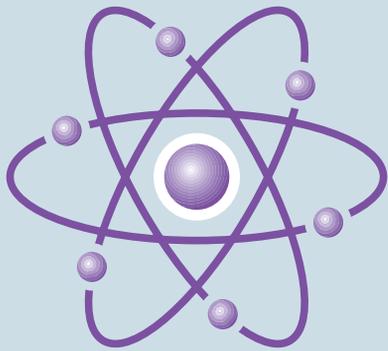


The Company places emphasis on professional training with respect to

Health, Safety and Environment





Implementation of systematic management

Caring for employees' health, safety and environment has long been the operating principles of the Company. In 2004, the Company's OSHA statistical results continued to be above average in the industry. The Company made achievements to improve the implementation of HSE standards offshore China.



The senior management and the whole staff of the Company recognize that the issues related to health, safety and environmental protection ("HSE") are as important as exploration and production operations. Therefore, the Company as a whole has paid great attention to the HSE.

In 2004, the performance of the Company in HSE was satisfactory: during the year, the Company recorded no major oil spills, or any safety related liabilities that exceeded RMB1 million per incident.

According to the Company's OSHA statistical results, we were above-average rating as compared with our peers. We are continuously improving our HSE performance.

During the reporting period, the Company made achievements to improve the implementation of HSE standards offshore China.

SYSTEMATIC MANAGEMENT

The Company continued to evaluate and improve its performance by redefining its goals and taking remedial measures in order to further enhance the HSE system of the Company in 2004.

In 2004, the Company completed its senior management review of two branches in China and CNOOC SES Ltd. as scheduled. Through the senior management review, the Company's HSE management was further improved. The regulation of CNOOC's HSE Management in respect of production and

business operations was fully implemented. The “Crisis Management plan” of the Company was also strengthened after modification.

Further contribute to the promotion of offshore oil spill awareness, the Company continued to cooperate with Bohai Bay Oil Spill Awareness Center and support the establishment of the oil spillage awareness organizations in South China Sea.

As a major member of the “China State Offshore Oil Spill Emergency Plan” organized by State Oceanic Administration, the Company continued to conduct researches and discussions on issues relating to resources sharing and risk assessment in case of offshore oil spill.

In 2004, the Company further strengthened the safety management procedures for high-risk activities such as those involving helicopter, diving and loading operations. In addition, the Company reinforced safety checks and tightened safety management on site.

In 2004, the Company adopted the HSE in managing other workers and contractors on a regular and orderly basis.

During the reporting period, our HSE principles and management have gained public recognition in various occasions.

In 2004, as the only Chinese OGP member, the Company provided assistance to OGP in organizing its 30th anniversary seminar. The Company also participated in the conferences on safety issues related to major incidents.



EMPLOYEE EDUCATION

The Company has spared no effort in promoting HSE among all its employees and has encouraged them to put these ideas into practice in work and life.

During the period, the Company organized a series of training covering the main areas of HSE regulations, special operations and offshore rescue with more than 10,000 people participated.

Certain organizations have adopted the HSE concepts as major criteria to evaluate the performance of employees.

In 2004, the Company emphasized fire prevention and safe driving of vehicles in employees' training. The Company also provided employees with training on risk avoidance and prevention and also distributed them with office fire prevention equipment.

Regarding the healthcare of the employees, the Company has developed a healthcare management software for the purpose of assigning duties in accordance with the health of the employees in 2004.

CNOOC LTD'S OSHA OCCUPATIONAL INJURY & OCCUPATIONAL DISEASE STATISTICS OF 2004

Scope	Gross man-hour	Recordable cases	Rate of recordable cases	Number of cases away	Rate of cases away	Number of days away & working shifts	Number of days away & working bounds	Death
Permanent workers	7,213,227	0	0.000	0	0	0	0.000	0
Permanent workers, other workers & direct contractors	30,917,203	37	0.239	17	0.110	100	0.647	1

