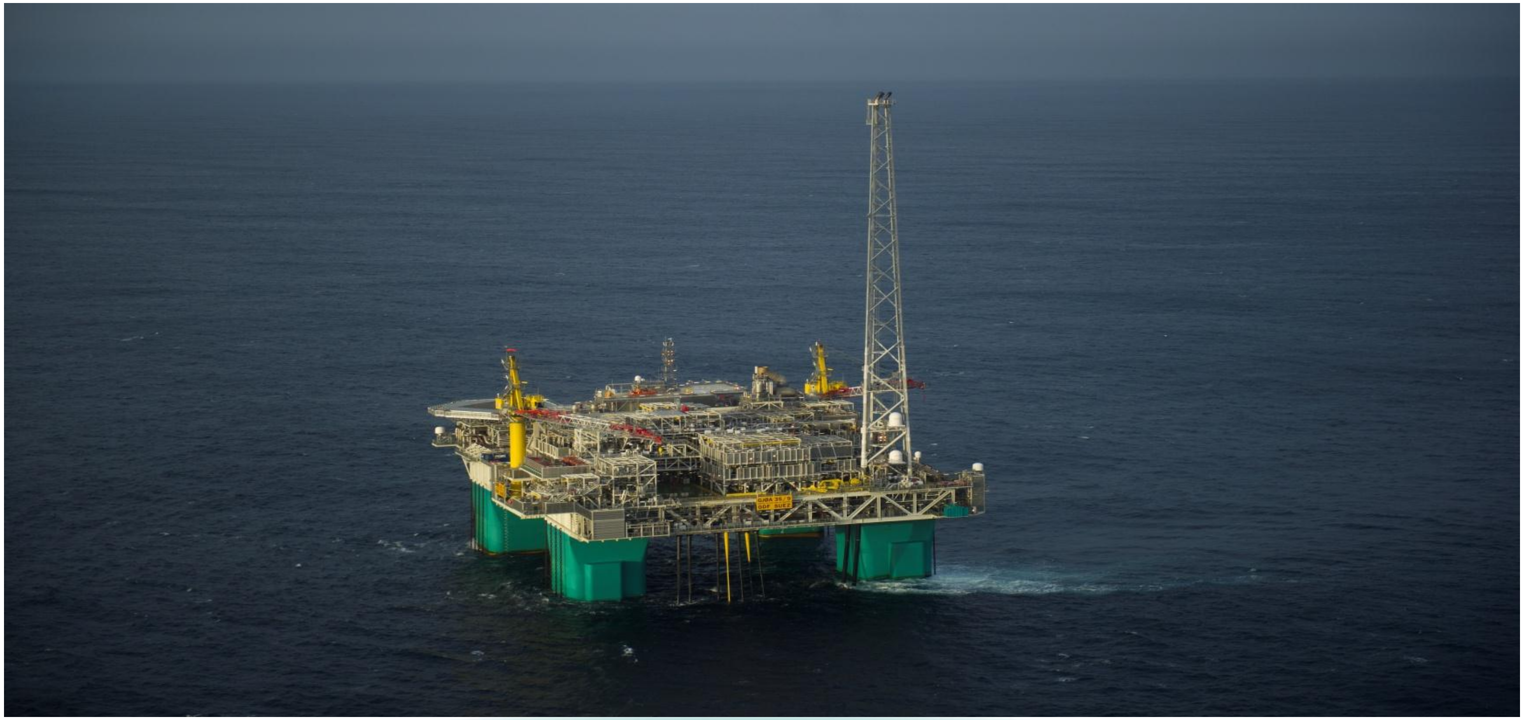
2nd IEF NOC-IOC Forum

Session 3

April 8th , 2011



The relationship between IOCs and NOCs has dramatically changed since the last 20 years

- NOCs gained
  - More independency
  - Access to technology
  - Access to downstream market
  - Access to skilled staff
  - Support from services companies for operations, drilling...
  - Etc…
- IOCs
  - Lost influence
  - Lost a part of the trust of NOCs and governments
  - Focused on more challenging projects (deep offshore, unconventional gas ...)
  - Still brought access to money and technology
  - Etc...

What brings us together / What separates us

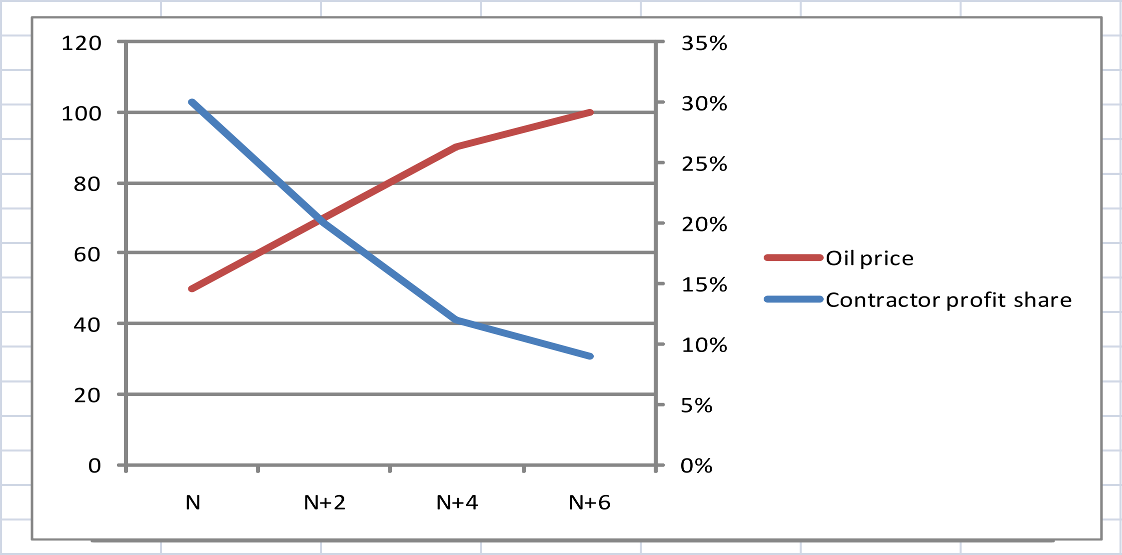
IOCs and NOCs both enjoy :

- Continuously high energy prices
- Risk sharing
- Improved efficiency

But IOCs and NOCs can have different views on :

- Access to and booking of reserves
- Access to downstream markets
- Shareholder objectives
- WACC
- Technology transfer
- Fiscal and legal guarantees

A concrete example : last exploration bid rounds (based on PSC)

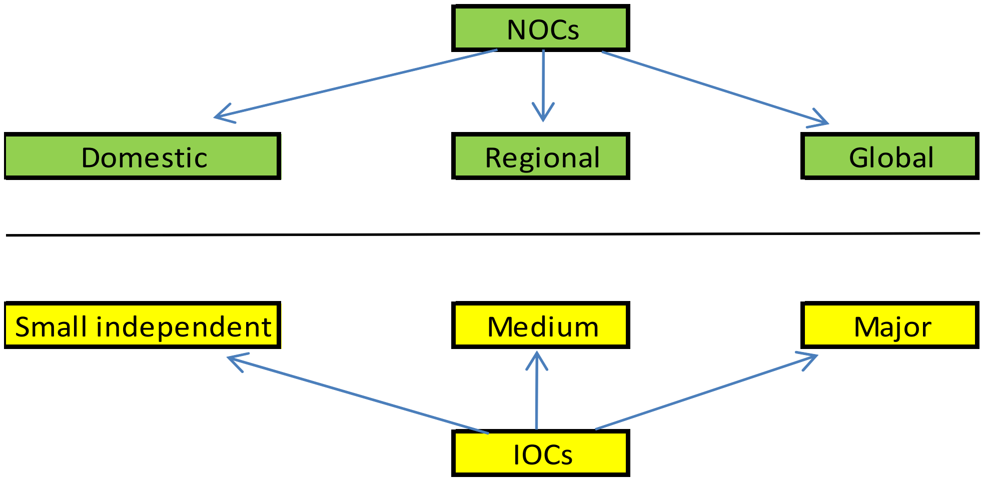


- Increasing energy prices led to more and more agressive bids, accentuated by new comers
- When prices collapsed, IOCs did not discover the « elephant » reserves essential to minimum profitability
- IOCs relinquished licenses and sometimes left countries

=> A lose/lose deal between NOCs and IOCs

=> What could have been done to avoid this situation ?

Which IOC/NOC partnerships ?



- No unique and universal answer

- Expectations could be very different depending on the size of NOCs/IOCs and also their management vision (short term vs long term)

GDF SUEZ' examples as NOC/IOC cooperation

Beyond the classic partnerships that GDF SUEZ has with NOCs in E&P licenses, we can mention :

- Partnership with Statoil in Gjoa Norway :
  - Statoil transferred operatorship to GDF SUEZ for the production phase : joint project team with very efficient cooperation
- Partnership with Sonatrach in LNG marketing :
  - Joint company MedLNG : several spot LNG cargoes sold in Asia, North America …
- Agreement with SNH Cameroon :
  - Development of a LNG plant
- Cooperation agreement with the Mauritanian Ministry of Oil & Energy
  - Working groups on LNG and power generation
- MOU with Qatar Petroleum International
  - To investigate partnerships in industrial projects outside Qatar

Some thoughts ….

➢« Small gas field policy » as it was successfully implemented in the Netherlands, could it be transferred or copied elsewhere ?

➢« Variable » profit shares in connection with the evolution of energy prices ?

- Increased profit share for Governments / NOCs when prices go up
- Increased profit share for IOCs when prices go down

➢How to mitigate fiscal and legal risks ?