



E&P Business of SK Energy in Latin America

September 2009

E&P Division



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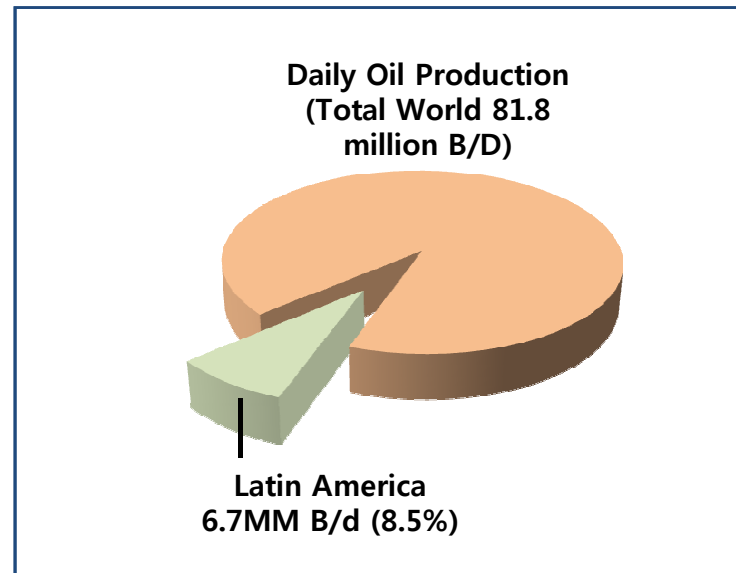
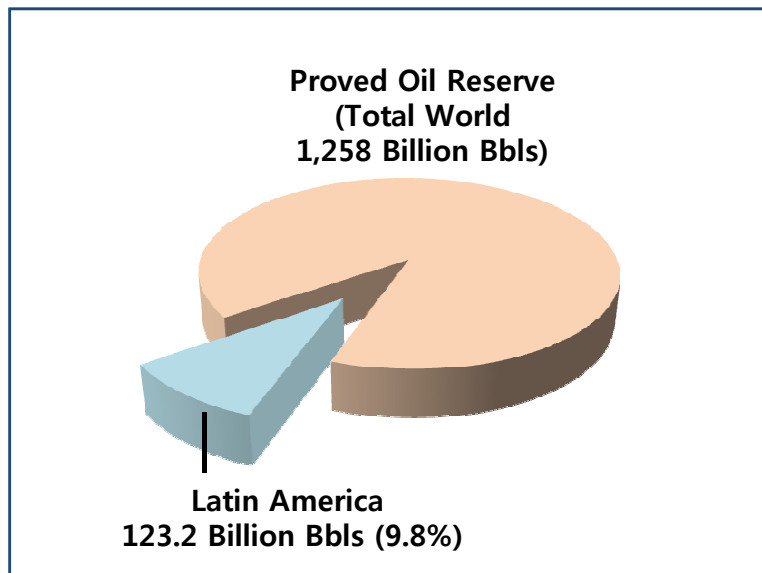
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I. Oil & Gas Reserves in Latin America

Oil & Gas Reserves in Latin America

- ❑ Oil reserve in Latin America is 123.2 billion barrels (9.8% of total reserve in the world), Daily oil production is 6.7 million barrels (8.2% of total daily production in the world)

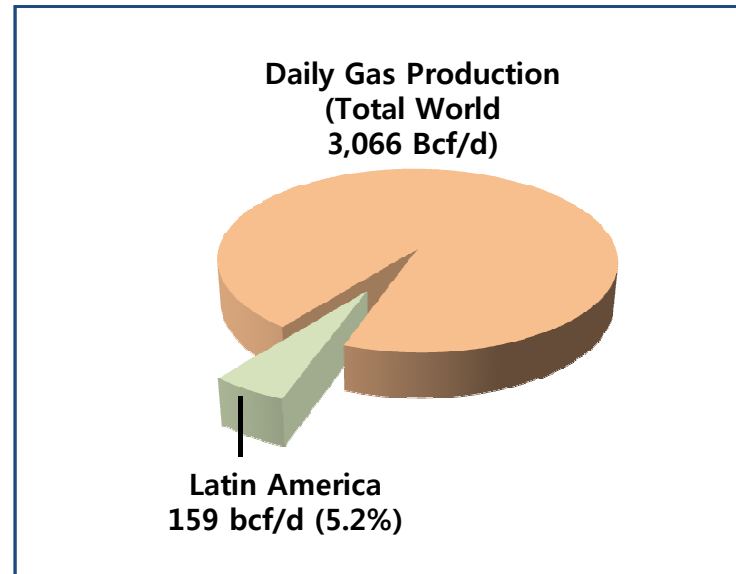
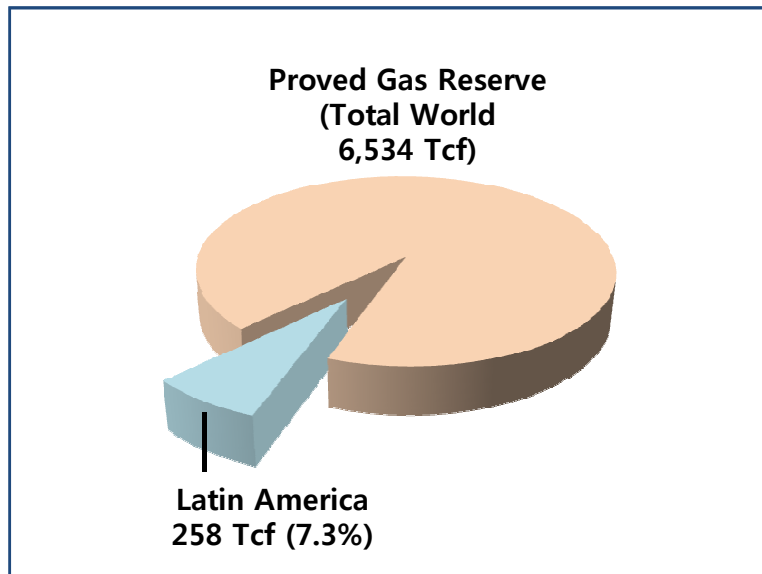


Source: BP Statistical Review 2009

- ❑ Latin America is home to nearly two thirds of the recoverable **heavy oil reserves** on the world.
 - Worldwide 429 billion barrels, Latin America 266 billion barrels (Source: USGS)

Oil & Gas Reserves in Latin America

- ❑ Gas reserve in Latin America is 258.2 TCF (7.3% of total gas reserve in the world), daily gas production is 15.3 BCF (5.2% of total daily production in the world)



Source: BP Statistical Review 2009

- ❑ Copper production covers 50% of total world production and also production of iron ore/zinc/tin/silver covers over 20% of total world production which make Latin America is one of the most attractive regions to invest.



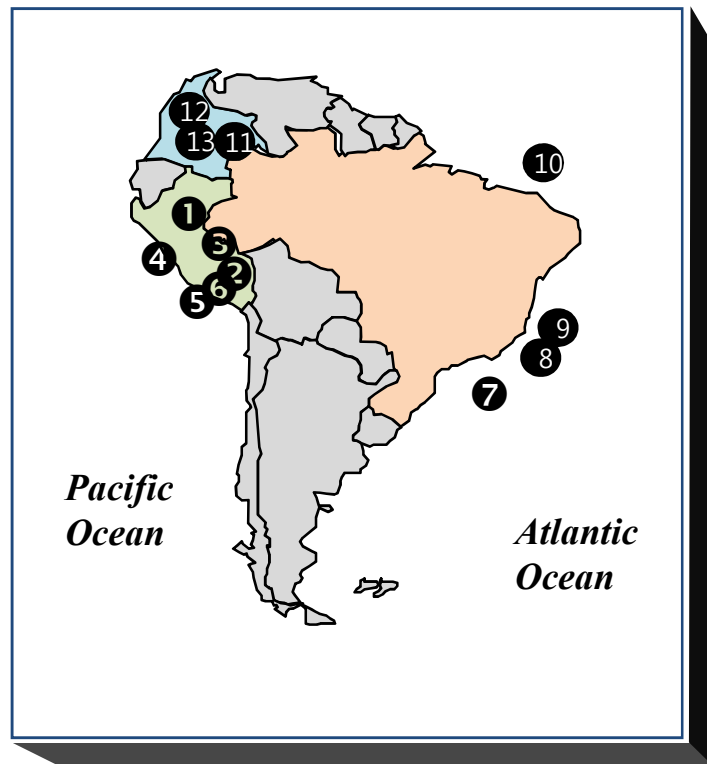
II. SK's Business in Latin America

SK's Projects in Latin America



- ❑ SK has participated in Latin America for resources development business since mid-'90s
- ❑ Currently SK is participating in 13 projects in Peru, Brazil and Colombia varying from 11 E&P projects (Exploration 7, Production 4) to 1 LNG project and 1 transportation project.
- ❑ Especially SK is one of the major players in Peru participating in "Value Chain" as developing the biggest Peruvian gas field Camisea.

SK Business in Latin America

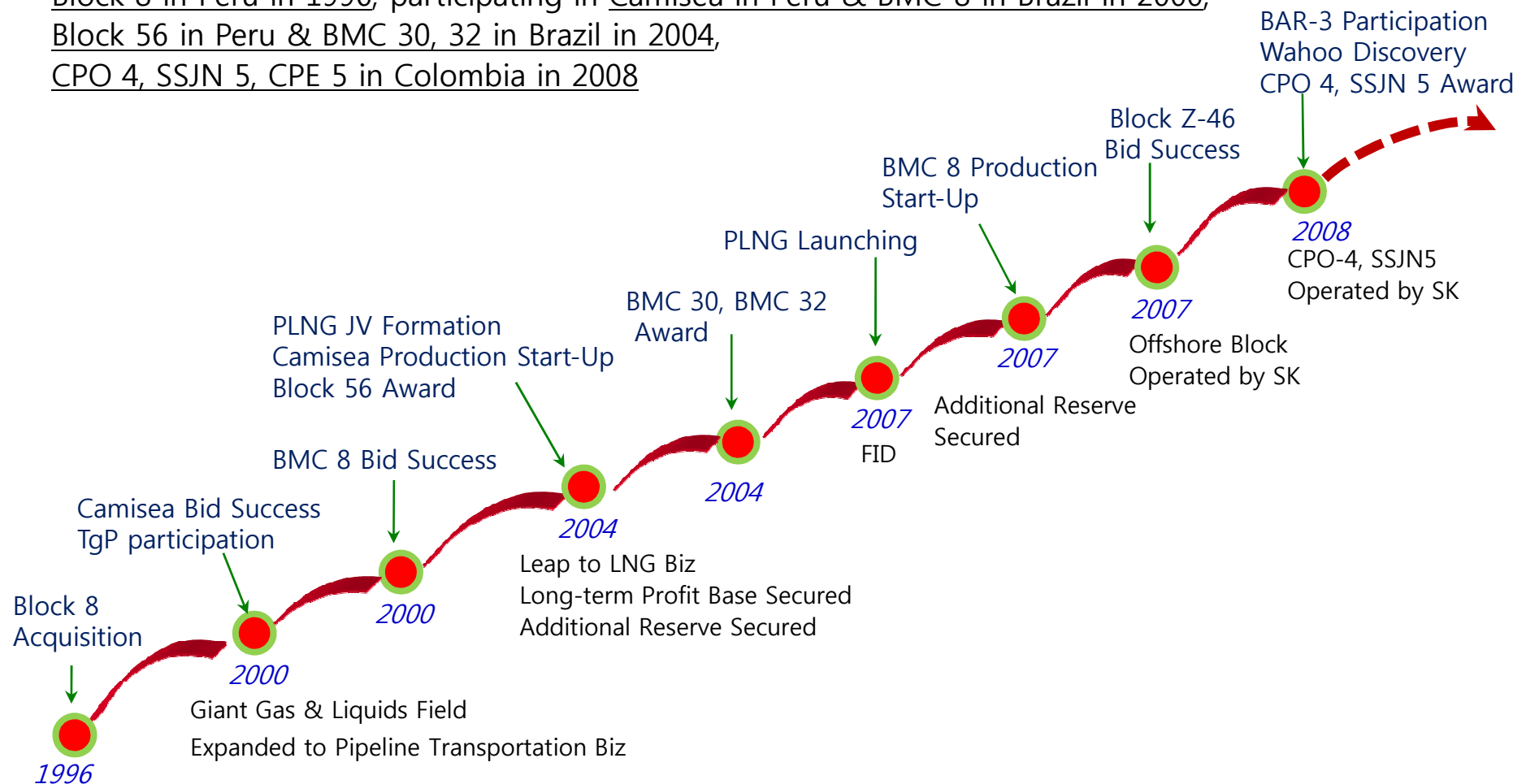


Country	Incumbent Biz	SK Stakes	Status
Peru	① Block 8	8 1/3%	Production (1996~)
	② Block 88 (Camisea)	17.6%	Production (2004~)
	③ Block 56	17.6%	Production (2008~)
	④ Z-46	100.0%	Exploration
	⑤ Peru LNG	20.0%	Construction
	⑥ TGP(Pipeline)	11.19%	Operation (2004~)
Brazil	⑦ BMC-8	40.0%	Production (2007~)
	⑧ BMC-30	20.0%	Exploration
	⑨ BMC-32	26.7%	Exploration
	⑩ Bar-3	30.0%	Exploration
Colombia	⑪ CPE-5	28.6%	Exploration
	⑫ SSJN-5	50%	Exploration
	⑬ CPO-4	100%	Exploration

SK Evolution in Latin America



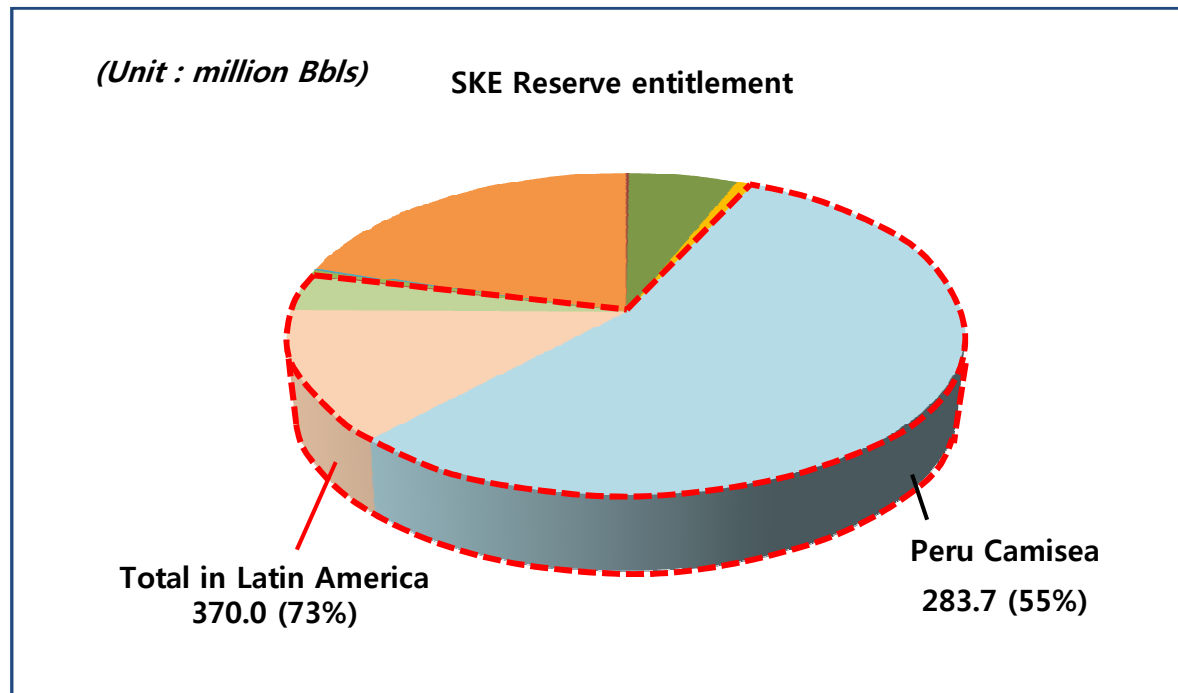
- SK is making "Expansion History" in Latin America as carrying out Reserve acquisition of Block 8 in Peru in 1996, participating in Camisea in Peru & BMC-8 in Brazil in 2000, Block 56 in Peru & BMC 30, 32 in Brazil in 2004, CPO 4, SSJN 5, CPE 5 in Colombia in 2008



1st Reserve Acquisition of SK

Proven Reserve of SK

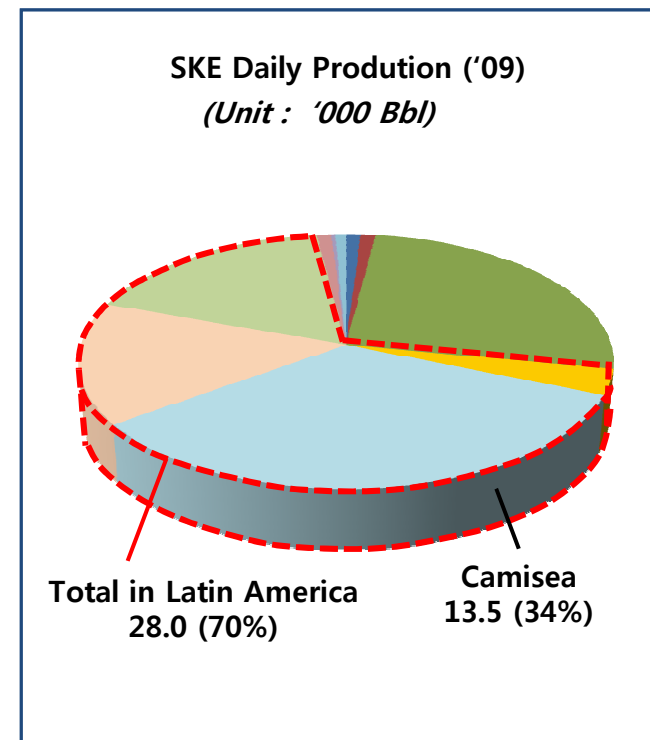
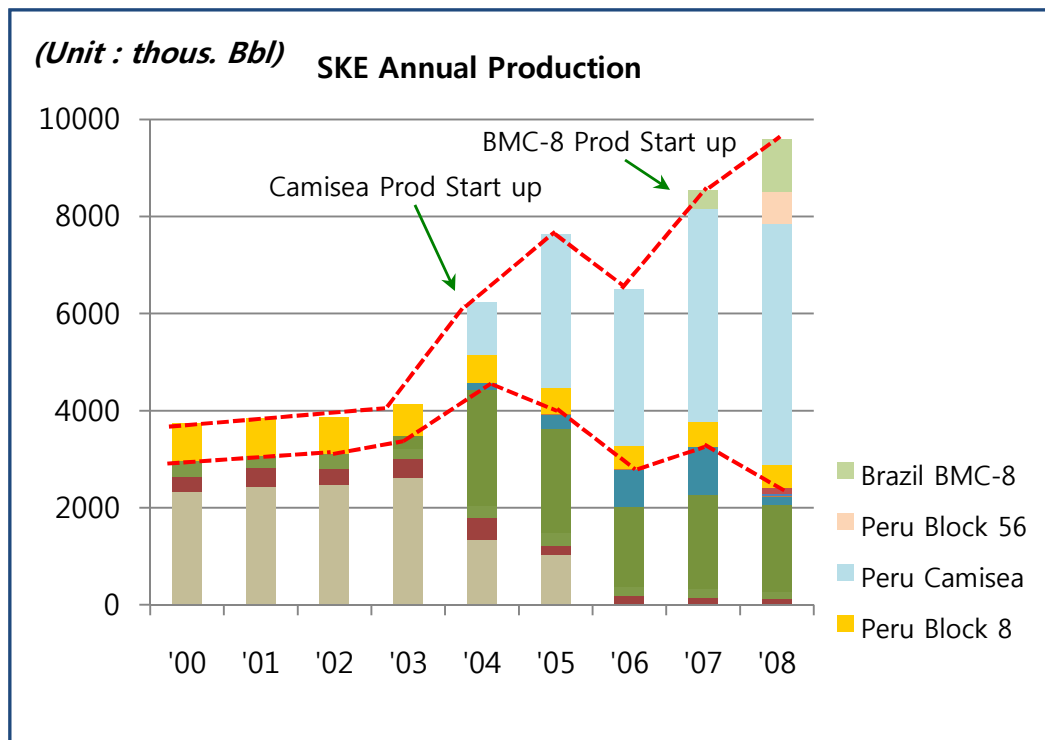
- ❑ 4 producing projects are located in Latin America
- ❑ As of the end of 2008, SK total proven reserve is 520 million barrels and Reserve entitlement in Peru & Brazil is 370 million barrels (73% of SKE total reserve entitlement)



SK Production Entitlement



- ❑ In 2008, SK total equity production was 9.6 million barrels and 7.2 million barrels were from Peru & Brazil (75% of SKE total entitlement)
- ❑ Currently, SK's daily production from L.A. is 28,000 barrels out of 40,000 barrels worldwide (70% of SKE total Daily entitlement)

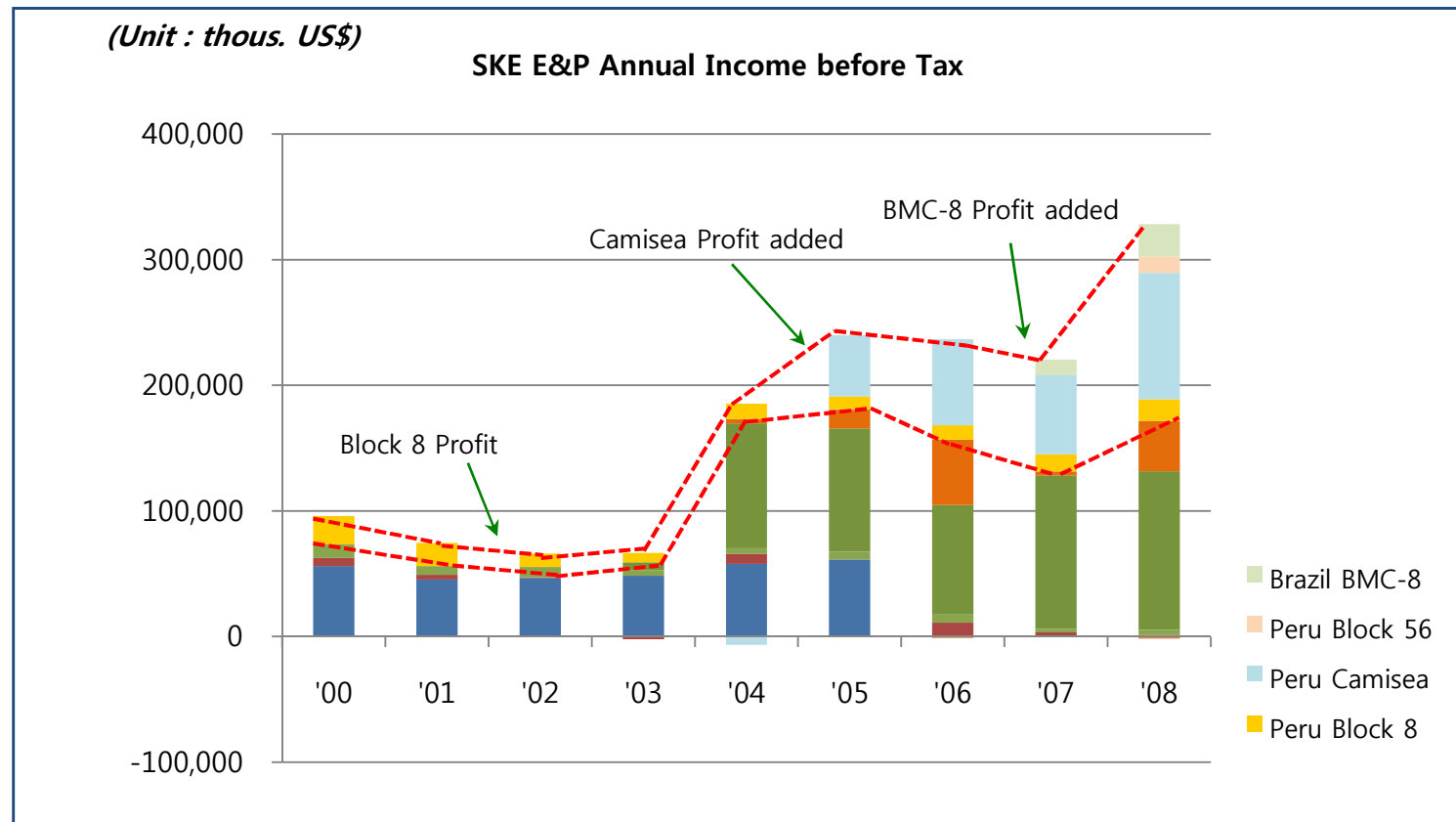


- ❑ SK equity production in L.A. will be increased from 11.5 million barrels (Daily 31,000 barrels) in 2009 to 20.6 million barrels (Daily 56,000 barrels) in 2017.

Income Status of SK in Latin America

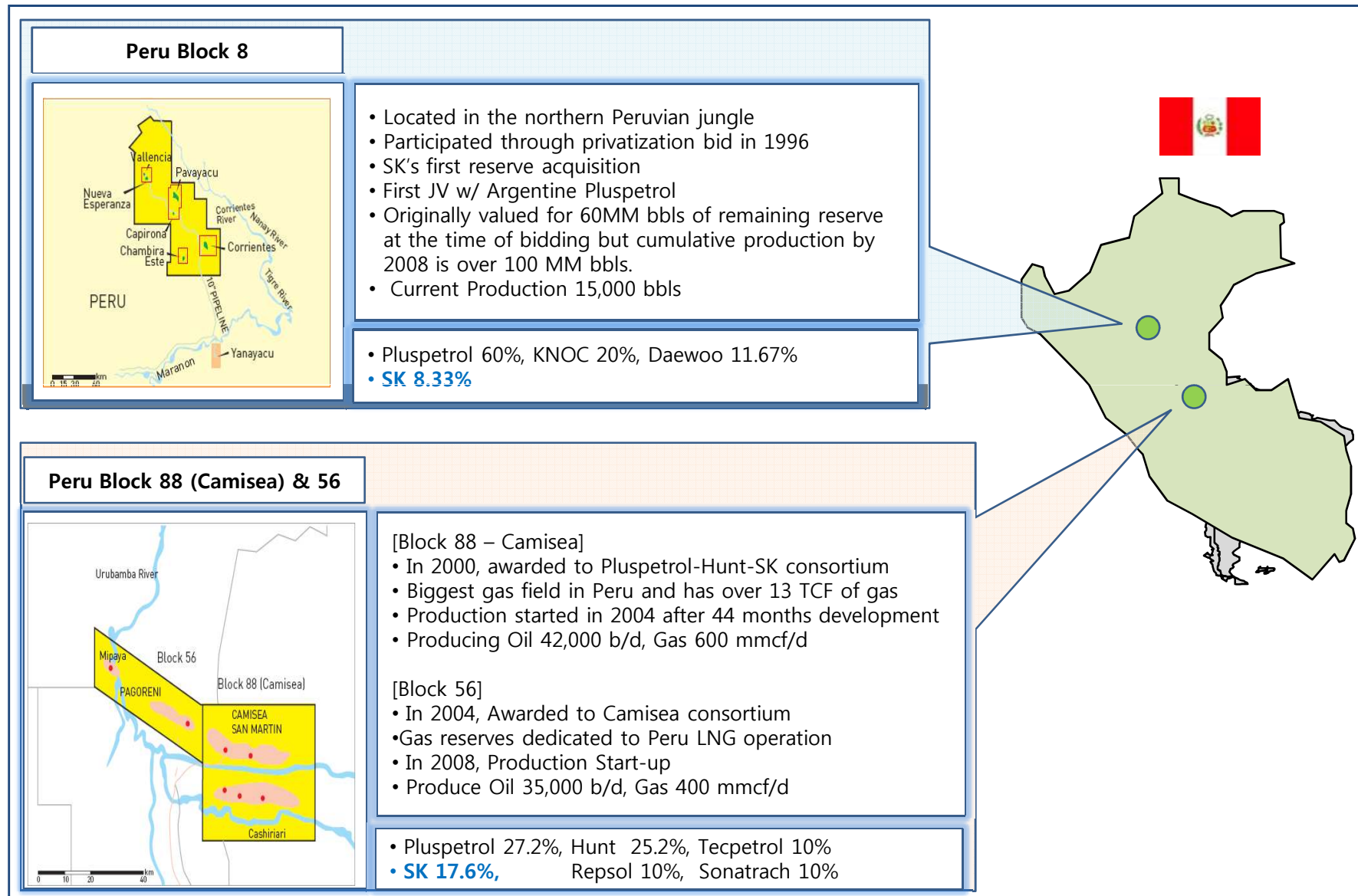


- ❑ In 2008, SKE E&P's total income before tax was 326.6 million US\$ and income before tax in Latin America (Peru & Brazil) was 156.6 million US\$ (48% of SKE E&P)

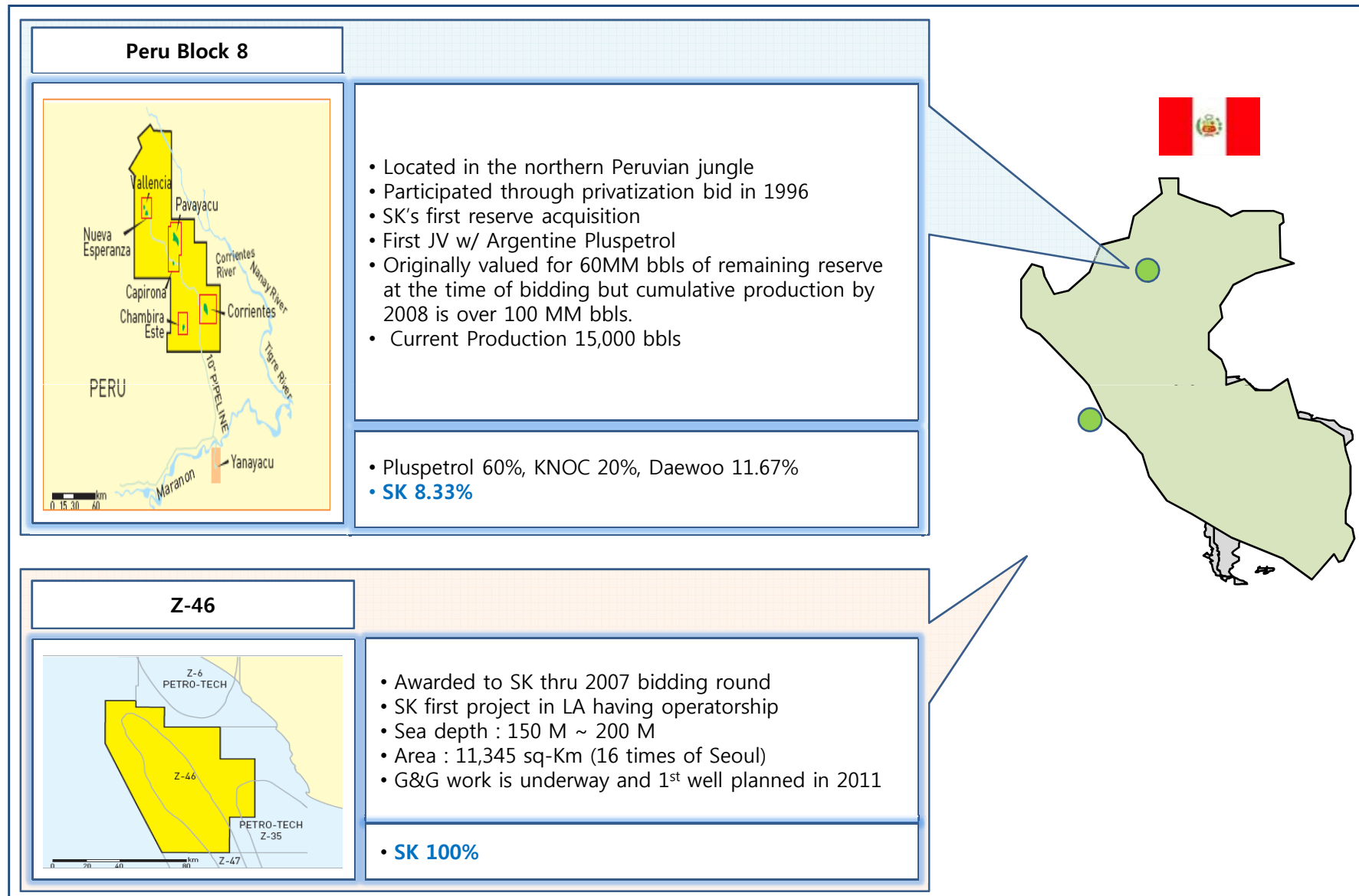


- ❑ The financial contribution from the LA region will continue to increase with the start-up of commercial operation of Peru LNG from 2010. The net income in 2013 in Latin America is projected to be 248million US\$.

Project Status – Peru ①

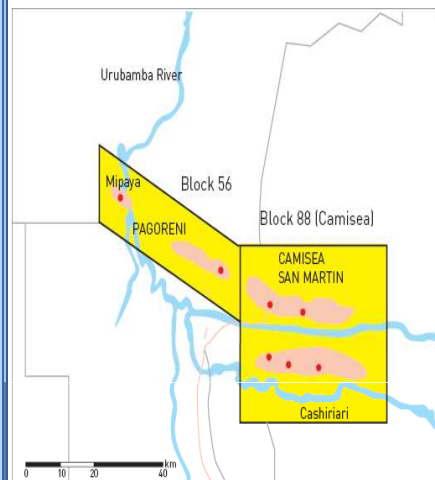


Project Status – Peru ①



Project Status – Peru ②

Peru Block 88 (Camisea) & 56



[Block 88 – Camisea]

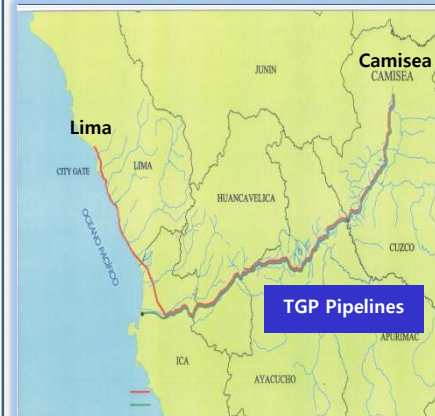
- In 2000, awarded to Pluspetrol-Hunt-SK consortium
- Biggest gas field in Peru and has over 13 TCF of gas
- Production started in 2004 after 44 months development
- Producing Oil 42,000 b/d, Gas 600 mmcf/d

[Block 56]

- In 2004, Awarded to Camisea consortium
- Gas reserves dedicated to Peru LNG operation
- In 2008, Production Start-up
- Produce Oil 35,000 b/d, Gas 400 mmcf/d

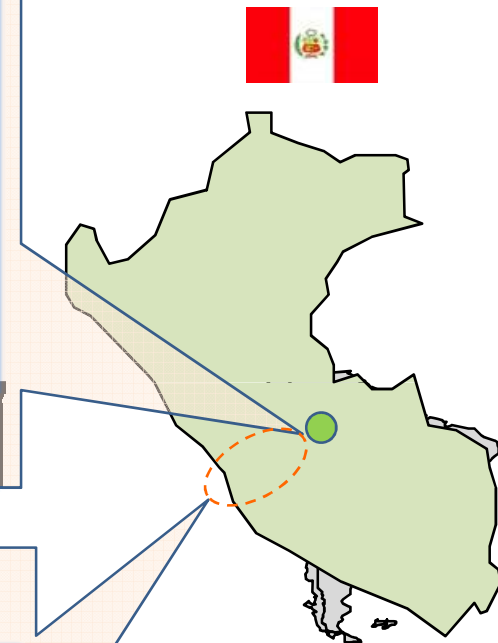
- Pluspetrol 27.2%, Hunt 25.2%, Tecpetrol 10%
- **SK 17.6%**, Repsol 10%, Sonatrach 10%

Peru TgP

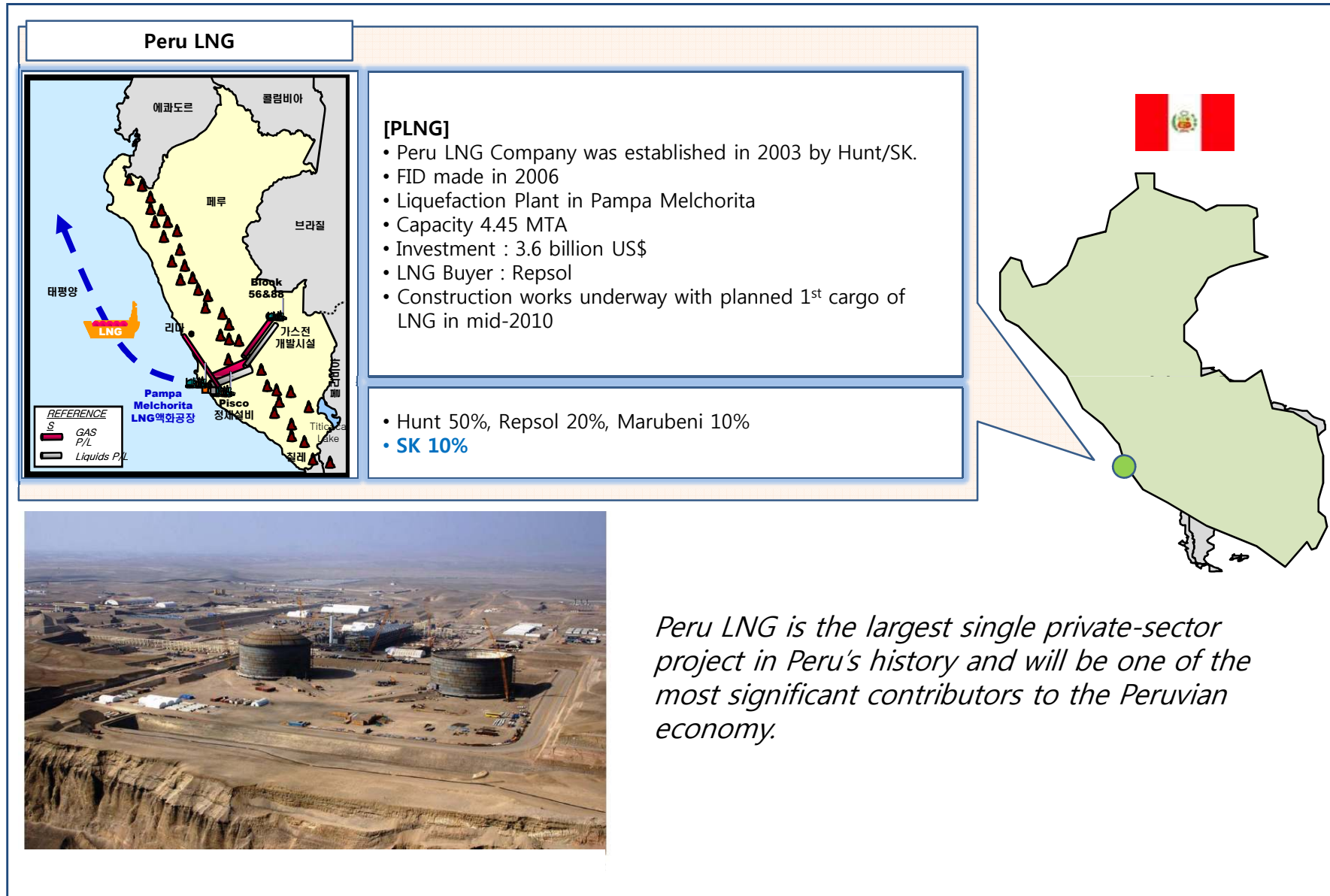


- A regulated company established in 2000 to transport liquid and gas from Camisea field
- Parallel two pipelines : Gas Pipeline (734 km) & Liquid Pipeline (559 km) (Malvinas Plant ~ Peru West Coast)
- Commercial operation since Aug 2004.

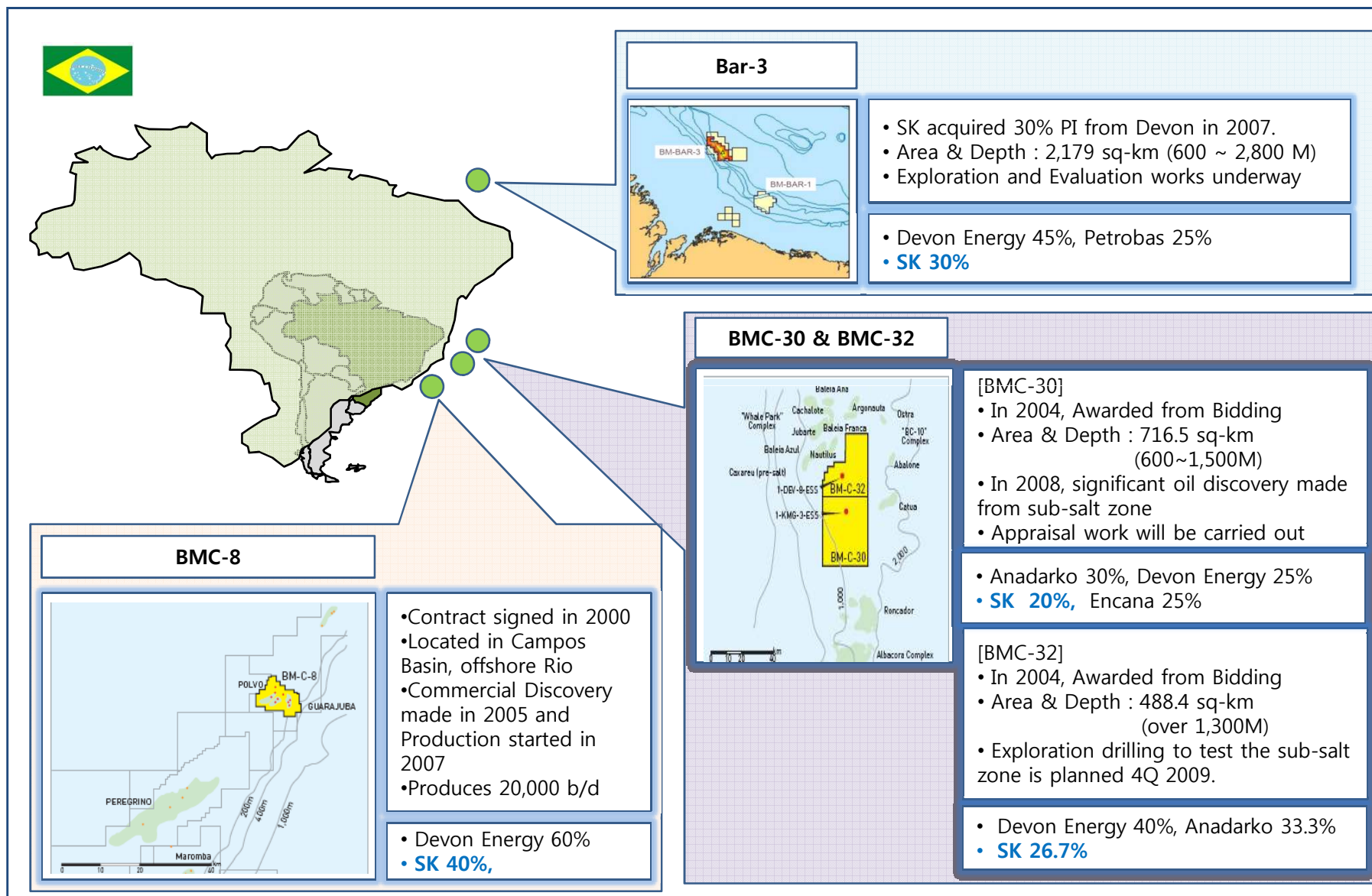
- Plusepetrol 12.38%, Hunt 12.38%, Tecpetrol 23.6%
- **SK 11.19%**, Sonatrach 21.18%, Repsol 10%
- GyM 1.2% Suez-Tractebel 8.07%



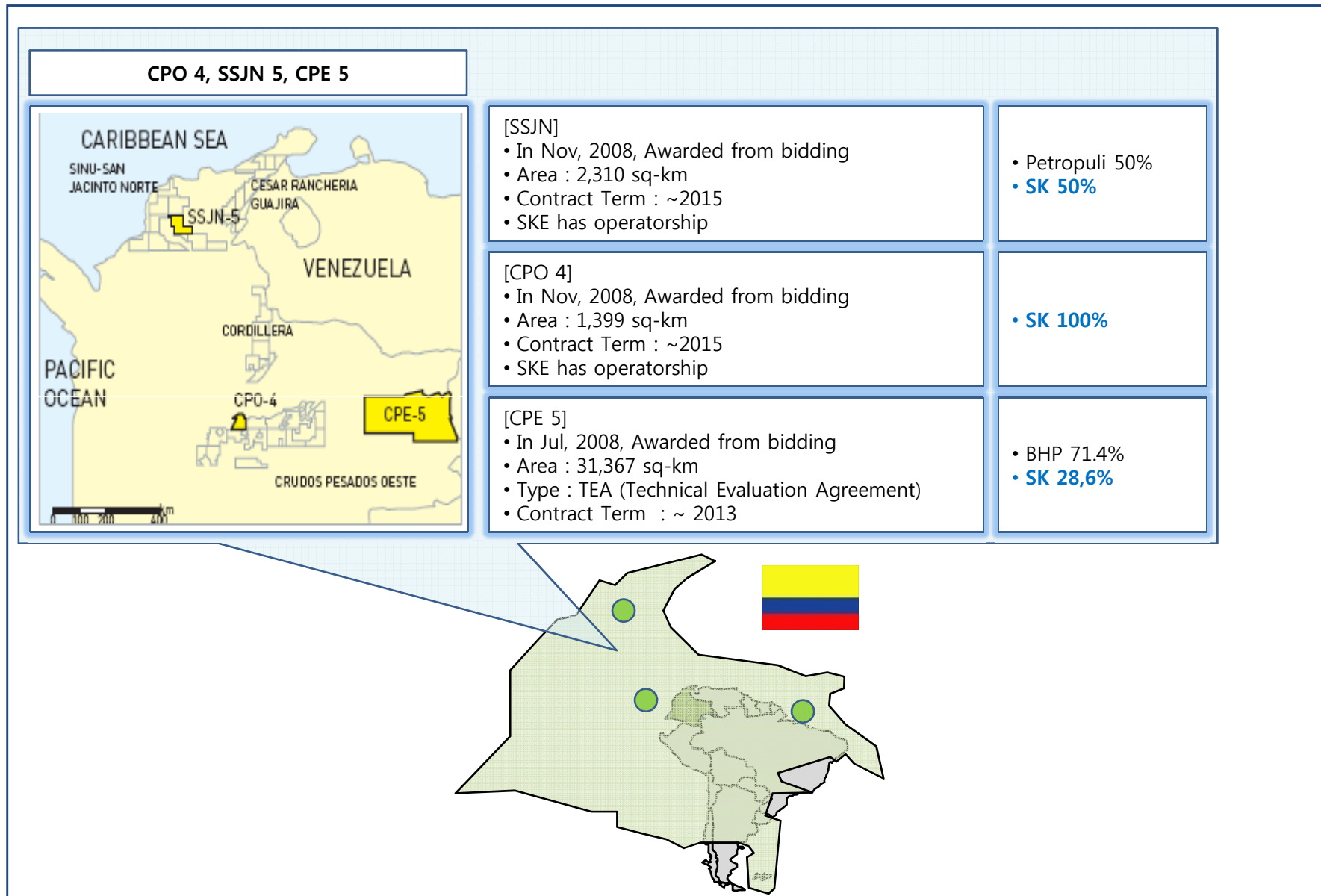
Project Status – Peru ③



Project Status – Brazil



Project Status – Colombia





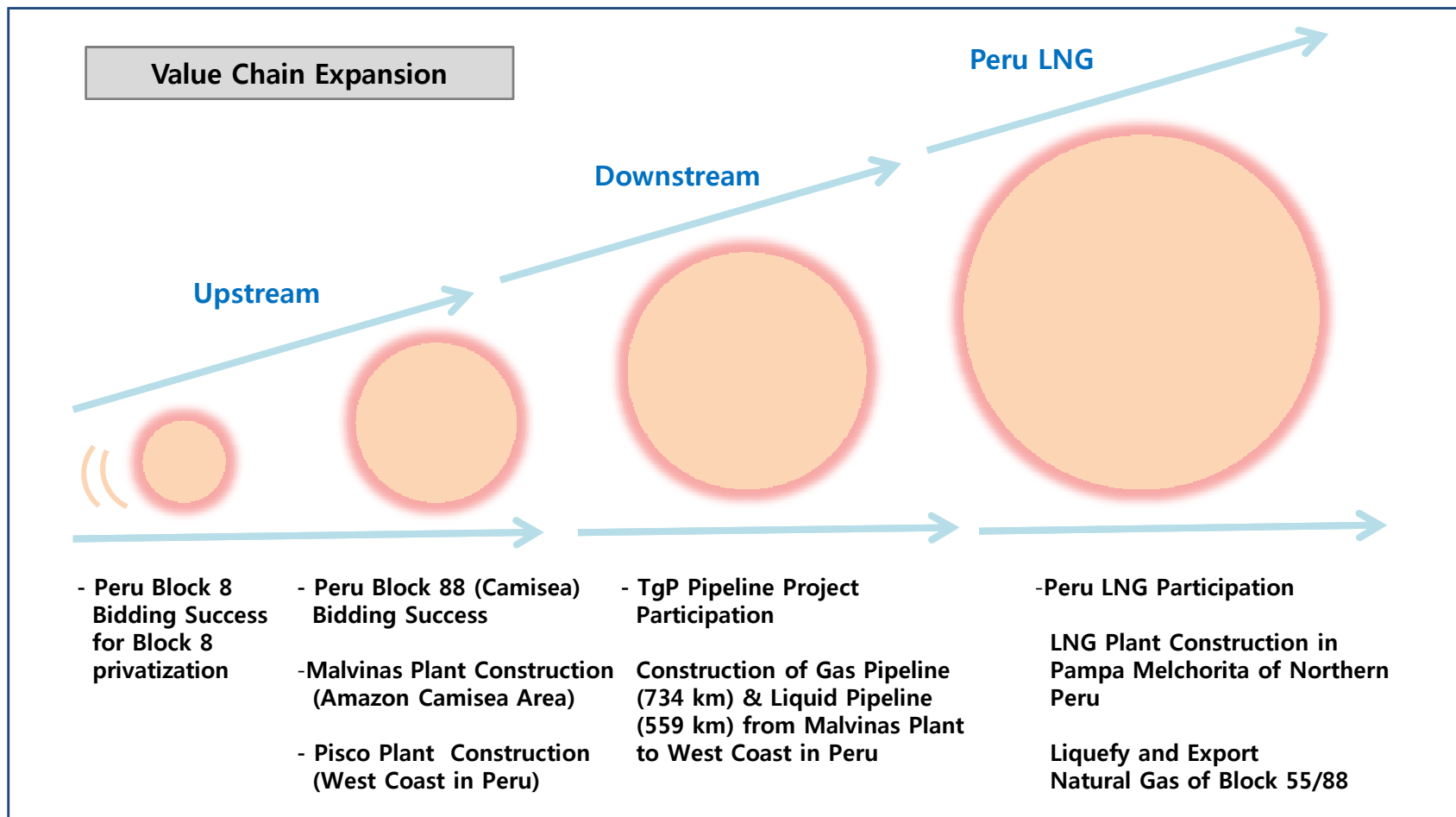
III. SK's Strategy in Latin America

SK's Strategy in Latin America ①

❑ Heritage Growth

Starting from a small project and pursuing expansion based on the existing project

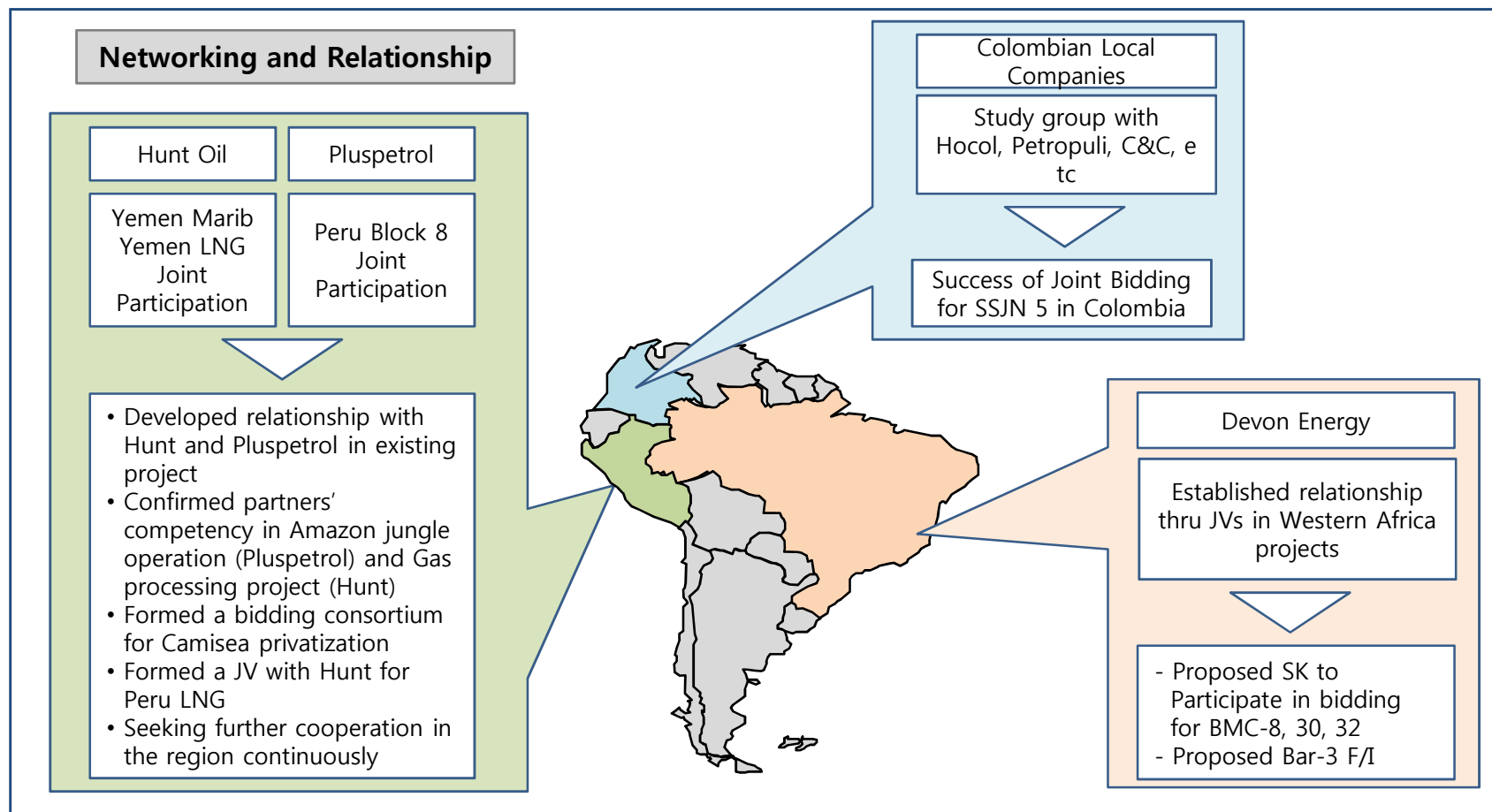
- As expanding E&P reserve & value chain to Downstream, SK became well-positioned major foreign investor in Peru



SK's Strategy in Latin America ②

❑ Go-together with regional players

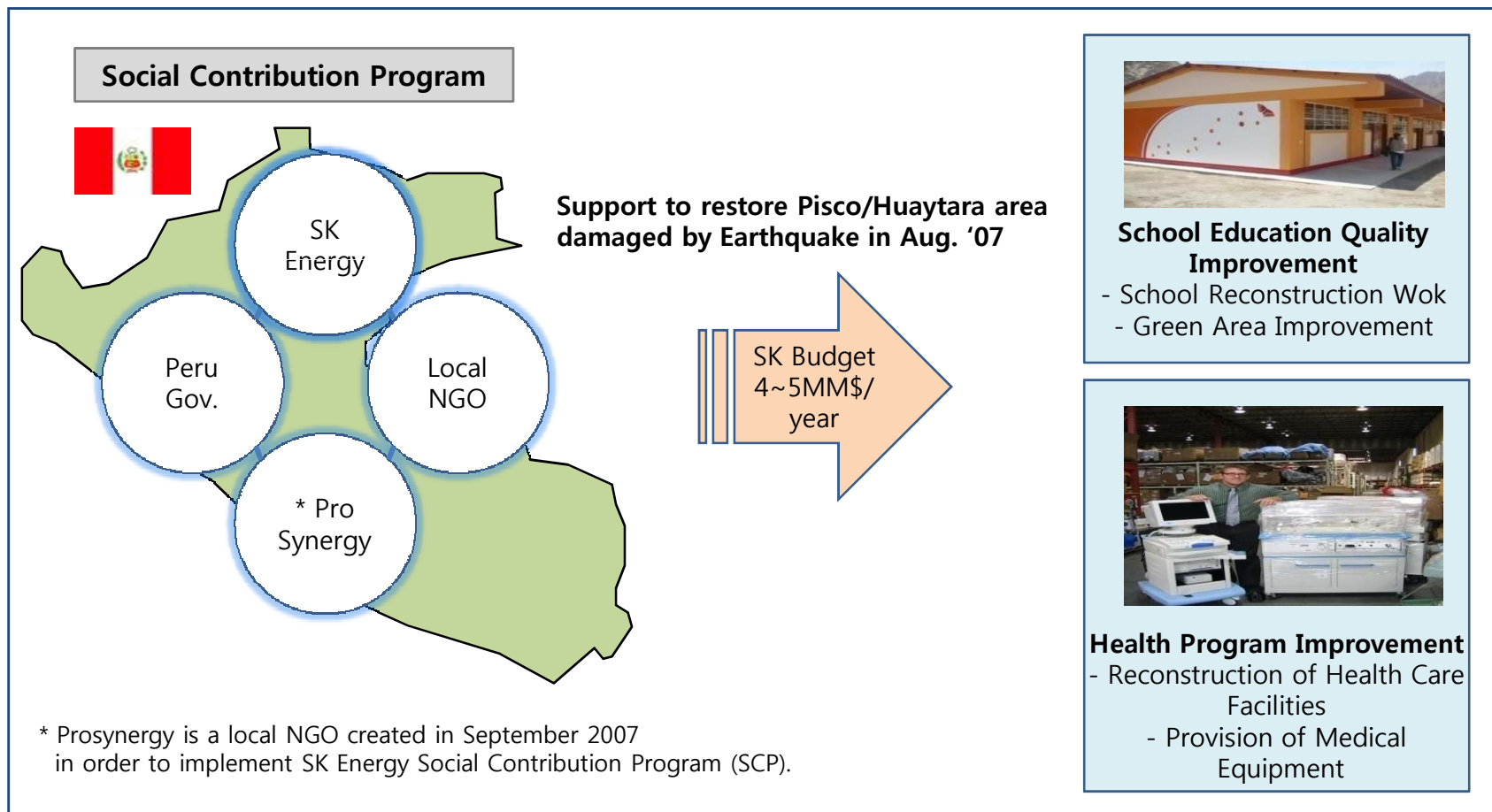
- Search business opportunity from close relationship with existing partners & local companies
- Exploiting regional partners competency from their knowledge and experience



SK's Strategy in Latin America ③

❑ Cooperation with Host Government and Harmony with Local Community

- Close cooperation with Governments to accommodate government needs into project agenda
- Dealing with the demands from Local Communities through close communications with GOVT
- Conducting active Social Contribution Program as a reliable and participatory Corporate Citizen



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