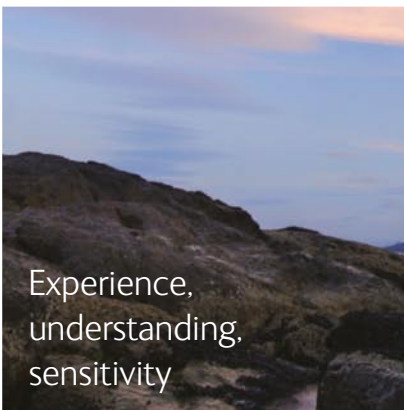
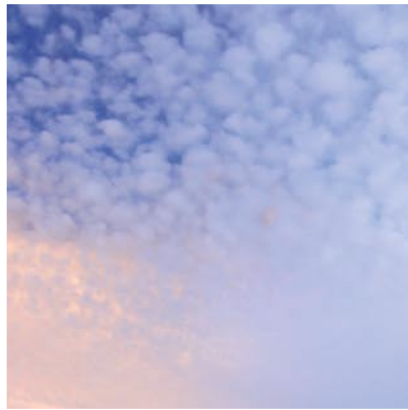
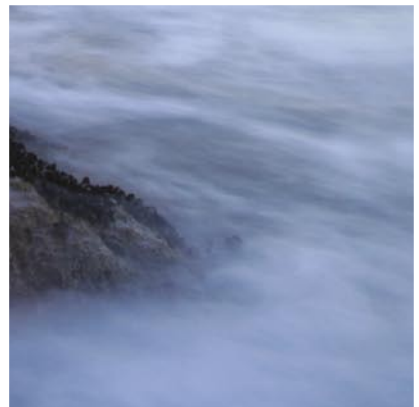
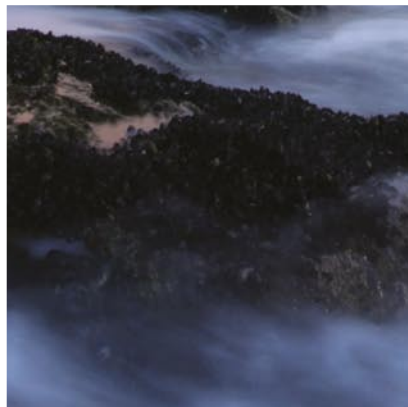
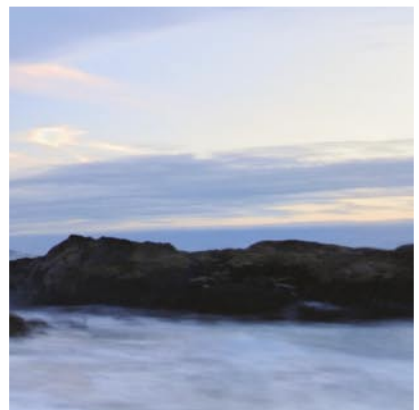
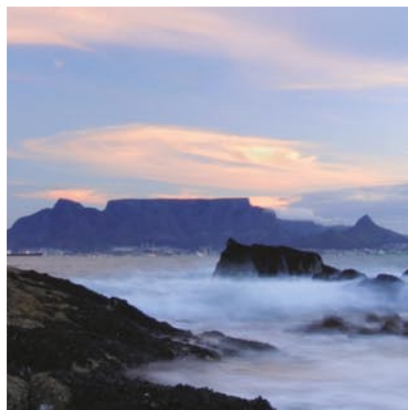


Promoting Inward Investment



Experience,
understanding,
sensitivity



Introduction

2

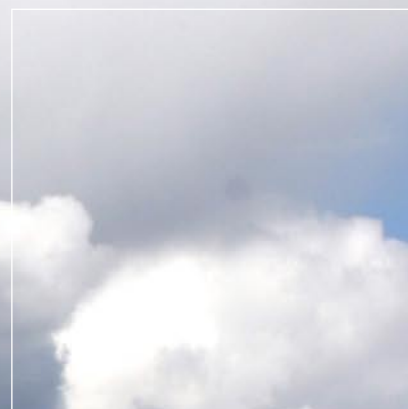
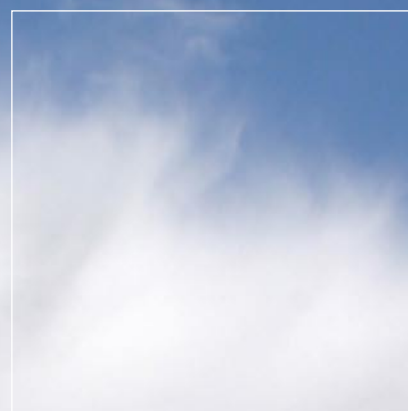
RPS Energy helps companies develop natural energy resources across the asset life cycle, combining technical and commercial skills with an in-depth knowledge of environmental issues.

The expertise within RPS Energy is applied world-wide to a broad range of projects across a number of industry sectors. In each of these areas, we provide our clients with independent flexible support to help them achieve their technical and commercial goals.

RPS Energy has major regional offices across the UK, Australia, USA and Canada as well as local offices and agencies in many other areas. Oil and gas projects remain a central part of our work, but we are also world-leaders in advice to windfarm operators and are increasingly involved in other forms of renewable energy. Transferring skills across these sectors is a core capability for RPS Energy.

Our clients include governments, NOCs, IOCs, independents and financial institutions, as well as companies in the wider energy industry and other infrastructure and asset owners.

Increasingly we operate on projects where the issues surrounding the development energy resources and the preservation of the environment converge. RPS Energy brings a unique combination of such skills to all our projects.



Background

Many countries are seeking to increase exploration activity to ensure their hydrocarbons are fully exploited to contribute to national wealth. RPS Energy offers a service to countries to promote their exploration opportunity and is uniquely placed to provide advice on packaging and positioning investment options in the international oil and gas community.

RPS Energy specialises in helping energy companies formulate exploration and growth strategies. This involves coaching processes that enable management teams to make choices as to which countries to invest in. We therefore have a clear understanding of what the industry is looking for and what makes for an attractive opportunity. Additionally we have extensive experience in working with government departments and a clear understanding and sensitivity of the interactions between government and industry.

Promoting Inward Investment

The creation of an attractive investment opportunity for an oil company involves the interaction of a number of factors:

Accessibility

- Asset market liquidity
- Licensing rounds
- Level of competition
- Capture time
- Access to information

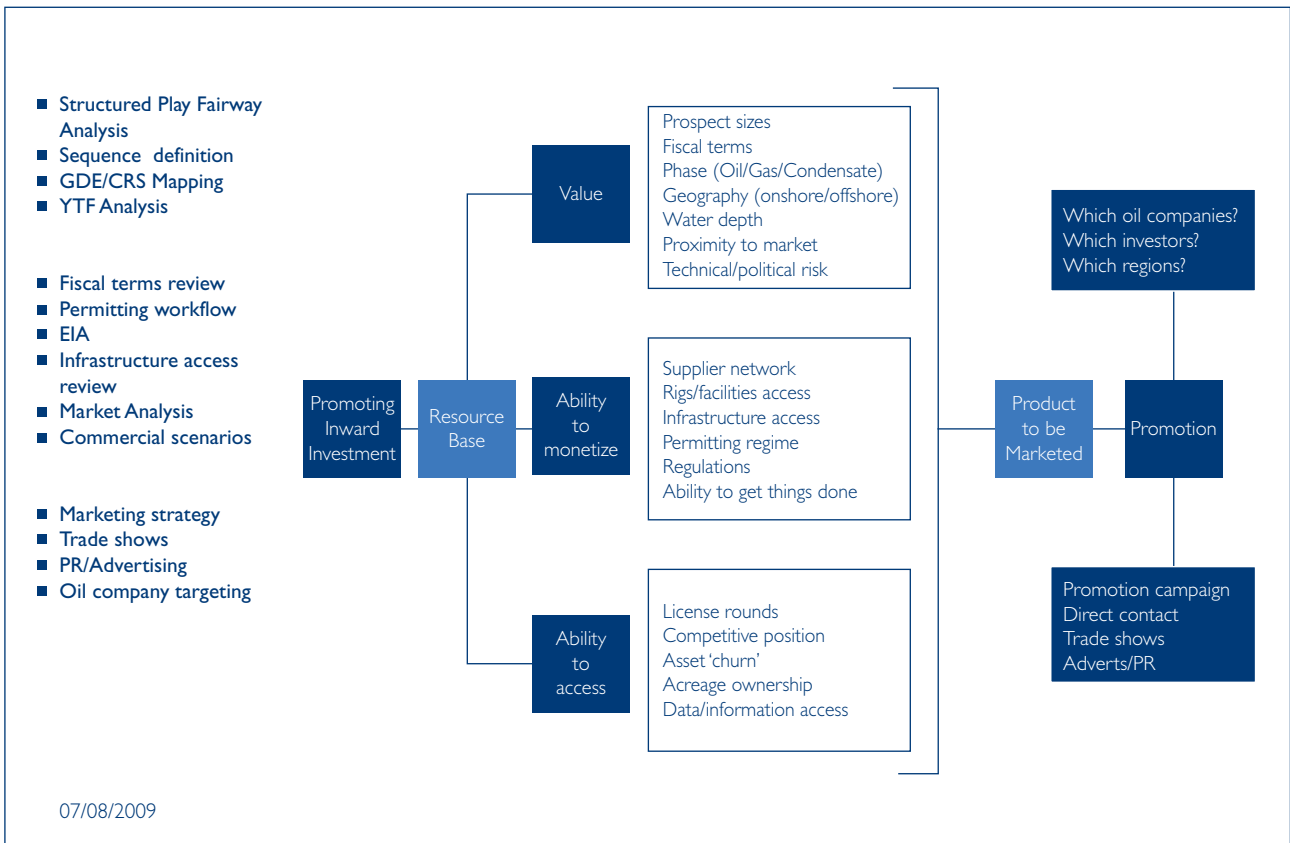
Attractiveness

- Resource base
- Prospect sizes
- Exploration risks
- Fiscal attractiveness
- Political and other risks
- Infrastructure and markets

Most oil companies have screening criteria that rank each new opportunity against these

types of factors. From a country perspective, promoting inward investment involves an analysis of each of the factors listed above, and an understanding of which are the critical levers that will increase a country's attractiveness in the market place. The diagram below shows how these factors interact to form the promotion strategy that a country should adopt.

The diagram also illustrates the services that RPS Energy can provide to address specific issues in the 'promotion mix'.



License and Fiscal Terms

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Licensing terms and arrangement are critical. Many countries are being very innovative tailoring their terms to encourage particular types of activity and interest. Typical examples include:

- Norway is now paying exploration tax relief in cash as from 2005 (i.e. production shelter is not needed)
- The UK's promote and fallow fields initiatives have generated a lot of interest
- Alberta's 'Deep rights reversal' transformed exploration in the Western Canadian Basin
- 'Use it or lose it' clauses in the UK's and Gulf of Mexico licensing terms have encouraged activity, through increasing license liquidity
- Out of round awards in both UK and Norway have allowed accelerated developments

Each example is a case where the country had a particular activity set that needed to be encouraged and tailored the terms to suit. In order to maximise investment we need to understand what we wish to achieve and then create the terms to encourage that activity.

RPS Credentials

RPS has a strong commercial team that has developed fiscal models from most of the hydrocarbon countries in the world. We can offer independent advice on setting the appropriate fiscal terms depending on the scale and economics of the country's hydrocarbon resource base.

Recent Project Examples

RPS has worked with governments over a number of years providing a range of services that contribute to promoting inward investment. Examples of such work include:

Helping the Irish Government promote Atlantic Ireland. Our engagement resulted in a significant increase in activity

Working with the Nova Scotia Department of Energy to assist position the Scotian Margin in the market place

We have been working with Equatorial Guinea for a number of years in assisting setting up the hydrocarbon management institutions

Through our work with exploration strategy we are familiar with the exploration community and know the types of companies that will be interested in certain types of exploration and production opportunity. We are thus able to tailor the promotion campaign to attract specific companies and investors.

Resource Assessment

RPS Energy has a depth of expertise in evaluating the resource potential of basins. We adopt a structured approach to basin evaluation that consists of the following steps:

- Data compilation
- Tectonic evolution
- Sequence definition
- Seismic interpretation
- Gross depositional environment mapping – by sequence
- Common risk segment mapping – by sequence
- Basin and sequence segment Yet to Find Analysis
- Play de-risking strategy

RPS Credentials

We have undertaken numerous basin scale evaluations to cover most of the basins of the world.



Infrastructure and Access to Markets

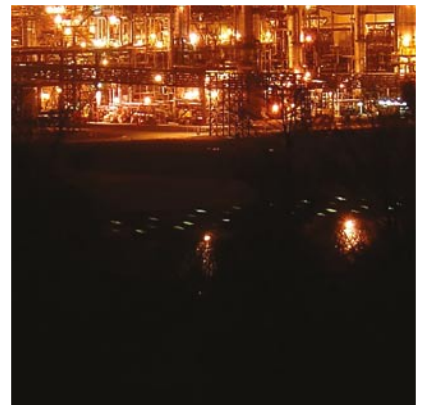
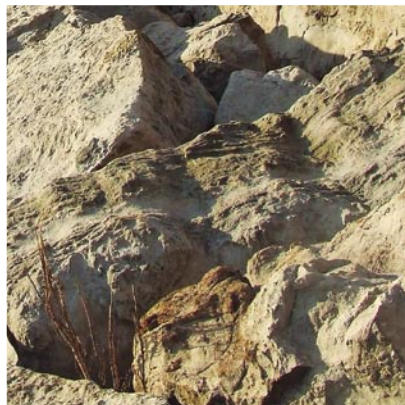
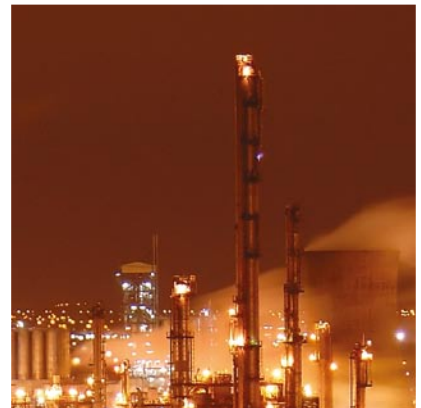
6

There is a perception that energy companies have found it difficult to gain the necessary approvals to progress with the developments needed to bring hydrocarbons to market. Barriers are placed that slow down decision-making and give the impression that the country is not fully behind a given development. Clearly this perception will not be one that encourages inward investment.

We believe that the energy policy should be developed further to include a clear statement about the value of third party commercial investment and the steps the authorities will take to encourage such investment. Expectations should be set for guaranteed access to markets and pipeline and landing construction rights (subject to standard environmental safeguards).

RPS Credentials

RPS has a strong team of market analysts including both oil and gas markets. Our teams provide advice to both energy companies and governments on market access and development strategies.



Marketing Campaign

The marketing campaign consists of the following key steps:

1) Articulate the 'product' – i.e. what particular aspects of the country's hydrocarbon resource should be attractive to the industry. Why should a company invest in this country?

2) Market segmentation and analysis to describe which companies are likely to target the specific exploration or production opportunity in the country. For example a mature basin opportunity such as the UK

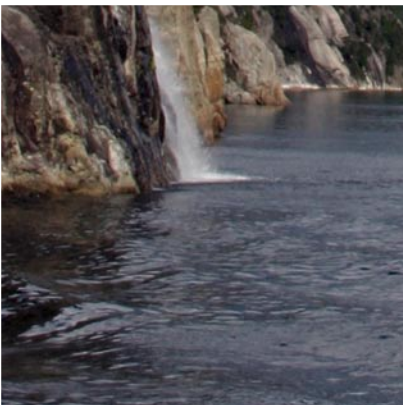
North Sea, Indonesia South Java Sea, GoM Shelf would be attracted to smaller production led companies, while frontier exploration basins such as East Coast Canada, East Coast Africa, some Indian Basins, would be attractive to the larger integrated companies.

3) Marketing Campaign – RPS can assist develop and implement the market campaign that would consist of a combination of direct visits, trade shows and PR/Advertising. The campaign would be

designed to target the chosen oil company market segment.

RPS Credentials

RPS Energy have wide experience in creating a campaign. We can work either with a country's design company of choice, or alternatively provide the services of a proven designer in this field. RPS Energy are skilled in articulating "the message" to be submitted to the press and public, a message evolved from experience and deep knowledge of both the media and the E&P world.



RPS Energy is a part of RPS Group Plc, a consultancy organisation employing over 5000 professionals with a unique blend of skills and experience. We operate worldwide from regional offices in North America, Europe, Australia and S E Asia.

We have a reputation for successfully meeting the challenges posed by large complex projects and for providing reliable and practical advice to clients in all sectors of the economy. RPS Energy conducts business in an open and fair manner, contributing to society in a positive way.



For more information about our
Energy Services please contact:
energy@rpsgroup.com

UK | USA | Canada | Australia | Malaysia | Singapore | Russia