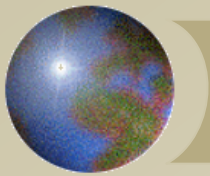


Overseas Energy Development Policy of Korea

NOV. 2008

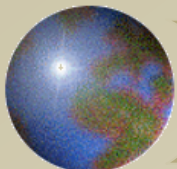
Korea Energy Economics Institute



Energy Consumption & Imports of Korea

Rank	Energy Consumption	Oil Consumption
1	USA	USA
2	China	China
3	Russia	Japan
4	Japan	India
5	India	Russia
6	Canada	Germany
7	Germany	Korea(2.7%)
8	France	Canada
9	Korea(2.1%)	Saudi Arab.
10	Brazil	France

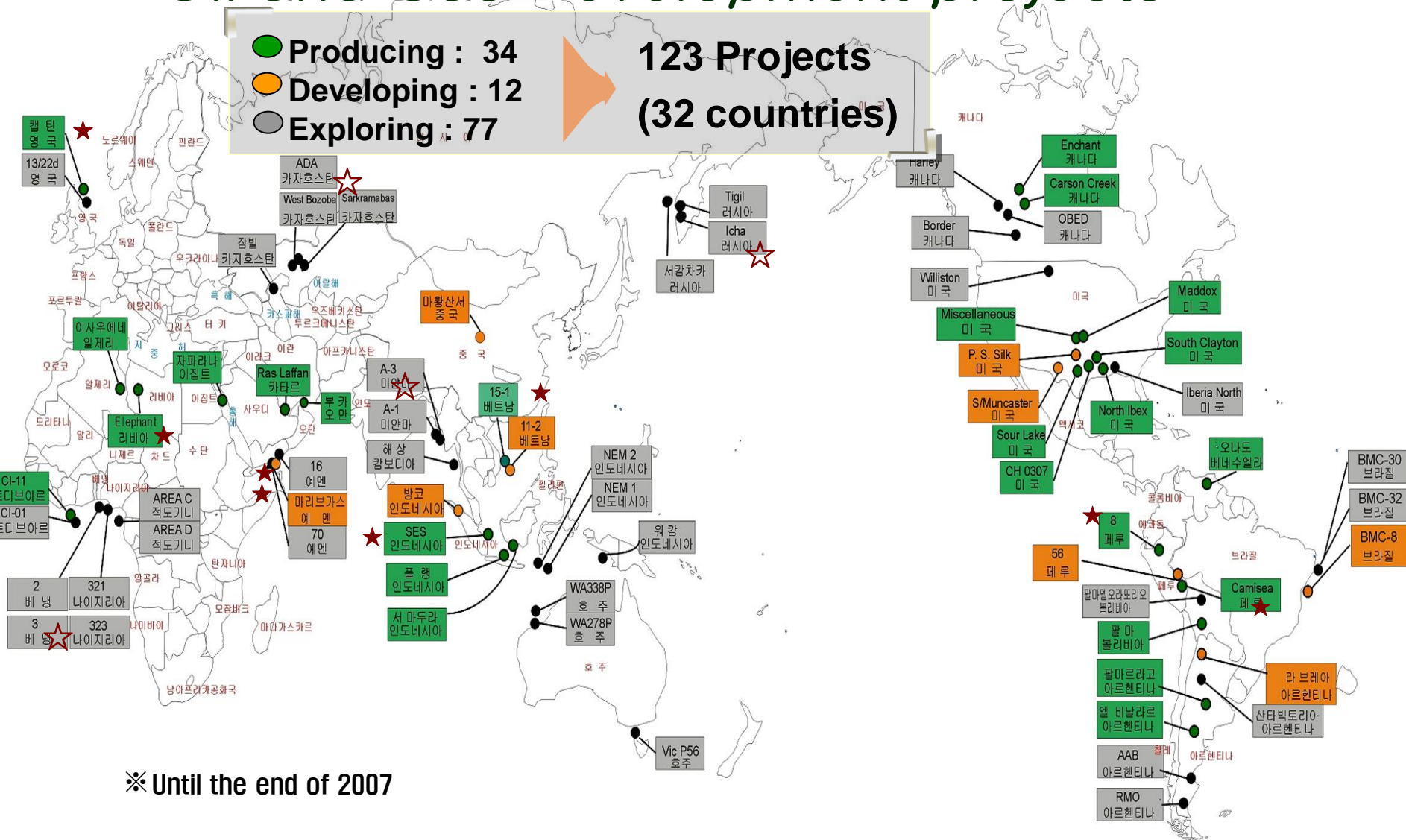
- Korea's Crude Oil Imports in 2007:
873 million barrels (5th)
- Korea's Natural Gas Imports in 2007:
24.5 million tones (2nd)

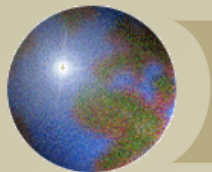


Oil and Gas Development projects

- Producing : 34
- Developing : 12
- Exploring : 77

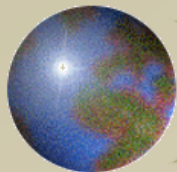
123 Projects
(32 countries)





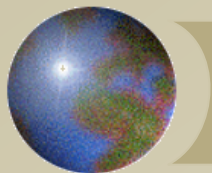
Selected Oil/ Gas Production Fields

Name of Mining Block	Recoverable Reserve (Oil,Gas)	Korean Equity	Foreign Equity	Year of Korean Participation	Korean-Production (Oil,Gas)
Vietnam 15-1	470Mbb/17Mton	KNOC 14.25% SK 9%	PV 50%, ConocoPhillips 23.25% Geopetrol 3.5%	Sep 16, 1998	110Mbb/4Mton
UK Captain	101Mbb	KNOC 14.25% Inchon Oil 0.75%	Chevron 85%	Mar 11, 1996	15Mbb
Indonesia West Madura	24Mbb/6.5Mton	KODECO 25%	PERTAMINA 50% CNOOC 25%	May 7, 1981	6.2Mbb/1.6Mton
Indonesia SES	114Mbb/13Mton	KNOC 8.91%	CNOOC65.54%, Inpex 13.07%, Mitsubishi 5%, Paladin7.48%,	April,2002	10Mbb/1.1Mton
Peru Camisea	579Mbb/231Mton	SK 17.6%	Pluspetrol 27.20, Hunt 35.2%,Techint 10%, Sonatrach 10%	Jun 23, 2003	101Mbb/40Mton
Libya Elephant	559Mbb	KNOC 16.7%, SK 8.33%, MAJUKO 5% DAESUNG 1.67%, SCG1.67%	ENI 66.67%	Nov 1, 1990	65Mbb

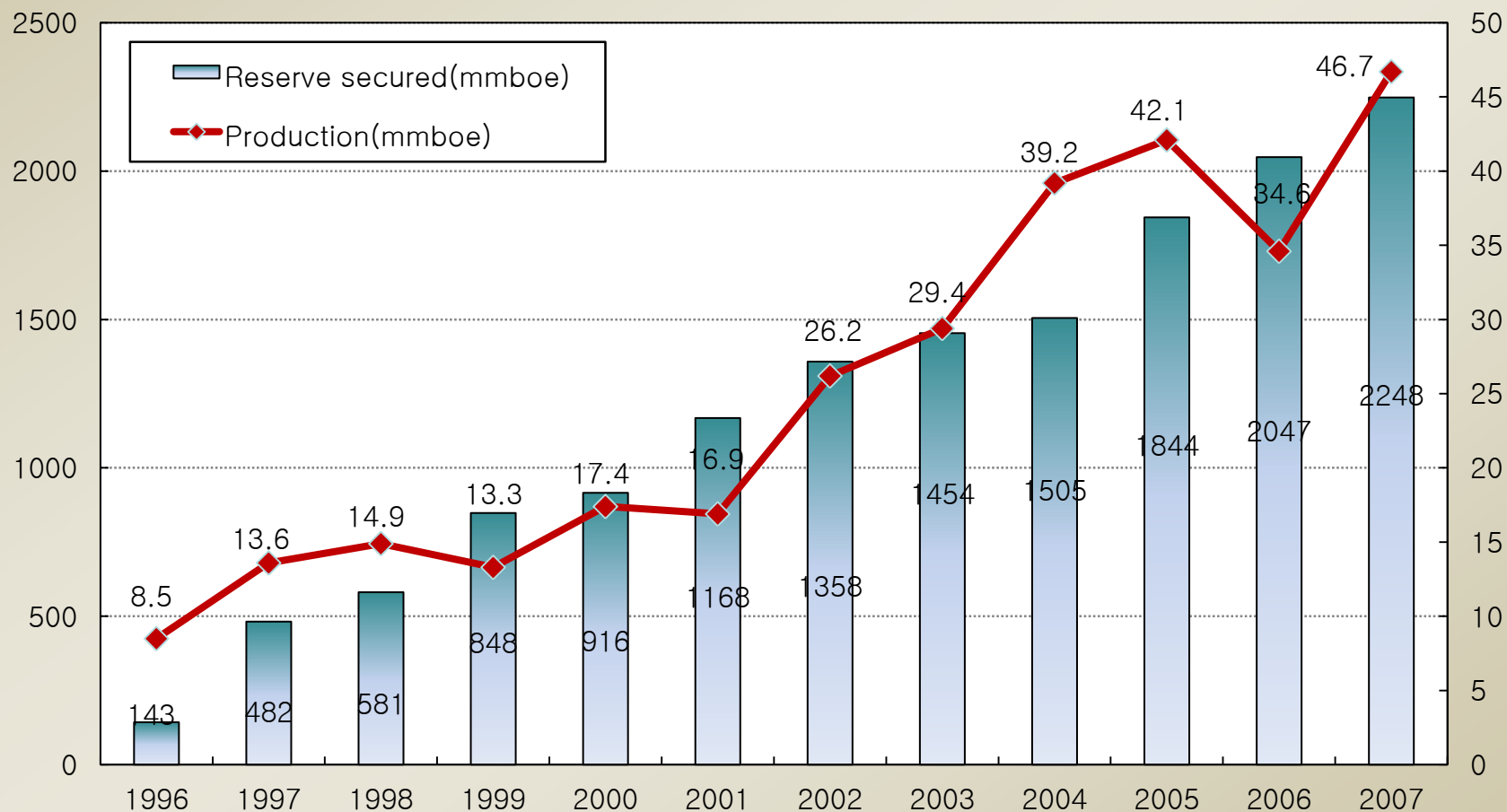


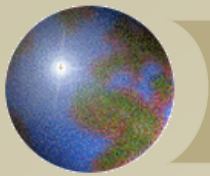
Selected Oil and Gas Exploration Fields

Name of Mining Block	Expected reserve	Korean Equity	Foreign Equity	Year of Korean Participation
Indonesia WOKAM	501Mbbl	KNOC 80% GS Holdings 20%	-	Dec 4, 2003
Indonesia NEM I	216Mbbl (possible)	KNOC 40%, SK 30% DAESUNG 5%, GS Holdings 5%	PIDC 20%	Oct 14, 2003
Kazakhstan Zhambyl	1,660Mbbl (possible)	KNOC 9.45%, SK 6.75%, LG 5.4% DAESUNG 2.7%, SAMSUNG 2.7%	KMG 73%	Feb 24, 2005
Yemen 70	203Mbbl	KNOC 65%, SAMSUNG 20% DAESUNG 15%		Apr 26, 2005
Yemen Marib(gas)	Gas 204 (Mton)	SK 7.2%, Hyundai 5.9% Samhwan 1.7%, KNOC 1.1%	Total 42.9%, YGC 23.1%, Hunt 18&%	Jan 1997
Myanmar A-1	10Tcf (possible)	DAEWOO 60%, KOGAS 10%	ONGC 20%, GAIL 10%	Aug, 2000

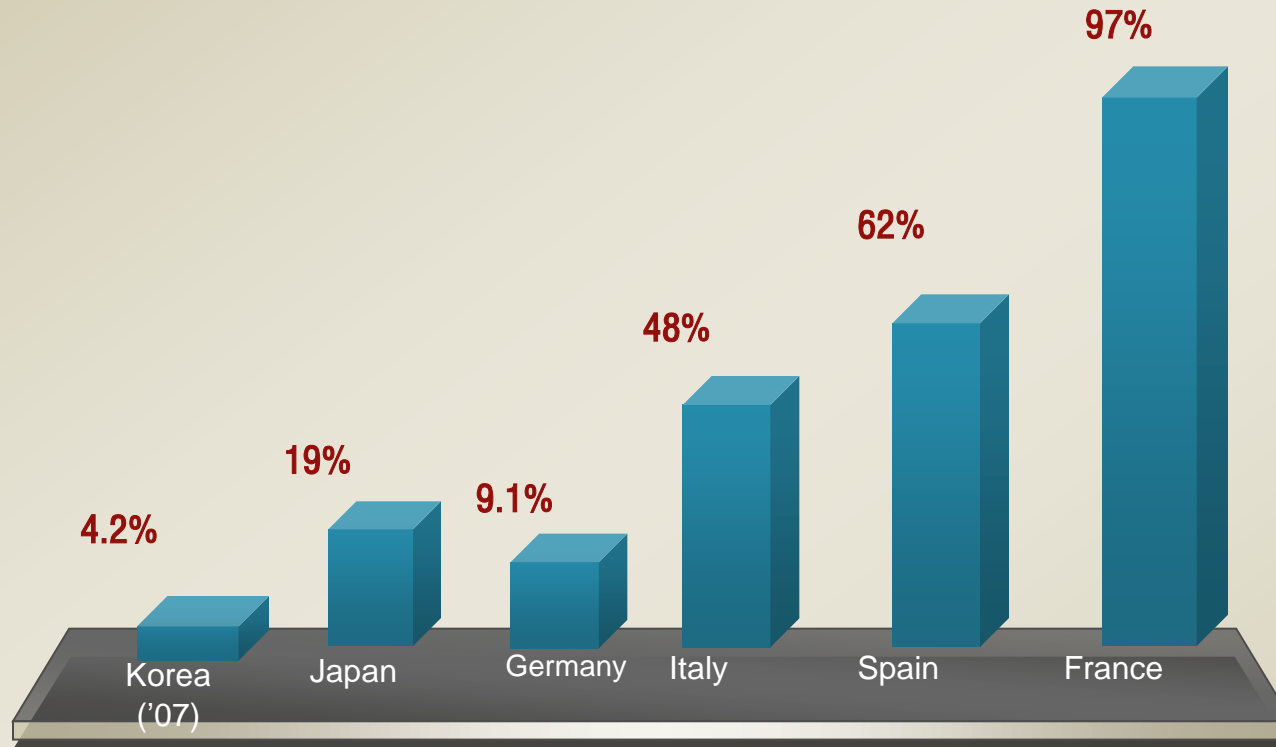


Reserve Secured & Production by Year (Oil + Gas)



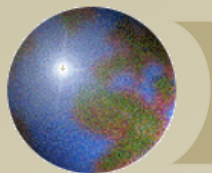


Comparison of Oil Self-Sufficiency Rate



. Self-Sufficiency Rate

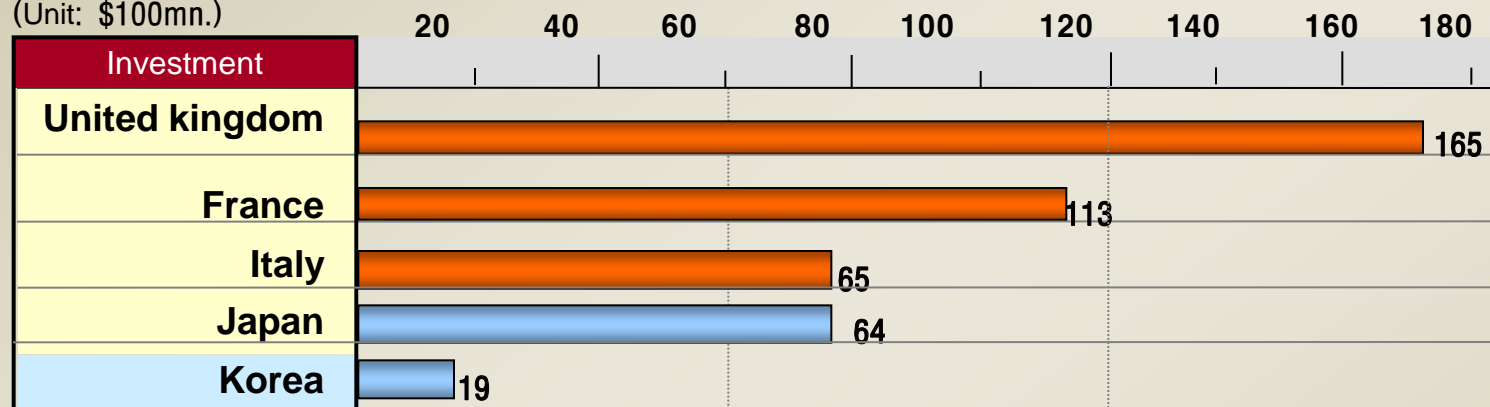
$$\frac{(\text{Total output of Oil developed by Korean Companies} \times \text{Korean Companies' Share})}{\text{Total Volume of imported Oil}} \times 100$$



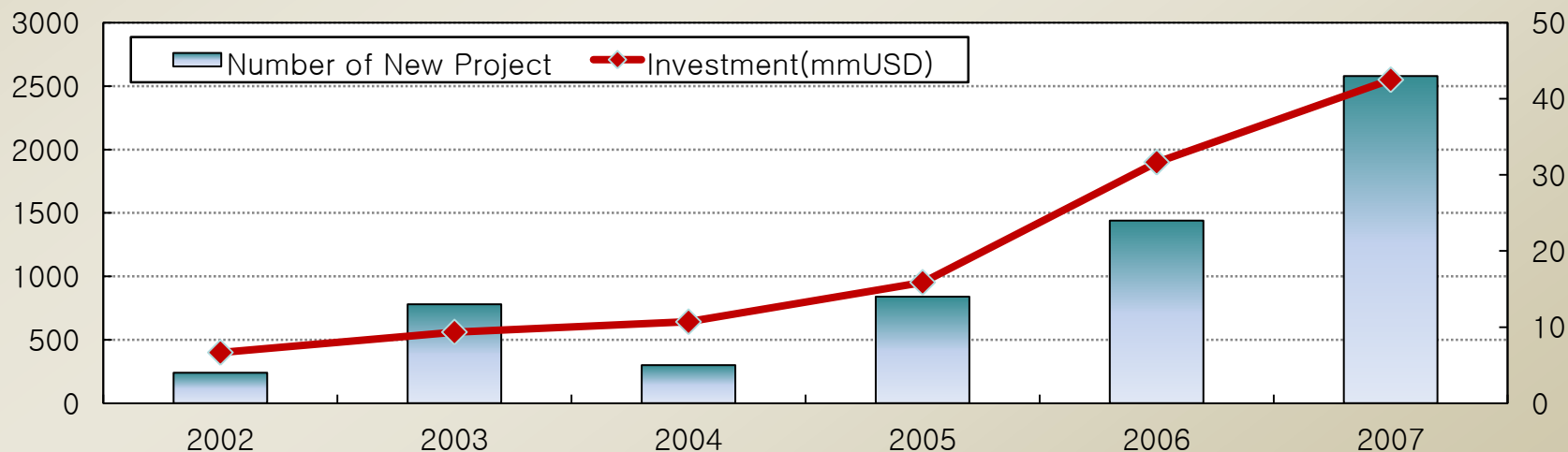
Investment on Oversea Oil & Gas Development

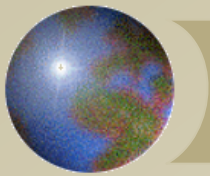
<Comparison of Oil Investments by Major Countries (2006)>

(Unit: \$100mn.)



<Trends of Investments for Overseas Oil & Gas Development By Korean Companies>

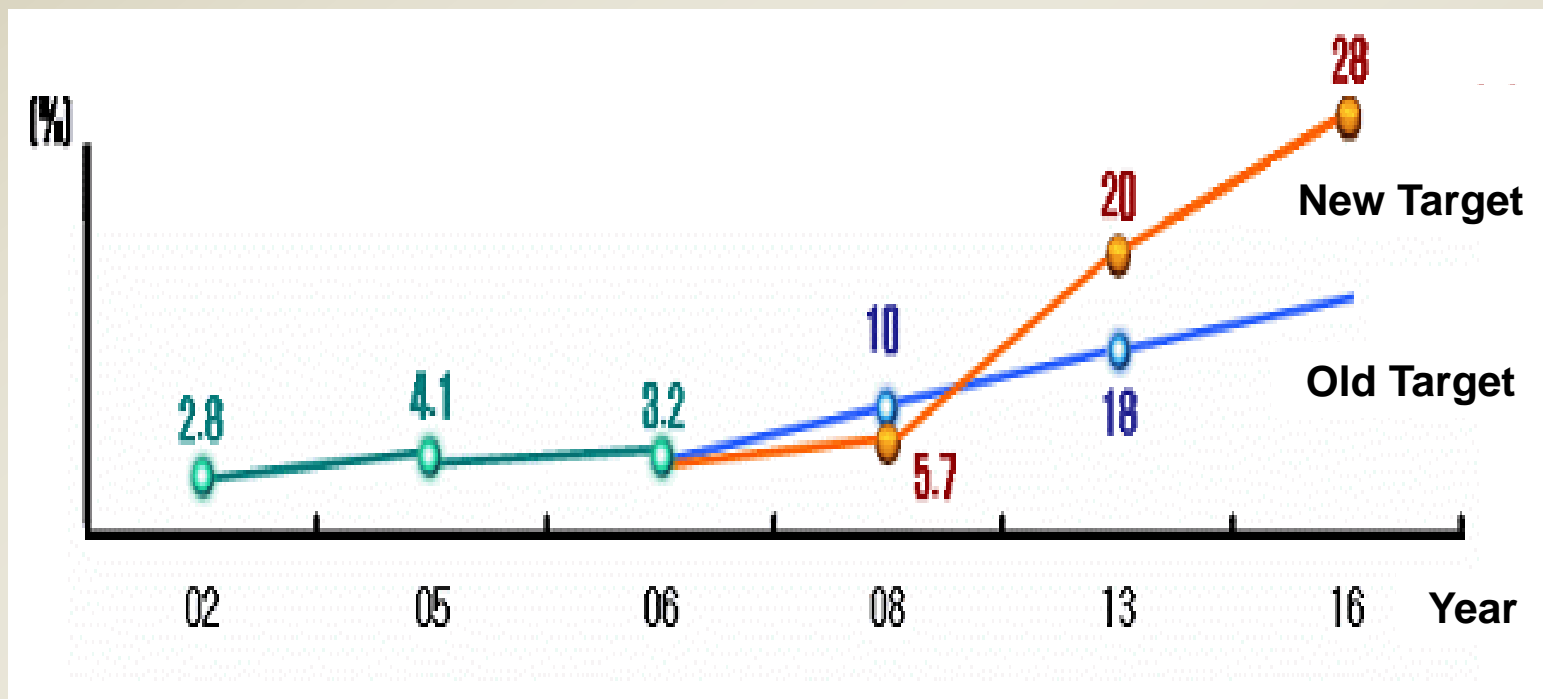


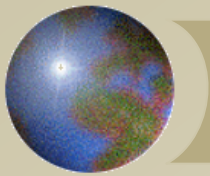


Overseas Energy development policy target

- ✚ Setting the ambitious targets to secure natural resources

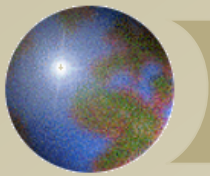
▣ **Self-Sufficiency rate in 2016 : 28%**





Major Interest Areas for Oil and Gas Business

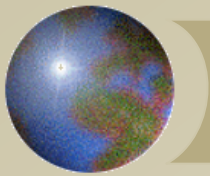




Policy on Overseas Energy development (1)

☀ Government encourages Overseas Energy development for energy security with,

- ▣ **Success Repayable Loan system for exploration projects**
- ▣ **Low interest loan for production and development projects**
- ▣ **Financial supports on technical development and training**
- ▣ **Strengthening the diplomatic relationships focusing on the Energy development with energy producing countries**
 - ※ **Establishing Ministerial-level energy cooperation committees with 27 countries**
 - ※ **Submit-level energy diplomacy: Russia, Central Asia, Africa, Latin America**



Policy on overseas Energy development (2)

- ✚ “Resource Development Package” with the advanced industries of Korea to the Energy producing countries.
 - ✚ **Link energy development with establishment of Infrastructures (Energy, Road, Telecommunication)**
 - Acquisition of exploration rights on the big oil basins in Nigeria, 2005
- ✚ Enhancing global competitiveness for energy development companies
 - ✚ **Forging partnership with major energy corporations, Seeking M&A**
- ✚ Fostering Resource Development Infrastructure
 - ✚ **Nurturing professional workforce; developing exploration and development technologies; and establishing an information sharing system**