

Field Trip November 2011

Margarita Project

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Agenda

A diagram showing a vertical list of agenda items. A thick, dark green curved line starts from the top left and curves downwards to the bottom left. Each item is represented by a small square icon with a stylized sun (orange, red, blue) and a white horizontal bar, followed by a grey rectangular box with a white arrow pointing right. The first item, "Background", is highlighted with a dark blue background and white text. The other items are in grey boxes with white text.

Background

Project Objectives

Environment

Relationship with communities

Sub surface

Development Plan

Project Execution

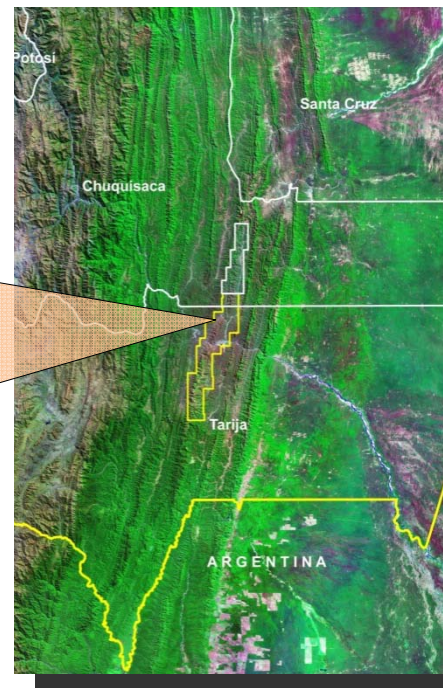
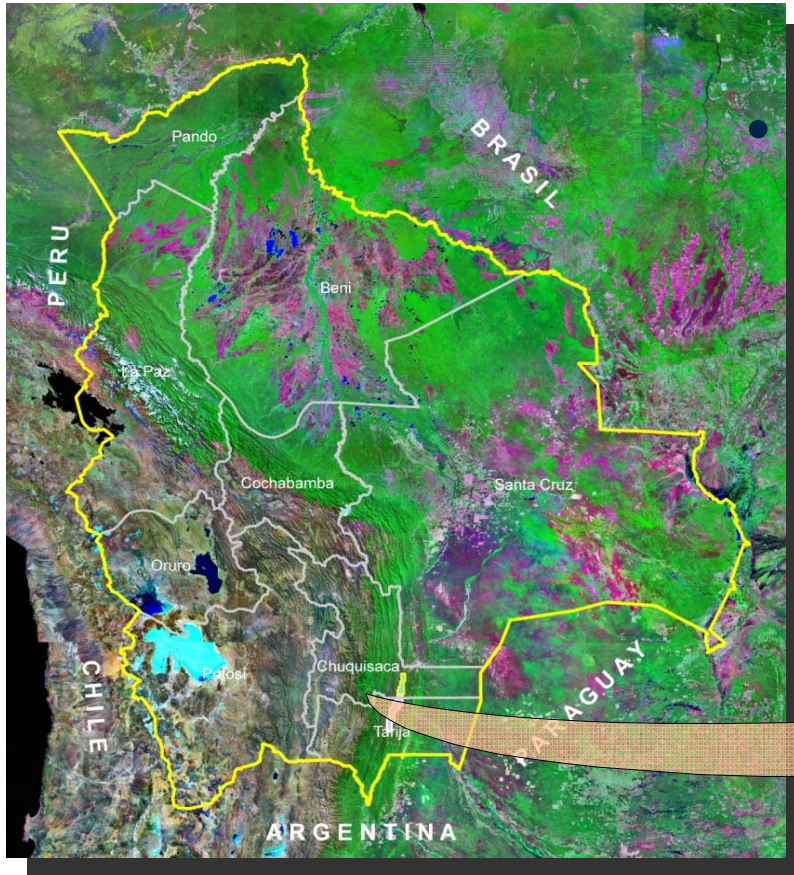
Summary



Margarita Project Background



- Located in Northern Tarija and Southern Chuquisaca, Bolivia.
- After 18 years of exploratory work with 1300 km² of seismic and **5 wells drilled**, the field started sustained production in **2004**.



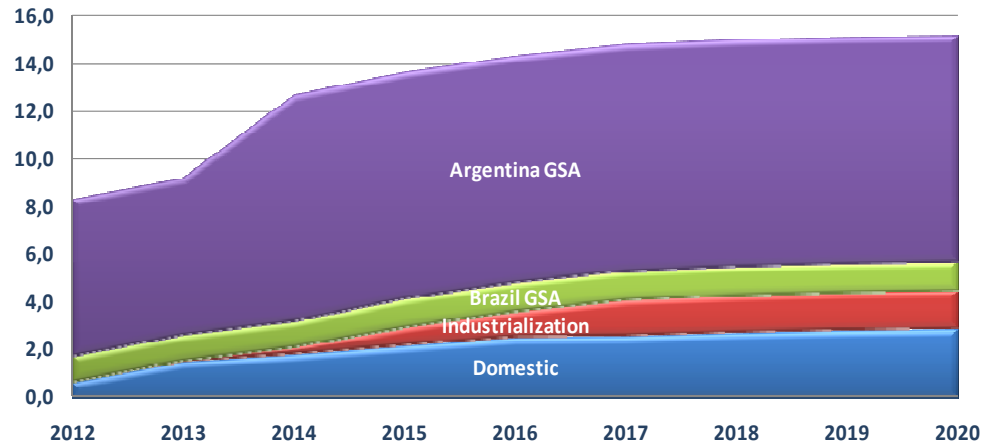
Margarita Project Background



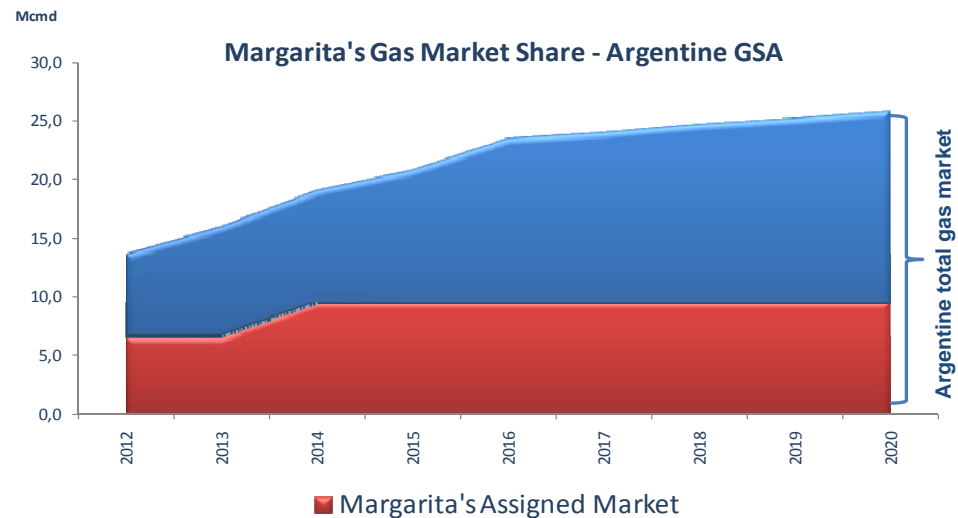
Gas Market Assigned



Gas Market Assigned to Margarita



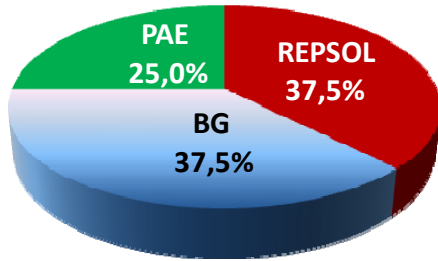
Margarita's Gas Market Share - Argentine GSA



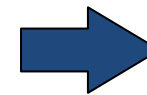
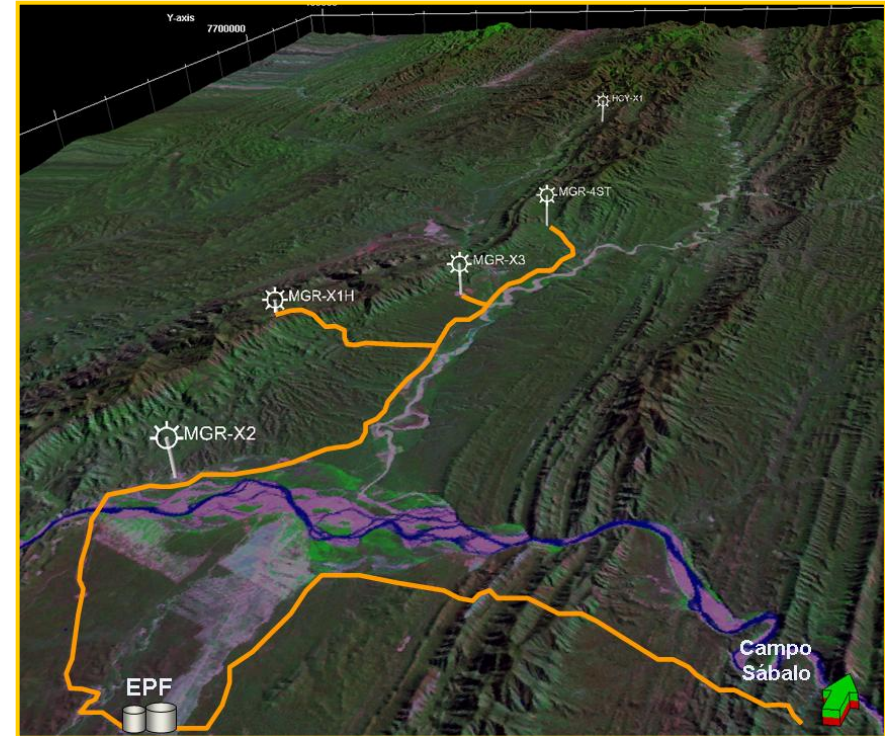
- 2007 Operation Contracts
- 2009 Delivery Agreement & Payment Procedures
- 2010 GSA Bolivia-Argentina Amendment
- 2010 Argentinean market assignation to Margarita



Margarita Project Background



- Operated by Repsol in the Caipipendi Consortium with Partners BG and PAE.
- 5 wells drilled and 3 Huamampampa reservoir repetitions discovered. MGR-X2 penetrated a possible water contact.
- Original Processing capacity 2.3 Mm3d, expanded to 3.0 Mm3d in May 2011.
- Two pipelines, 6" and 10", connect Margarita to Sábalo, operated by Petrobras, where production is delivered to the national transporter.



Current daily production:

- 3.0 Mm3d of gas
- 4,868 Bpd of liquids



Margarita Project Background



WELLS

MRG-X1/H (1998 discovery, 2003 producing)
Production: 1,0 Mm3d

MRG-X2 (1999): Producing well H
close to GWC

MGR-X3 (1999): Producing well
Production: 3,9 Mm3d

MGR-4st (2004): Producing well
Production: 5,4 Mm3d (well test 2011)

HCY-X1D (2007): Producing well
Production: 0,8 Mm3d



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The goals for the Caipipendi area



April 2012 : production 9 Mcmd (325 Mcfd)
October 2014: production 14 Mcmd (500 Mcfd)
Capex on budget: 1.160 MUS\$

May 2011: Existing plant revamp to 3 Mm3d.

Capex: 6 MUS\$

April 2012: Phase 1 expansion to 9 Mm3d

Capex : 500 MUS\$

October 2013: Phase 2 expansion to 13 Mm3d

October 2014: Phase 2 expansion to 14 Mm3d

Capex : 660 MUS\$



Environment and Safety



Our objective: 0 accidents

1. Health, Safety and Environmental Policy
 - Leadership and management commitment
 - Safety, Health and Environmental criteria
 - Compliance with legislation and technical norms
 - Continuous improvement
 - Communication and relations with society
2. Training
3. Continuous monitoring of environmental performance
4. Processes of “consultation and participation” for obtaining environmental licenses



“There is no work so urgent that it cannot be done safely and with care towards the environment”.



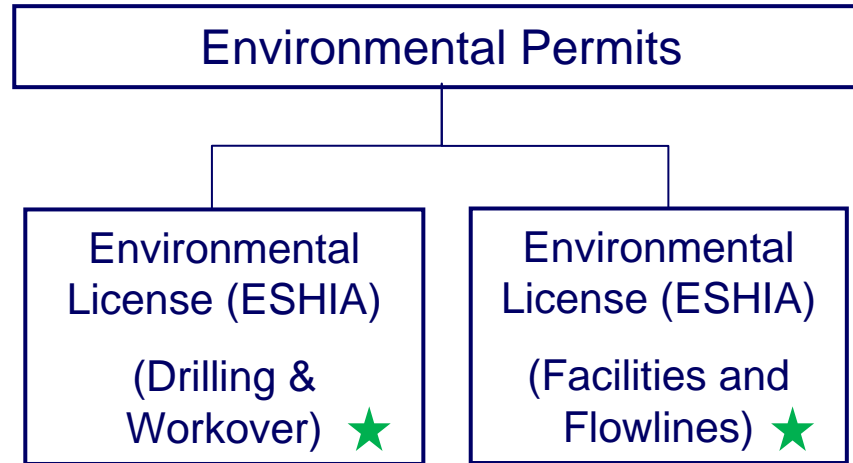
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- Background
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Environmental License Process



- ★ Deforestation Permit ★
- ★ Water Disposal License ★
- ★ Water Consumption License ★

★ Obtained



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Our relationship with communities

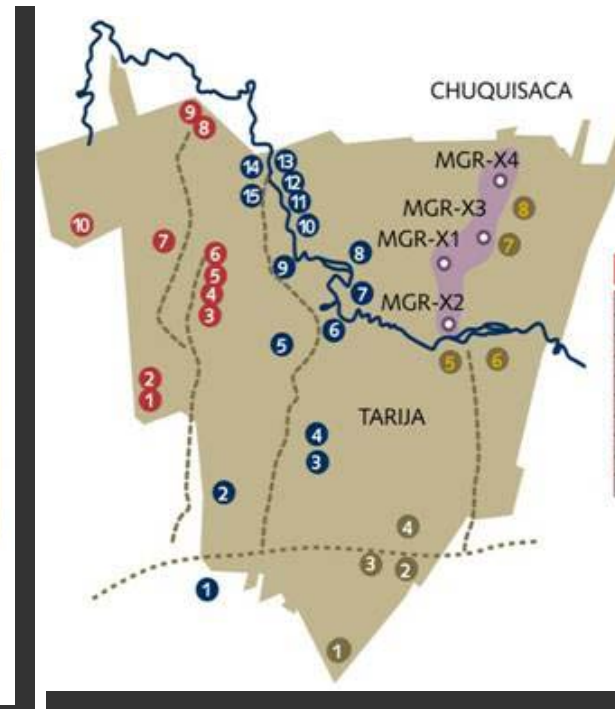


Repsol carries out **projects** in the guaraní and mestizo communities neighboring the Margarita Field. Contact and **communication** is permanent with the inhabitants and the cooperations activities arise depending on their needs. This then is translated into **agreements**.



Map of Communities

- The Margarita Field is within **Guaraní People Assembly of the Itika Guazu (APG IG)**.
- 965 families live in the Communities nearer to our operations: Itaparara, Kumandaroty, Yuati and Zapaterambia.



APG IG Agreement



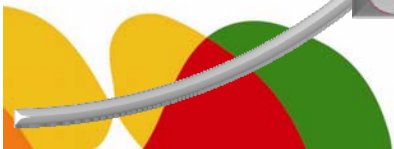
- Friendship and Cooperation Agreement for **20 years** signed in December 2010, unique in its kind.
- The APG IG commitment is **to facilitate, promote and not interrupt the development** within the contract area during the whole term of the Operating Agreement.
- The Caipipendi Consortium has provided a fiduciary fund. Interest will be invested by APG IG in **health, education and housing**, as well as **productive projects**. First project running: mobile clinic that is benefiting 5,000 individuals.



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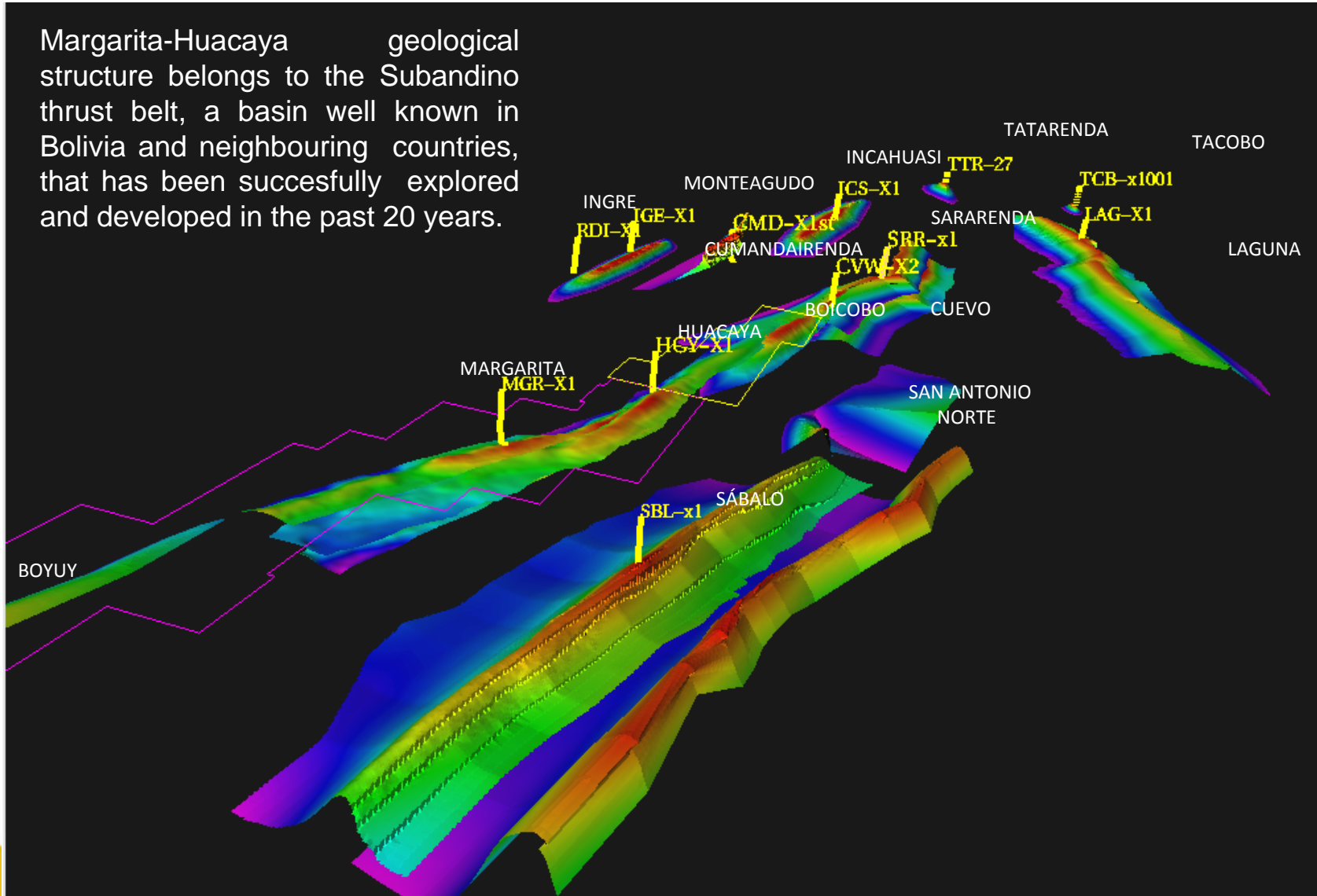
- Margarita Project Background
- Objectives
- Environmental
- Relationship with communities
- Sub surface**
- Development Plan
- Project Milestones
- Summary



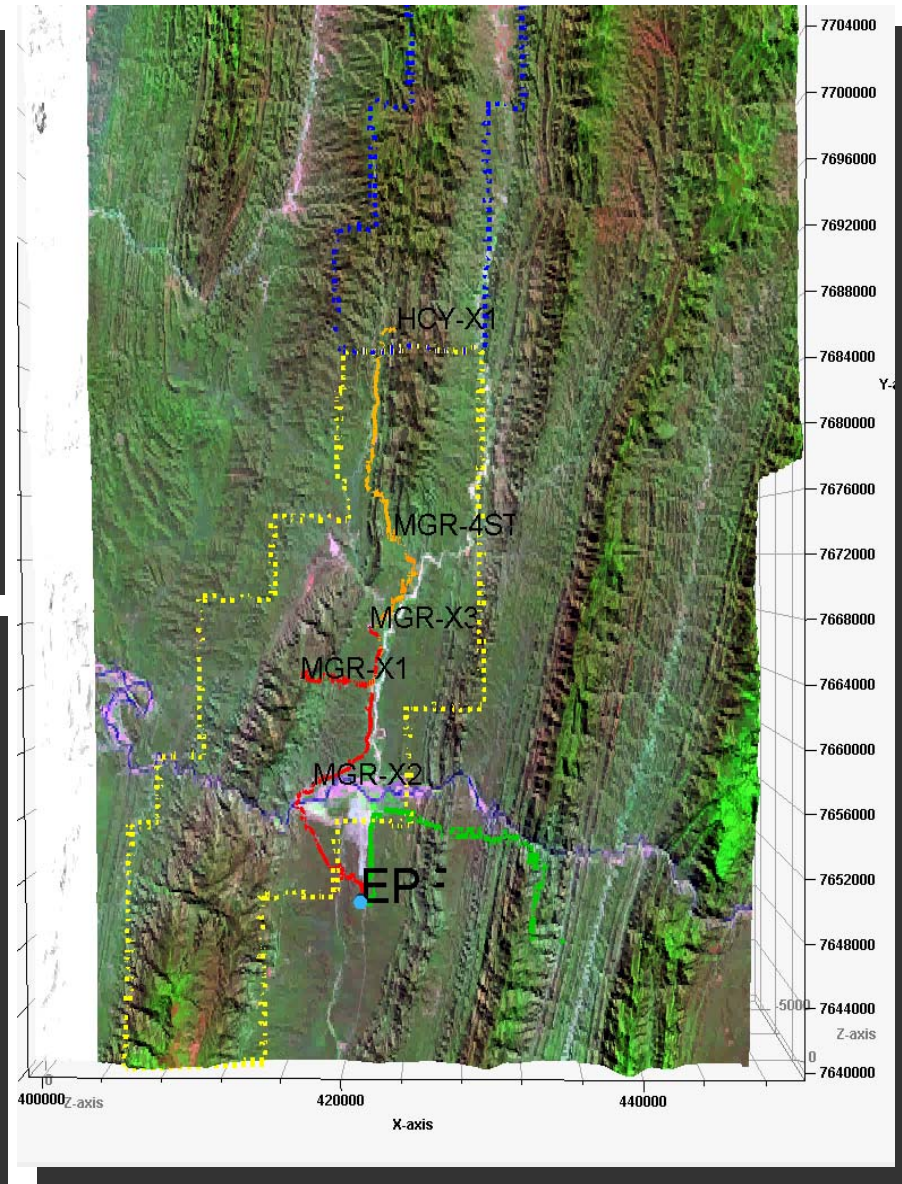
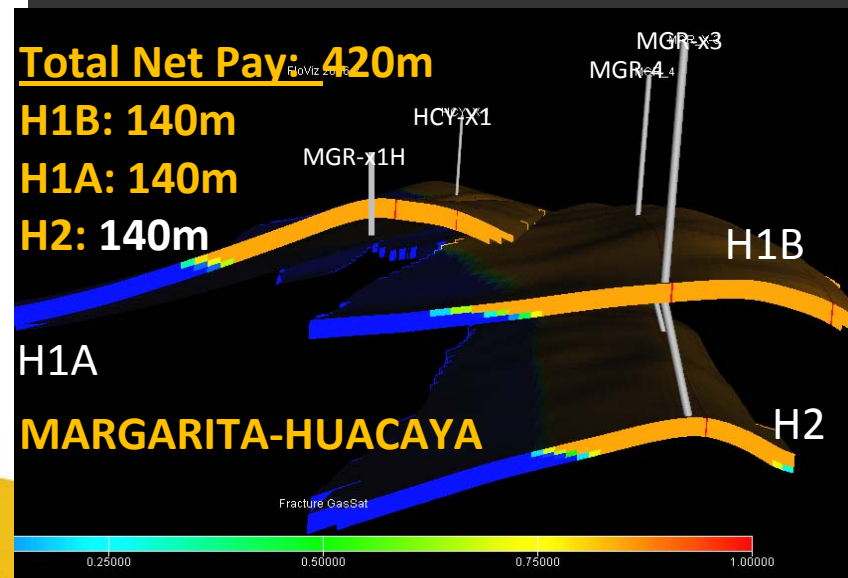
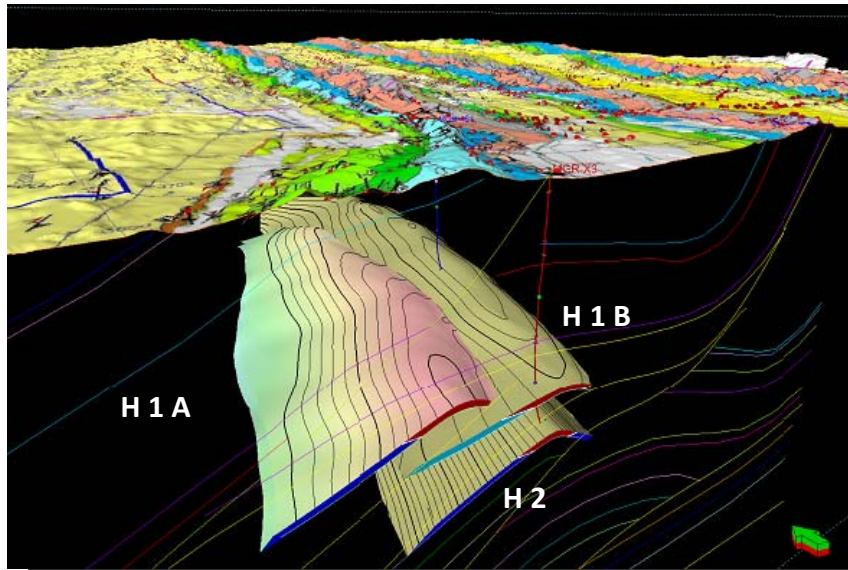
Margarita-Huacaya Field: Subsurface



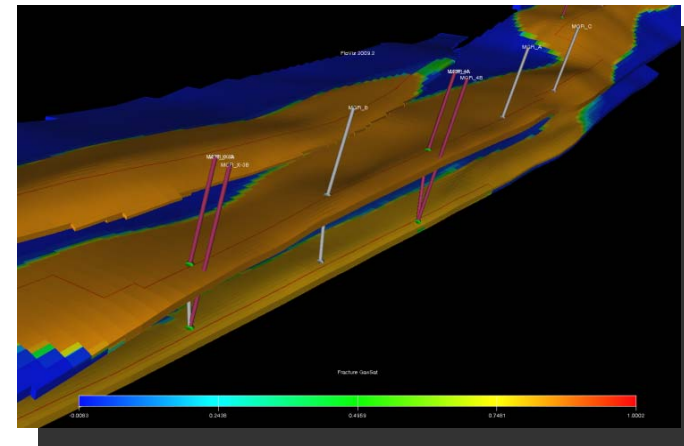
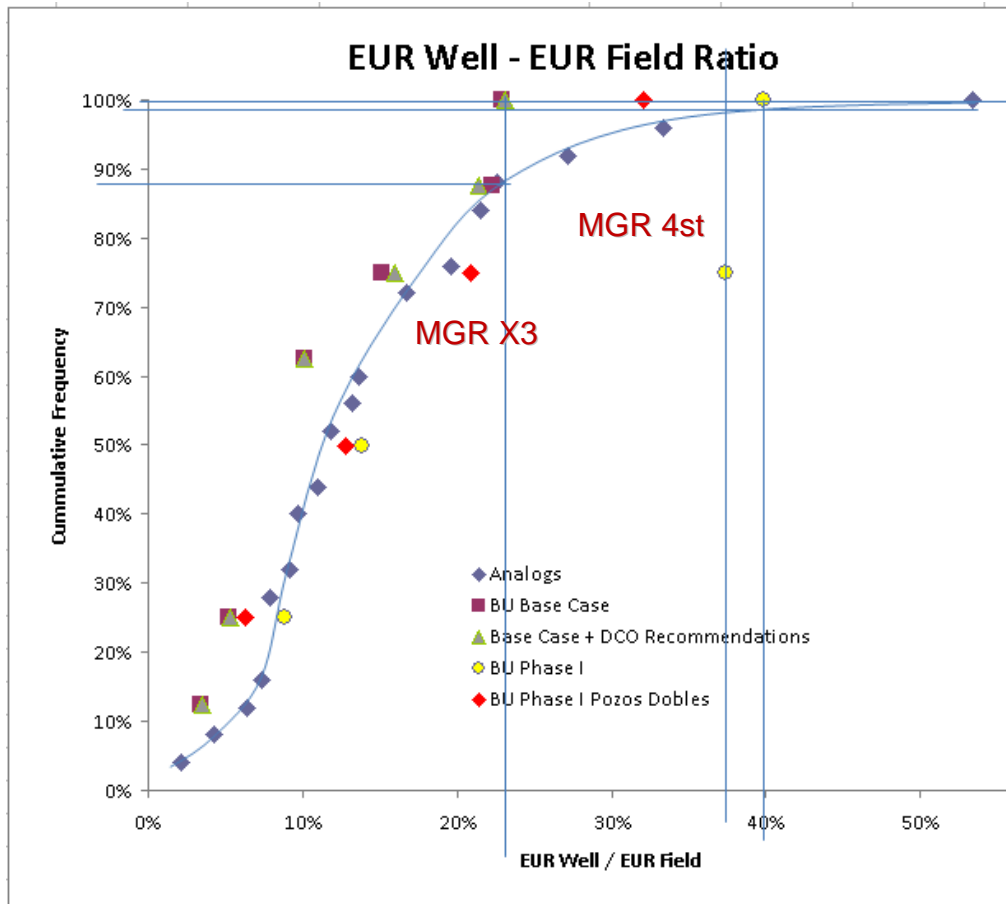
Margarita-Huacaya geological structure belongs to the Subandino thrust belt, a basin well known in Bolivia and neighbouring countries, that has been successfully explored and developed in the past 20 years.



Geology



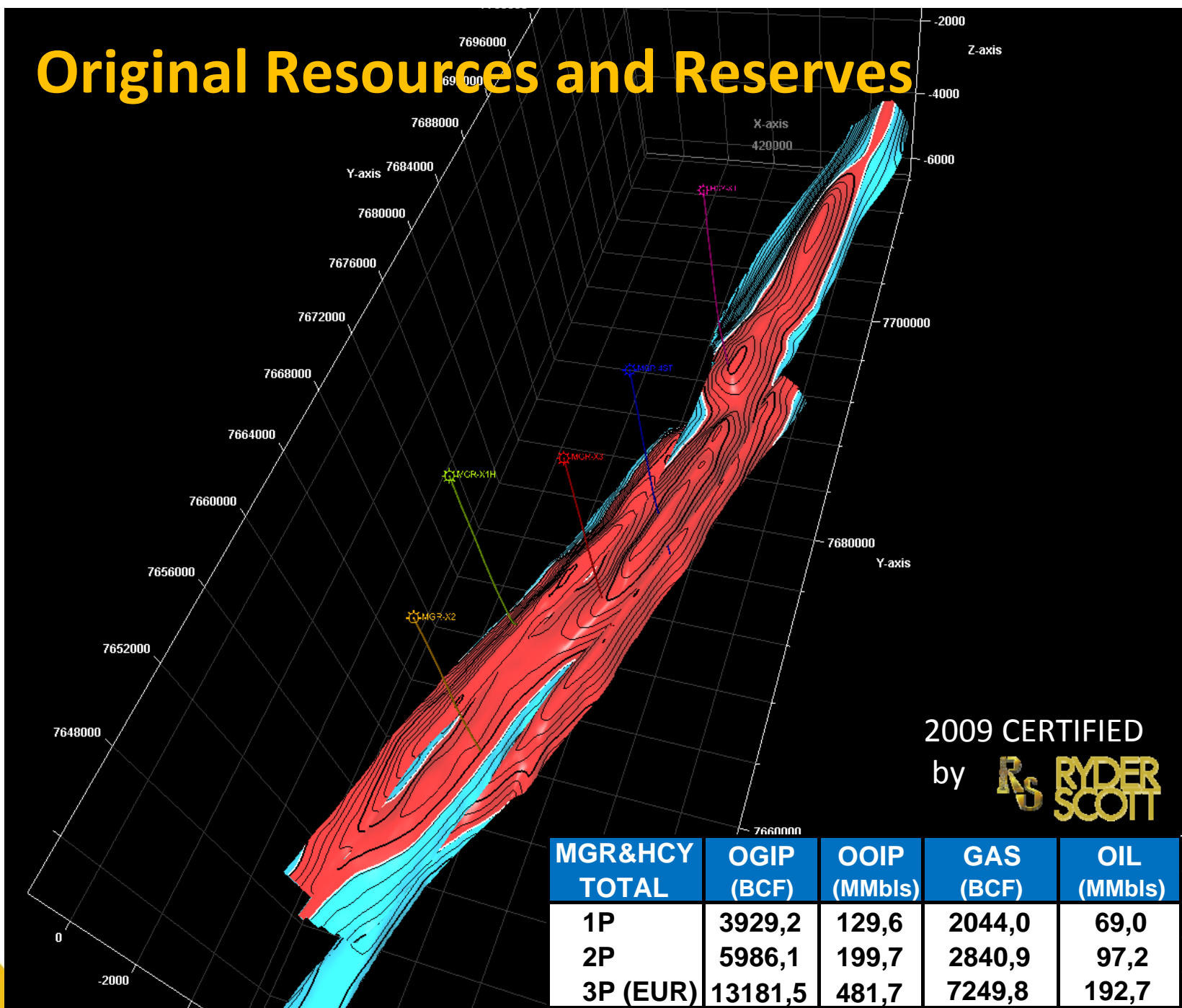
Well Productivity



Our tested well productivities are within the largest in the basin. Also, well architecture based on commingled production boosts productivity even higher, minimizing drawdowns and reducing overall development costs.



Original Resources and Reserves



2009 CERTIFIED
by **RS RYDER SCOTT**

MGR&HCY TOTAL	OGIP (BCF)	OOIP (MMbbls)	GAS (BCF)	OIL (MMbbls)
1P	3929,2	129,6	2044,0	69,0
2P	5986,1	199,7	2840,9	97,2
3P (EUR)	13181,5	481,7	7249,8	192,7



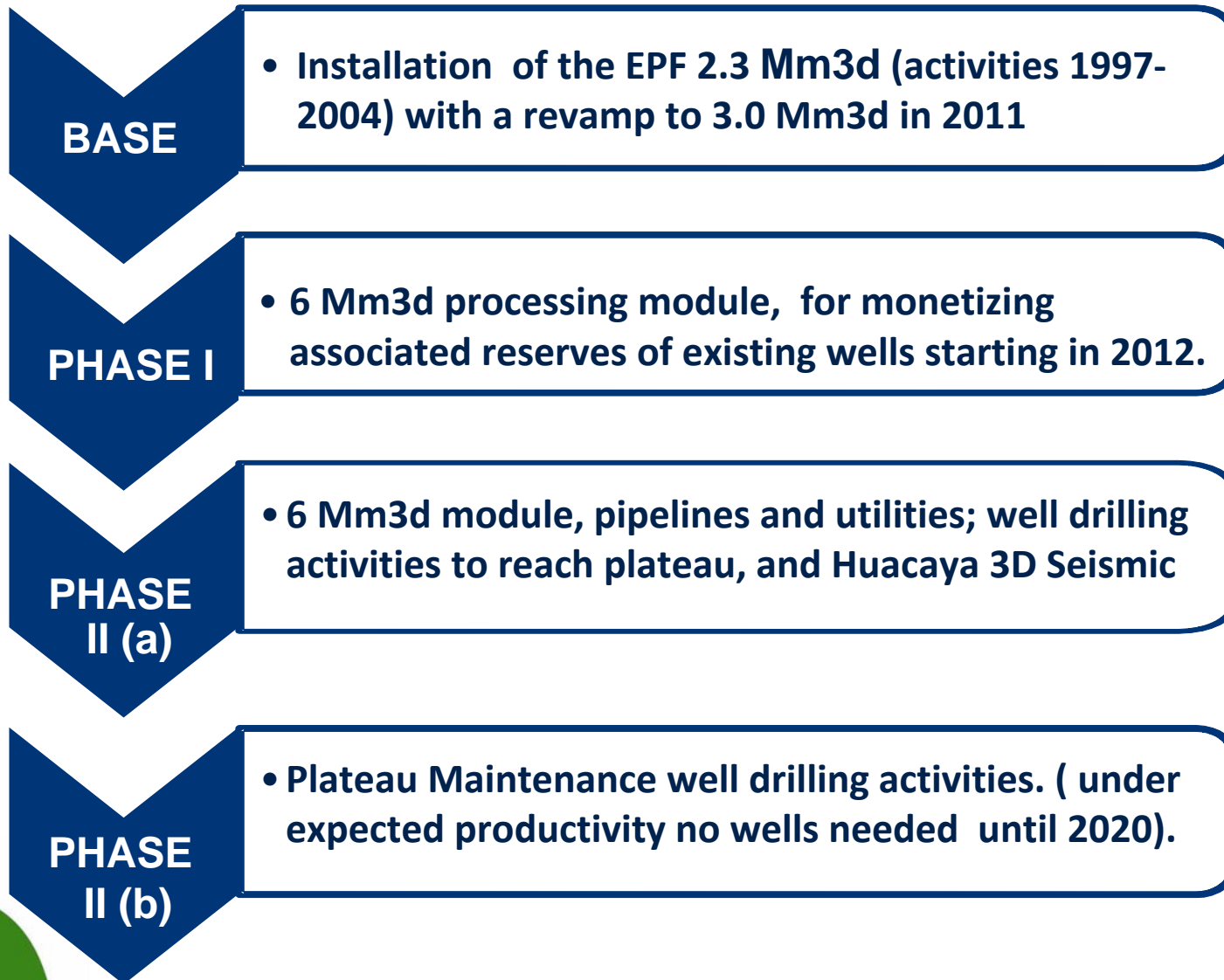
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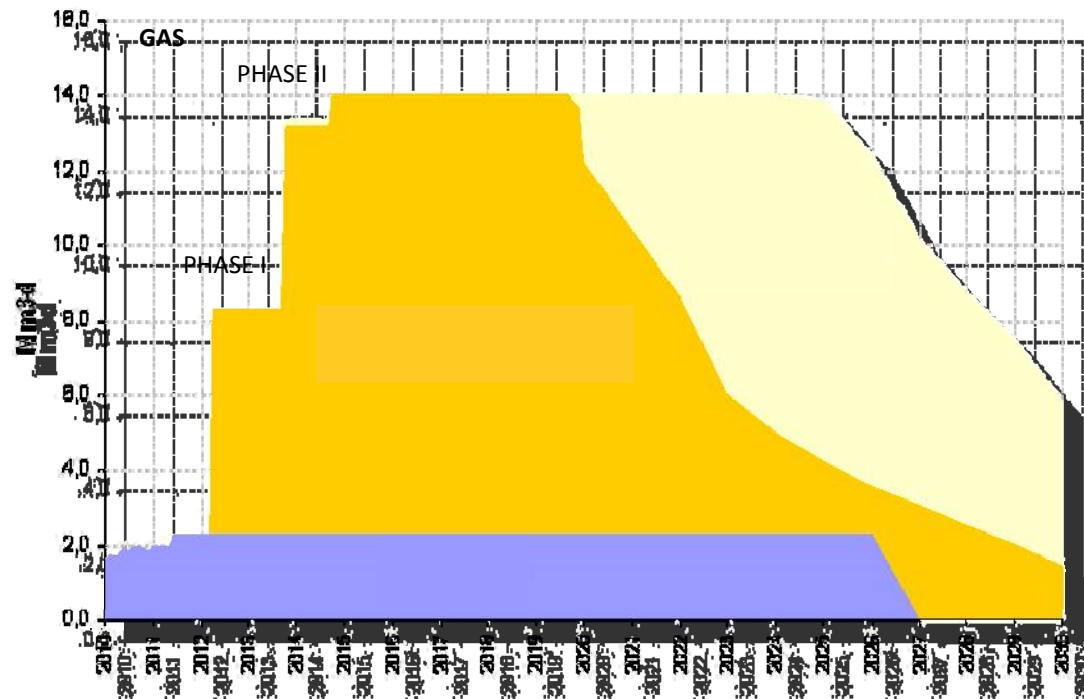
MGR-HCY Approved Development Plan



MGR-HCY Approved Development Plan



MGR+HCY Development



Margarita (MGR) + Huacaya (HCY) Development Plan considers reach a level of production of **14 Mm3d** in 2 phases, each with an incremental of **6 Mm3d**.

Margarita-Huacaya Development Plan was presented in November 2009 and approved by YPFB in 8 March 2010.



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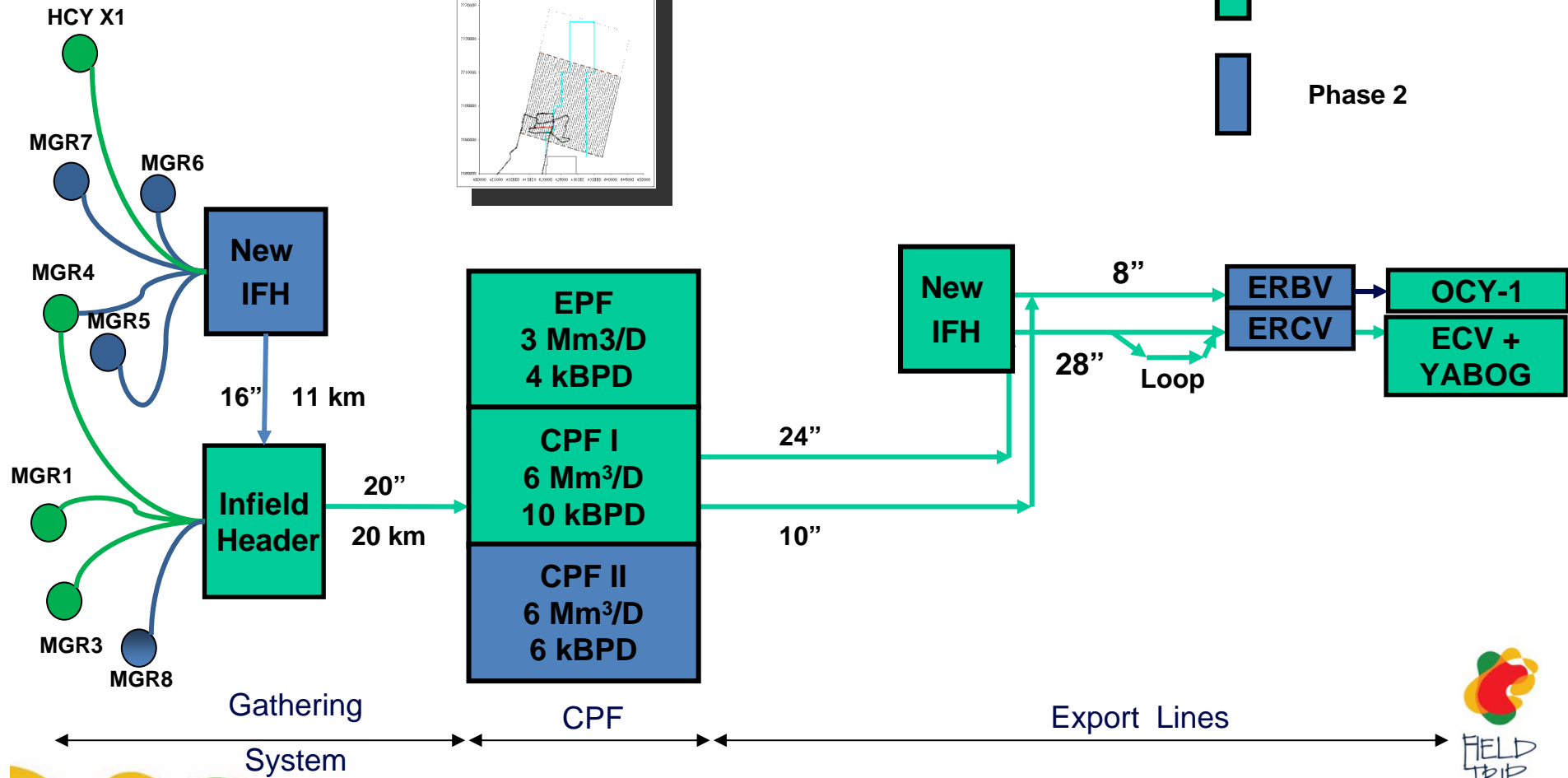
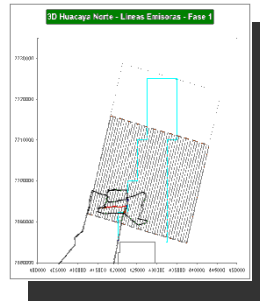
Summary



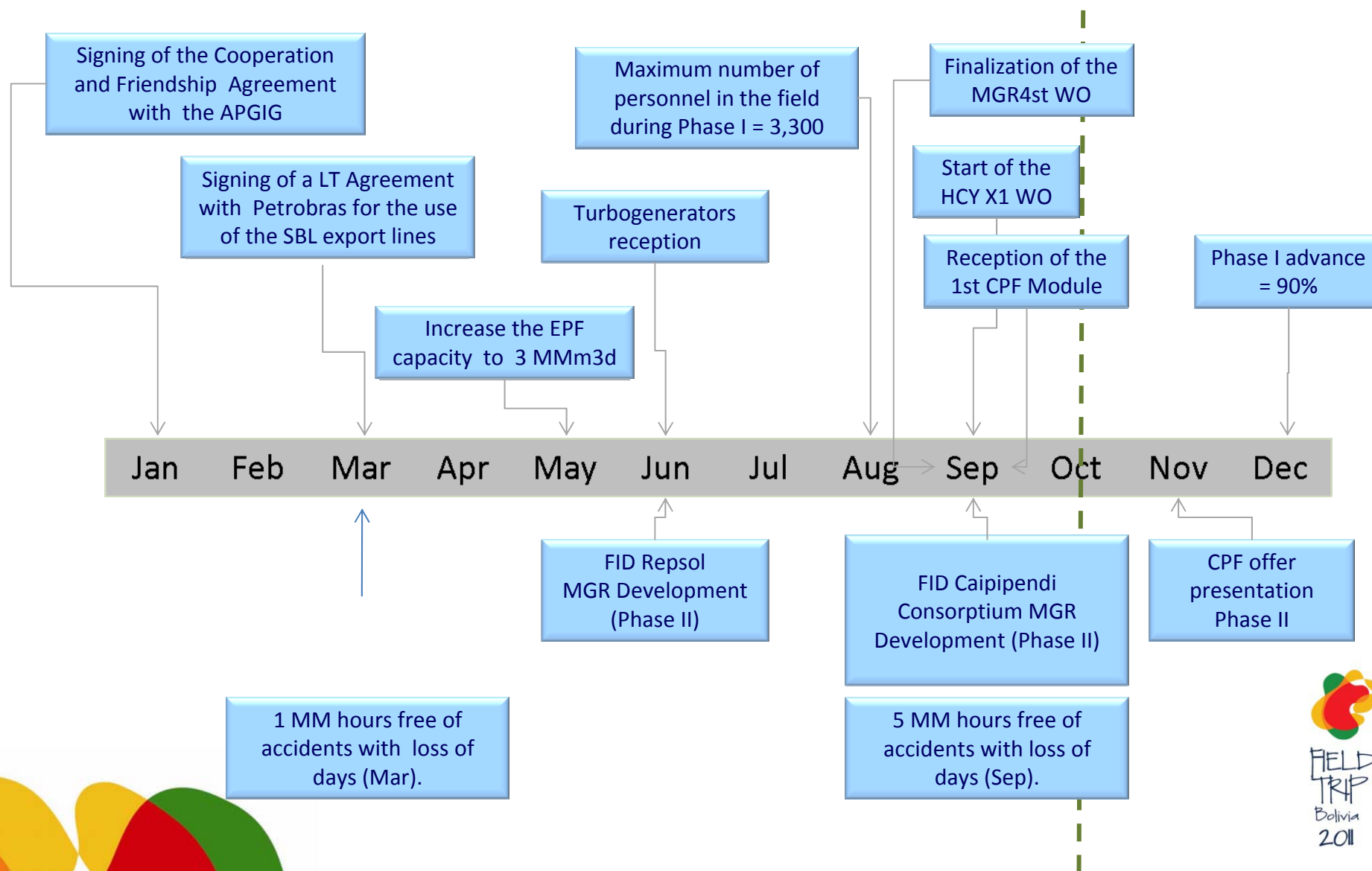
Technical Scope



Sísmica HCY 3D



Project milestones 2011

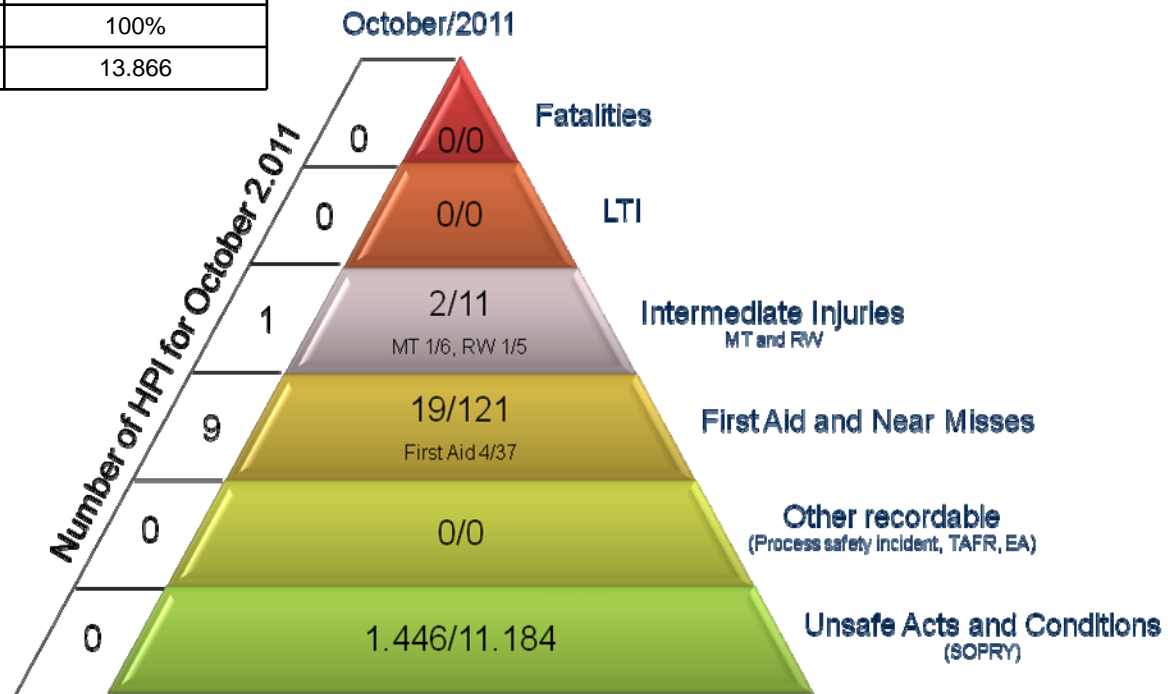


Safety Statistics - Phase I



Indicators	Accumulated Margarita Project
Average Workforce	3.210
Hours Worked	6.221.520
Kilometers Travelled	6.103.770
Traffic Accident Frequency Rate (TAFR)	0
Number of Fatalities (F)	0
Lost Time Frequency Index (LTFI)	0
Severity Rate (SR)	0
Number of Environmental Accidents (EA)	0
Number of Incidents (NI)	133
Number of High Potential Incidents (HPI) <small>Note 1</small>	59
Incident Investigation Rate (IIR) <small>Note 2</small>	100%
Safety Observations (SOPRY) <small>Note 3</small>	13.866

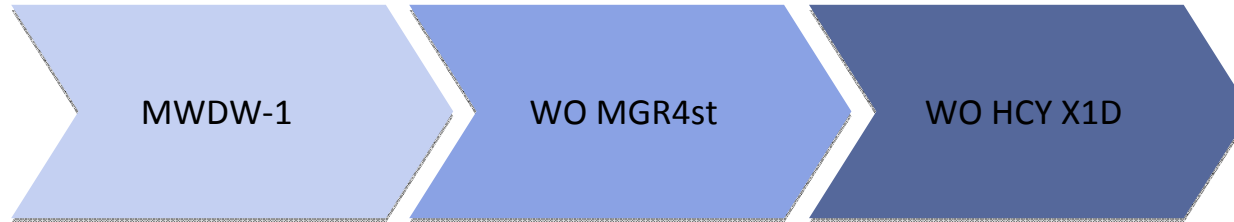
Margarita Project Incident Triangle



Note 1:
 HPI: High Potential Incidents
 LTI: Lost Time Incident
 MT: Medical Treatment
 RW: Restricted Work
 TAFR: Traffic Accident Frequency Rate
 EA: Environmental Accident
 SOPRY: Preventive Observation System



Progress Phase I: well activities



Ensure Water Disposal to Phase I ✓

- Install Final Completion
- Increase Productivity ✓

- Install Completion
- Evaluate Productivity
- Evaluate Re-entry



Injection
2,4 Mm3d

Tested at
5.4 MMm3d

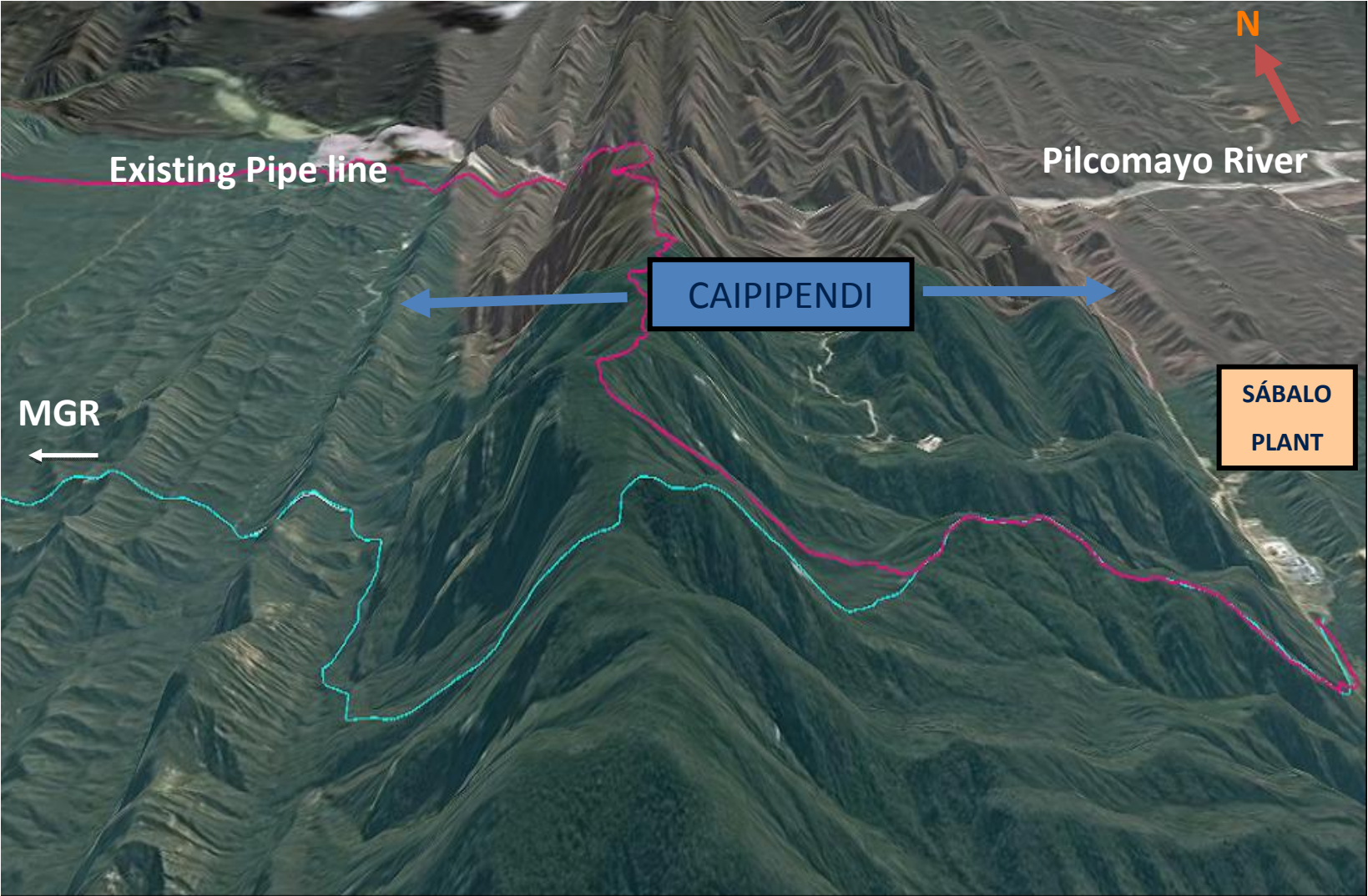
Highest producing well in the Basin



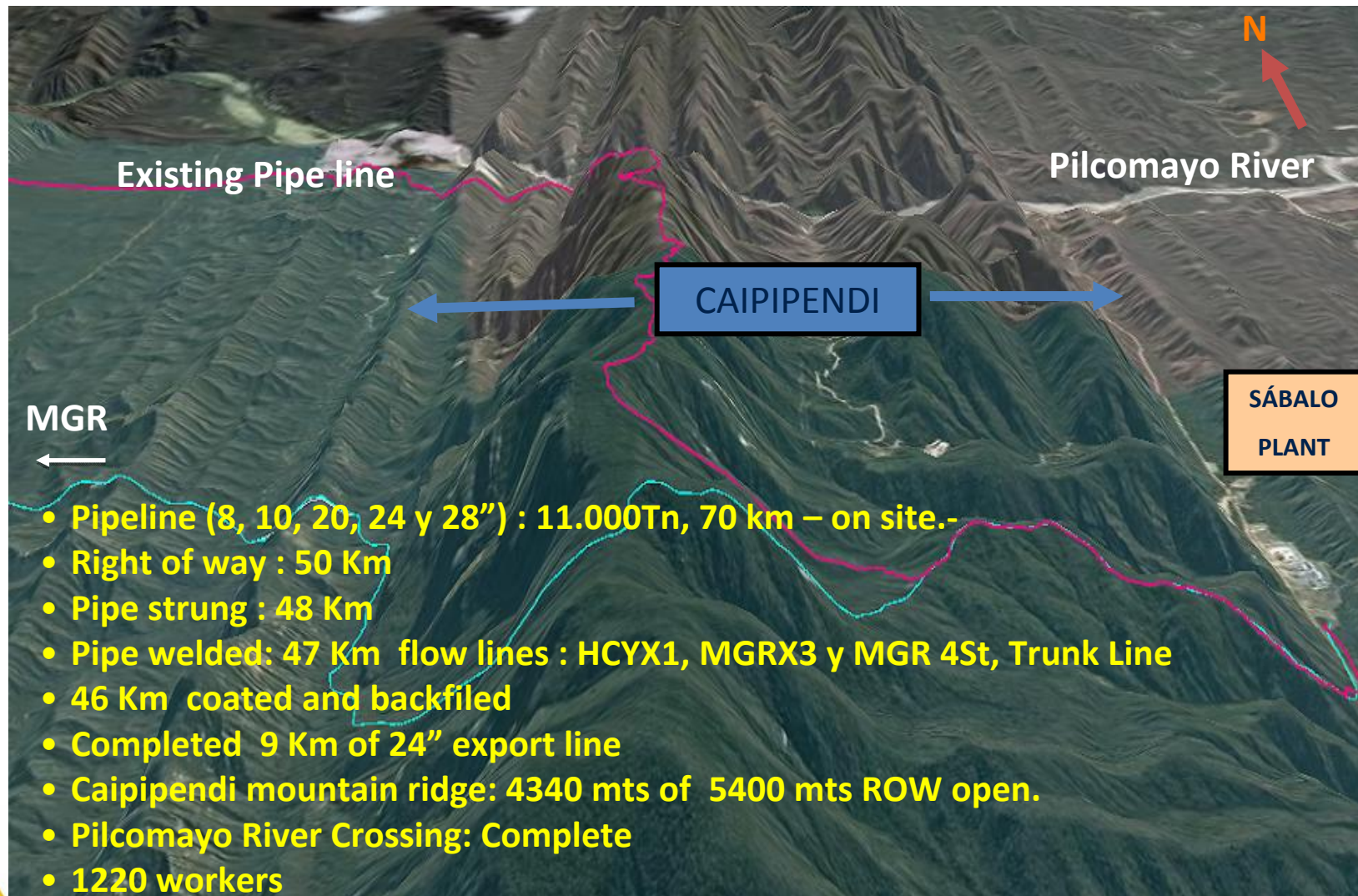
FIELD TRIP
Bolivia
2011

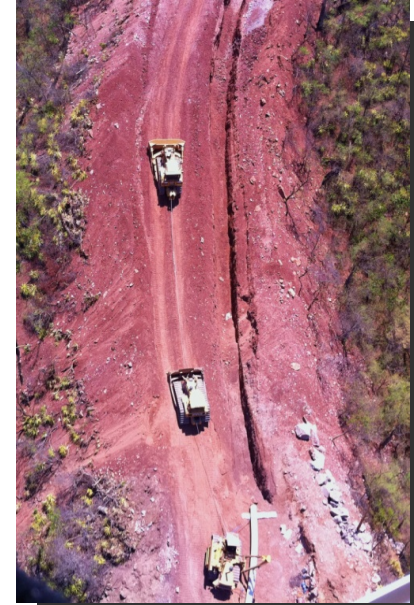
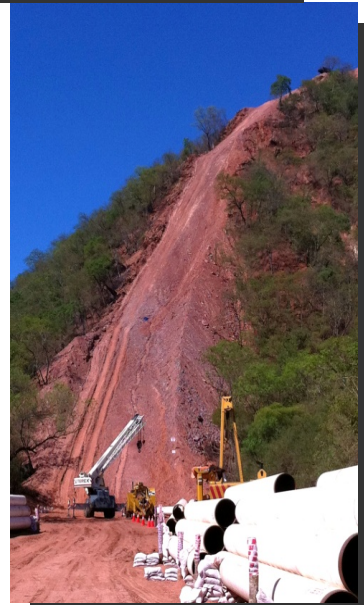
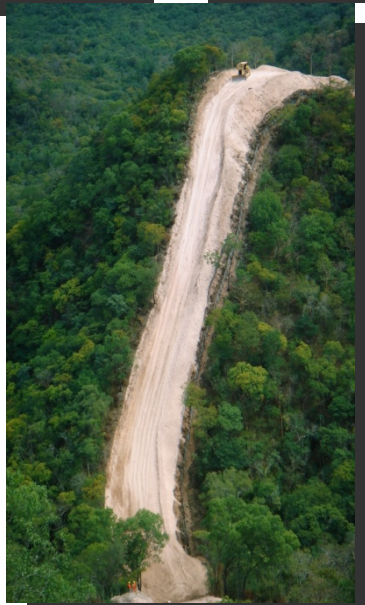


Progress Phase I: transport lines

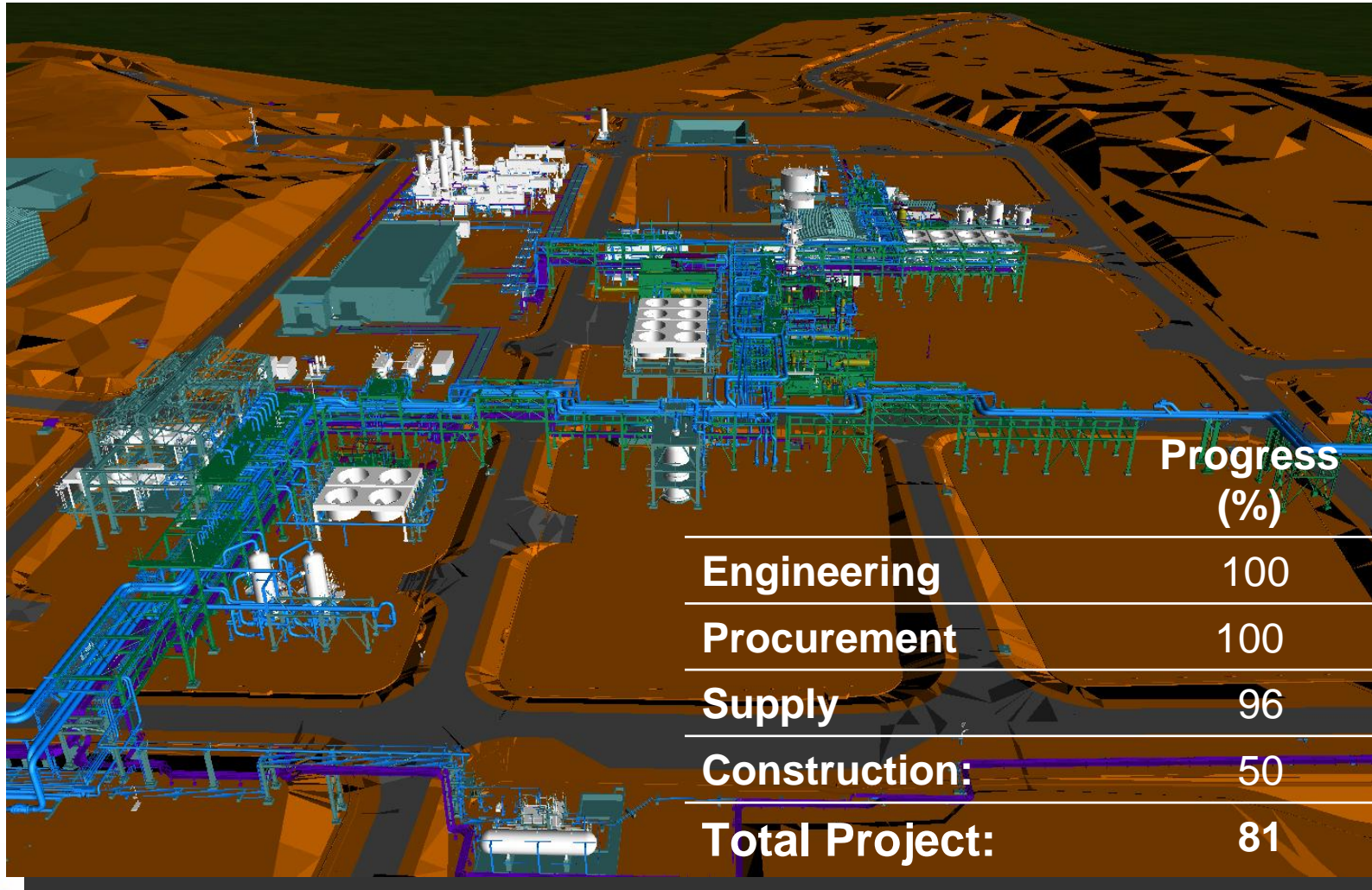


Progress Phase I: transport lines





Progress Phase I: process facilities



CPF – Current view



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Balanced Scorecard – Phase I



Phase : EXECUTION Operator : REPSOL		KPI	TARGET At FID	ACTUAL	STATUS
HSE	Fatalities and Severe Accidents (n°)	0	0	●	
	LTFI (n° / million hr)	<1	0	●	
PROGRESS	Progress (%)	80	70	●	
	First gas	Apr. 2012	Apr.2012	●	
CAPEX GROSS	Capex till handover (M US\$)	611	below budget	●	
HUMAN RESOURCES	Project staffing to date (n°)	88	76	●	
PROFITABILITY	Actual vs target	Better than projected at FID		●	
RISKS	Key risk factor	Delay CPF		●	



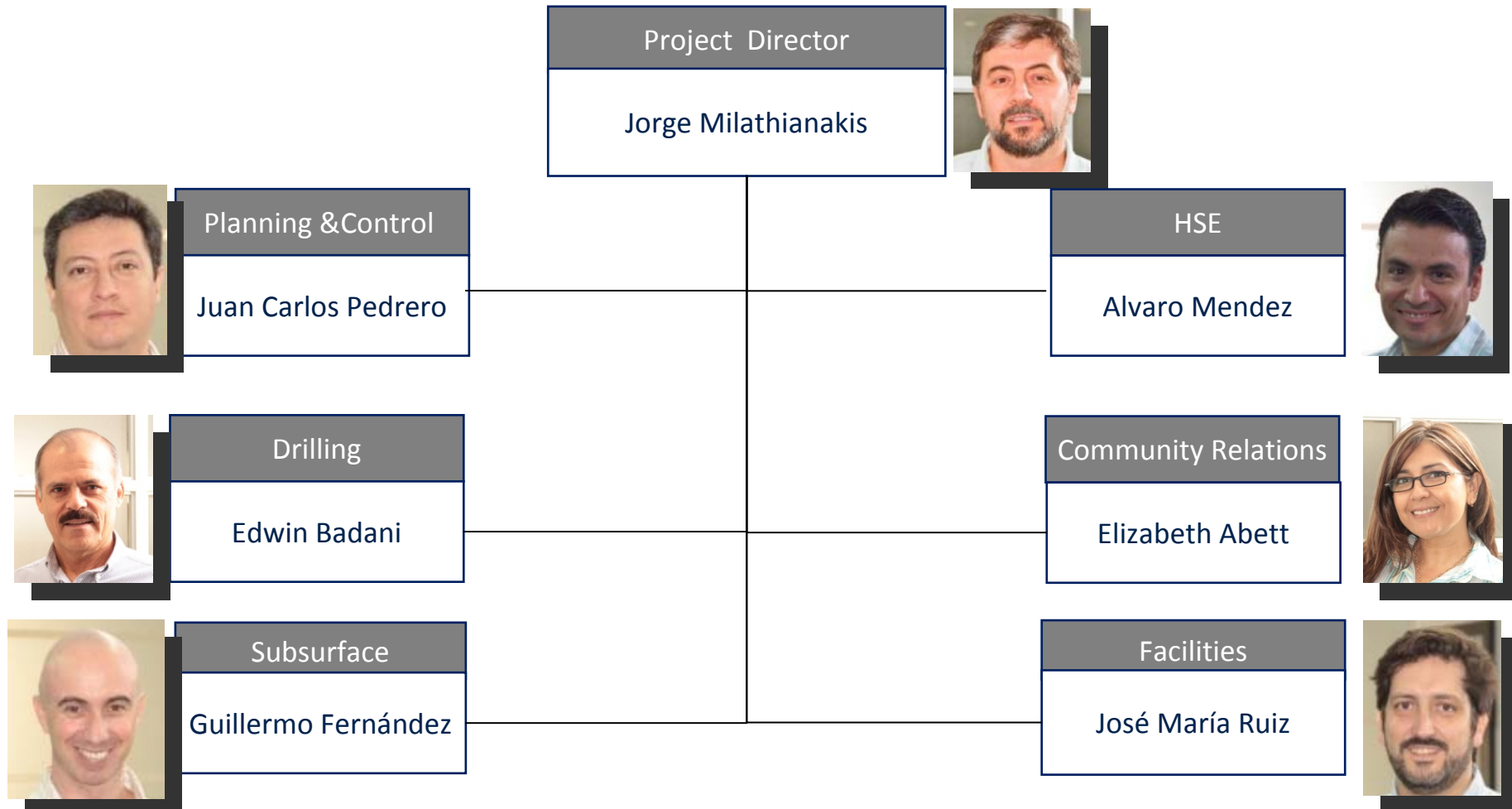
Summary



- Margarita is the ***first project to be started-up*** of the “pipeline” of Development Projects in Repsol’s Strategic Plan 2010-2014.
- Phase 1 continues ***on schedule, below budget, with no LTI (lost time incidents)***.
- FID of Phase 2 taken in Sept.2011. On track to meet Development Plan and Gas Supply commitments.
- Margarita-Huacaya basin ***looks prolific*** and ***further upsides*** are being evaluated to maintain plateau and ***increase production*** as gas demand evolves in the Region.

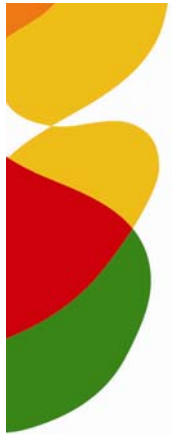


Margarita Project: Our team



76 people assigned to Margarita Project





Field Trip November 2011

Margarita Project

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