



**ROMANIA: Deep Water Black Sea Opportunity
Potential & Risks**
February 25, 2014

Black Sea Drilling Outlook

Neptun Deep

- Seismic data processing and interpretation ongoing
- Further drilling activities to be resumed mid-year 2014
 - Domino-2 well
- Additional exploration drilling late 2014 / early 2015 (subject to results and related studies)

Midia Deep

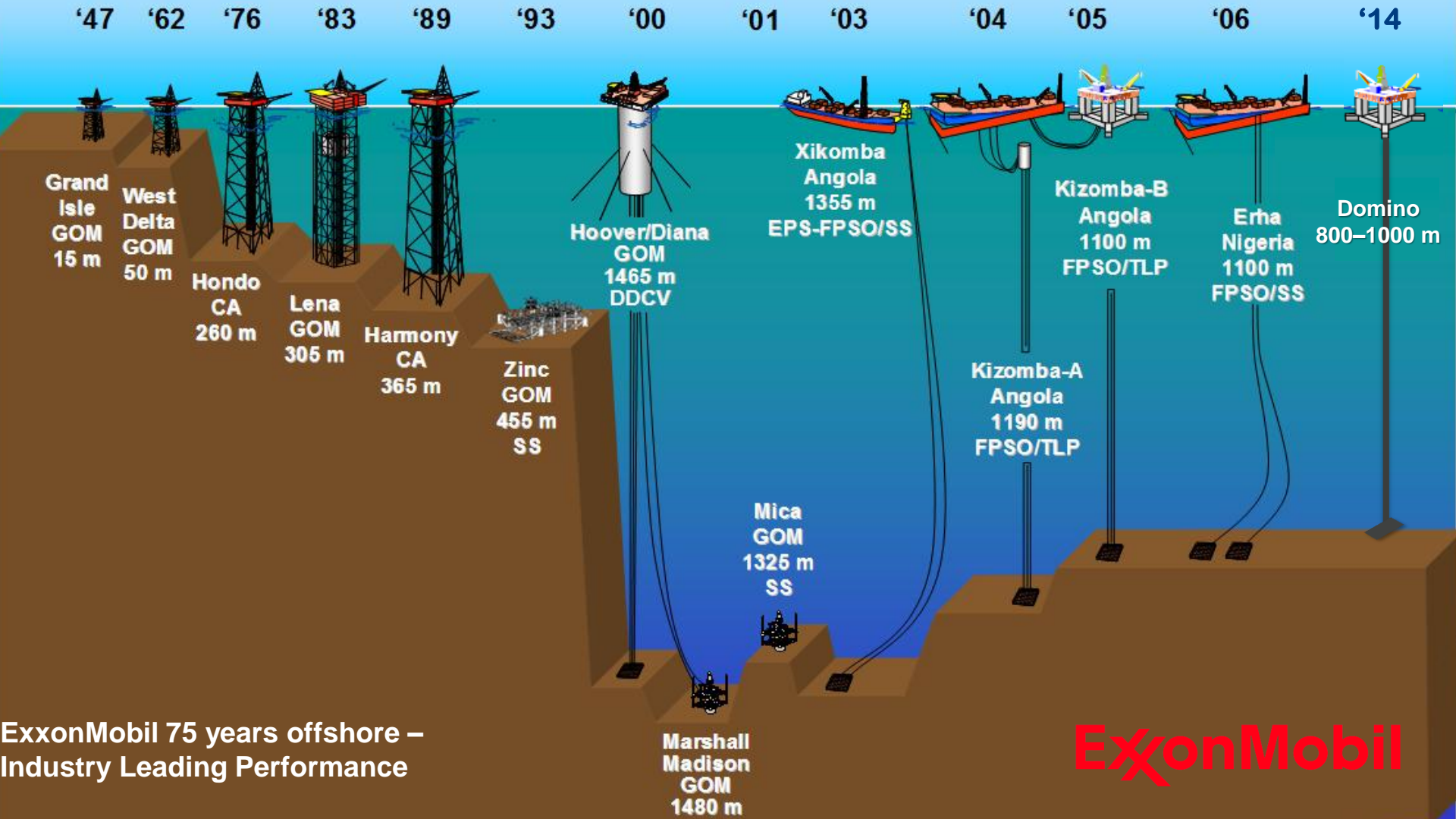
- Current focus on seismic data processing and interpretation
- Drilling subject to evaluation results

Ocean Endeavor drilling rig

- 5th generation semi-submersible rig
- Designed to operate in water depths up to 3,048 m and has as a maximum drilling depth capability of 10,688 m
- Currently being configured for Black Sea operations



Ocean Endeavor



ExxonMobil 75 years offshore –
Industry Leading Performance

ExxonMobil

Romania's Offshore Oil and Gas Sector - Challenges, Enablers and Economic Impacts

High risks, large capital requirement, long lead times and price volatility should be balanced by a competitive investment environment

- Exploration offshore has a great amount of uncertainty. Less than 20% of exploratory wells result in commercial discoveries
- Deep water daily drilling costs can exceed \$1 million per day. Commercial discoveries will require several billions of dollars to develop
- Average 8 years development (excluding exploration phase) for deep water translates into significant time value of money cost
- Infrastructure to be developed
- Market uncertainty

Competitive, predictable and stable fiscal and regulatory regime is needed to make the commitment to a long term investment

- Fiscal and regulatory regime must be competitive to attract investment and reflect significant geological, technical, cost and market price risks taken by investors
- Additional state budget revenues should come from additional production

North Sea status pre 1980



North Sea current development status

