

Operations Overview

The Company performed well during the year. Its sound operating results and market performance are obvious for all, with significant achievements in production growth, operating results, development strategy, financial performance and international expansion.





2002 was another year of remarkable achievements for CNOOC Limited.

After having successfully listed in Hong Kong and New York in 2001, the Group has established a more focused and efficient operating strategy, resulting in sound and healthy financial performance. The Group has also reached a new milestone in management and corporate governance, gaining increasing recognition from the international capital market.

The Company performed well during the year. Its sound operating results and market performance are obvious for all, with significant achievements in production growth, operating results, development strategy, financial performance and international expansion. In the meantime, the Company has reached a new horizon in its expansion program, further broadening its scope of business while ensuring a more healthy and solid pace of development. The Company has also successfully met its established business strategy, maintaining its leadership position among peers.



Three successful acquisitions

In 2002, the Company took active steps on the road towards international development, making a total investment of US\$1.23 billion in three major acquisitions. These included US\$585 million for acquiring part of the oil and gas assets in Indonesia from Repsol-YPF S.A., US\$275 million to acquire a

12.5% interest in the Tangguh LNG project in Indonesia, and approximately US\$366 million to acquire an interest of up to 5.56% in Australia's North West Shelf Gas Project and assume a 25% interest in the China LNG Joint Venture (the third acquisition has not been completed). The three acquisitions have brought significant reserve additions and production growth for the Company and facilitated the implementation of its gas strategy. In addition, the acquisitions have expanded our operation areas which now cover Indonesia, Australia and other Asia-Pacific countries, creating new core asset areas, and maintaining a healthy balance in the Company's portfolio of oil and gas assets.

13 new discoveries from exploration

Exploration activities continued to increase in offshore China, resulting in the most fruitful year in 2002 since the Company's listing. We, together with our partners, acquired 24,538 kilometers of 2D and 5,112 square kilometers of 3D seismic in 2002. A total of 59 wells were drilled. Of these, 43 were independently drilled while 16 were drilled by our partners. There were 13 discoveries, including Luda 5-2, Panyu 30-1, Jinzhou 25-1S, Caofeidian 11-3, Yacheng 13-4 and so on, of which 10 are independent discoveries, well above the number of discoveries the year before. Of the 13 discoveries, 9 are oil findings in Bohai Bay, 4 natural gas findings and oil finding in the South China Sea. In addition, 9 oil and gas structures were also successfully appraised. This demonstrates the Bohai Bay landscape as the base for oil exploration and the South China Sea as the base for gas exploration. We realised a 281% reserve replacement ratio during the year. Excluding reserves acquired in Indonesia, we have realised a 157% reserve replacement rate in offshore China, laying a solid foundation for continuous and stable growth of production volume. In the meantime, we successfully practised the "cluster exploration" technology so as to cut costs and improve exploration economics.

Historical growth in production volume

In 2002, our oil and gas production volume achieved historical growth. The Company's daily average

production volume reached 346,639 boe, an increase of 32.6%, with the daily oil production rate reaching 298,625 boe, an increase of 30.5%. Daily average gas output was 272.6 mmcf, increased by 39.8%. The increase in production volume comes mainly from the successful startup of development projects in offshore China, improvement of management on existing fields and the acquisition of oil and gas assets in Indonesia. In addition, 11 overall development programs (ODP) of 21 oil and gas fields were completed. It was a year in which a record number of such programs were made, indicating that development activities will be enhanced and stable growth in 2003 should be sufficiently guaranteed.

Four oilfields were put on stream

In 2002, we brought on stream four oilfields, i.e. Qinhuangdao32-6, Wenchang13-1/13-2 and Penglai 19-3 Phase I. Qinhuangdao 32-6 oilfield C/D and E/F platforms were put into operation 33 days and 51 days ahead of schedule respectively. Actual production of the Wenchang 13-1/13-2 oilfields was better than expected. Under the precondition of quality guarantee, the projects have been completed and put into operation on time or ahead of schedule and under budget, demonstrating our strength in executing projects.

Progress in gas marketing

In 2002, we steadily expanded our crude oil market both at home and abroad to ensure sales of crude oil from new oilfields. In the meantime, we also focused on marketing gas from Bohai Bay and Liaodong Bay as well as gas markets in Eastern and Southern China. Up to now, we have signed framework agreements and letters of intent with potential users in Shandong, Liaoning, Zhejiang, Guangdong and Hainan Provinces to secure gas markets for the Bonan, Dongfang, Huizhou and the East China Sea's Xihu Trough gas fields.

Innovative management and technology

In 2002, we strengthened managerial and technological innovations, resulting in lower costs and increased production volume. Exploration

efficiency was greatly improved and exploration cost significantly cut with the "cluster exploration" technology. The drilling period of a well with the cluster exploration technology is only 1/3 of that of a regular well, and the cost is less than 60%. Important technologies for enhanced oil recovery were also tested in Suizhong 36-1 oilfield with encouraging results. Average production capacity of a test well is 4-5 times that of a regular well, demonstrating that this innovative technology is the way forward for the efficient development of similar oilfields.

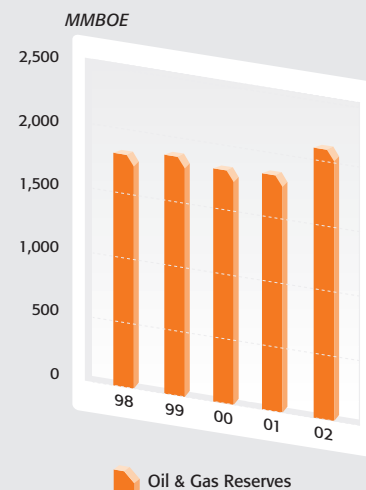
Strong financial status

In 2002, we maintained strong profitability and our financial performance improved steadily. As total production cost was still controlled as low as US\$9.65/boe (offshore China's total production cost is US\$8.48/boe), our profit before tax reached RMB12.774 billion, an increase of 16% over last year. The strong rise was mainly due to a jump in our production volume. The Company realised RMB9.233 billion of net profit, up 16% over last year. Per share earning was RMB1.12 and ROE was 25% with ROACE at 22.1%.

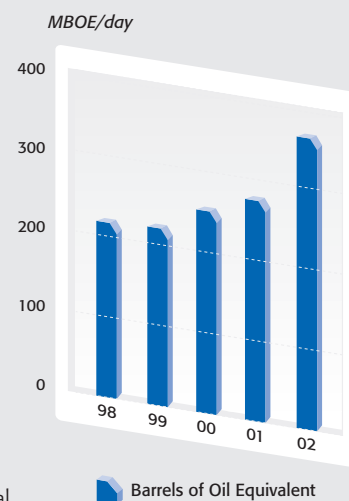
In a year during which the Dow Jones Industrial Average and the Hang Seng Index fell 17% and 18% respectively, the Company's share price rallied 38% despite market depression. In addition to the HK\$0.15 year-end and HK\$0.11 interim dividend, we also proposed a HK\$0.15 special dividend at year-end. We believe our shareholders have obtained a satisfactory return during the year.

In 2002, our prudent financial and investment policy received profound recognition. Our credit rating has been raised again to Baa1 (positive) by Moody's Investment Service. This is the highest rating ever granted by Moody's to a corporation in China and is also an example of the market's

Historical Reserve Growth



Historical Production Growth



confidence in our strategy and development outlook. Additionally, we successfully issued US\$500 million 10-year global notes, which received a warm welcome from the market, optimising our capital structure.

Better performance in health, safety and environmental protection

With a better health, safety and environmental protection system, an ongoing improvement plan and by focusing on HSE measures, the Company fully carried out its HSE commitments in 2002 with a stronger performance than last year. During the year, there were no fatality, no incident of oil spillage and no single incident that resulted in an economic loss in excess of US\$120,000. The Company's rate of occupational injuries and occupational disease as measured by OSHA statistics is better than the average for international oil companies.



Review by Area

We are currently engaged in exploration, development and production in five major areas, which includes Bohai Bay, Western South China Sea, Eastern South China Sea and East China Sea in offshore China and Indonesia. The following is a summary of our operating activities in these areas:

Bohai Bay

Bohai Bay holds the core assets of our portfolio and consists of crude oil and natural gas fields such as Suizhong 36-1, Qinhuangdao 32-6 and many other oil discoveries and development projects that are under construction. This area holds the largest amount of reserves and production among our 5 major operating areas. As of the end of 2002, we

had net proved reserves of 1,092.3 MMboe in this area, accounting for approximately 54.2% of the total net proved reserves. In 2002, daily average net production was 135,612 boe, accounting for approximately 39.1% of our total net daily production.

In 2002, 28 wells were drilled in the Bohai Bay area, of which 15 were drilled by us (including 7 wildcat wells and 8 appraisal wells) and 13 by our foreign partners (including 5 wildcat wells and 8 appraisal wells). We had 9 oil discoveries in this area in 2002. Continued exploration success in the Bohai Bay area in 2002 further strengthened its importance as one of our core production areas and indicated exploration potential in the vicinity. The discoveries in this area are adjacent to existing production facilities, which will help improve economics through infrastructure synergies.

We have been very successful in the Liaoxi block. In 2002, we drilled 12 exploration wells (5 wildcats and 7 appraisals). Nine of them were successful with 4 discoveries, namely Luda 4-2, 5-2, 10-1 and Jinzhou 25-1S. In 2003, we are planning to drill 7 exploration wells (3 wildcats and 4 appraisals) in the block.

In the Bozhong block, we drilled 2 wildcat wells and made 2 discoveries (Qinhuangdao 34-3 and Penglai 2-2). In 2003, we are planning to drill 6 exploration wells in the area (3 wildcat wells and 3 appraisal wells).

Our foreign partners also had successful explorations. Kerr-McGee Corp. struck 3 discoveries, of which 2 were oil discoveries (Caofeidian 11-3 and Caofeidian 16-1) with 3 wildcats and 1 appraisal well in the 04/36 block. It also drilled 2 appraisal wells in the hydrocarbon-bearing Caofeidian 12-1S, in block 05/36. The evaluation of reserves is under way.

In 02/31 block, Chevron/Texaco successfully drilled 5 appraisal wells in Luda 27-2 in 2002, confirming oil and gas discoveries in the area. Reserve evaluation is currently under way.

Major properties under production and development

Block/Property	Operator	Partner	The Company's interests	2002 Net production (BOE/day)	Actual production commencement year	Net Reserve as of December 31, 2002 (MMBOE)
Offshore China						
Bohai Bay						
Production						
Liaoxi						
Jinzhou 20-2	CNOOC Ltd.		100%	9,002	1992	49.5
Jinzhou 9-3	CNOOC Ltd.		100%	14,671	1999	37.5
Suizhong 36-1 Phase I	CNOOC Ltd.		100%	25,957	1993	222.9
Suizhong 36-1 Phase II	CNOOC Ltd.		100%	46,679	2000	
Boxi						
Boxi fields	CNOOC Ltd.		100%	15,784	1997	25.1
Chengbei oil field	CNOOC Ltd.		100%	4,158	1985	11.9
Qinhuangdao		BPCEPC, Chevron/Texaco				
Qinhuangdao 32-6	CNOOC Ltd.		51%	16,762	2001	85.6
11/05						
Penglai 19-3	Philips	Philips Bohai	51%	5	2002	123.0
Bonan						
Bozhong 34-2/4	CNOOC Ltd.		100%	2,594	1990	3.3
Development						
Liaoxi						
Jinzhou 21-1	CNOOC Ltd.		100%			13.1
Luda 4-2/5-2/10-1	CNOOC Ltd.		100%			76.5
Bozhong						
Nanbao 35-2	CNOOC Ltd.		100%			75.7
Boxi						
Qikou 18-9/18-2	CNOOC Ltd.		100%			9.6
Bonan						
Bonan oil fields	CNOOC Ltd.		100%			68.3
Bozhong 25-1/25-1s	CNOOC Ltd.	Chevron/Texaco	83.8%			229.6
11/05						
Penglai 25-6	Philips	Philips Bohai	51%			10.7
04/36						
Caofeidian 11-1/11-2	Kerr-McGee	Sino-American Energy	51%			48.3
Caofeidian 18-1	Kerr-McGee	Sino-American Energy	51%			1.7
Bohai Bay Total				135,612		1,092.3
Eastern South China Sea						
Production						
16/08						
Huizhou oil fields	CACT		51%	31,365	1990	27.6
15/11						
Xijiang 24-3	Philips, CNOOC Ltd.	Shell	51%	16,732	1994	12.4
15/22						
Xijiang 30-2	Philips, CNOOC Ltd.	Shell	40%	14,202	1995	9.2
29/04						
Liuhoa 11-1	BPLIUHUA, CNOOC Ltd.	Kerr-McGee	51%	7,139	1996	6.0
16/06						
Lufeng 13-1	JHN		25%	2,697	1993	2.9
17/22						
Lufeng 22-1	Statoil, CNOOC Ltd.		25%	1,657	1997	0.8
Development						
16/19						
Huizhou 19-3/19-2/19-1/21-1(G)	CACT		51%			35.2
15/34						
Panyu oil fields	Devon	Burlington	51%			33.4
Eastern South China Sea Total				73,792		127.5
Western South China Sea						
Production						
Yulin 35						
Weizhou oil fields	CNOOC Ltd.		100%	36,456	1993	50.8
Wenchang 13-1/2						
Wenchang 13-1/13-2	CNOOC Ltd.	Husky	60%	19,794	2002	46.5
Yinggehai						
Yacheng 13-1	BPCEPC	Kufpec	51%	26,953	1995	98.3
Development						
Yangjiang 31/32						
Wenchang 8-3/19-1	CNOOC Ltd.		100%			37.7
Yulin 35						
Weizhou 12-1(N)	CNOOC Ltd.		100%			21.5
Yinggehai						
Yacheng 13-4	CNOOC Ltd.		100%			22.4
Changjiang 25						
Dongfang 1-1	CNOOC Ltd.		100%			218.5
Ledong 01						
Ledong	CNOOC Ltd.		100%			83.2
Western South China Sea Total				83,203		578.9
East China Sea						
Production						
Pinghu						
Pinghu Gas field	CNOOC Ltd.		30%	5,283	1998	12.3
Development						
Xihu Trough						
Canxue	CNOOC Ltd.	SINOPEC	50%			11.6
Duanqiao	CNOOC Ltd.	SINOPEC	50%			18.5
East China Sea Total				5,283		42.4
Offshore China Total				297,890		1,841.1
Indonesia						
Malacca oil field				2,579	1994	7.6
Indonesia SES.B.V				46,170		167.1
Indonesia Total				48,749		174.7
Total				346,639		2,015.8



Qinhuangdao 32-6 is our most important PSC oilfield in Bohai Bay. We have a 51% participating interest and are the operator of this oilfield. Chevron/Texaco and BP are our operating partners. Since the northern part of the field (Platform A and B) began production in 2001, the southern part (Platform C and D) and the western part (Platform E and F) were respectively put into production in May and August 2002, both ahead of schedule. The oilfield's annual average daily net production reached 16,762 barrels.

Penglai 19-3 is the largest oilfield discovered to date in offshore China. The oilfield is jointly developed by us and Phillips Petroleum Co., a subsidiary of Conoco Phillips, which is also the operator. The Company holds a 51% interest in the project. The first phase of Penglai 19-3 was successfully put into production on 31 December 2002. This project, consisting of 20 producing wells, will be put into production in stages.

We currently hold exploration licenses for 7 blocks in the area while our foreign partners have exploration licenses for 9 other blocks. In 2003, we are planning to drill 15 exploration wells in Bohai Bay, 6 wells in Bozhong block, 2 in Bonan block and 7 in Liaoxi block. Our foreign partners will drill 5 exploration wells in the area.

Western South China Sea

Western South China Sea, one of our most important natural gas exploration areas, consists of Beibu Gulf, Yinggehai and the Qiongdongnan basins. Our largest gas production field, Yacheng 13-1, and our largest gas development project, Dongfang 1-1, are both located in the area. With the

completion of the Wenchang 13-1/13-2 oilfield development project, production in this area increased rapidly, with average daily production reaching 83,202 boe, up by 29.1 % in 2002. Under the development plan, the Dongfang 1-1 gas development project will be completed and on stream in 2003. By then, production in this area is expected to increase significantly.

In 2002, the Company drilled 17 wildcat wells and 3 appraisal wells while our partner drilled 1 wildcat well, all in the same area. At present, the Company and its partners possess 27 and 8 exploration licenses in the area, respectively.

In 2002, we drilled 3 wildcat wells and 1 appraisal well in Ledong 01 Block, 3 of which were successful. Two gas discoveries (Yacheng 13-4 and Yacheng 13-6) were made. The reserves evaluation was just completed.

Wenchang 13-1/13-2 is a joint venture in which we have a 60% participating interest. We are also the operator of the project. Husky Oil owns the remaining 40% interest. The Wenchang 13-1/13-2 development project consists of 2 well-head platforms; one single point mooring system (SPM) and a FPSO named the "Nanhai Endeavour". The field was put into production in July 2002. The maximum daily gross production of its 21 producing wells has reached 70,000 barrels, which is better than expectation.

The Company and BP jointly developed Yacheng 13-1, this is the Company's largest natural gas producing field. We will act as the operator of the gas field in 2004 and the transition is proceeding smoothly.



In 2003, we are planning to drill 4 wildcat wells in this area and our partners have budgeted for 2 wildcat wells.

Eastern South China Sea

Eastern South China Sea is an important crude oil production area for us. During 2002, exploration, development and production at the Eastern South China Sea recorded healthy progress, with significant achievements in independent exploration. During the year, the Company drilled 5 independent exploration wells (4 wildcat wells and 1 appraisal well) with 2 gas discoveries at Panyu 30-1 and Panyu 34-1. The success of these wildcat wells has not only laid a sound base for gas production in the Eastern South China Sea for the next 3 to 5 years, but also further confirms the exploration potential of the Zhu II trough. It also represents an excellent start for sustainable development in the area, facilitating tendering work for deep-water blocks. In 2003, the Company plans to drill 4 appraisal wells on the above two gas discoveries.

At Lihua 07 Block, the Company drilled 4 wildcat wells and successfully discovered 2 gas-bearing structures, namely Panyu 30-1 and Panyu 34-1, which have been tested to contain high volumes of natural gas. These gas discoveries have enabled the development of natural gas in conjunction with the shallow gas project in Huizhou 21-1, opening up a new natural gas market in the Pearl River Delta area.

At Xijiang 04 Block, we drilled 1 appraisal well in 2002, confirming the commercial viability of Xijiang 23-1, a hydrocarbon-bearing structure. We are currently evaluating the development potential of this oilfield and expect to maintain stable production in the area.

At 15/34 Block, we are developing Panyu 4-2 and Panyu 5-1 in conjunction with our partner Devon Energy, who is the operator. We have a 51% participating interest in the project. The oilfield is scheduled to commence production in 2003.

Our parent company, China National Offshore Oil Corporation, announced in September 2002 that it would invite international tenders to bid for the 12 deep-water blocks in the South China Sea. The Company and Husky Oil subsequently reached an agreement on the 40/30 Block in December 2002. We believe the Eastern South China Sea area will fully realise its potential through foreign cooperation in deep-water blocks as well as developing deep-water block strategies.

During the year, our partners drilled 2 wildcat wells in the Eastern South China Sea area. The Company currently holds exploration licenses for 26 blocks while its partners hold exploration licenses for 6 other blocks. In 2003, the Company is planning to drill 8 exploration wells (4 wildcat wells and 4 appraisal wells - including a joint venture exploration for a wildcat well with OPIC). Our foreign partners will drill 3 to 4 exploration wells (including 3 wildcat wells and 1 appraisal well).

East China Sea

The East China Sea is the least-explored area offshore China. Adjacent to Eastern China and boasting natural geographical advantages, the area shows economic vitality and has the greatest economic development potential in China. In this particular area, the Company holds exploration licenses for 44 blocks while its partners hold exploration license for 1 block.

In conjunction with SINOPEC we undertook joint exploration and development operations in Xihu trough in 2002. We are the operator for this project with a 50% participating interest. During the year, we drilled 2 appraisal wells and 1 wildcat well, achieving our objective of evaluating existing gas discoveries. At the beginning of 2002, we formally launched the development of Chunxiao gas fields in the Xihu trough. The development project will be carried out in 2 phases. Phase I consists of 2





wellhead platforms and 1 central platform, internal transmission pipelines and cables, submarine gas transmission pipeline and onshore terminals. In 2003, we are planning to drill 6 exploration wells in the Xihu trough area in conjunction with SINOPEC.

Apart from the Pinghu gas field, the Chunxiao gas field is the second gas field to be developed in the East China Sea.

Overseas Activities

We made great strides in our overseas expansion in 2002 through 3 major acquisitions. Early in the year, we, in the name of CNOOC Southeast Asia, completed the acquisition of a participating interest of REPSOL-YPF in 5 blocks in Indonesia for US\$585 million: 65.3% of the Eastern Sumatra production sharing contract area, 36.7% of Northwest Java production sharing contract area, 25% of West Madura production sharing contract area, 50% of Poleng technology services contract area and 16.7% of Blora production sharing contract area. With the

completion of the acquisition, the Group has become the largest offshore oil producer in Indonesia.

In September 2002, we reached an agreement to acquire a 12.5% participating interest in the Tangguh project in Indonesia for US\$275 million. This transaction took effect on 1 January 2003.

In October 2002, we signed a key terms agreement with North West Shelf Venture Partners to acquire an interest of up to 5.56% in the North West Shelf Gas Project ("NWS Gas Project") titles and assume a 25% interest in the China LNG Joint Venture ("CLNG JV") for approximately US\$366 million. This transaction has not been completed.

The Tangguh project in Indonesia and the NWS Gas Project in Australia will enable the provision of natural resources to the LNG projects in China's coastal provinces of Fujian and Guangdong.

Our overseas oil subsidiaries OOGC Malacca Ltd. and Malacca Petroleum Ltd. hold a participating interest of 32.58% and 6.93% respectively in Indonesia's Malacca Strait production sharing contract, with a consolidated interest of 39.51%.

New Contracts Signed in 2002

In 2002, our parent, China National Offshore Oil Corporation, signed 4 petroleum contracts and reached 2 supplemental development agreements.

New Supplemental Development Agreements Signed in 2002

No.	Agreements	Block	Type	Partner	Interest (%)	Date of the Agreement	Area (km ²)
1	CFD11-1/2 Development Supplemental Agreement	04/36	Development Supplemental Agreement	Kerr-McGee/ Sino-American Energy	40.1/8.9	2002.09.06	91
2	BZ25-1/1S Unitised Development Agreement	11/19	Unitised Development Agreement	Chevron/Texaco	16.2	2002.10.11	218

New Oil Contracts Signed in 2002

No.	Basin	Block	Partners	Interest of the Partners %	Date of the Agreement	Area (km ²)	Drill Obligation (wells)
1	Pearl River Mouth	Chaotai	OPIC	50%	2002-5-16	15,400	3
2	Beibu Gulf	23/15	Husky	100%	2002-9-23	1,327	1
3	Beibu Gulf	23/20	Husky	100%	2002-9-23	1,543	1
4	Pearl River Mouth	40/30 (Deepwater Area)	Husky	100%	2002-12-6	6,704	1

Major exploration blocks

Block	Block Area (km ²)	Partner	Exploration License Commencement – Expiration	2002 Total Exploration Drilling	2003 Independent Exploration Plan
Bohai Bay					
Middle of Bohai Bay	5,310		08/16/02 – 08/16/04	2	6
Southern Bohai Bay ⁽¹⁾	573		10/08/00 – 10/08/02	0	2
Western Bohai Bay	1,913		03/29/01 – 03/29/03	1	0
Liaodong Bay	3,344		01/31/00 – 04/08/06	12	7
Eastern Liaodong Bay	2,829		07/02/01 – 07/02/06	0	0
Independent Total	13,969			15	15
05/36	1,250	Kerr-McGee, Newfield, Sino-American Energy	02/10/02 – 02/10/04	2	
06/17 ⁽¹⁾	2,587	Chevron/Texaco, Carigali	02/01/01 – 02/01/03	1	
Eastern 11/05	3,601	Phillips	08/16/02 – 02/10/04	0	
Western 11/05	4,076	Phillips	02/10/02 – 02/10/04	0	
11/19	3,186	Chevron/Texaco	03/28/01 – 03/28/03	0	
09/18	2,226	Kerr-McGee	04/04/01 – 04/04/04	0	
02/31	3,936	Chevron/Texaco, Carigali	04/06/01 – 04/06/03	5	
04/36	1,694	Kerr-McGee, Sino-American Energy	12/31/01 – 12/31/03	4	
11/26 ⁽¹⁾⁽⁶⁾	3,190	Shell	10/08/00 – 10/08/02	0	
PSC Total	25,746			13*	
Bohai Bay Total (major blocks)	39,715			28	
East China Sea					
Xihu Huangyan 04 ⁽³⁾	2,848		08/28/01 – 08/28/08	3	6
Xihu Hangzhou 17	4,227		08/28/01 – 08/28/08	0	0
Xihu Zhenghai 01	1,536		08/28/01 – 08/28/08	0	0
Xihu Fuyang 27	2,526		08/28/01 – 08/28/08	0	0
Lishui – Jiaojiang Trough	6,767		03/31/00 – 11/28/05	0	0
Lishui 30	4,085		07/01/02 – 07/01/09	0	0
Western Wunansha (South Yellow Sea)	242		03/31/00 – 12/16/05	0	0
Qingdao 34 (South Yellow Sea)	5,745		12/07/02 – 12/07/06	0	0
Dalian 16 (North Yellow Sea)	6,471		05/11/01 – 05/11/06	0	0
Yantai 04 (North Yellow Sea)	6,111		05/11/01 – 05/11/06	0	0
Independent Total ⁽⁶⁾	40,558			3	6
32/32	513	Primeline Energy/ Primeline Petroleum	07/11/02 – 07/11/04	0	0
PSC Total	513			0	0
East China Sea Total (major blocks)	41,071			3	6
Xijiang 04 (Pearl River Mouth)	7,969		05/11/01 – 05/11/06	1	0
Lufeng 08 (Pearl River Mouth)	4,723		05/11/01 – 05/11/06	0	3
Huizhou 30 (Pearl River Mouth)	5,862		05/11/01 – 05/11/06	0	0
Huizhou 31 (Pearl River Mouth)	3,074		05/11/01 – 05/11/06	0	0
Enping 15 (Pearl River Mouth)	5,833		05/11/01 – 05/11/06	0	0
Enping 10 (Pearl River Mouth)	6,547		05/11/01 – 05/11/06	0	0
Panyu 33 (Pearl River Mouth)	4,830		05/11/01 – 05/11/06	0	0
Liuhoa 07 (Pearl River Mouth)	4,172		05/11/01 – 05/11/06	4	4
Chaotai ⁽³⁾	7,834		05/14/02 – 05/14/07	0	1
Independent Total ⁽⁵⁾	50,844			5	8

* During the year, our PSC partner, Agip, drilled an exploration well in Bohai Bay's 09/11 Block, however, the exploration contract was terminated in 2002. This well is calculated into the Total Exploration Drilling for the year. This block area is included in the independent block areas.

Operations Overview (cont'd)

Major exploration blocks

Block	Block Area (km ²)	Partner	Exploration License Commencement – Expiration	2001 Total Exploration Drilling	Independent Exploration Plan
16/19 (Pearl River Mouth) ⁽¹⁾	415	Agip, Chevron/Texaco	10/08/00 – 03/31/02	0	
15/34 (Pearl River Mouth)	5,124	Devon, Burlington	08/30/00 – 02/28/04	1	
16/02 (Pearl River Mouth)	3,498	Devon, EDC	03/31/00 – 03/31/07	0	
15/12 (Pearl River Mouth)	1,895	Shell, Phillips	10/16/00 – 10/16/06	0	
15/35 (Pearl River Mouth)	1,439	Devon, Burlington	08/10/01 – 01/31/03	0	
27/10 (Pearl River Mouth) ⁽⁵⁾	6,546	Devon, EDC	10/09/01 – 10/09/03	1	
16/08 (Pearl River Mouth) ⁽²⁾	541	Agip, Chevron/Texaco	04/29/01 – 04/29/03	0	
16/05 (Pearl River Mouth) ⁽²⁾	3,009	Devon, EDC	03/31/00 – 03/31/07	0	
PSC Total	22,467			2	
Eastern South China Sea					
Total (major blocks)	73,311			7	
Ledong 01	6,543		12/03/01 – 12/03/03	4	0
Changjiang 25	5,811		12/03/01 – 12/03/03	7	2
Songtao 18	2,566		03/31/00 – 12/16/05	1	0
Lingao 11	4,117		05/11/01 – 05/11/06	1	0
Lingao 15	6,080		05/11/01 – 05/11/06	3	0
Weizhou 12	6,980		05/11/01 – 05/11/06	0	0
Yulin 35	6,050		05/11/01 – 05/11/06	1	0
Qionghai 28	5,208		05/11/01 – 05/11/06	0	1
Songtao 22	4,063		05/11/01 – 05/11/06	1	0
Songtao 31	5,264		05/11/01 – 05/11/06	1	0
Wenchang 20	4,979		05/11/01 – 05/11/06	1	1
Baodao 16	7,583		08/08/02 – 08/08/07	0	0
Baodao 30	6,341		08/07/02 – 08/07/07	0	0
Independent Total	71,585			20	4
Wananbei A~D	25,418	Crestone	10/01/01 – 10/01/03	0	
Pearl river mouth 39/05 ⁽⁵⁾	5,700	Husky	12/03/01 – 12/03/03	0	
Beibu Gulf 22/12 ⁽⁵⁾	608	Blair/ROC/Petsec/Oil Australia	05/11/01 – 05/11/06	1	
Beibu Gulf 23/15 ⁽⁵⁾	1,327	Husky	05/11/01 – 05/11/06	0	
Beibu Gulf 23/20 ⁽⁵⁾	1,543	Husky	05/11/01 – 05/11/06	0	
PSC Total	34,596			1	
Western South China Sea					
Total (major blocks)	106,181			21	
Total ⁽⁵⁾	260,278			59	33

(1) Application submitted for extension of exploration license.

(2) Contract completed in 2002. The valid period of the license is the same as that of the independent exploration block.

(3) Joint exploration block with SINOPEC or OPIC (as the case may be), planned workload equals joint operation workload, half of it is net independent workload. The total net independent workload in 2002 is 41.5 wells.

(4) Drilling operation planned for 2002 includes joint operation wells. Net independent drilling plan for 2003 is: 3 wells for East China Sea, 7.5 wells for Eastern South China Sea, 15 wells for Bohai Bay and 4 wells for Western South China Sea, in total 29.5 wells.

(5) The contract area is located in an independent block, the valid period of which is dependent on the exploration license for the independent block.

(6) The PSC contract area has been excluded from the total area of the independent block.