The Road to Reserves Compliance

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Fast Poll

PLEASE STAND IF YOU OR YOUR COMPANY HAVE UTILIZED THE PRMS/COGEH/SEC GUIDANCE/STANDARDS FOR EVALUATING AND/OR REPORTING RESERVES

IF YOU HAVE BEEN FOLLOWING THE STANDARD FOR MORE THAN 3 YEARS, PLEASE SIT DOWN.
Introduction - History

THE ROAD TO RESERVES COMPLIANCE
Reserves and Resources Outcome

• Capital Markets Day, October 9, 2012
• The first time the APMM group disclosed the essential elements of 1P Reserves and 2C Contingent Resources, outlining the Corporate Strategy for growth
Maersk Oil – A Top 30 oil company

Gross Production by Operator, 2011 (‘000 bpd)

Maersk Oil at a glance
• 3,450 employees
• 321 Licenses, incl. 130 operated
• Active in 11 countries
• Production level (2011)
  • Operated: 626,000 bpd
  • Entitlement: 333,000 bpd
• Headquartered in Copenhagen
• Wholly-owned subsidiary of APMM

Note: Data from Wood Mackenzie. National Oil Companies are not included.
Maersk Oil History of Reserves Reporting

Prior to 2010

A system to evaluate reserves existed but with no controls or consistency
   Business units had freedom to follow individual styles
   Formal audits were not performed
   No Compliance with SPE-PRMS

The delivery was consistent with the objective
   An internal assessment of volumes that met the requirements of the company
   This was “enough” for many years
2009 – The Question, “Are our reserves SPE Compliant?”

3rd Party Process audit: “NO,” but...
- Good people and genuine unbiased effort
- Un-compliant methods and reporting
- Decision in June 2010 to initiate compliant standards

Q2 2010

Q1 2011

YE2010 reserves - supported by consultants
- April 2011 Delivered Reserves Certificate of Compliance

Q1 2012

YE2011 reserves - rely less on consultants
- Combine all resources into one report
- Received certification of compliance
- Easier than YE2010, still need to improve
The Road to Change

Maersk Oil must compete in the international arena of the industry

We have to be SPE-PRMS Compliant

The company must be more transparent to the market.
Dedicated Staff, Governance, Network

**Non-Compliant Guidelines**
Controls and structure with minimal oversight, non-compliant evaluations

**Reserves Manager and one assistant**
Largely consultant supported
Training by consultants
Implementation of compliant software and fiscal models
Compliant 1P, 2P, 3P volumes
Report of Contingent and Prospective resources in last Qtr.

**+ Two full time consultants**
Consultant supported but less
First version of guidelines
Compliant 1P, 2P, 3P volumes and Contingent and Prospective Resources
Significant integration with other functions

**RM + Team of 7**
Training in-house
Guidelines for a Corporate Process
Defined collaborative processes for Finance and Economists
First Three Cycles Result
YE2010, YE2011, YE2012

THE PROCESS TOWARDS COMPLIANCE WAS STARTED AND MAERSK SUCCESSFULLY MET SPE AUDIT STANDARDS FOR THREE YEARS FOR 1P, 2P, AND 3P VOLUMES

PLUS

CONTINGENT RESOURCES

PLUS

PROSPECTIVE RESOURCES
The Portfolio Structure
### SPE-PRMS / MOCRMS Matrix

<table>
<thead>
<tr>
<th>Total Petroleum Initially-in-Place (PIIP)</th>
<th>Production</th>
<th>Reserves</th>
<th>Contingent Resources</th>
<th>Prospective Resources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undiscovered PIIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discovered PIIP</td>
<td>1P</td>
<td>2P</td>
<td>3P</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>Proved</td>
<td>Probable</td>
<td>Possible</td>
<td></td>
</tr>
<tr>
<td>SUB-Commercial</td>
<td>1C</td>
<td>2C</td>
<td>3C</td>
<td></td>
</tr>
<tr>
<td>Commercial</td>
<td>Contingent Resources</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrecoverable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospective Resources</td>
<td>Low Estimate</td>
<td>Best Estimate</td>
<td>High Estimate</td>
<td></td>
</tr>
<tr>
<td>Unrecoverable</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Range of Uncertainty</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Reserves**: Value “in the bank”
- **Contingent Resources**: Value “future expected, if..”
- **Prospective Resources**: Value “hope to discover”
Maersk Oil’s portfolio

**Exploration**
- Prospects in the pipeline
  - Diamante
  - Mangesh
  - Mjosa
  - Rothesay
  - Bo
  - Xana
  - Blackjack
  - Torvastad
  - Griffon
  - Mulavi
  - Swara Tika East
  - Kopervik
  - Rascasso

**Resources**
- Initiate & Discoveries
  - Jack II
  - Valdemar WI
  - Tyra LE
  - Caporolo
  - Angola

**Project Maturation Process**
- Assess
  - Dunga III
  - Farsund
  - Ockley
  - Buckskin
  - Itaipu
  - Wahoo
  - Swara Tika
  - Quad 9 gas blow-down

- Select
  - Johan Sverdrup
  - Zidane
  - Jackdaw
  - Chissonga
  - Culzean
  - AddaTyra L Cret

- Define
  - Flyndre & Cawdor

- Execute
  - Jack I
  - Golden Eagle
  - Tyra SE
  - FDP 2012

**Production**
- Assets
  - Denmark
  - Kazakhstan
  - UK
  - Algeria
  - Brazil
  - Qatar

**Uncertainty**
- Bubble size indicates estimate of net resources:
  - >100 mmBOE
  - 50-100 mmBOE
  - <50 mmBOE

- Colour indicates resource type:
  - Primarily oil
  - Primarily gas

Total of 110 exploration prospects and leads in the exploration pipeline

<table>
<thead>
<tr>
<th>Phase</th>
<th>Total no. of projects per phase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration</td>
<td>110</td>
</tr>
<tr>
<td>Assess</td>
<td>40</td>
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<tr>
<td>Select</td>
<td>22</td>
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<tr>
<td>Define</td>
<td>13</td>
</tr>
<tr>
<td>Execute</td>
<td>12</td>
</tr>
</tbody>
</table>

Total no. of projects per phase
The Maersk Oil Corporate Resource Management System (MOCRMS)
THE MAERSK CORPORATE RESOURCE MANAGEMENT SYSTEM, A MIRROR IMAGE OF THE SPE-PRMS, IS NOW THE INTERNAL STANDARD, AND BENEFITS HAVE BEGUN TO BE REALIZED.

Initial Issues:
Using the vocabulary correctly in context.

Using compliant forecasting methods.

Creating compliant support for bookings.
Comprehensive Guidelines defining responsibilities for Evaluation Teams, Economists, Finance, and Managers

Resource Evaluation Support Package (RESP)

The support documentation engine.

STRICTLY EVIDENCE BASED
COMING UP THE CURVE, BUSINESS DRIVERS HAVE BEEN IDENTIFIED THAT UTILIZE THE PORTFOLIO CONCEPT AND THE CERTIFICATION OF RESERVES.
The Business Expectation

Resource Migration

Delivering “Value with Projects”

MOCRMS

The tool to know

Maersk Oil Board and APMM

Key Focus of how we will be measured.

Range of Uncertainty

Total Petroleum Initially-in-Place (PIIP)

Undiscovered PIIP

Discovered PIIP

Commercial

SUB-Commercial

Production

1P 2P 3P

Proved Probable Possible

Reserves

1C 2C 3C

Contingent Resources

Prospective Resources

Low Estimate

Best Estimate

High Estimate

Unrecoverable

Unrecoverable

Increasing Chance of Commerciality

Low

Best

High

Estimate

Estimate

Estimate

Estimate
Reserves and Resources

- The fundamental basis of the company
- The essential elements of the Business

The Tyra Platform
The Message is simply this:

We always have to translate our business into reserves terms.

The PRMS/MOCRMS matrix translates the basis of our business decisions into the basis of reserves and explains the justification and expectation for creating value in time.
Reserves and Resources as of 31 December, 2012

**Notes:**

**Uncertainty**

- Contingent & Prospective Resources are less well defined than reserves, by definition
- Resources uncertainties can lead to change over time due to unitized Working Interest, appraisal results, changed economic parameter (i.e., oil price) etc.

<table>
<thead>
<tr>
<th>Oil and Gas Resources</th>
<th>31 December 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reserves</strong></td>
<td></td>
</tr>
<tr>
<td>Proved 1P</td>
<td>2P</td>
</tr>
<tr>
<td>XXA (YYY)</td>
<td>XXB (YYB)</td>
</tr>
<tr>
<td><strong>Proved + Probable 2P</strong></td>
<td></td>
</tr>
<tr>
<td>1C</td>
<td>2C</td>
</tr>
<tr>
<td>X1CA (Y1CA)</td>
<td>X2CB (Y2CB)</td>
</tr>
<tr>
<td><strong>Proved + Probable + Possible 3P</strong></td>
<td></td>
</tr>
<tr>
<td>3C</td>
<td></td>
</tr>
<tr>
<td>X3CC (Y3CC)</td>
<td></td>
</tr>
<tr>
<td><strong>Contingent Resources</strong></td>
<td></td>
</tr>
<tr>
<td>1C</td>
<td>2C</td>
</tr>
<tr>
<td>X1CA (Y1CA)</td>
<td>X2CB (Y2CB)</td>
</tr>
<tr>
<td><strong>Prospective Resources</strong></td>
<td></td>
</tr>
<tr>
<td>XPrL (YPrL)</td>
<td>XPrB (YPrB)</td>
</tr>
<tr>
<td><strong>Low Estimate</strong></td>
<td><strong>Best Estimate</strong></td>
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<tr>
<td><strong>High Estimate</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>R/P (Reserves / Production)</th>
<th>1P reserves</th>
<th>2P reserves</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 2012 avg. production (MMX bbls/day)</td>
<td>ABC</td>
<td>DEF</td>
</tr>
<tr>
<td>At 2011 avg. production (MMY bbls/day)</td>
<td>BCD</td>
<td>EFG</td>
</tr>
</tbody>
</table>
The Challenges

Roles and Responsibilities

Experience

Qualifications

Staff
The Road to Change

Questions?

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