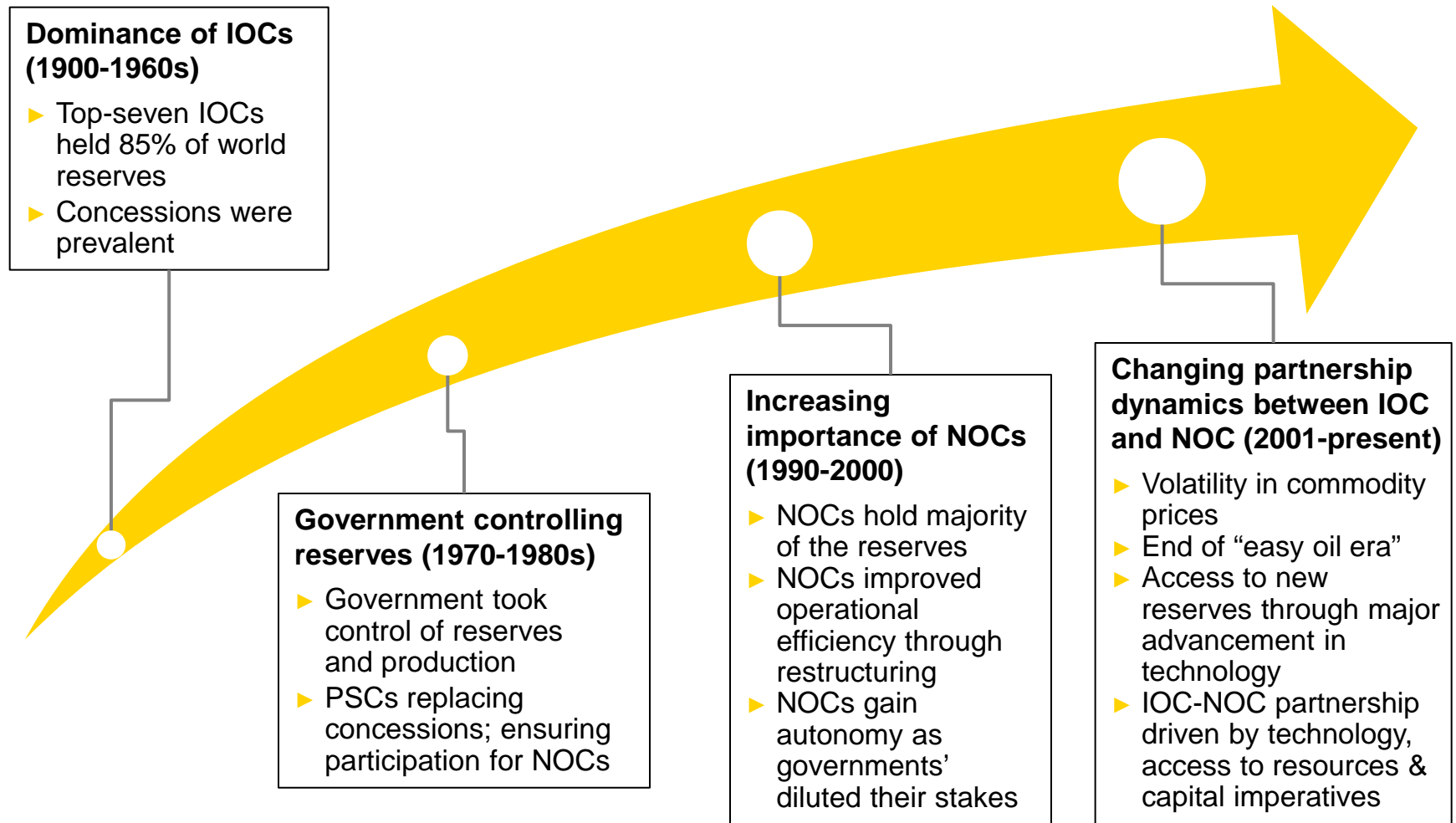


IOC-NOC cooperation: deepening interdependence

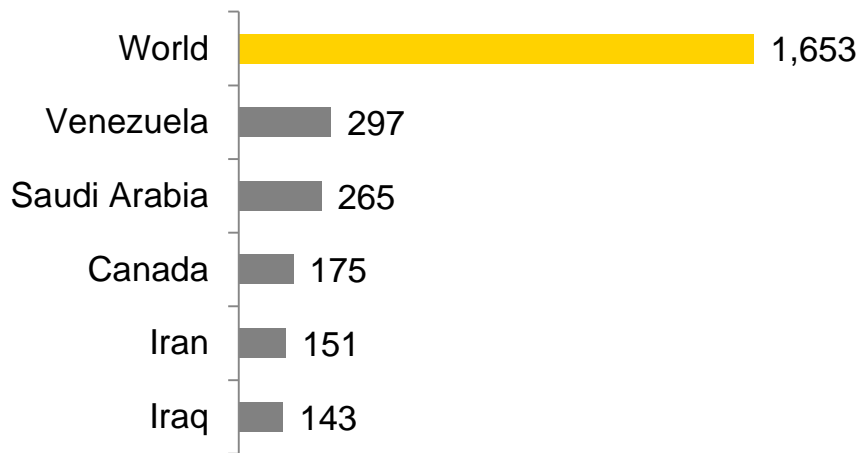
June 2013

Evolution of global upstream industry

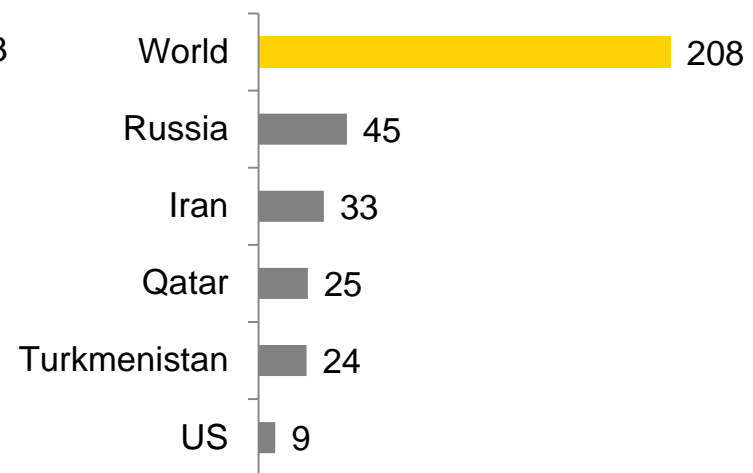


Distribution of O&G reserves

5 countries control 62% of oil reserves , (Billion bbl, 2011)



5 countries control 65% of gas reserves, (tcm, 2011)



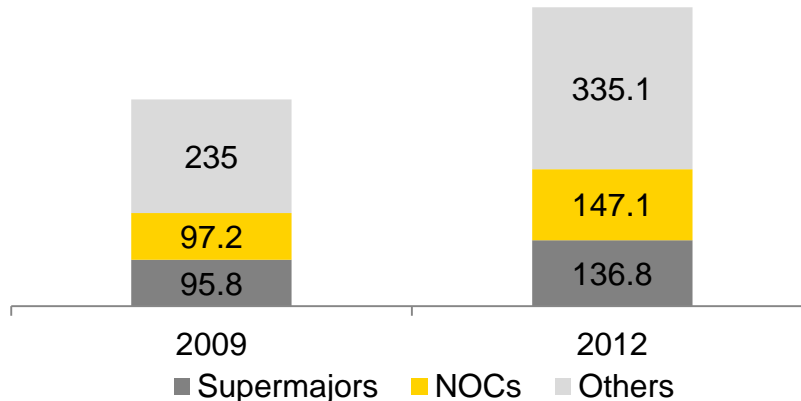
Source: BP Statistical Review of World Energy 2012

- ▶ Top 5 O&G resource holders other than US & Canada are NOC dominated
- ▶ Increasing instances of resource nationalization — E.g., Argentina, Venezuela
- ▶ Mandatory NOC participation in domestic projects — E.g., Brazil, Algeria

Access to resources driving IOC-NOC partnerships

Trends in global E&P investments

Global upstream investments (US\$ billion)



Super majors: ExxonMobil, Shell, Chevron, BP, Total, and ConocoPhillips

NOCs: Petrobras, PetroChina, Gazprom, Pemex, Sinopec, Statoil Rosneft, and CNOOC

Source: IEA World Energy Outlook 2010 and 2012



- ▶ Global upstream investment has grown by 44.6% from 2009-2012
- ▶ PetroChina and Petrobras have the highest upstream investment, accounting for approximately 8% of total global upstream capex in 2012
- ▶ Highly complex and capital intensive projects becoming a norm
- ▶ Access to capital and technology driving NOC-IOC interdependence

IEA estimates an investment of US\$14.7 trillion in the global E&P segment between 2012-2035

*The 2012 figures are based on mid-year budgeted spending plans.

Resource-seeking NOCs expanding global presence

- ▶ Driven by energy security needs, NOCs from China and India are aggressively pursuing global O&G resources
- ▶ Chinese NOCs have invested approximately US\$150 billion in overseas acquisitions in last 10 years
- ▶ Leading to increase in NOC-NOC and NOC-IOC partnerships
- ▶ Changing trends in global transaction
 - ▶ **Extended partnership**
 - ▶ **Investment in social infrastructure for equity oil**
 - ▶ **Leveraging diplomatic ties**
 - ▶ **Deals backed by sovereign funding**



Key drivers behind deepening NOC-IOC cooperation: India perspective

NOC perspective

- ▶ Energy security – access to O&G resources
- ▶ Development of domestic resource
- ▶ Access to technology (deepwater and unconventional)
- ▶ Upgrade technical and R&D capabilities
- ▶ Access global project management expertise

IOC –NOC
cooperation

Benefits for IOCs

- ▶ Access to reserves/markets
- ▶ Long-term strategic partnership
- ▶ Risks diversification
- ▶ Access to capital
- ▶ Managing local government and regulatory environment
- ▶ Opportunities across the value chain

Thank you

A silhouette of two workers on an offshore structure, likely an oil rig, against a sunset sky. One worker is standing on a platform, and the other is reaching up towards them. A thick yellow diagonal line cuts across the image from the bottom left towards the top right. On the left side, there is a series of thin, vertical white lines that appear to be part of a cable or rope.

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