote Outstations, Power and Communication	0.15	Changeout of existing RTU's which are obsolete and not maintainable. Required for reservoir management and production optimisation
Integrity/HSE	PIMS East 2000 -2002	0.36	To allow intelligent pigging on critical pipeline.
Other	Concept Design East 2000-2003	0.03	In-house manpower and consultant related cost for conceptual design study.
Production	Well Test Metering Upgrade	0.07	Enable testing of East wells for reservoir management and system optimisation

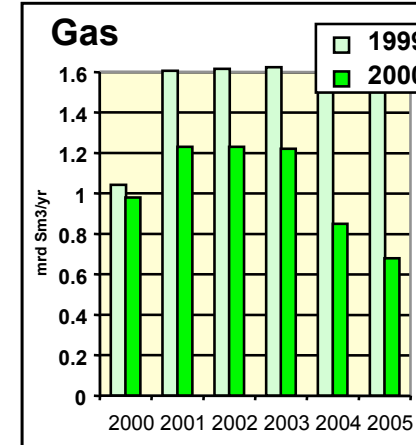
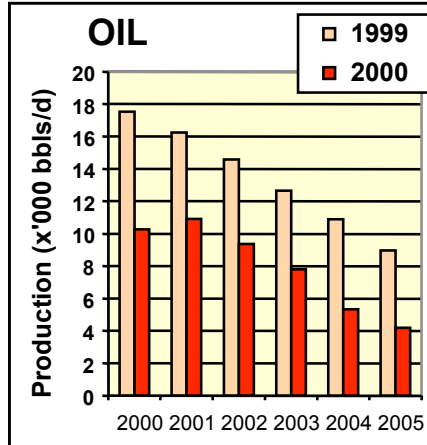
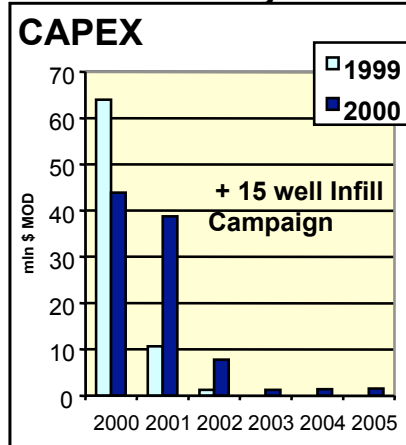
3.4

PRODUCTION PERFORMANCE FROM NEW PROJECTS IS DISAPPOINTING.....

Egypt

POST FID Obaiyed

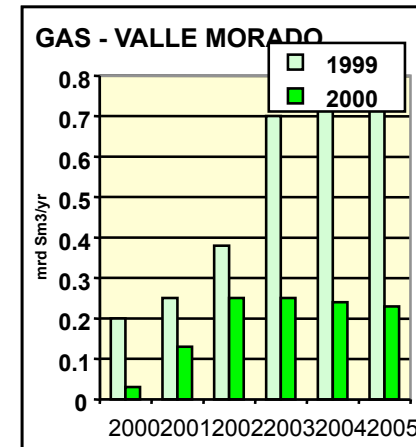
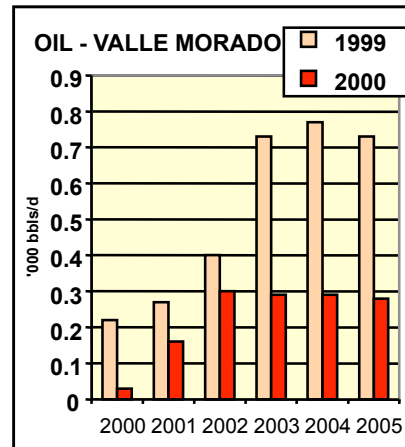
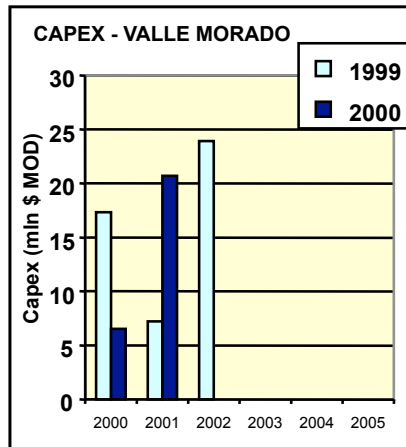
(...Rosetta same)



First slippage...
then less hydrocarbons forecast

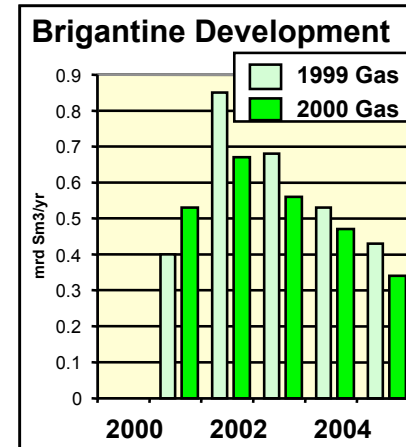
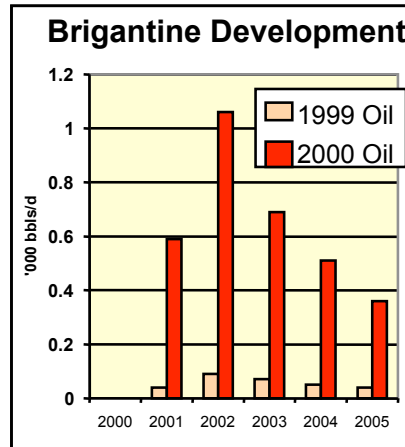
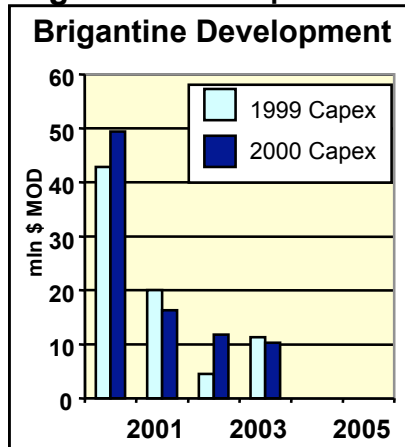
Argentina

VALLE MORADO

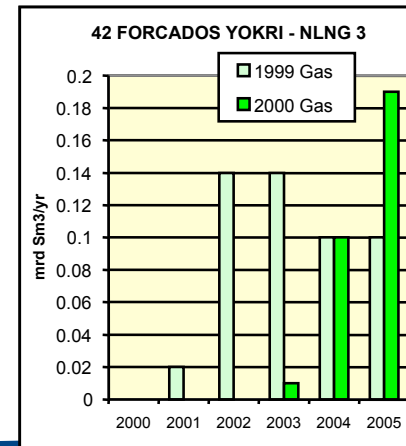
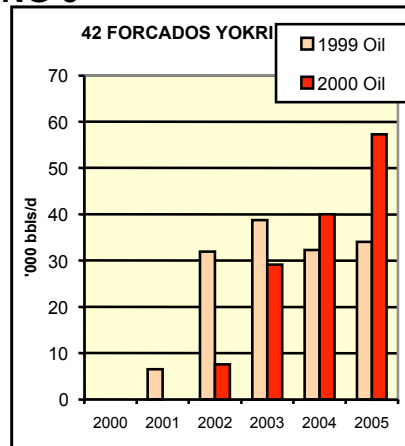
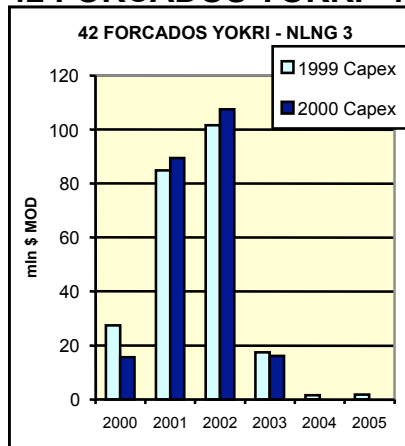


PRODUCTION PERFORMANCE FROM NEW PROJECTS IS DISAPPOINTING.....

UK Brigantine Development



Nigeria 42 FORCADOS YOKRI - NLNG 3



MAJOR Post-FID PROJECTSCAPEX

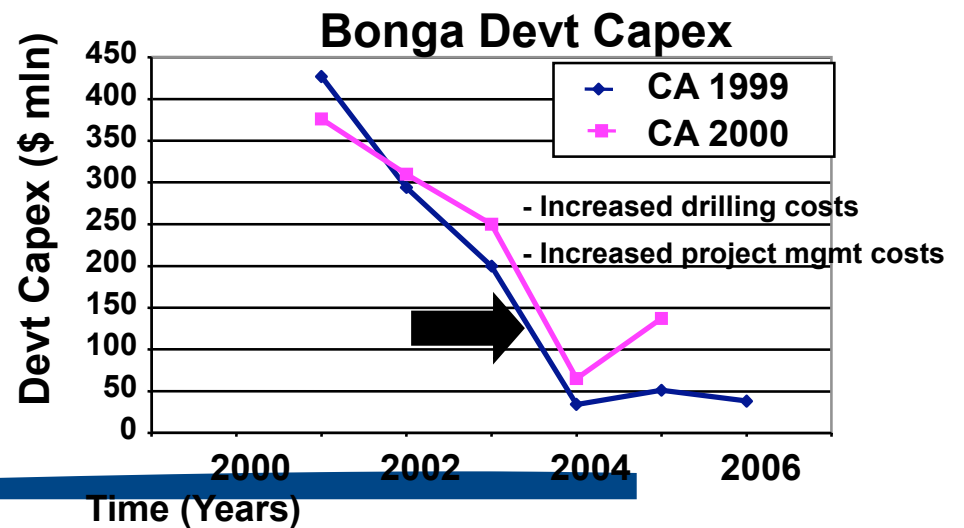
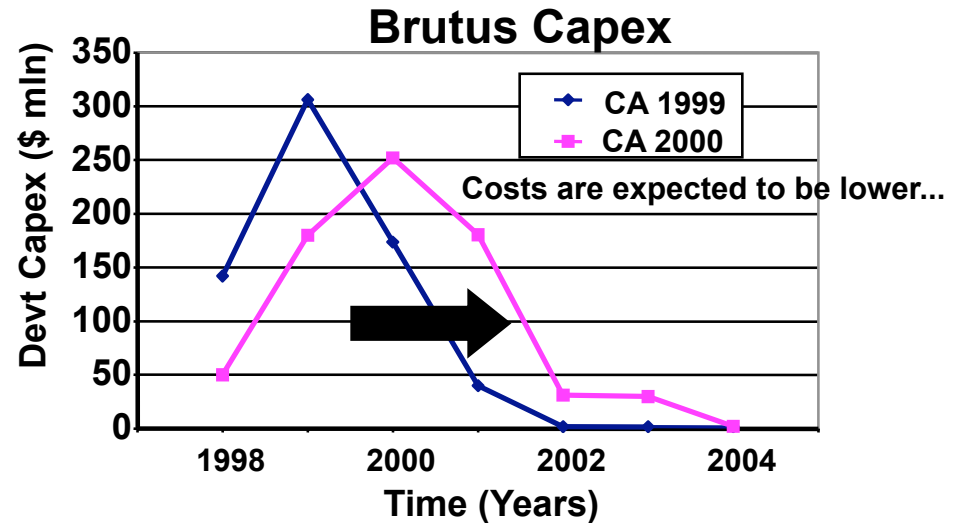
Brutus - indications of capex rephasing...
Onstream date unchanged

AOSP - indications that capex 2001 is larger than planned due to slippage in schedule.....

Bonga - indications of capex increase.....
indications of slippage.....
Onstream date unchanged

Nowrooz/Sarooz -
2001 & 2002 capex slippage.....
Onstream date unchanged

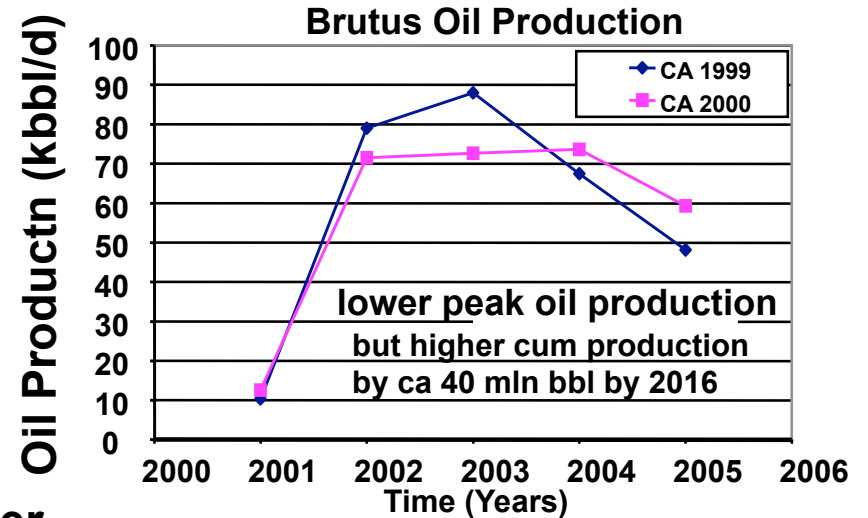
Shearwater - capex will be under budget & on time....



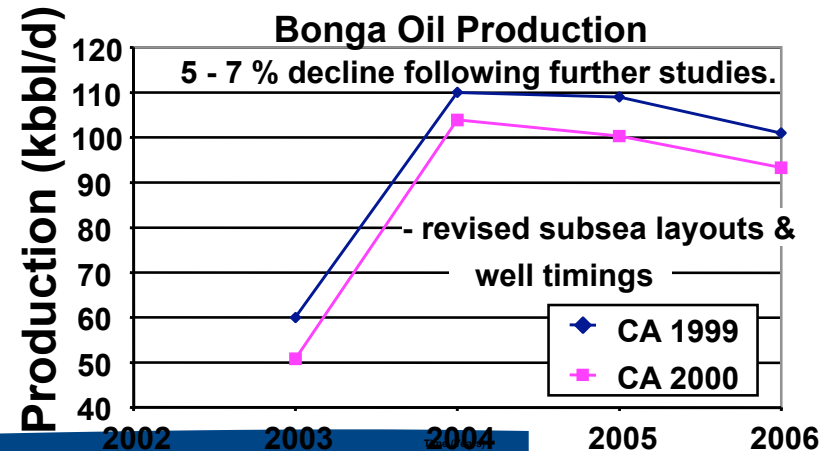
POST-FID 2000 - Underspend Likely
2001 - \$400 mln additional

MAJOR Post-FID PROJECTS IN PROGRESS....PRODUCTION

**Brutus - Peak production in 2002 & 2003 is now lower
Not a barrel produced yet.....
(Is this a meaningful signal ...)**



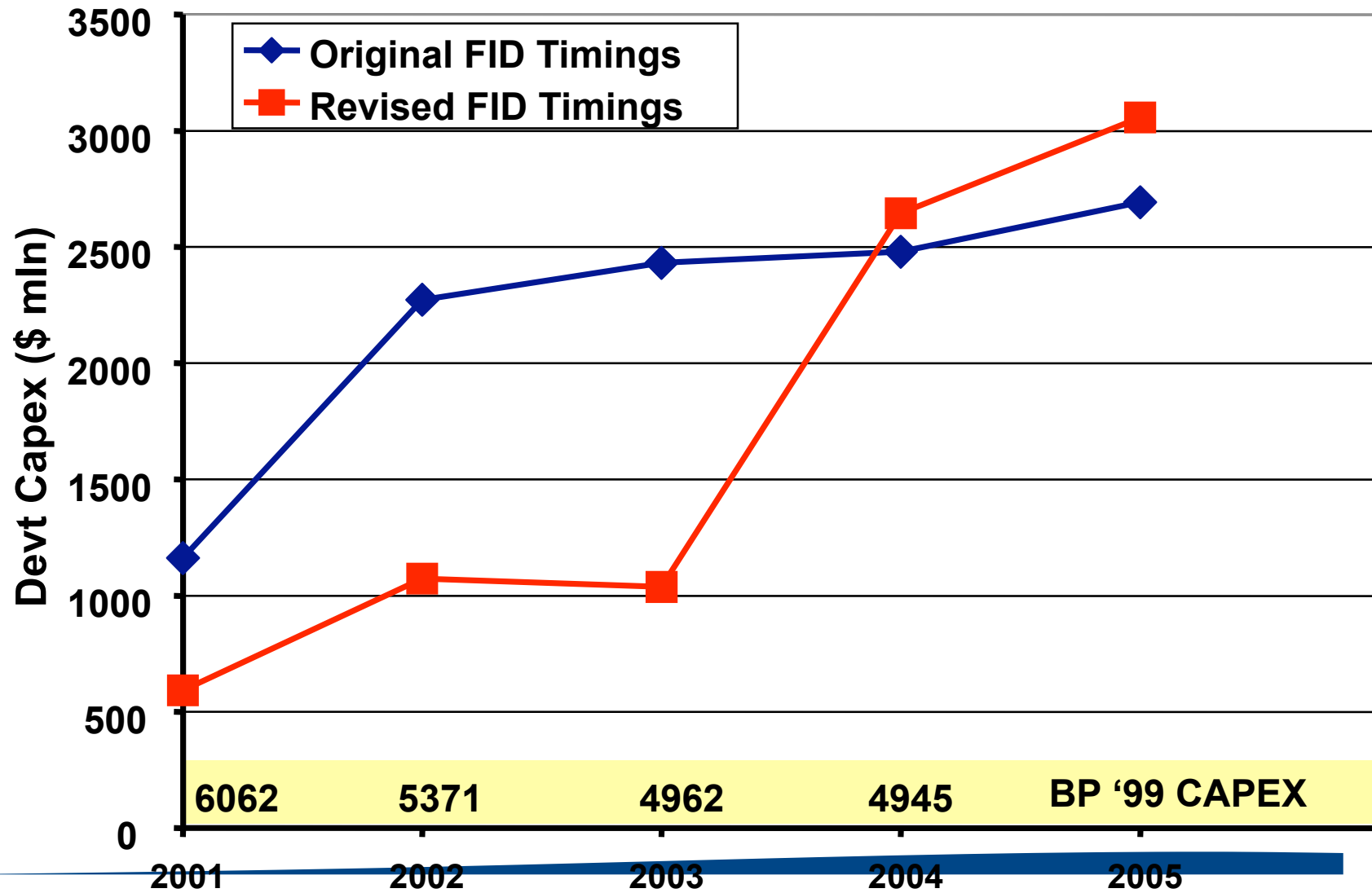
**Bonga - Peak production in 2003 & 2004 is lower
(system remodelling, revised subsea
layouts & well timings)**



**Shearwater - Production unchanged ,
capex will be reduced vs budgets.**

**POST-FID Production is lower across the board
Cannot find examples of increases.....**

“Big Ticket” Items Additional Capex vs BP ‘99



Oil Production Difference Major Post FID Projects 1999 vs 2000 CA Raw Data Submission

