

July 2, 2009

Iraq's First Petroleum Licensing Round Bai Hassan Contract Area – Bidding Results

The Petroleum Contracts and Licensing Directorate of the Ministry of Oil is pleased to announce the results of bidding for the Bai Hassan Contract Area.

One bid was received from a consortium of ConocoPhillips, CNOOC and Sinochem. However, the Remuneration Fee Bid was in excess of the Maximum Remuneration Fee (MRF) of US\$ 4.00 per barrel set by the Ministry of Oil. The company/consortium declined the opportunity to match the MRF set by the Ministry of Oil. In accordance with the protocol for the bidding process consortia had the opportunity to match the MRF, although this was declined.

A further offer was received from the ConocoPhillips consortium, details of which are also given below.

Following a meeting of the Cabinet on July 1 this additional offer was considered, but a decision was made not to award the Bai Hassan Contract Area at this time.

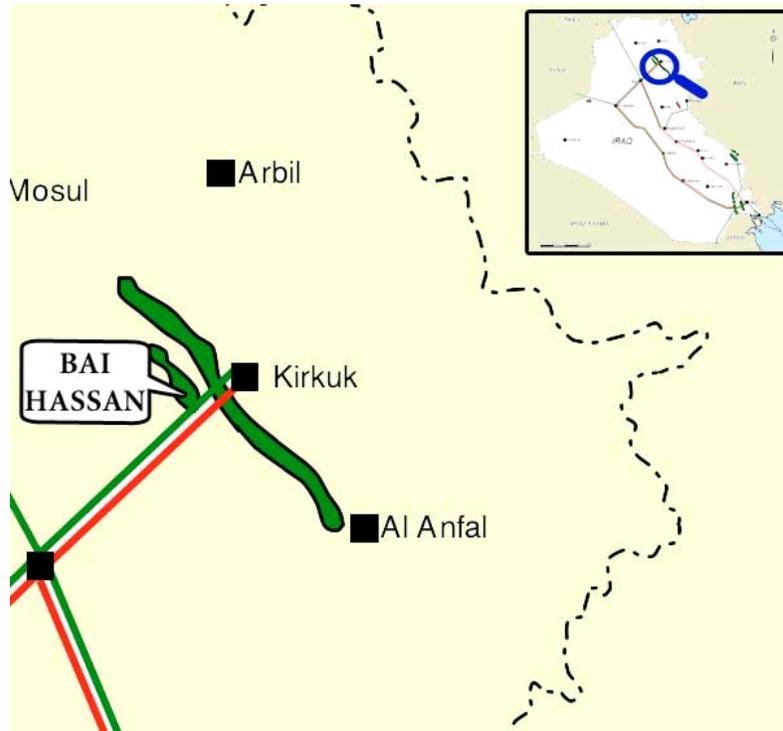
The bid originally placed was:

Company / Consortium	Plateau Production Target (Bopd)	Remuneration Fee Bid (US\$/Bbl)	Points Rank
ConocoPhillips Iraq Ltd (50%)*, CNOOC Limited (30%), Sinochem Corporation (20%)	390,000	26.70	100.0

The additional bid was:

Company / Consortium	Plateau Production Target (Bopd)	Remuneration Fee Bid (US\$/Bbl)
ConocoPhillips Iraq Ltd (50%)*, CNOOC Limited (30%), Sinochem Corporation (20%)	390,000	20.20

Overview



The Bai Hassan field lies in the north of Iraq, just to the southwest of the Kirkuk field. The field is an elongated, northwest-southeast oriented structure about 25 kilometers long and up to 4 kilometers wide. The main part of the structure is referred to as the Kithke dome, the extension to the northwest as the Daoud dome. The main producing horizons are the same fractured Tertiary limestone formations as those found in the Kirkuk field (the Main Limestone). There is also production from the same three Cretaceous reservoirs as in Kirkuk, namely the Shiranish, Mauddud (though it excludes the Kometan) and Shu'aiba formations.