

**ne** noble  
energy

Deutsche Bank  
Energy and Utilities Conference

May 28-29, 2008



# Noble Energy

*Supporting strategy to deliver superior returns*

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- ▶ **Continue to Expand a Superior Asset Portfolio**
- ▶ **Manage a “Best in Class” Exploration Process Focused on Meaningful Opportunities**
- ▶ **Commit to Disciplined Investment While Retaining Capacity for Additional Opportunities**
- ▶ **Maintain Competitive Cost Structure and Keep the Balance Sheet Strong**
- ▶ **Prepare for Tomorrow Through Investments in People and Technology**



# Asset Portfolio

*Well-positioned for current and future environments*

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## ▶ Diversified

- ▲ Conventional and unconventional
- ▲ United States and international
- ▲ All commodities
- ▲ Near, medium and long-term opportunities

## ▶ Quality Assets

- ▲ Reinvestment opportunities
- ▲ Lower cost structure
- ▲ Durable in variety of environments

## ▶ Large Inventory of Opportunities

- ▲ Resilient to price volatility

## ▶ Significant Upside Through Exploration

- ▲ Lots of running room with success

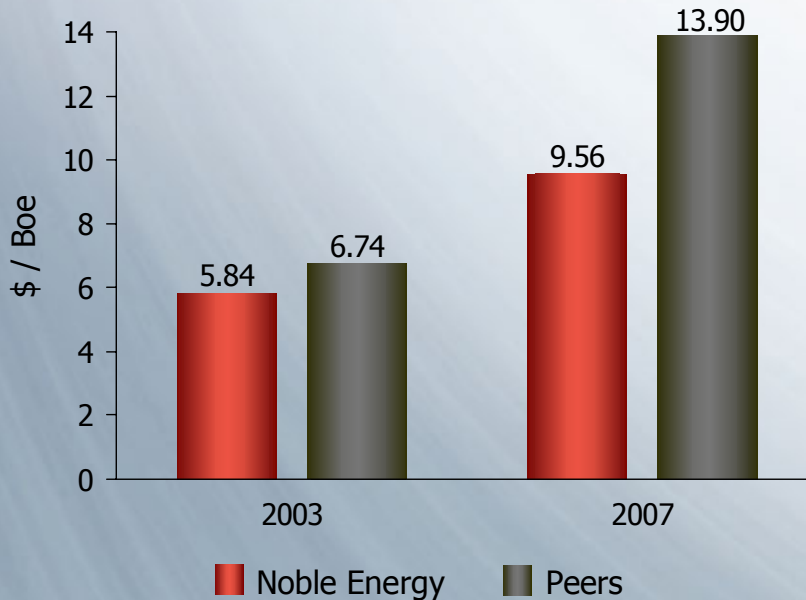




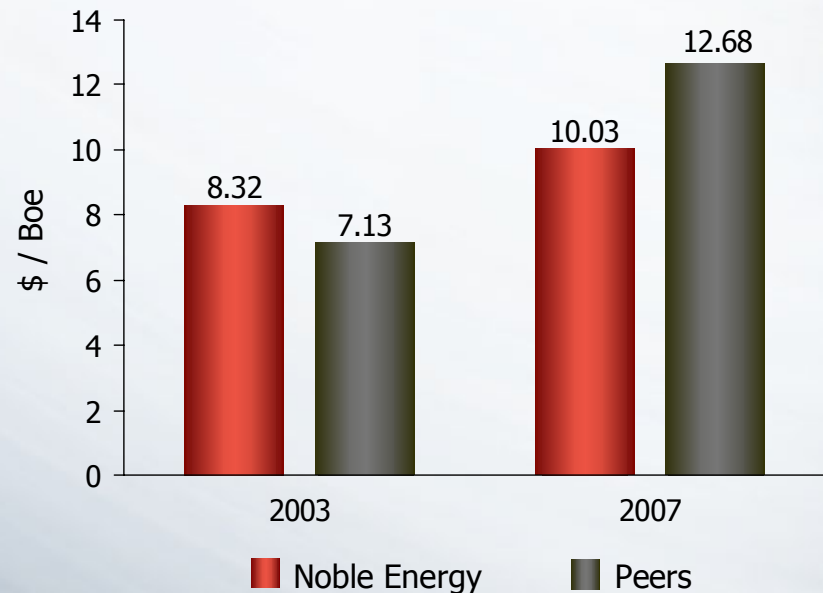
# Managing Costs Leads to Better Margins

*Competitive advantage generated over time*

Cash Costs\*



DD&A



- ▶ **Cost Focus and Asset Quality Drives Results**
- ▶ **31% Better than Peers in 2007**

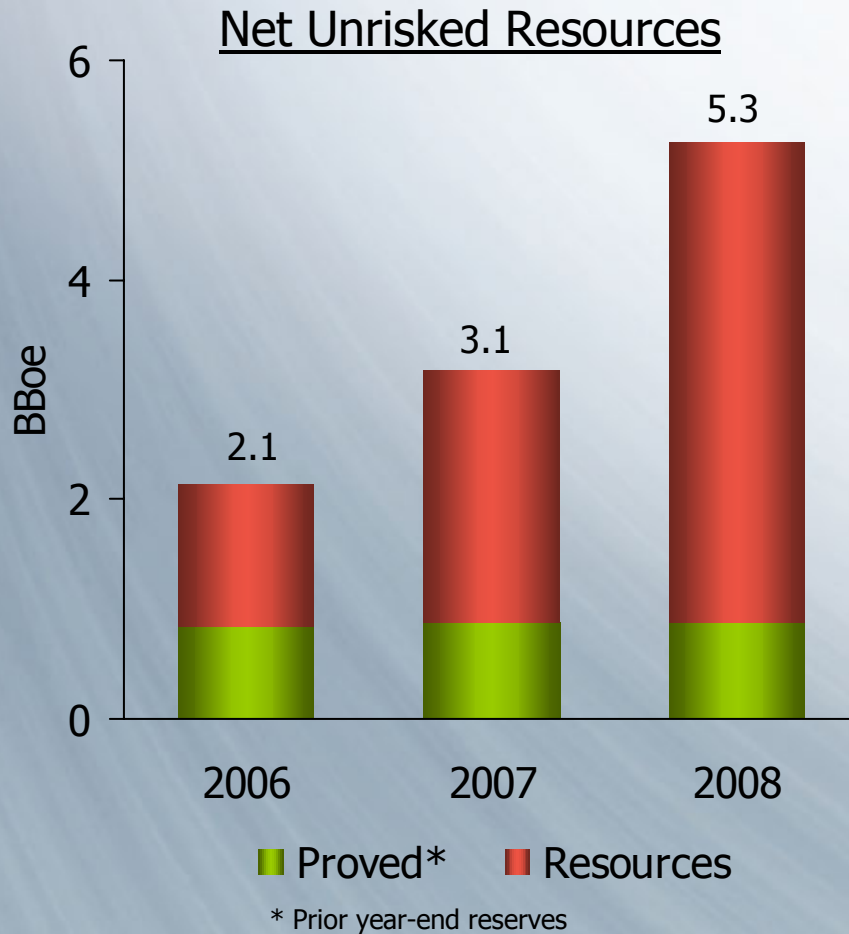
- ▶ **Continued Efforts to Improve Effective Investment**
- ▶ **21% Better than Peers in 2007**

\* OPEX, Production Taxes, Transportation, and G&A



# Continue to Increase Opportunity Set

## *Adding large resource potential*

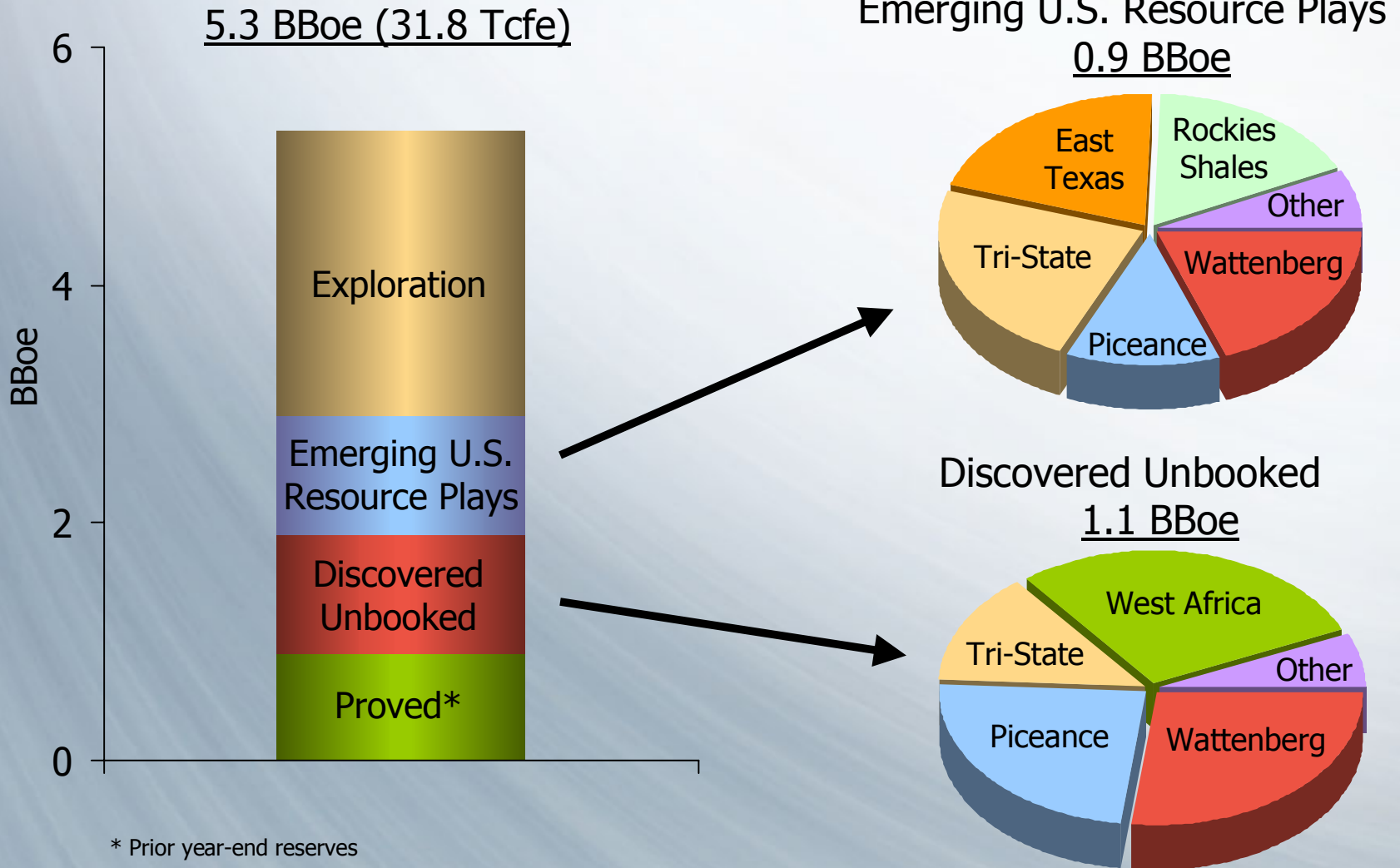


- ▶ **Extended Acreage in U.S. Resource Plays**
- ▶ **Improved Deepwater GOM Position with OCS Lease Sale**
- ▶ **Expanded World-class International Assets**
  - ▲ Discovered significant resources in EG and Cameroon
  - ▲ New exploration in Israel and Suriname with extensive running room



# Total Net Unrisked Resources

*Diverse opportunity set across the risk spectrum*



\* Prior year-end reserves

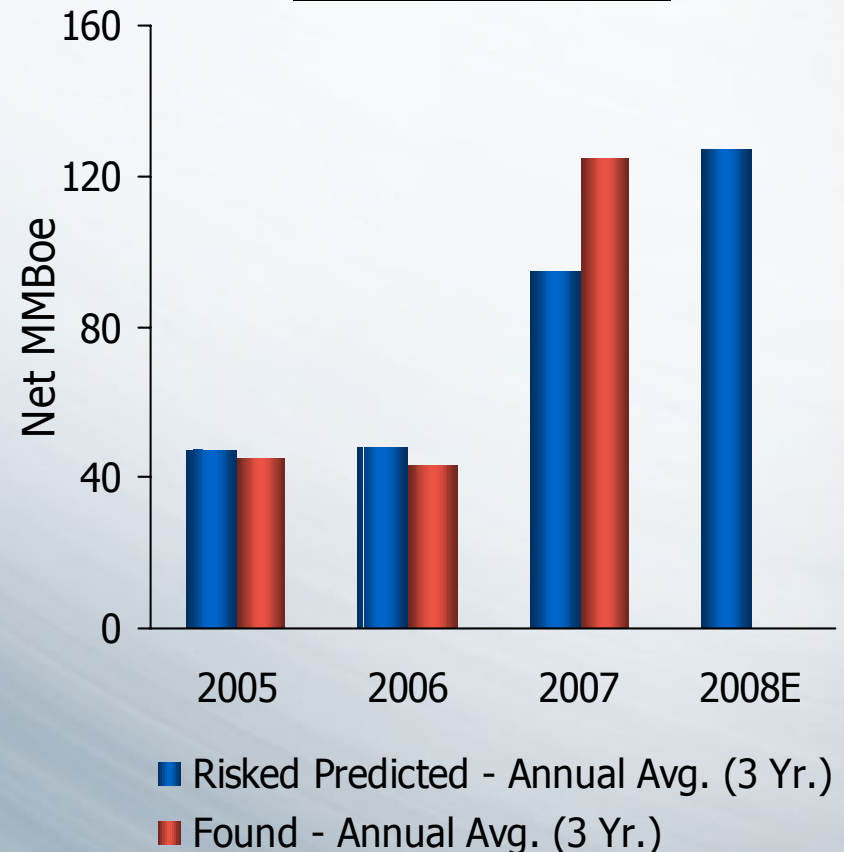


# Exploration

*Positioning Noble Energy for the next decade*

- ▶ **Executing a "Best in Class" Exploration Process**
  - ▲ Technology and people
  - ▲ Portfolio and risk management
- ▶ **Focusing on Large Resource Opportunities**
  - ▲ Exposure to new legacy assets
- ▶ **Leveraging Exploration Success**
  - ▲ Large acreage positions with similar plays
  - ▲ 2008 Unrisked resources 345 MMBoe

Exploration Resources  
Predicted Vs. Found

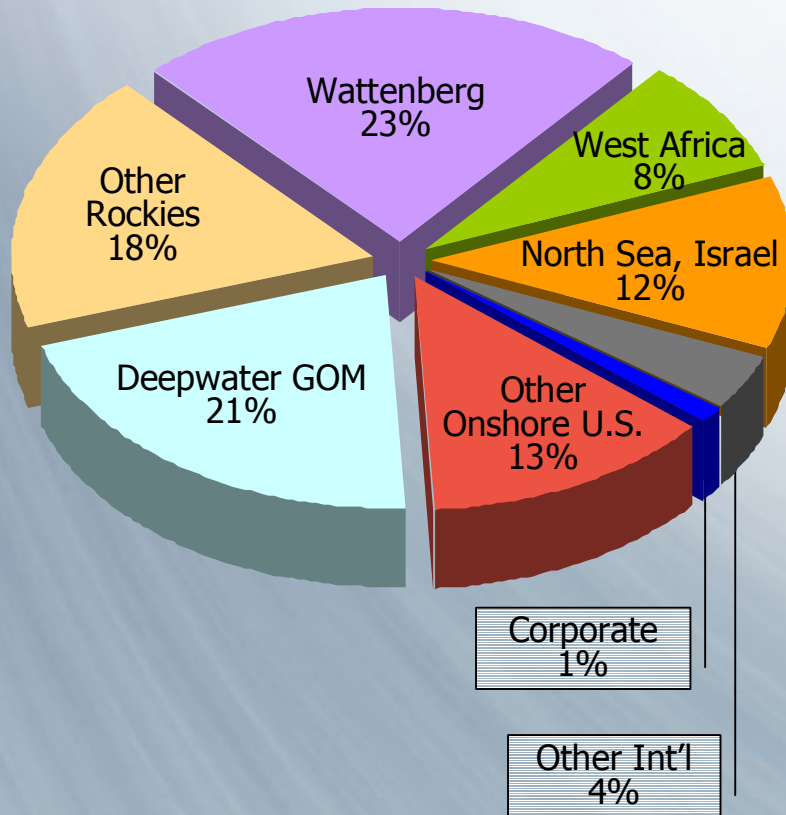




# 2008 Capital Program

*Core area growth with high impact exploration*

\$1.9 Billion



- ▶ **67% Development Activities**
- ▶ **20% Exploration**
- ▶ **13% Acquisition and Leasing**
- ▶ **Generates 9% Pro Forma Volume Growth**



# Onshore United States

*A stable foundation with multi-year growth*

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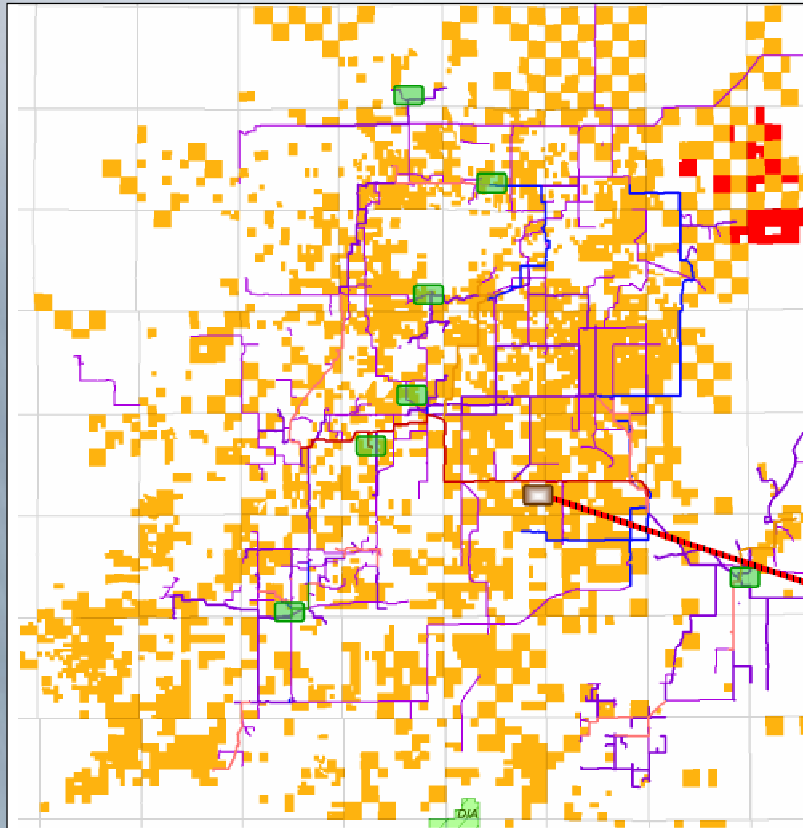





- ▶ **Multi-year Inventory of Exploitation and Development Projects**
- ▶ **Position in Conventional and Unconventional Plays Continue to Expand**
- ▶ **Focused Cost and Completion Improvements**
- ▶ **Execution of Repeatable Long-lived, Strong Return Opportunities**



# Wattenberg Field

*A true "Resource Play"*



-  Legacy Acreage
-  Wells Ranch Acreage
-  Processing Plants

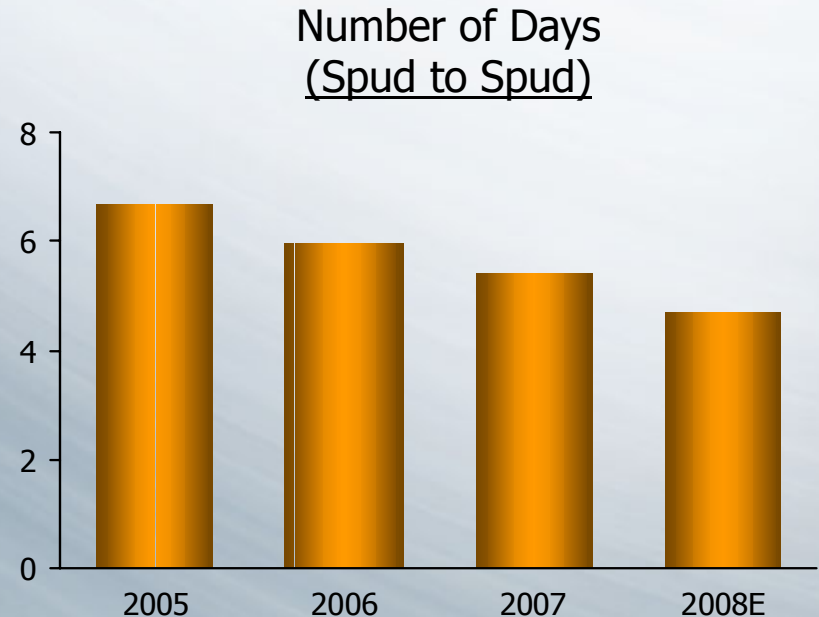
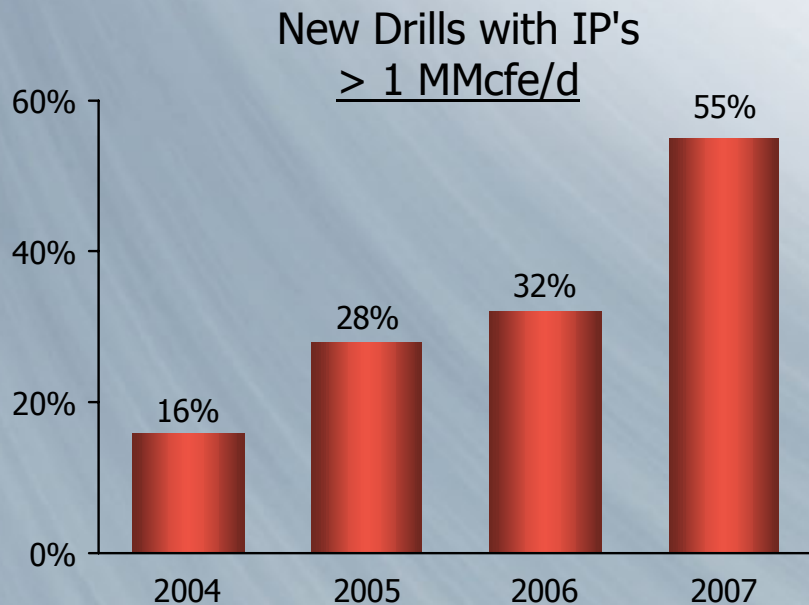
- ▶ **NBL's Largest Onshore U.S. Field Continues to Grow**
  - ▲ Producing 275 MMcfe/d, net
  - ▲ > 5% annual growth over the next 5 years
- ▶ **Net Unrisked Resources of 4.4 Tcfe**
  - ▲ Proved and discovered 3.3 Tcfe, net
  - ▲ 15-year plus project inventory
- ▶ **Superior Economics**
  - ▲ 45% liquids, 55% natural gas
  - ▲ Low operating cost - \$0.46/Mcfe
  - ▲ F&D - \$1.60/Mcfe
- ▶ **Improving and Expanding Infrastructure**
- ▶ **Record Levels of Activity with Cost Control Measures in Place**



# Wattenberg Drilling & Completion Efficiencies

*Continual improvement with latest technology*

- ▶ **NBL – Pacesetter for Completion Practices**
- ▶ **NBL Engineers On-site to Manage the Process**
- ▶ **Over 30% Decrease in Drill Times Since 2005**
- ▶ **6 of Top 10 Footage Rigs in U.S. Contracted for NBL\***
- ▶ **Further Efficiency Gains with ADR Rigs and Coil Tubing**



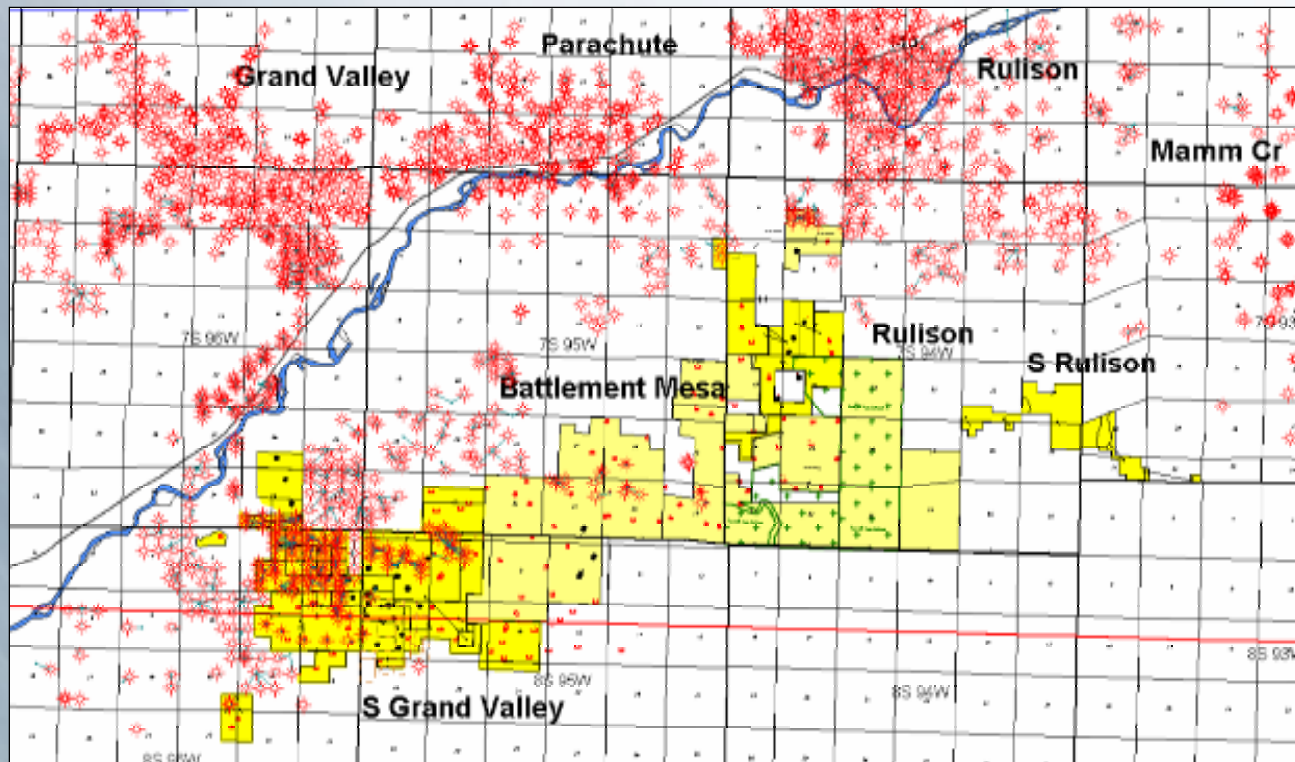
\*Source: *The Land Rig Newsletter*, February 2008



# Piceance Basin

*Core area for Noble Energy*

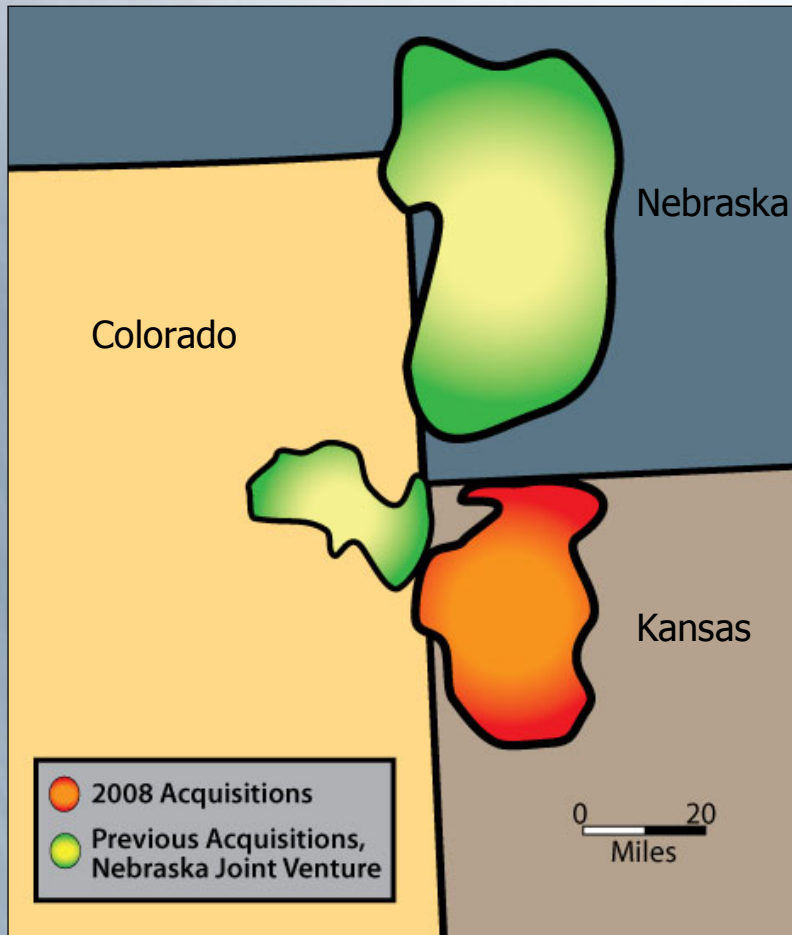
- ▶ **Significant Volume Growth**
  - ⤴ Producing 37 MMcfe/d, net
  - ⤴ Year-end exit rate 60 MMcfe/d, net
  - ⤴ 150% increase over next 4 years
- ▶ **Competitive Acreage Position and Returns**
- ▶ **Net Unrisked Resources of 2.4 Tcfe**
  - ⤴ > 1,600 10-acre infill locations
  - ⤴ Extended reach directional wells
  - ⤴ Deeper potential





# Tri-State Area

*A low-cost resource play*

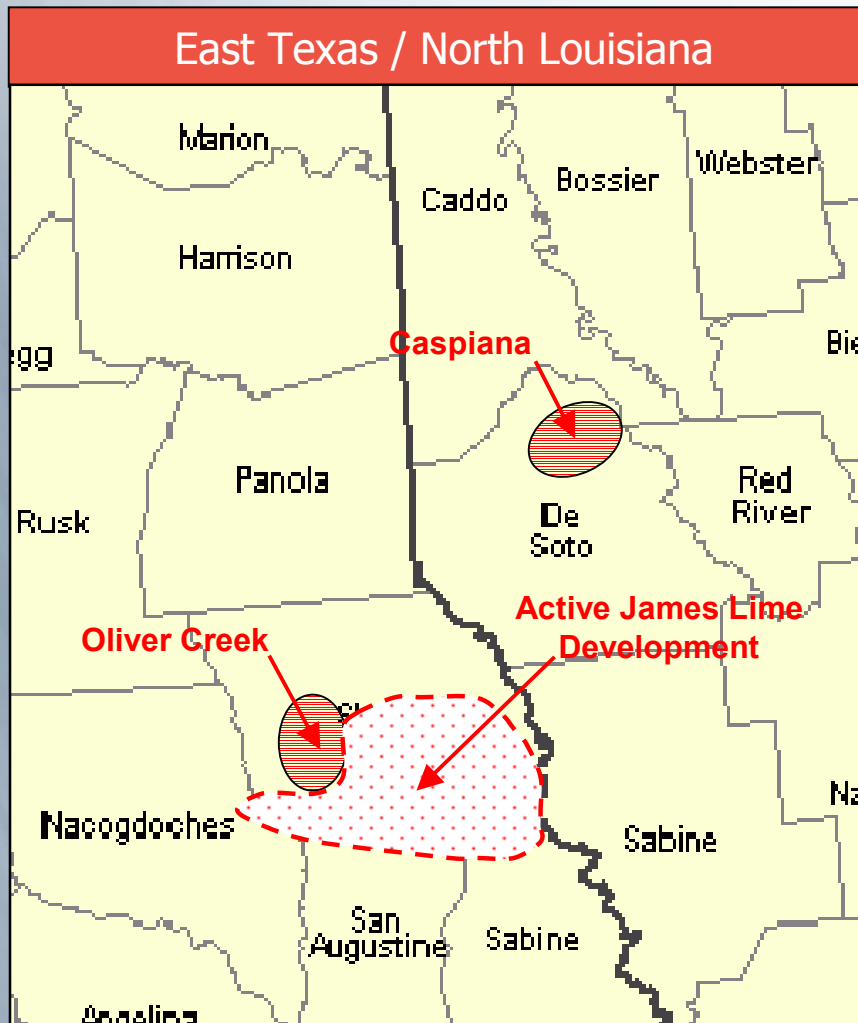


- ▶ **Substantial Development with Expanded Acreage Position**
  - ▲ 582,000 Net Acres
- ▶ **Double Activity to 365 Wells in 2008**
  - ▲ Producing 27 MMcfe/d, net
  - ▲ 2008 exit rate 38 MMcfe/d, net
- ▶ **Using 3-D Seismic to Optimize Well Locations**
  - ▲ Increased success rates to 90%
  - ▲ Improving new well productivity
- ▶ **Net Discovered Resources of 850 Bcfe**
  - ▲ 5,000 potential drilling locations
- ▶ **Potential to Accelerate**



# East Texas & North Louisiana

## *Developing an emerging area*



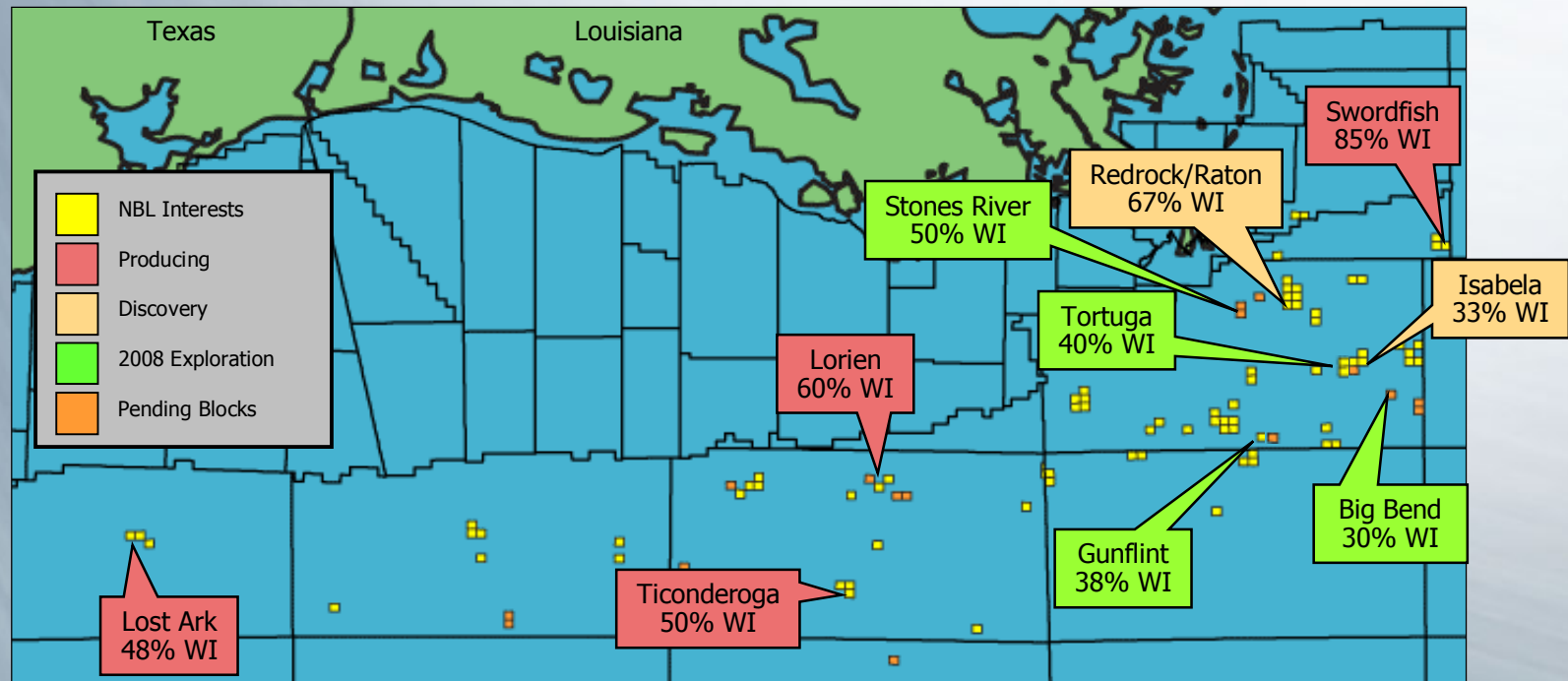
- ▶ **Recent Acquisitions Increase Leasehold to 19,000 Net Acres**
- ▶ **Potentially > 1 Tcfe Net Unrisked Resources**
  - ▲ Up to 600 Wells
- ▶ **Attractive Economics**
  - ▲ Cost: \$1.5 - \$4.5 MM per well
  - ▲ Resources: 0.8 - 3.5 Bcf per well
  - ▲ Project returns vary from 35% - 100% +
- ▶ **2008 Drilling Program**
  - ▲ 7 horizontal James Lime
  - ▲ 28 Hosston, Travis Peak and Cotton Valley
  - ▲ 1 horizontal Haynesville



# Deepwater Gulf Of Mexico

## *Significant exploration upside with ongoing development*

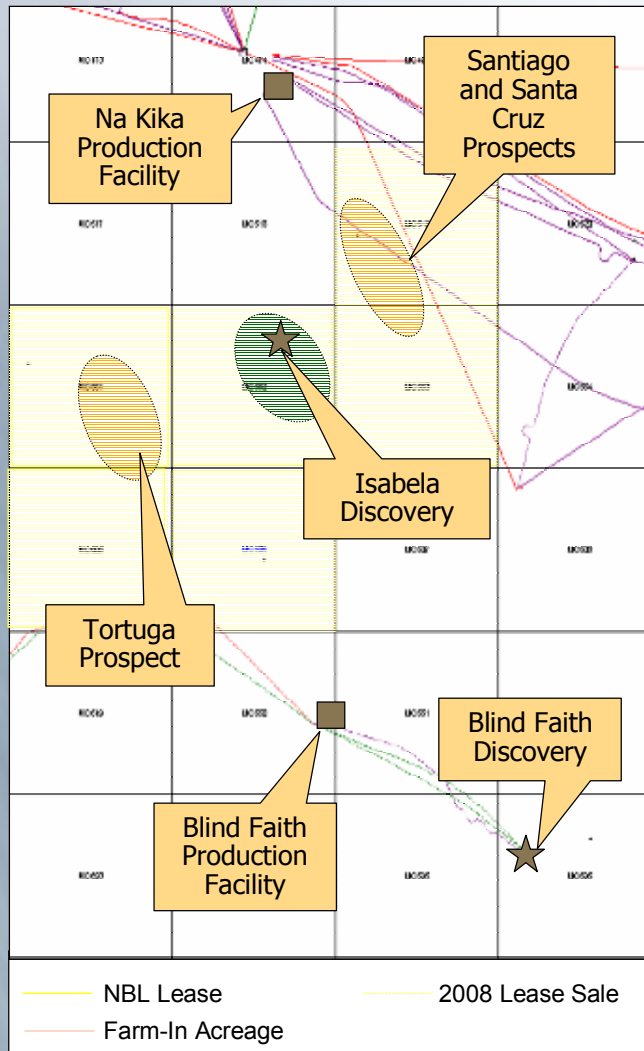
- ▶ **265,000 Net Acres**
  - ▲ Additional 16 pending blocks
- ▶ **Average 26 MBoe/d in 2008**
- ▶ **Ongoing Development Projects Adding Production**
  - ▲ Infrastructure well-established
  - ▲ Proven technology
- ▶ **Exploration Potential**
  - ▲ 3 to 5 wells in 2008
  - ▲ Significant inventory of prospects and leads – 1.3 BBoe net unrisks
- ▶ **Development Planning Underway for Isabela Discovery**





# Galapagos Project

## *Leveraging the Isabela discovery*



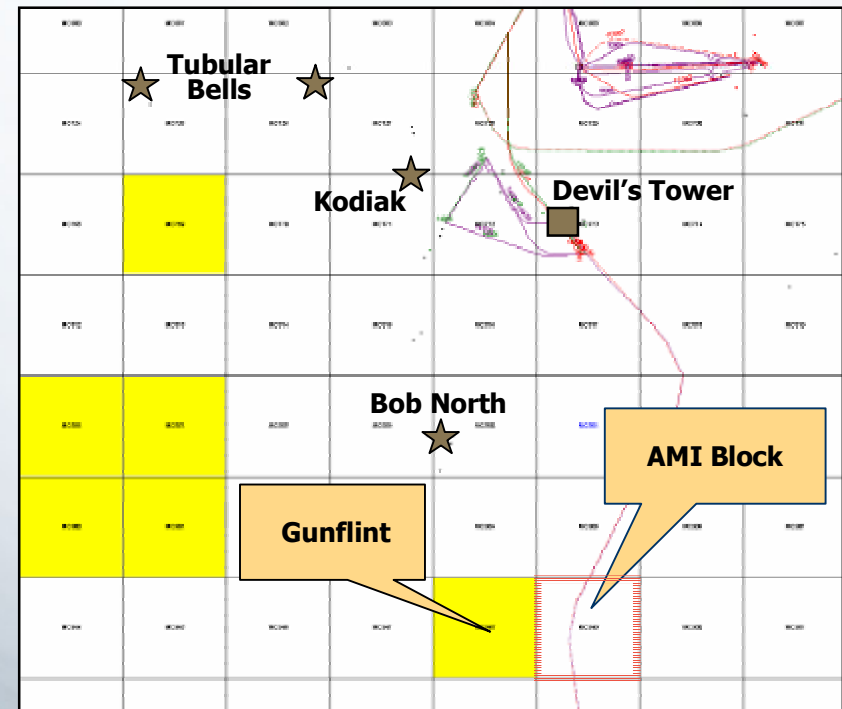
- ▶ **Operate 5 of 6 Blocks with Average WI of 30%**
- ▶ **Phase I Development Concept**
  - ▲ 3 - 4 wells
  - ▲ Subsea tieback, dual flowlines
  - ▲ Initial production target 2009 - 2010
- ▶ **Tortuga Spud in Early May**
  - ▲ WI 40%, Operator
  - ▲ Water depth 6,500 feet
  - ▲ Proposed well depth 19,000 feet
  - ▲ Gross resources 30 – 90 MMBoe (P75 – 25)
  - ▲ 48% geologic change of success
- ▶ **Success at Tortuga Expands Co-development Area**
- ▶ **100 – 300 MMBoe Gross Resource Potential**



# Gunflint Prospect – Mississippi Canyon 948

## *A large exploration test*

- ▶ **Well-imaged Miocene Subsalt 4-way Closure with Multiple Objectives**
- ▶ **On Trend with Recent Industry Discovery**
- ▶ **Well to Spud 2Q 2008**
  - ▲ Gross resources 45-170 MMBoe (P75 – 25)
  - ▲ 30% probability of geologic success
  - ▲ WI 37.5%
  - ▲ Water depth 6,075 feet
  - ▲ Proposed well depth 31,200 feet





# International

## *Legacy assets and long-term growth potential*

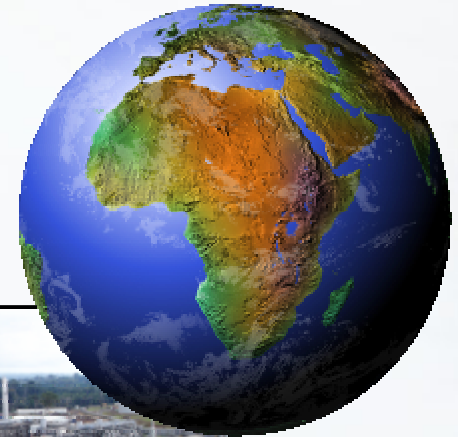
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### ▶ **Portfolio Generating Free Cash Flow for Reinvestment**

- ▲ Low cost, long-lived properties that require little maintenance capital
- ▲ Development and planning underway on discoveries in EG and Cameroon
- ▲ Significant exploration prospects in Israel and Suriname

### ▶ **New Venture Program Identifying and Evaluating New Leads**

- ▲ Large blocks of unexplored acreage still available

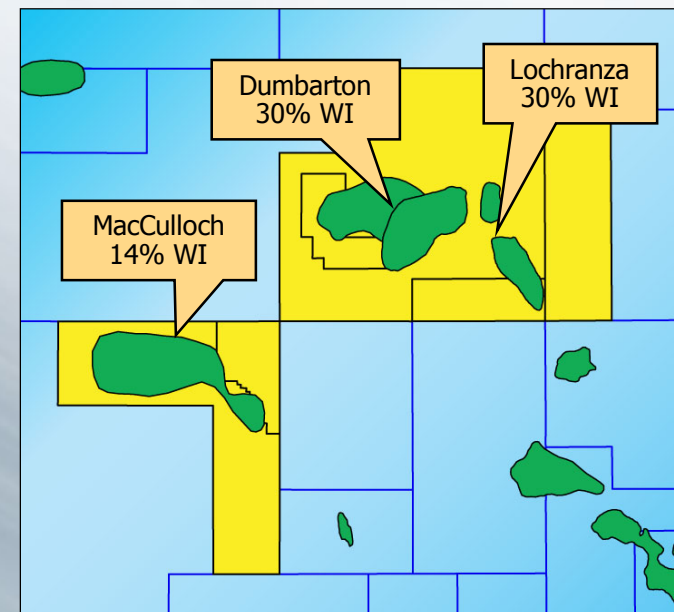




# North Sea – UK

## *Additional development opportunities*

- ▶ **Successful Start-up in 2007 of Dumbarton Using GPIII FPSO**
  - ▲ Payback reached in 14 months
- ▶ **Production Growth of 33% through 2010**
  - ▲ Dumbarton phase 2 and Lochranza
  - ▲ MacCulloch infill
  - ▲ Numerous tiebacks / appraisals
- ▶ **Strong Economics**
- ▶ **Net Unrisked Resource Range of 25 – 40 MMBoe**

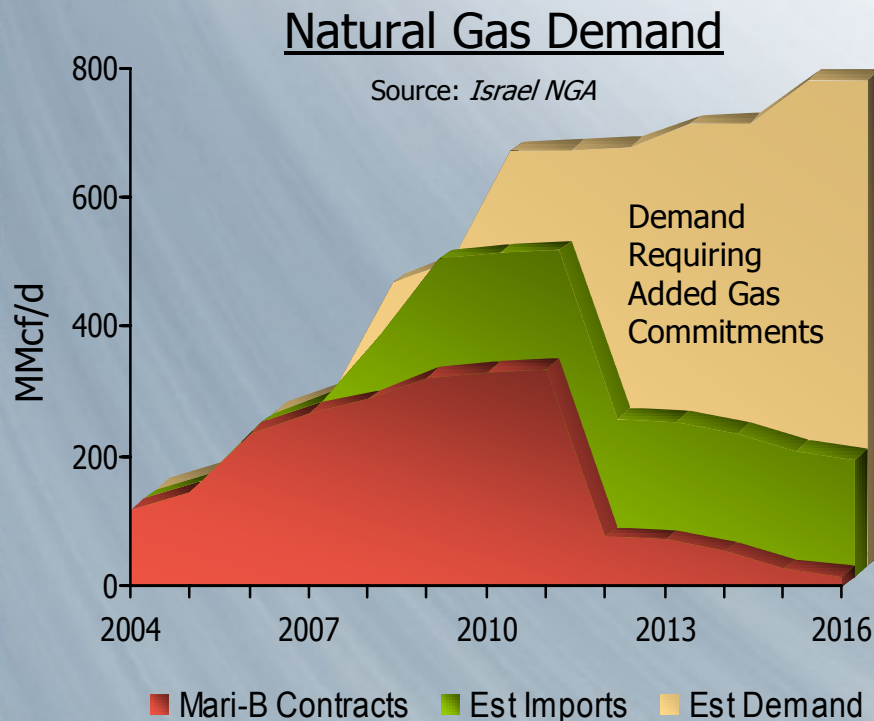




# Israel – Mediterranean Sea

## *Long-term sales volume growth expectations*

- ▶ **Sales Growth Every Year, Up 19% in 2007**
- ▶ **Mari-B Deliverability 600 MMcf/d from 6 Wells**
- ▶ **Infrastructure and Markets Continue to Expand**

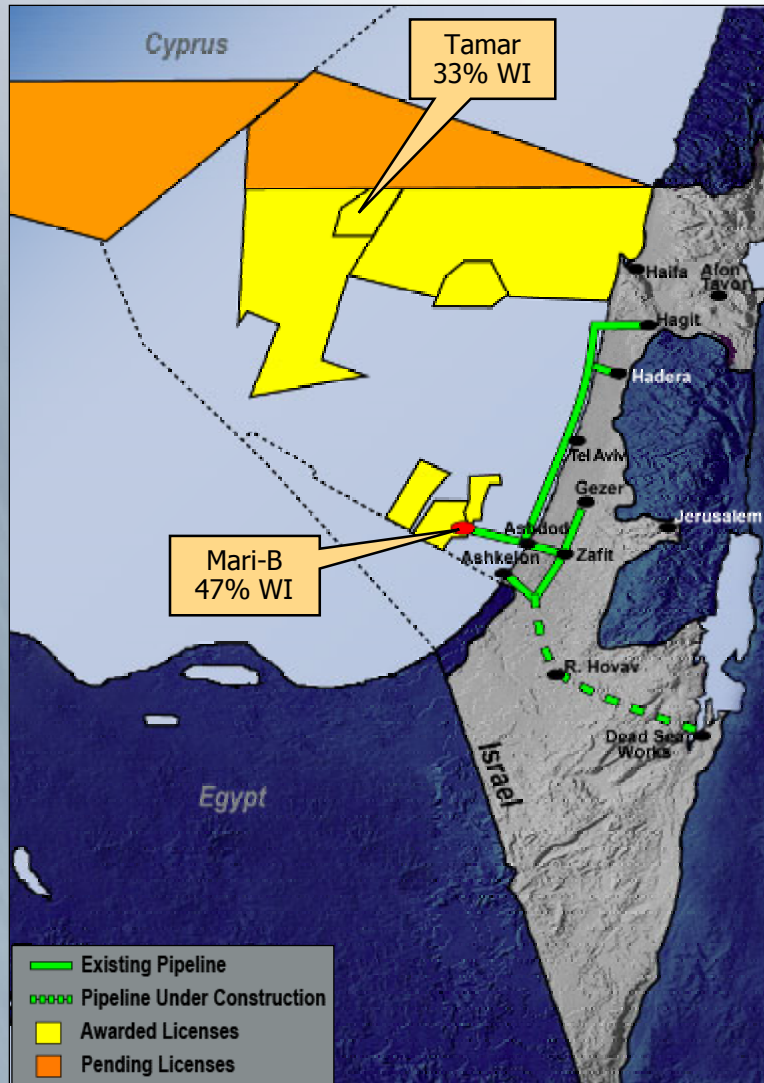


- ▶ **Contract Gas Forecast to be Fulfilled in 2011**
- ▶ **Robust Market for Monetizing Uncommitted and New Gas**
  - ▲ Market prices continue to improve
  - ▲ 20 - 25% reserves still uncommitted
  - ▲ Provides incentive for new exploration



# Israel - Mediterranean

*New exploration with follow-up potential*



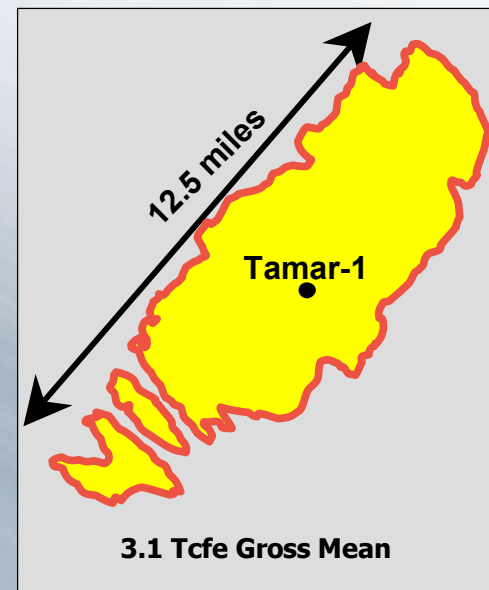
## ► Tamar Prospect to Spud 4Q 2008

- ▲ WI 33%; Operator
- ▲ Water depth 5,400 feet
- ▲ Net mean resources 0.9 Tcfe
- ▲ Geologic chance of success 35%

## ► Follow-up Potential if Successful

## ► Large Acreage Position

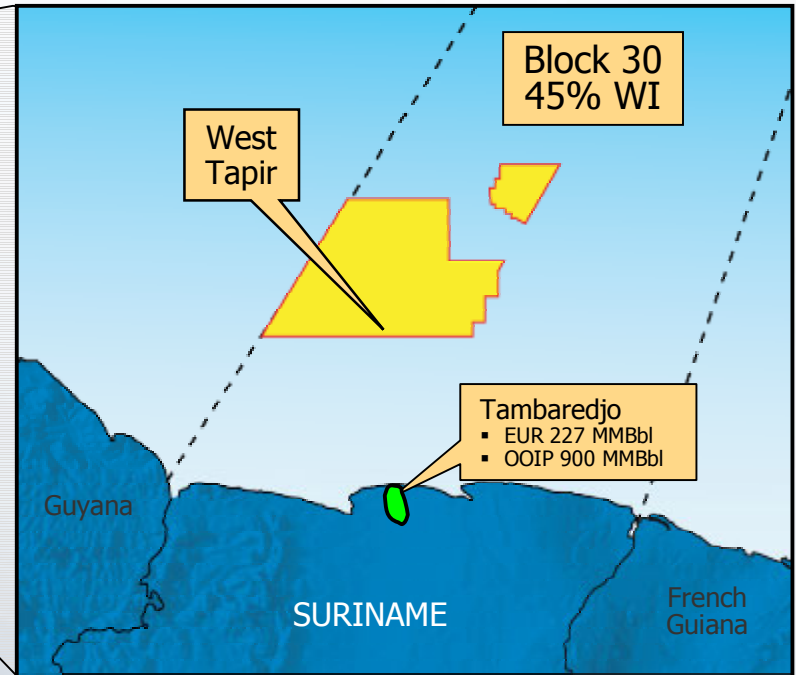
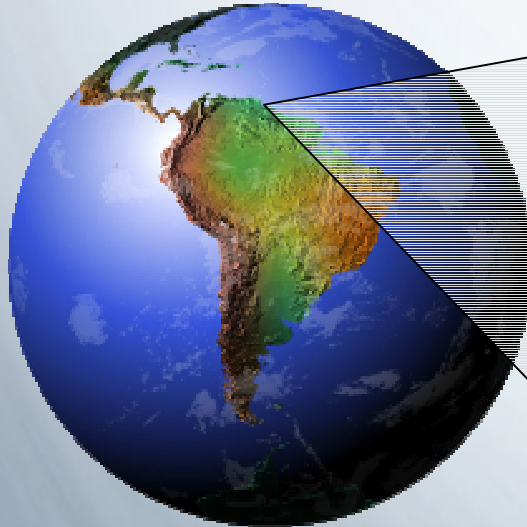
- ▲ 0.8 MM net plus 1.3 MM pending





# Suriname – South America

## *A new exploration province*



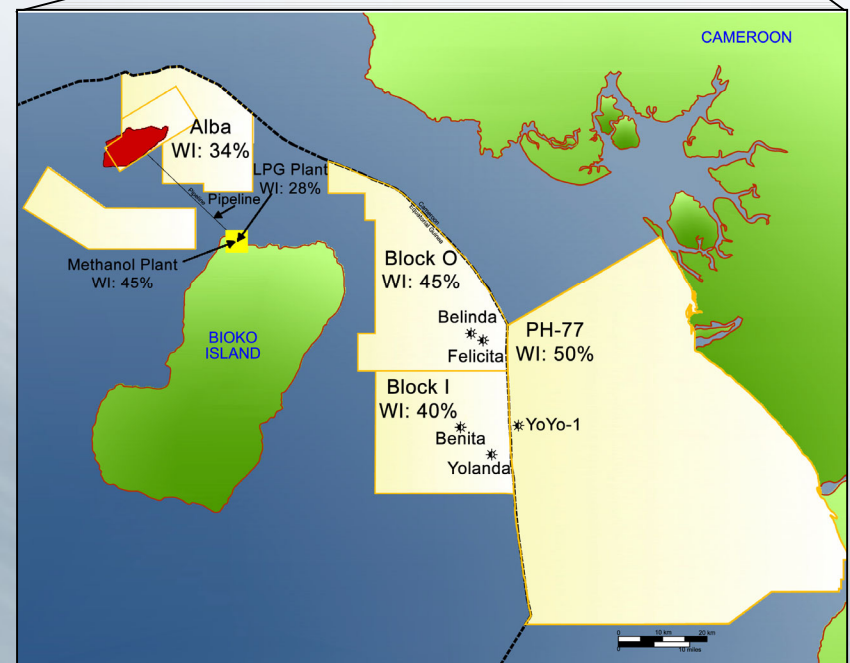
- ▶ **1.5 MM Net Acres**
- ▶ **Under-explored Basin with Multiple Prospect Types**
  - ▲ Leveraging technical expertise from Deepwater and West Africa
- ▶ **First Prospect, West Tapir**
  - ▲ Gross resources 70 – 170 MMBbls (P75 – 25)
  - ▲ 22% chance of geologic success
  - ▲ Spud 2Q 2008
- ▶ **Follow-up Opportunities with Success**



# West Africa

## *Adding long-term value*

- ▶ **Alba Operations**
  - ▲ Net volumes 220 MMcf/d, 23 MBbls/d
  - ▲ Sales to LNG facility
  - ▲ Strong methanol and LPG markets
- ▶ **Appraisal and Development Planning Underway**
  - ▲ Multiple discoveries and successful appraisals
  - ▲ Overall liquid content 40%
  - ▲ High-quality reservoirs
- ▶ **Additional Exploration Provides Further Upside**
  - ▲ 2 to 4 tests in 2008
  - ▲ Net exploration resources inventory of 450 MMBoe





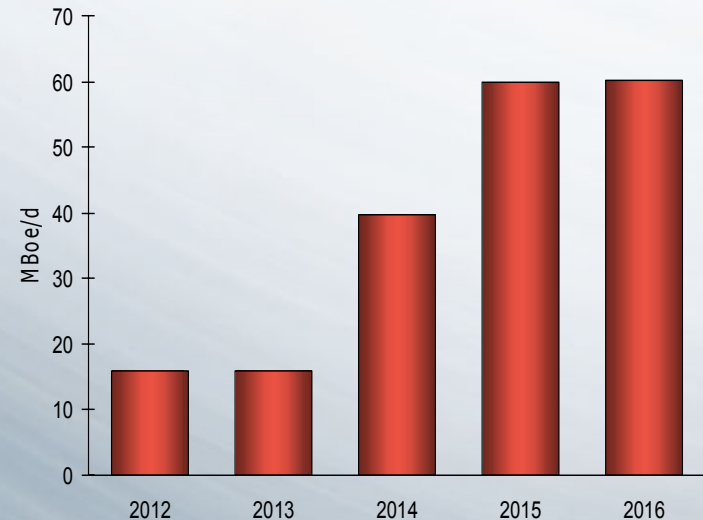
# West Africa – Development

## *Significant impact from 2007 discoveries*

- ▶ **Engineering Studies Underway**
  - ▲ Scenarios better defined
  - ▲ Phased in approach
- ▶ **Accelerating Benita Oil Discovery**
  - ▲ Project sanction 2009; first oil 2012
- ▶ **Gas Monetization Options Being Evaluated**
- ▶ **Global Natural Gas Value Increasing Rapidly**
  - ▲ LNG market growing at 7% annually through 2020

<b>Net Capital</b>	\$1.6 - \$2.2 B
<b>Net Resources (Mean)</b>	270 MMBoe
<b>AT ROR</b>	20% - 40%
<b>F&amp;D, \$ / BOE</b>	\$6.00 - \$8.00

Net Production



Assumes: Gross Production - Benita in 2012 of 50 MB/d (5 wells); Belinda in 2014 of 80 MBoe/d (5 wells); YoYo in 2014 of 30 MBoe/d (2 wells) and Yolanda in 2014 of 40 MBoe/d (3 wells)



# Equatorial Guinea Drilling Activity – 2008

## *Previous success reduces risk of follow-up opportunities*

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- ▶ **Benita Down Dip Oil Appraisal**
  - ⋈ 42 feet net oil pay
  - ⋈ Moved LKO down 28 feet
  - ⋈ Preparing to flow test
  
- ▶ **Felicita Exploitation**
  - ⋈ Identified gas/condensate sands
  
- ▶ **Diega Prospect**
  - ⋈ 45% geologic chance of success
  - ⋈ Gross resources 20 – 80 MMBoe (P75 – 25)
  - ⋈ Water depth 2,164 feet
  - ⋈ Proposed well depth 11,100 feet



# **Important Messages about NBL**

*Unrecognized potential and value*

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- ▶ **U.S. Onshore Continues to Out-perform**
- ▶ **Exploration Portfolio Growing Rapidly in Value**
- ▶ **Diversity and Depth of Visible Growth Projects**
- ▶ **Resource Base has Dramatically Expanded**
- ▶ **Breadth of Organization's Capabilities**
- ▶ **Well-positioned to Deliver Differential Value Growth**



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This presentation also contains certain forward-looking non-GAAP measures of financial performance that management believes are good tools for internal use and the investment community in evaluating the company’s overall financial performance. These non-GAAP measures are broadly used to value and compare companies in the crude oil and natural gas industry. This presentation contains forward-looking non-GAAP financial measures identified as discretionary cash flow and discretionary cash flow per share (utilizing current shares outstanding). The GAAP measure most comparable to discretionary cash flow is net cash provided by operating activities (net operating cash). Net operating cash is not accessible on a forward-looking basis and reconciling information is not available without unreasonable effort. The reconciling information that is unavailable would include a forward-looking balance sheet prepared in accordance with GAAP. The probable significance of having a forward-looking GAAP balance sheet is estimated to be a variance of plus or minus 10 percent of the forward-looking discretionary cash flow in this presentation.

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