

Analysts And Investors Field Trip

Economic Unit El Portón
September 15th - 16th, 2003

Neuquén - Argentina

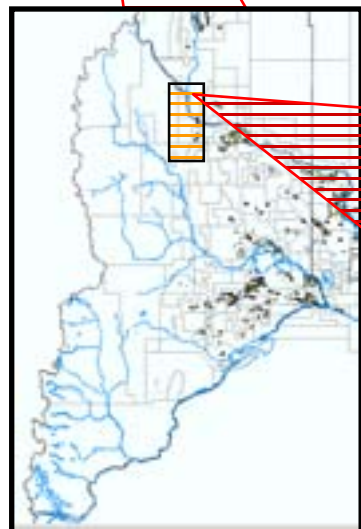
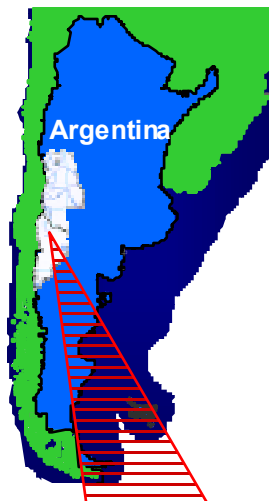
2003

Western Argentina - Business Unit

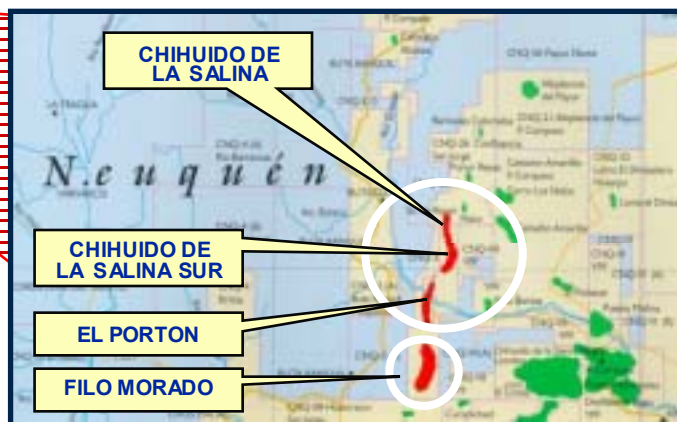


Economic Unit El Portón

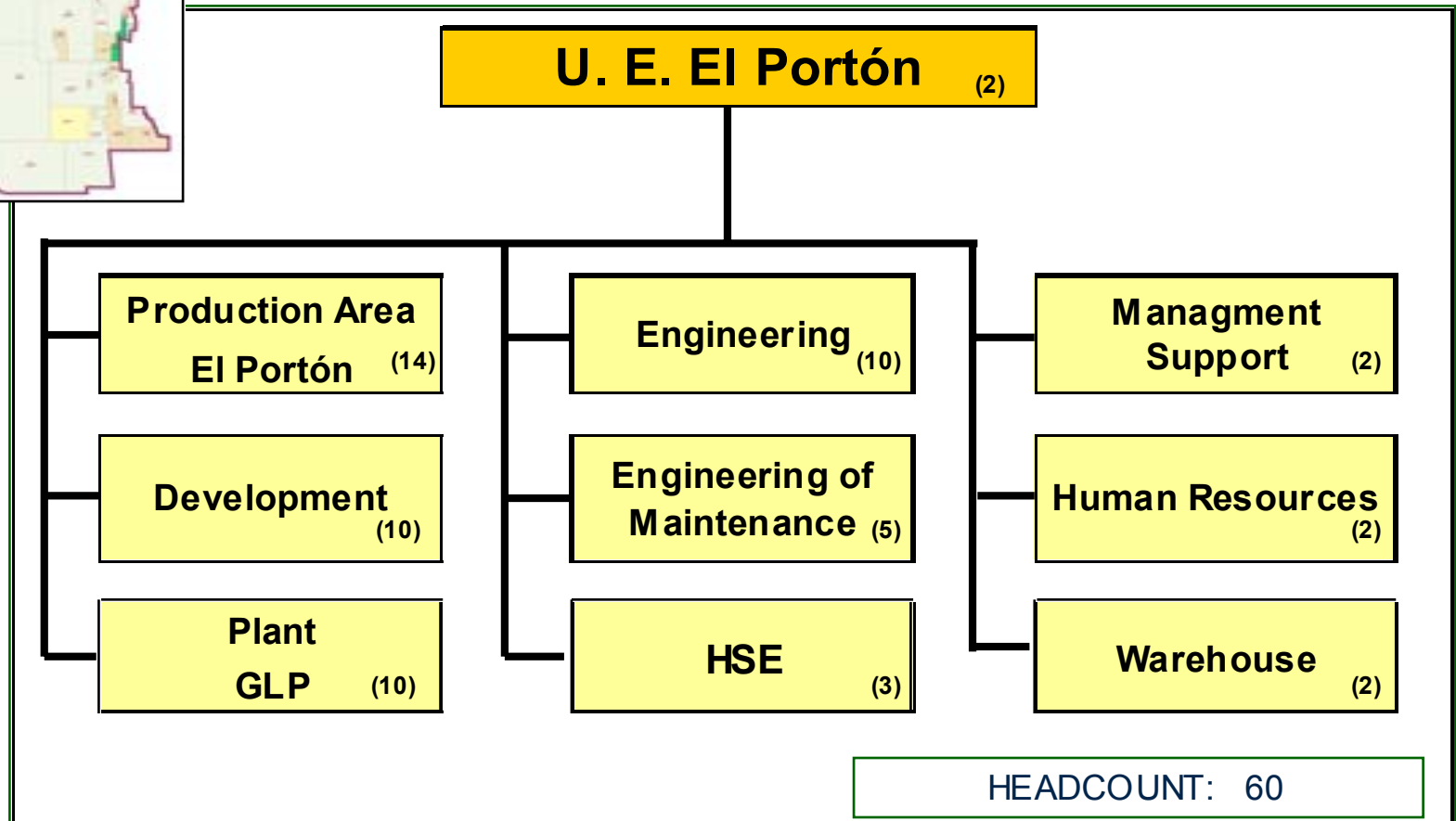
GENERAL INFORMATION



- Area: 336,39 Km²
- First Production : FM March 1987
- Cumulative Production. (Dic.2002): 146.7 Mstbo / 246.8 BCF
- Daily Production (Jul. 2003): 64.7 kBOE/d
- Wells drilled to date : 224
- Wells in production : 131
- Gas injection wells : 8
- Water injection wells: 19
- Net reserves (Dic.2002) : P1 133.2 Mstbo / 751.5 BCF
- P2 24.2 Mstbo / 29.3 BCF
- P3 0.31 Mstbo / 0.18 BCF

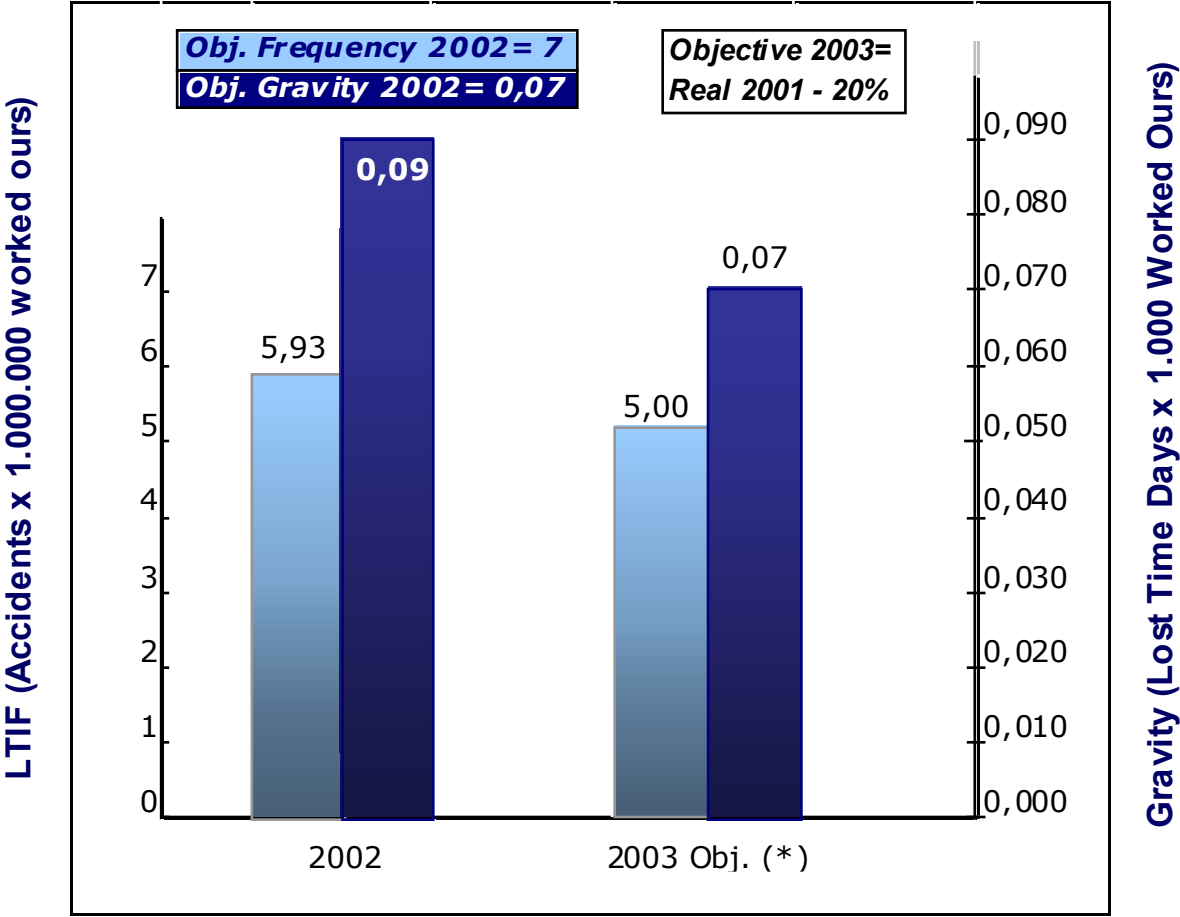


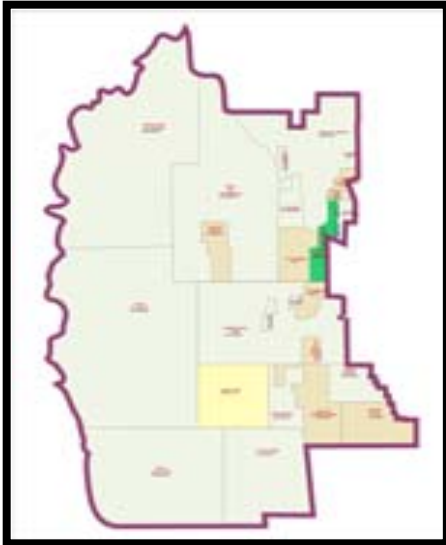
ARGENTINA- UNAO- UEPP



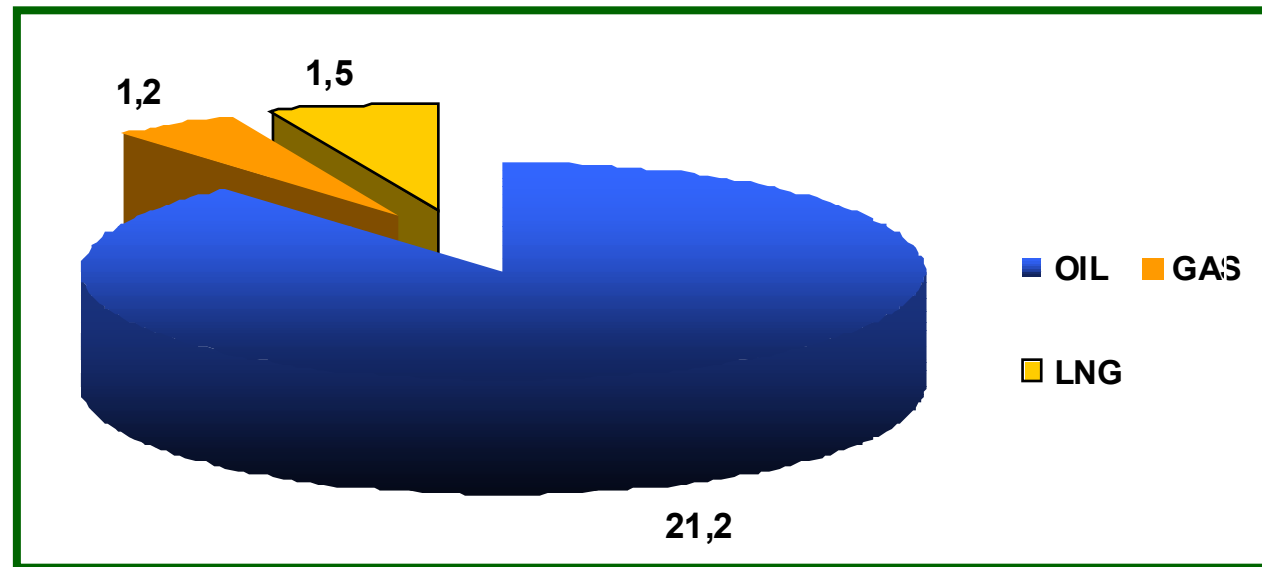
OBJECTIVES

- **MAINTAIN ISO 14001 CERTIFICATION.**
- **REDUCE BY 50% FREQUENCY & SEVERITY INDICATORS BY YEAR 2007.**
- **ZERO FATALITIES.**
- **INTEGRATE ACTUAL ENVIRONMENTAL MANAGEMENT SYSTEM (ISO 14001) WITH SAFETY MANAGEMENT SYSTEM.**
- **INCORPORATE A NEW TOTAL QUALITY SYSTEM (BASED ON FUNDIBQ).**



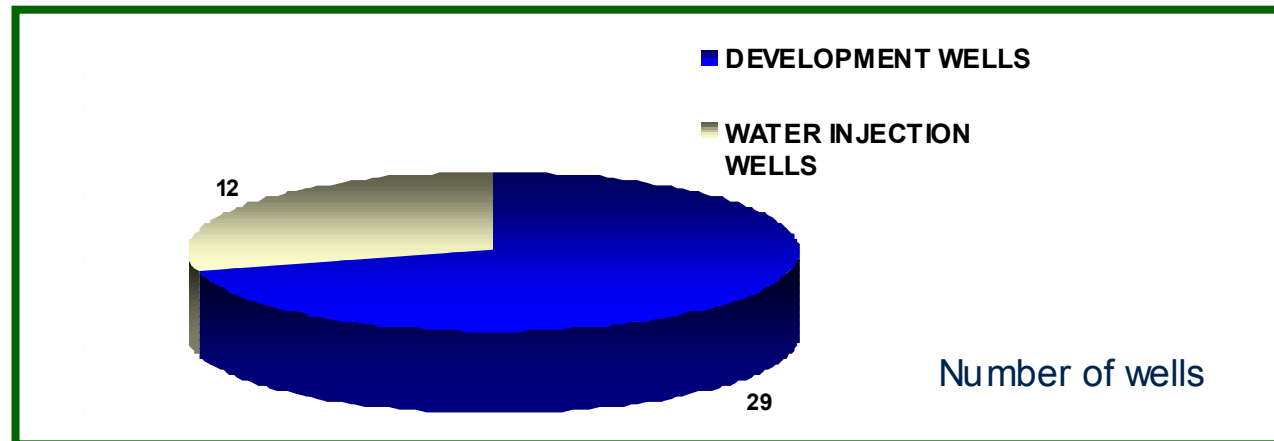
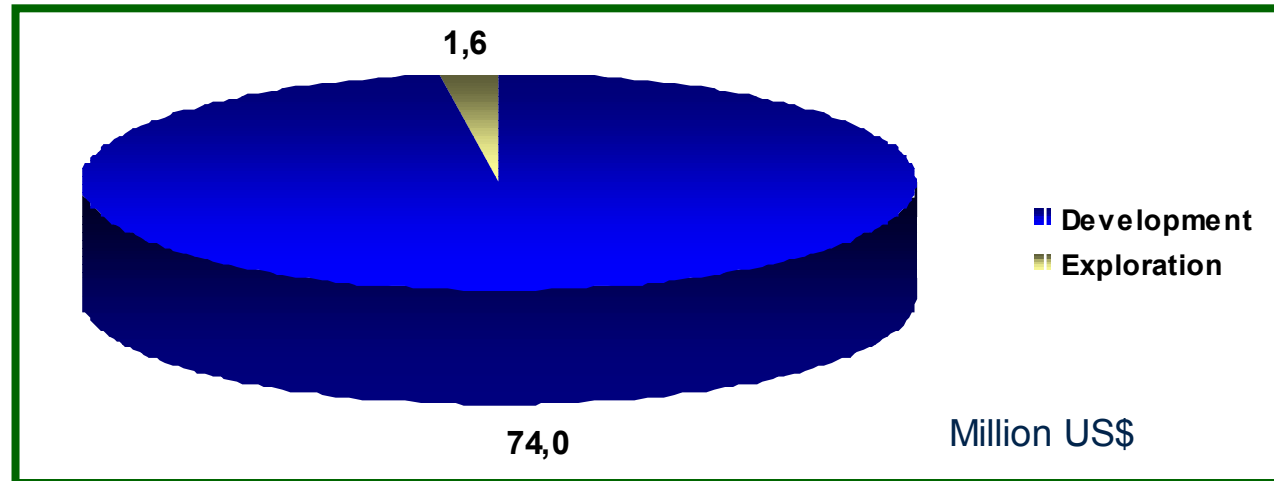
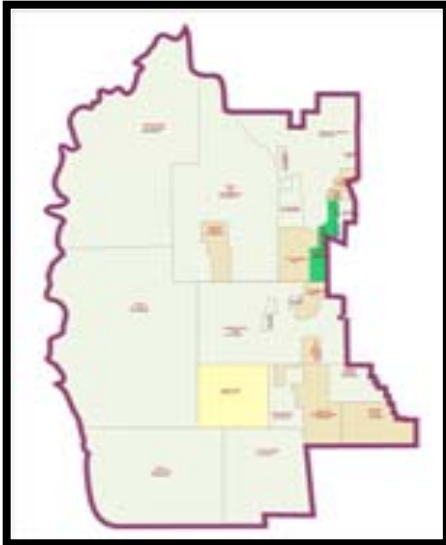


Total Production 2003 (Mboe/year)



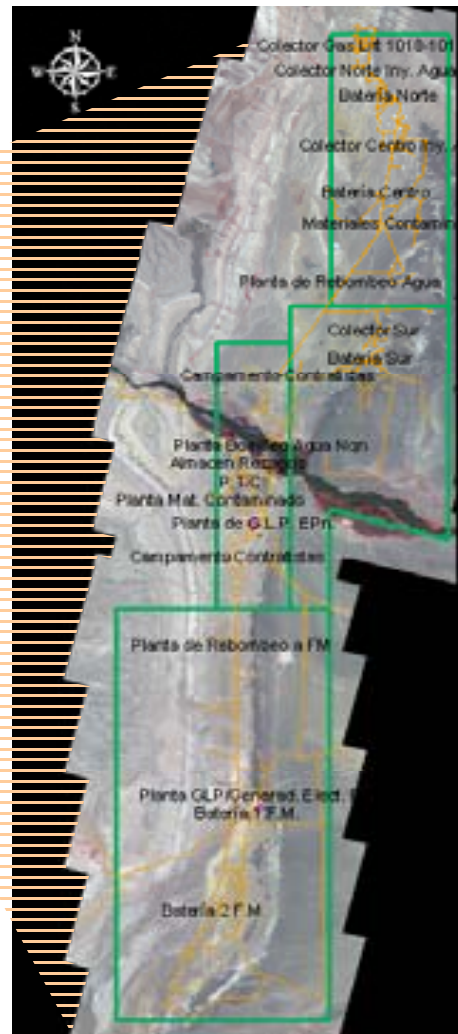
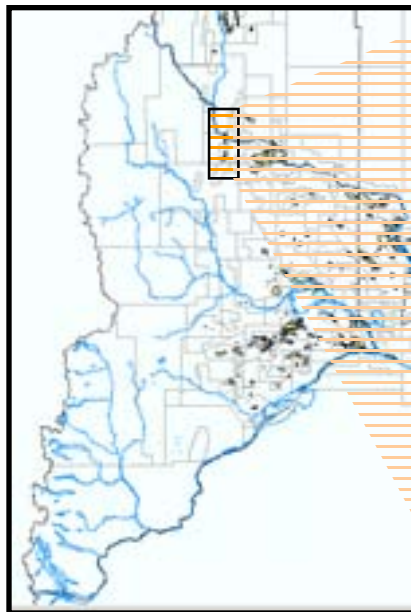
EU El Portón

TOTAL CAPITAL EXPENDITURES + WELLS 2003



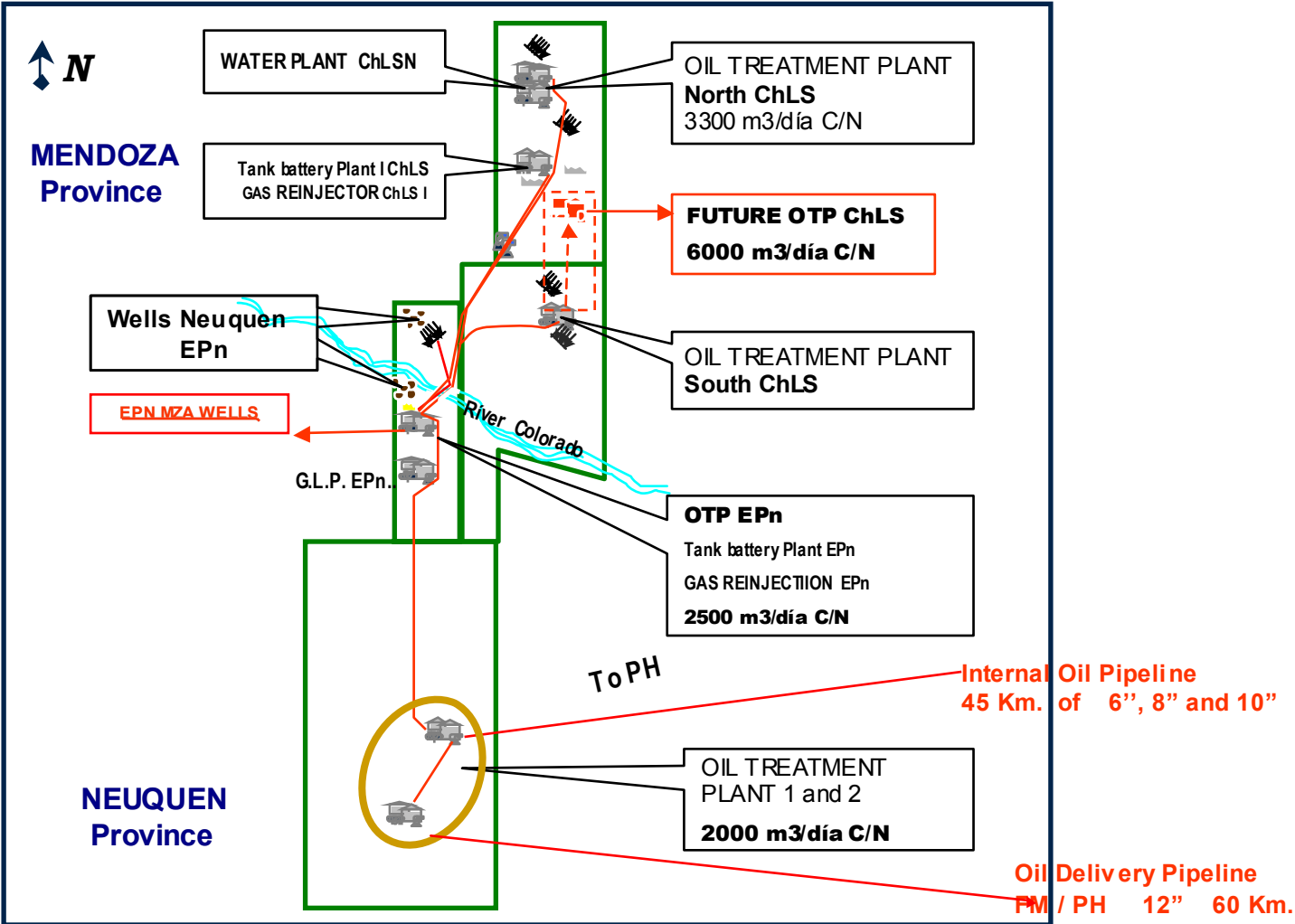
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LOCATION AND FACILITIES MAP

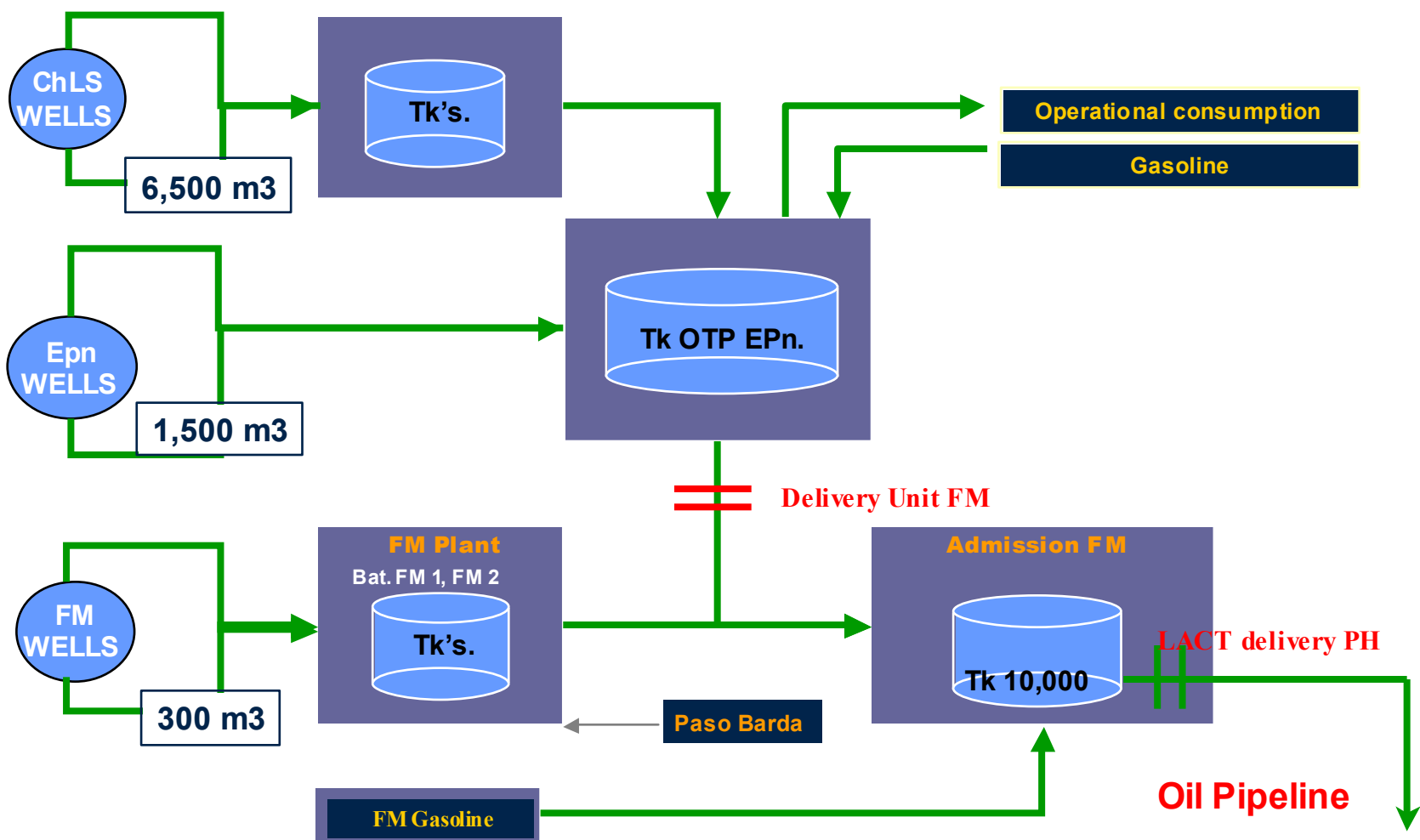


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SURFACE FACILITIES

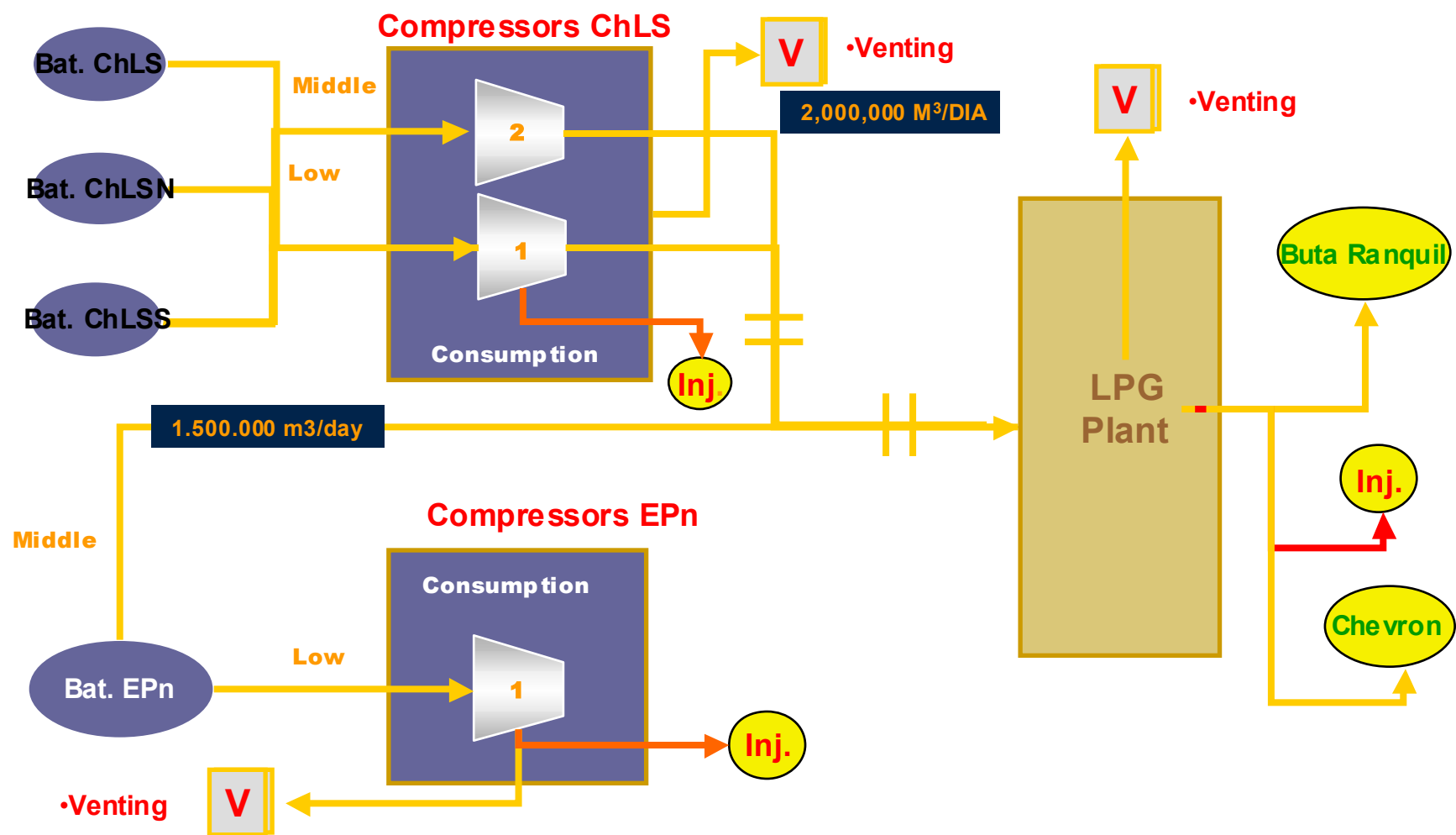


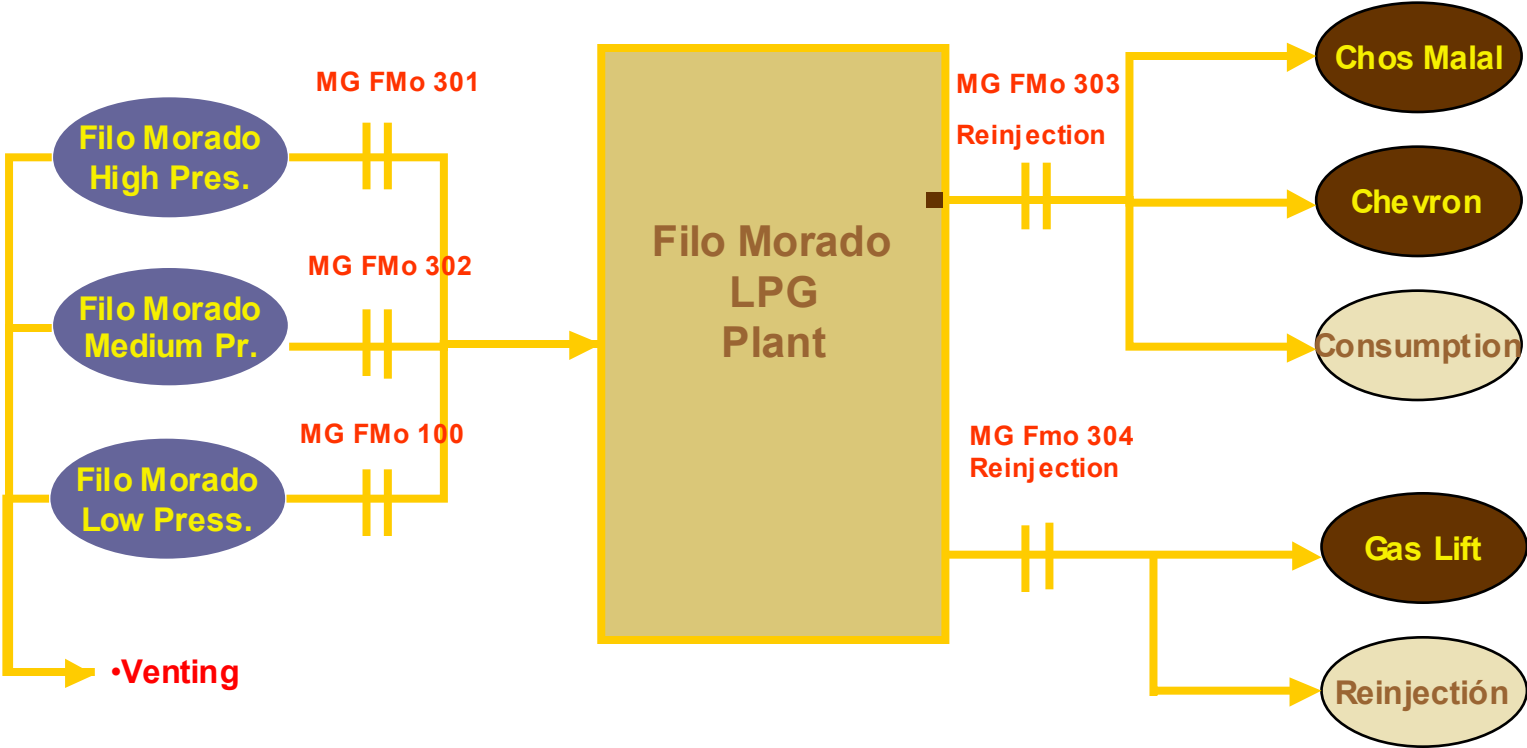
Economic Unit El Portón - OIL PROCESS SYSTEM
Tank battery Plant ChLS, ChLSN, ChLSS



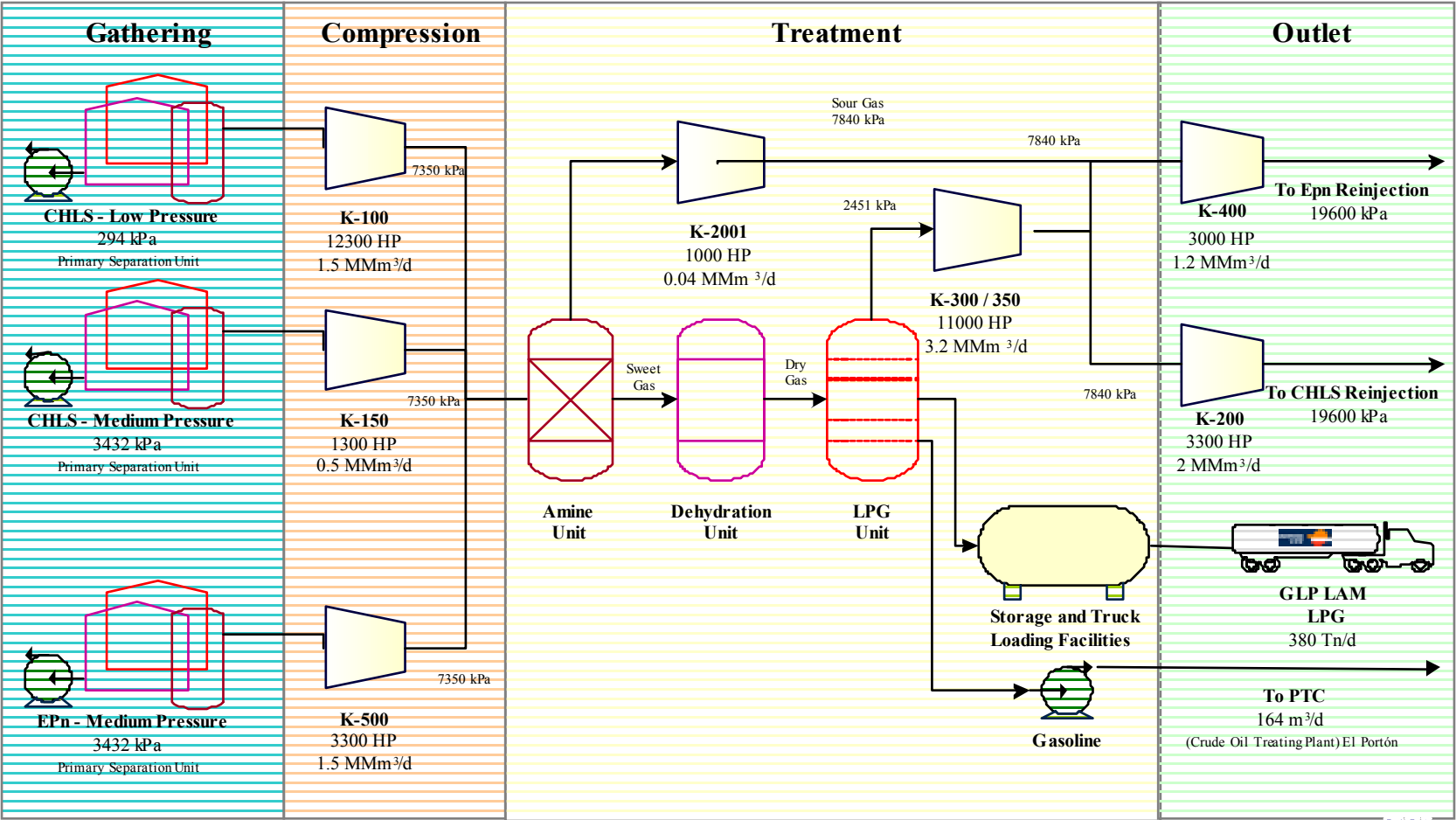
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GAS PROCESS SYSTEM I





Economic Unit El Portón LPG PROJECT FACILITIES

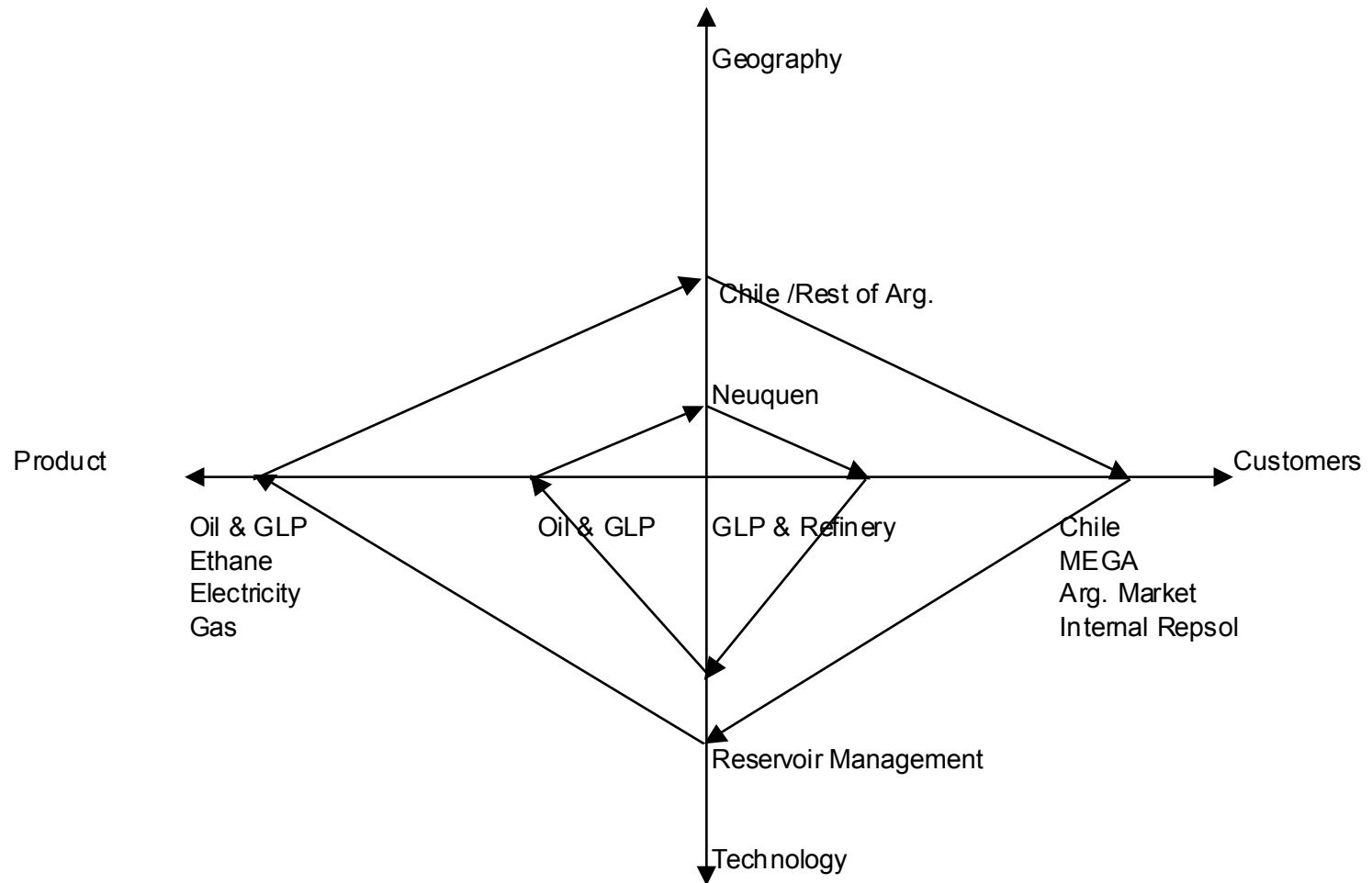


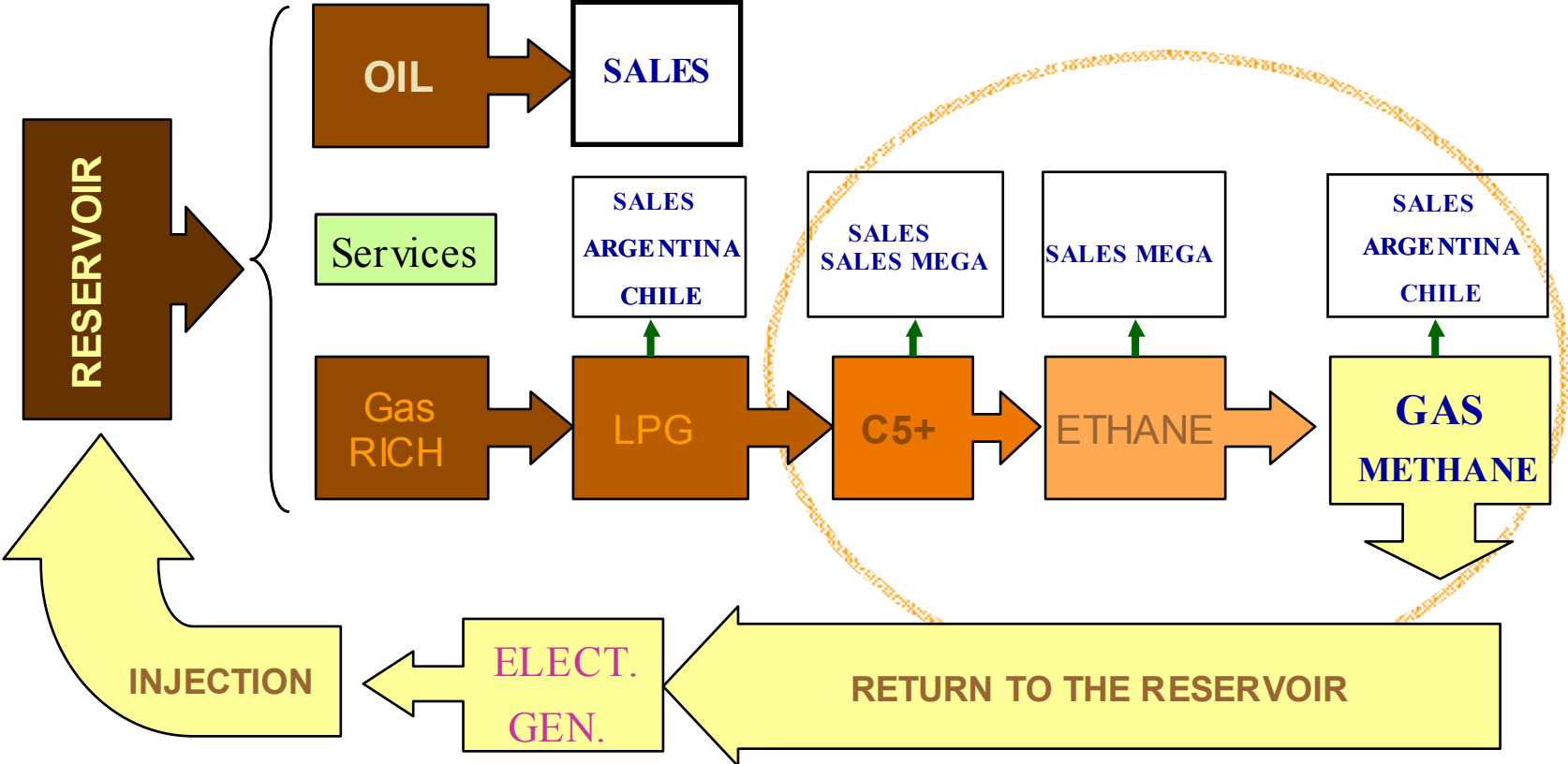
<i>ACTIVITY</i>	<i>CAPEX MU\$</i>
DRILLING DEVELOPMENT	27.4
WATERFLOODING DEVELOPMENT	30.6
WORKOVERS	2.6
LGP PROJECT	9.4
OTHERS	4.0
TOTAL (MU\$)	74.0

Plant	MU\$S 32.4
Gas Pipeline	MU\$S 7.0
Subtotal construction contract	MU\$S 39.4
Injection and production wells	MU\$S 3.8
Production facilities	MU\$S 9.0
Total investment	MU\$S 52.2

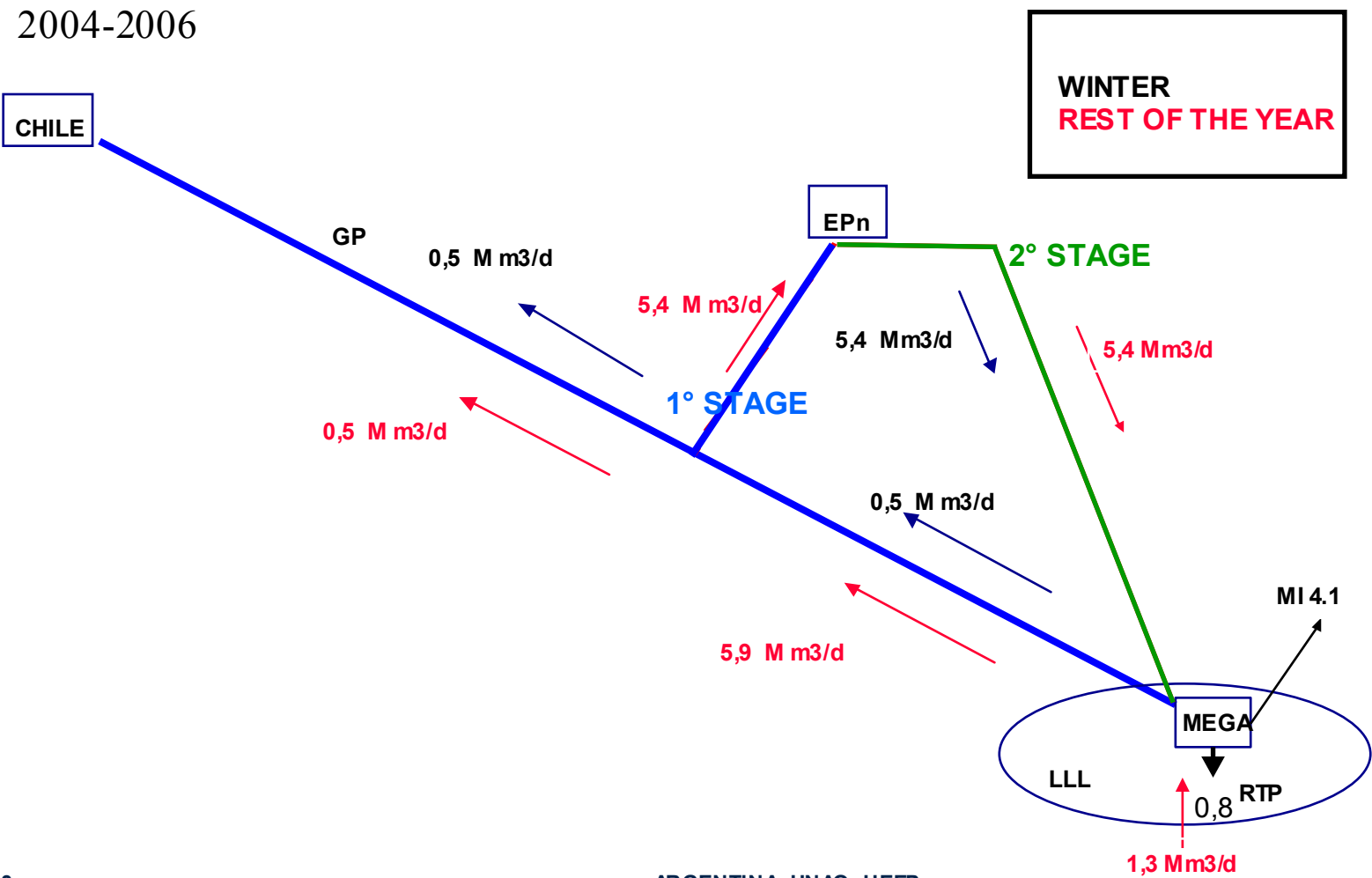
***MAXIMIZE OIL PRODUCTION
AND MONETIZE GAS
RESERVES EVOLVING INTO
AN INTEGRATED ENERGY UNIT***

- Generating an integrated field development which incorporates optimized infill, optimized waterflooding, production from high gas areas and liquid recovery from rich associated gas.
- **CONNECTION TO PACIFIC GAS PIPELINE (1ST STAGE GTN).**
 - To sell gas during winter time to Argentine and Chile markets, as of 2004.
 - To sell ethane to Mega during these periods
- **CONNECTION TO GTN GAS PIPELINE (2nd STAGE DRYED GAS CYCLE).**
 - To obtain GLP.
 - To sell LNG to MEGA.
 - To sell Methane to Argentine and Chilean markets.
- **PURCHASE OF 50% of Filo Morado.**
 - To grow in LPG, Gasoline and self-generation of electricity





Economic Unit El Portón
TRANSNEUQUINO PROJECT INTEGRATED VIEW



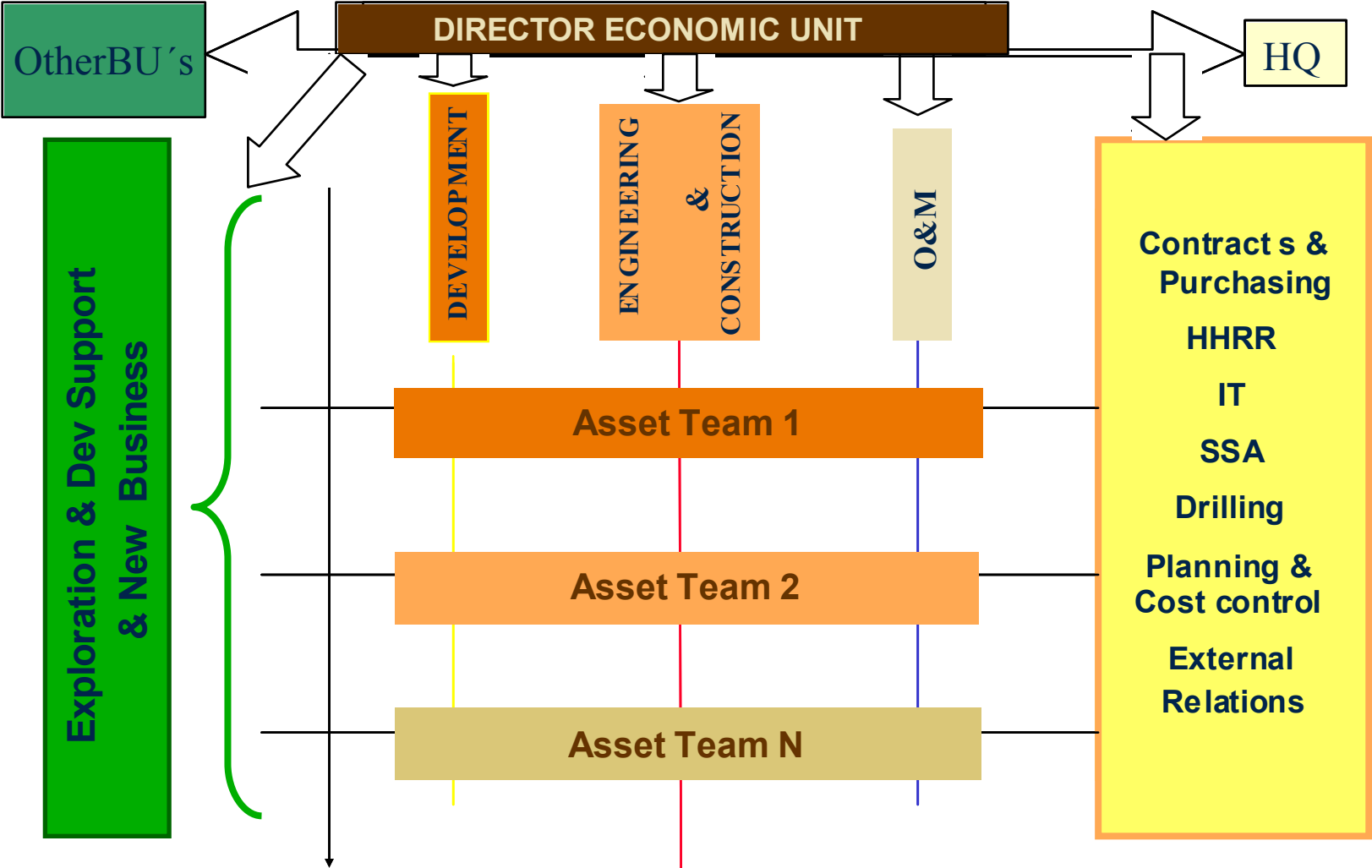
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People, partners and planning are the key ! 3P Key

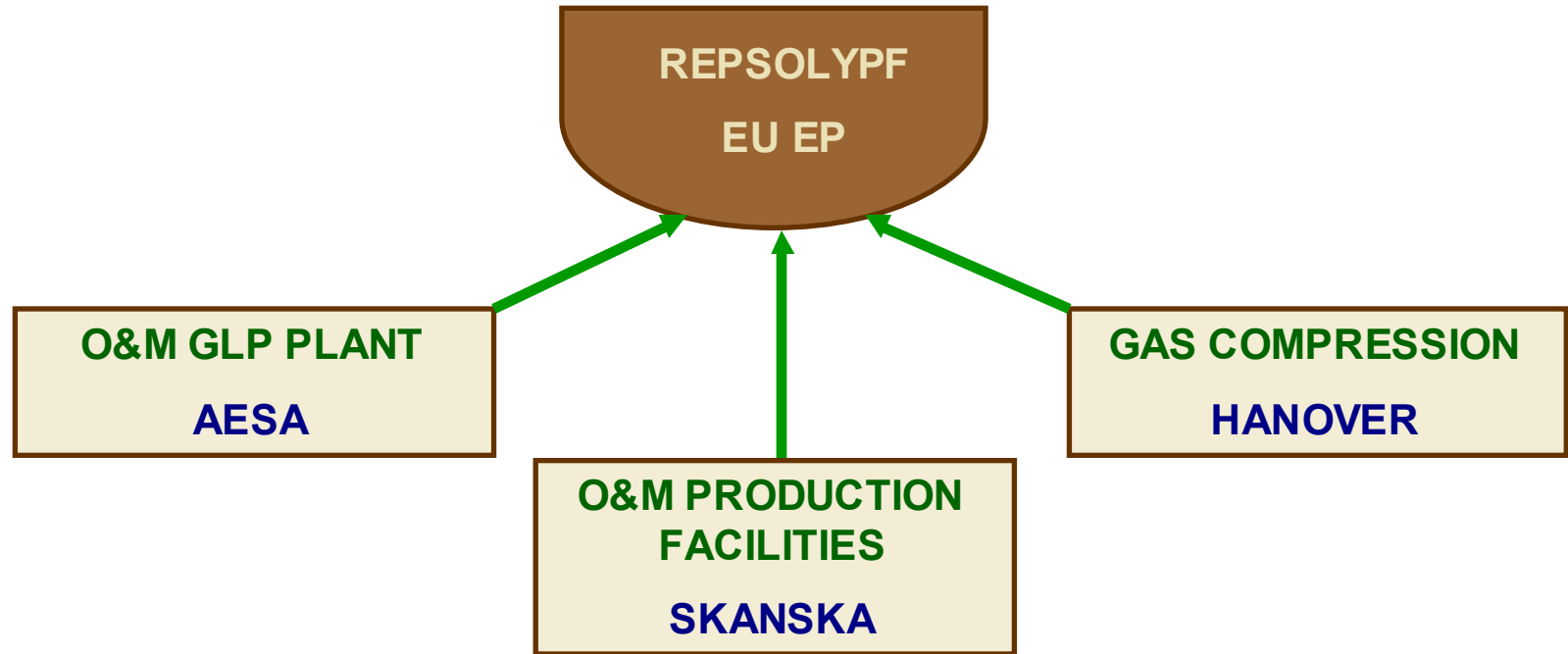


Key Success Factors	Assets	Capabilities	Systems
Optimum FDP	* Multidisciplinary team creation * Software & Hardware Investment	* FDP Leader * Reservoir & process simulat. * Include all disciplines	* Integrated software * Open communication system * External QC audit integrating HQ
Team Work attitude	Open-nice work environment Integrated communication system investment Team work training investment	Leaders with previous experience in teamwork Open ideas attitude	* Communication rules * Weekly Follow up meetings * Summary period status * Teamwork incentives * External milestone meetings integrating HQ
On time delivery	Build a Project Group out of operation TQM system implementation investment Benchmarking similar process investment Customer oriented training	Project Planner Project contracts follow up Perform vendor Aliances with KPI Appropriate Planning Leadership	Follow up systems Non on time delivery implications general knowledge On time delivery incentive system Quality control systems
People skills	HIGHLY QUALIFIED AND MOTIVATED PEOPLE YOUNG PEOPLE ABLE TO GROW EXPERIENCE PEOPLE ABLE TO PUSH	Team work oriented Technical skills Results oriented LEADERSHIP Capacity to keep the outstandings	RRHH integrated in BU Training & Development programs People performance close follow up Incentive salary and opportunities Postmortem of people added value
Outsourcing criteria & Contractors reliability	Contractor selection Outsourcing activities selection	Alliance attitude Gainsharing strategies	Preclassification system for contractors KPI of the activities

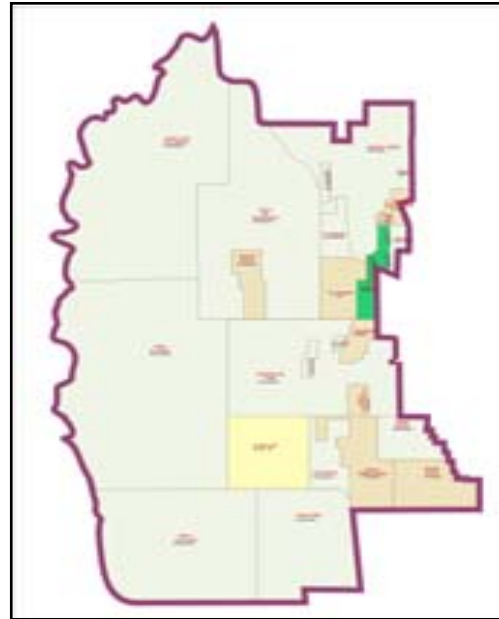
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The WAY WE WORK: The ASSET TEAM is the key!,



OPEN BOOK. Define cost per activity based on the plan
Construct TCO models
Continual improvement based on TCO reduction
Benchmarking
SELECT STRONG CONTRACTORS FOR KEY ACTIVITIES
SELECT SMALL CONTRATORS AND MAKE THEM GROW FOR NON KEY ACTIVITIES
DEAL WITH UNIONS TOGETHER
Define KPI for each activity and follow them up. Bonus performance
Gainshare the benefits of common proper operation based on openbook and KPI
Rate contractors according to performance in order to give extra volume to the best performers. HSE insdicators are critical.
Implement commissioning team together with third party leadership
THE KEY CONTRACTOR IS A PARTNER



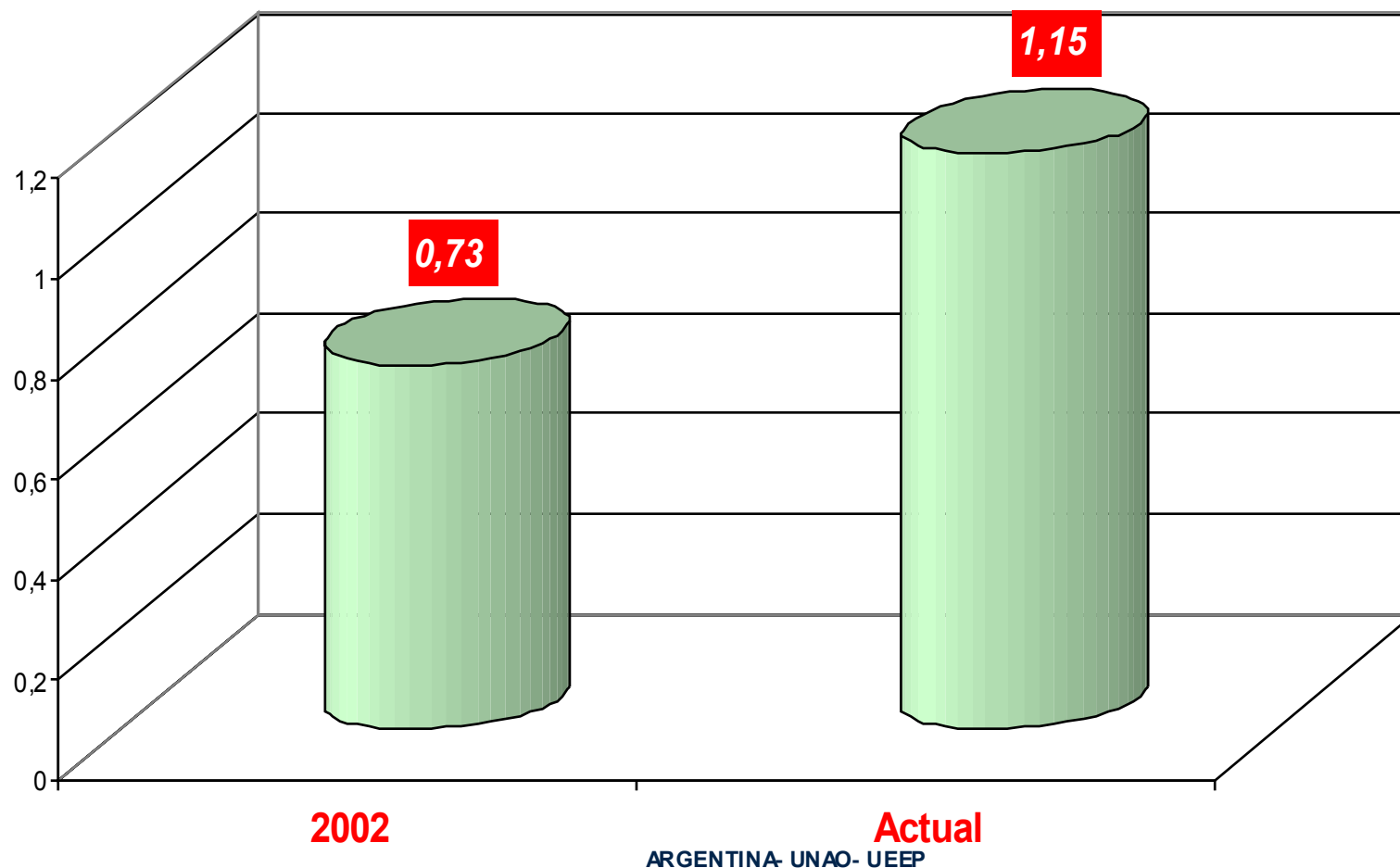
**OUTSOURCE O&M FOCUSING ON LONG TERM PARTNERSHIPS WITH
BEST-IN-CLASS CONTRACTORS.**



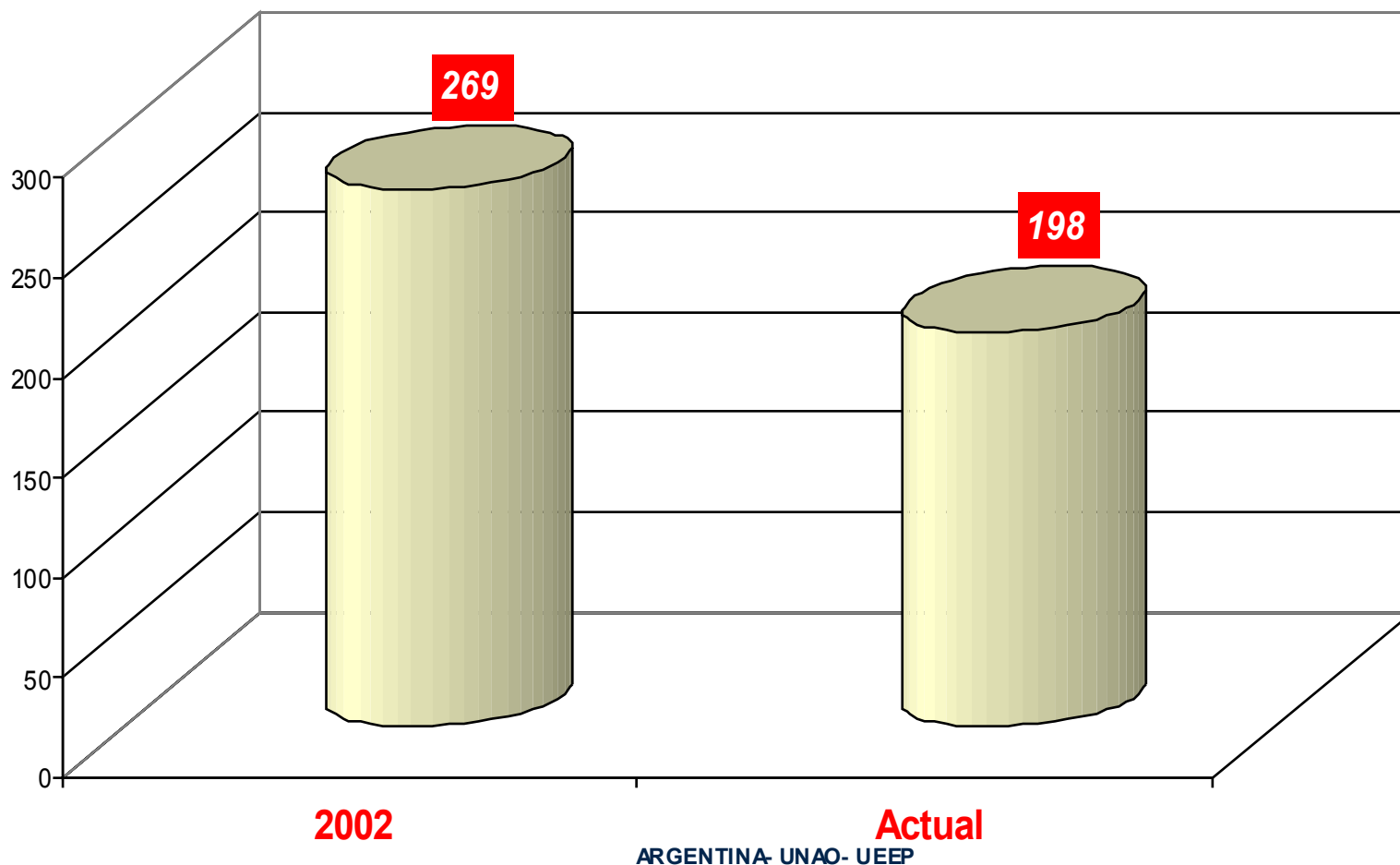
Key Indicators 2002 / July 2003



Lifting Cost (U\$/BOE) - EP

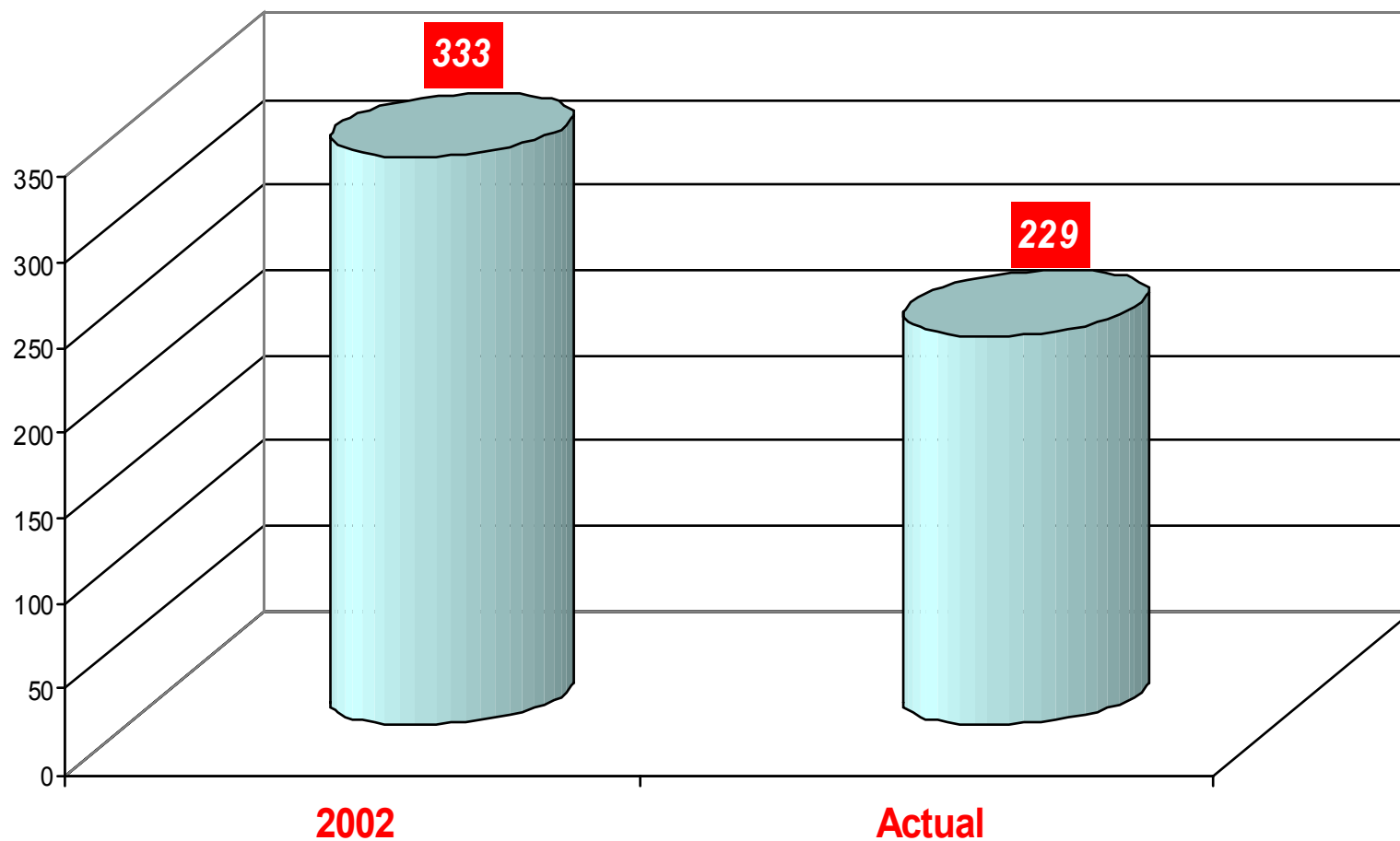


Operative Result (MU\$) - EP



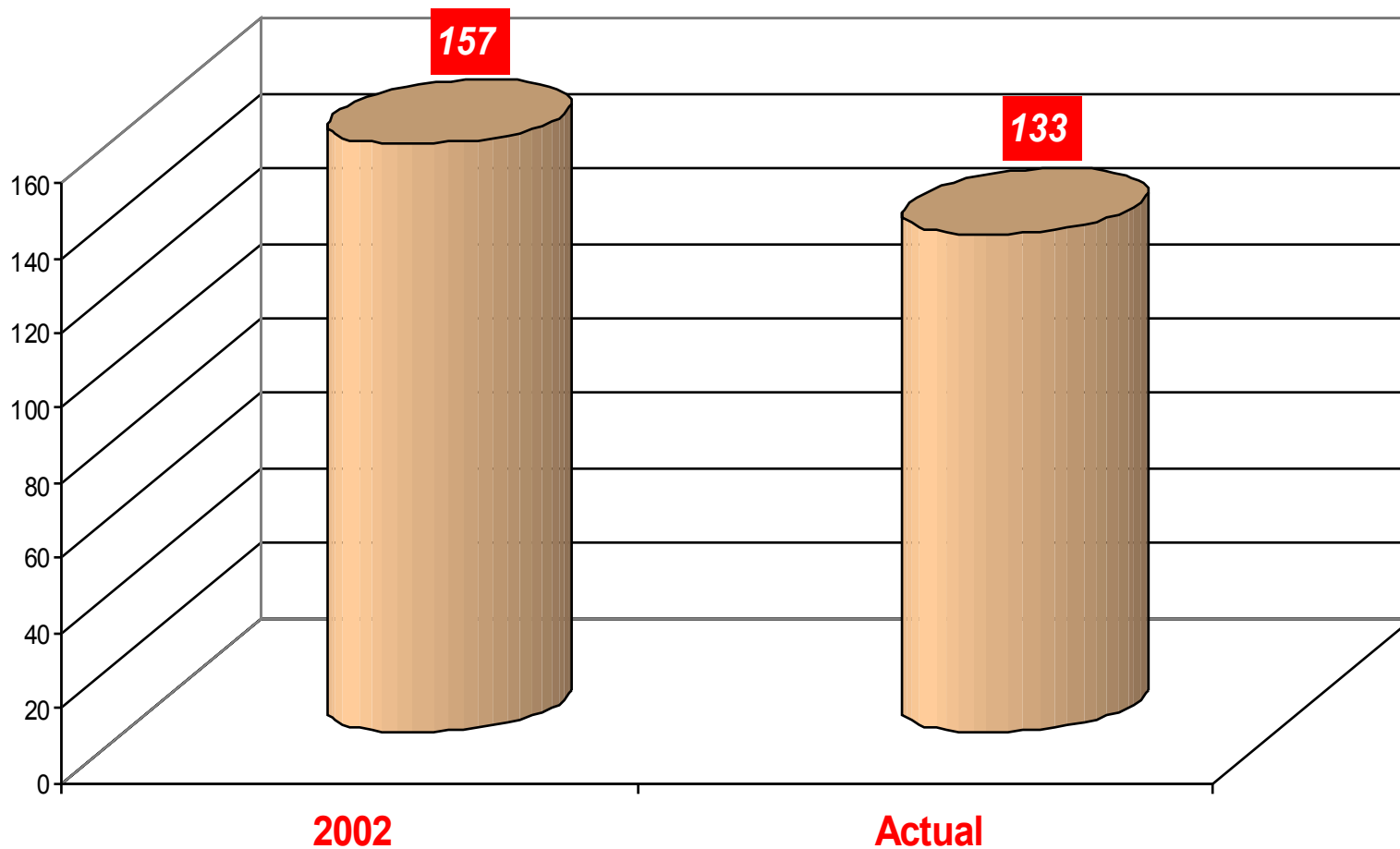


Operative Cash Flow (MU\$) - EP





Free Cash Flow (MU\$) - EP



2002

Actual

ARGENTINA- UNAO- UEEP

REPSOL
YPF

