

**REPSOL**  
**YPF**



# Estimated Reserves Revision

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This presentation contains forward-looking statements that are subject to risk factors associated with the oil, gas, power, chemicals and renewable businesses. It is believed that the expectations reflected in these statements are reasonable, but may be affected by a variety of variables which could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, the risks of doing business in developing countries, legislative, fiscal and regulatory developments including potential litigation and regulatory effects arising from recategorization of reserves, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

In particular, this announcement also contains forward-looking statements regarding expected revisions to previous estimates of the proved oil and gas reserves of Repsol YPF and the estimated financial impact of these revisions. These revisions are being made in connection with the estimation of proved reserves at December 31, 2005, which is an ongoing process. In addition, the audit committee of Repsol YPF is conducting an independent review of the circumstances regarding these revisions. Due to various factors, many of which are beyond Repsol YPF's control, the final estimates of proved reserves at December 31, 2005 or prior dates may, however, differ materially from Repsol YPF's expectations contained in this announcement. These factors include but are not limited to changes in oil and gas prices, geological and operating data derived from exploration and production activities, technological developments, budgeting, investment and other financial decisions that we and other oil and gas companies may make, political events generally, changes in the applicable political, legal, regulatory and tax environments in which we operate, environmental risks, project delay or advancement, and technical factors associated with the exploration and production of hydrocarbons. In addition, the statements contained in this announcement may be revised in light of the results of the independent review being conducted by the audit committee.

For a further discussion of the factors that could affect our future results, see "Risk Factors" in the company's Annual Report on Form 20-F for the year ended December 31st, 2004 on file with the US Securities Exchange Commission.

## Cautionary Note to US Investors:

The United States Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. .

- **Disclosure of reserves revisions**
- **Estimated economic and financial impact**
- **Reasons for the revisions**
- **Tasks undertaken during 2005**
- **Repsol YPF E&P challenges**
- **Following our strategy**

# Disclosure of reserves revisions

- Reserves revisions
  - Proved reserves at end-2005 expected to be revised downward by 1,254 Mboe, representing 25% of end-2004 proved reserves

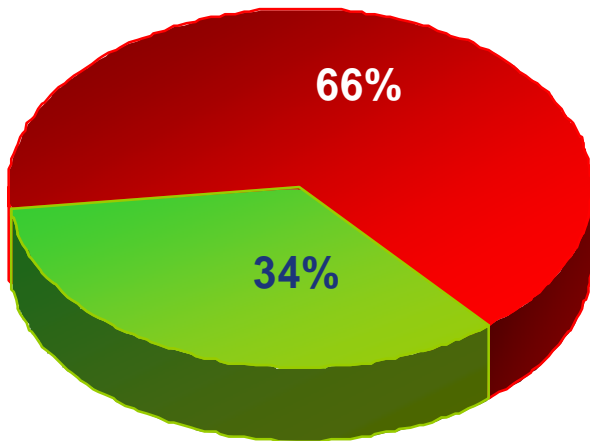
Mboe	<u>Argentina</u>	<u>Bolivia</u>	<u>RoW</u>	<u>Total</u>
<b>December 31, 2004</b> (c)	<b>2,364</b>	<b>1,309</b>	<b>1,253</b>	<b>4,926</b> (a)
Expected Revisions	(509)	(659)	(86)	(1,254) (b)

(a) Includes 621 Mboe relating to the minority interest of Empresa Petrolera Andina, S.A.

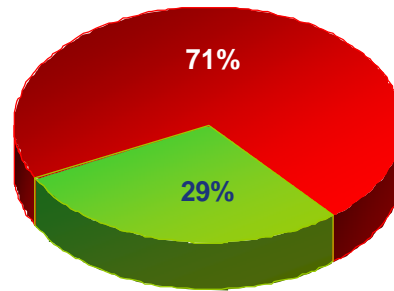
(b) Includes 333 Mboe relating to the minority interest of Empresa Petrolera Andina, S.A.

(c) All reserves as of December 31st, 2004 were audited according to the triennial plan started in 2002

## December 31, 2004

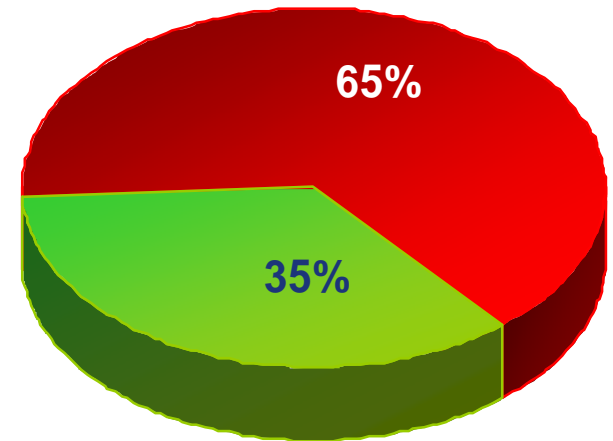


## Revisions



## December 31, 2005

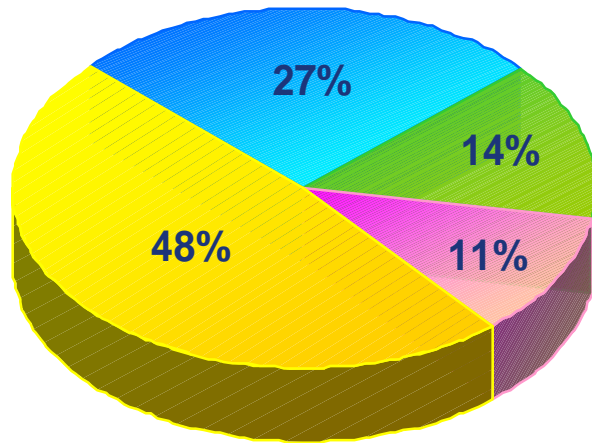
(Provisional)



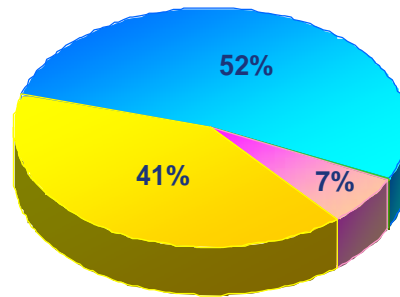
**71% of revisions are gas**

# Split by Country

December 31, 2004

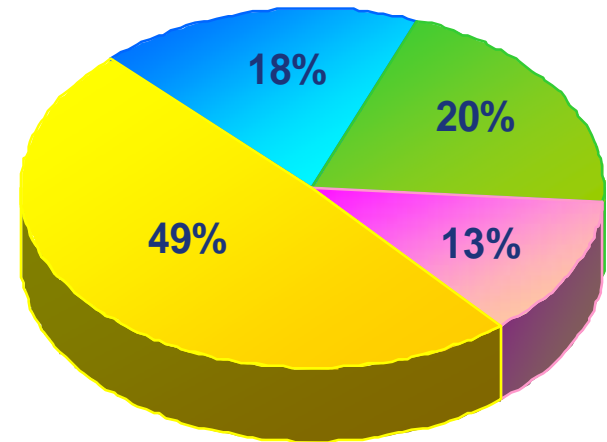


Revisions



December 31, 2005

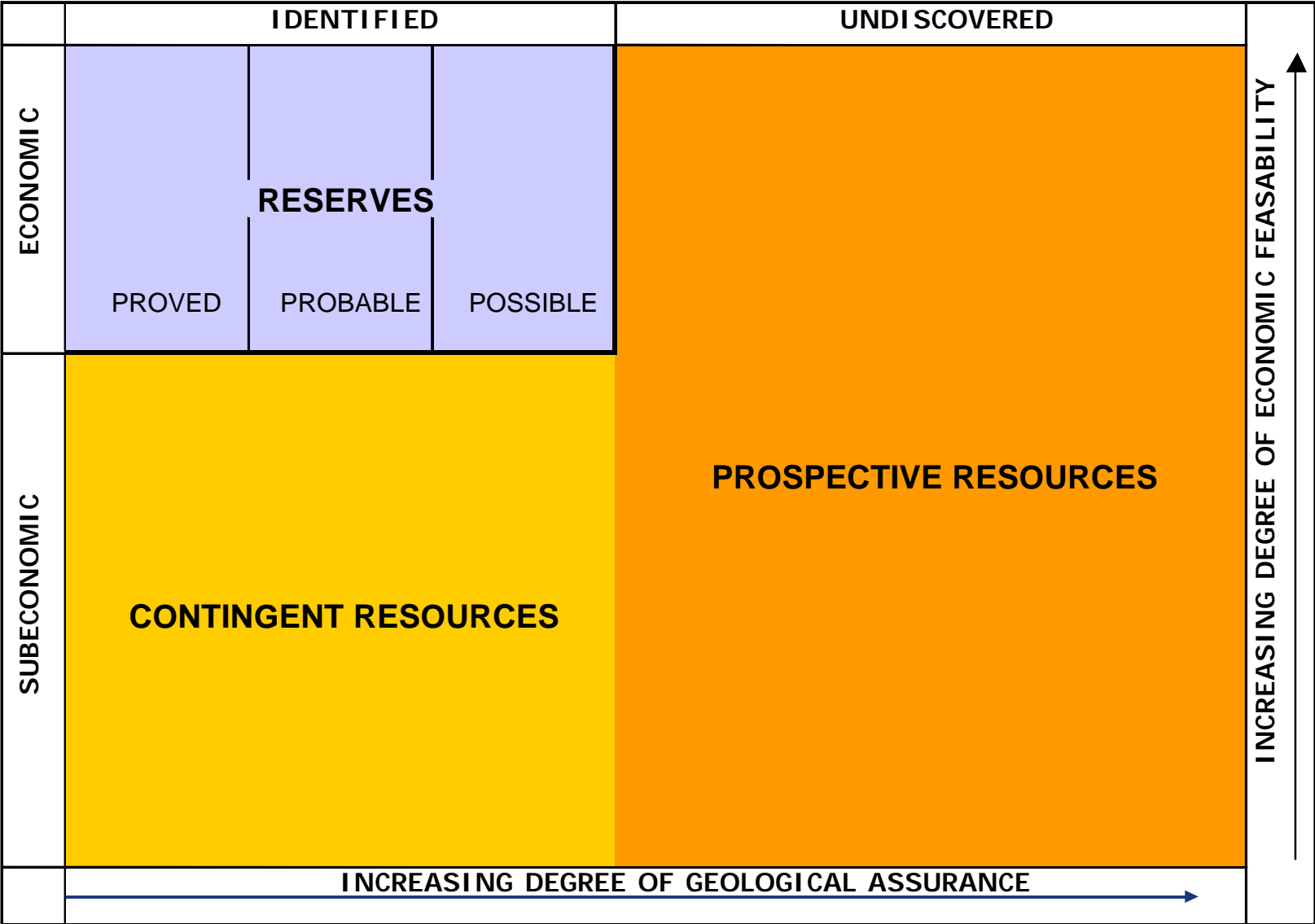
(Provisional)



**52% of revisions are in Bolivia**

- **Limited Ceiling Test impairment charge: less than €50 million, due to:**
  - **Low net accounting value of the assets**
  - **Reserves to be produced in the latest years of production**
  - **Current high levels of oil and gas prices**

# McKelvy Diagram





# Reasons for the Revisions

## The two main reasons are:

- **Changes in legal and contractual framework:**
  - **New Hydrocarbon Law in Bolivia**
    - **Reduced investments due to economics**
    - **Brazil gas purchase extension in doubt**
  - **New JVs in Venezuela**
- **Field performance and new data yielding a deeper understanding of the affected reservoirs**

## Other reasons are:

- **Reserves expected to be produced, based on contract extensions by renewal in Argentina, are no longer reasonably certain**
- **Other normal annual revisions, including PSC effects**

- San Alberto and Sábalo:

- Increased new Hydrocarbon Law taxes worsen the project economics and created commercial uncertainty with respect to the likelihood of the extension of the gas supply agreement
- Reduction of estimates of the Initial Gas in Place (IGIP) due to the evolution of wellhead production pressure

- Yapacaní, Víbora y Sirari:

- The new Hydrocarbon Law has made the planned Rio Grande gas plant and pipeline expansions for the field no longer economic
- Reduction of LPGs and gasoline recoverable from the above gas production expansion

- Rio Grande:

- Poor performance from workover wells

- Loma la Lata:
  - Adjustments in the reserves estimation model due to field performance throughout 2004 y 2005
  - The future recovery of revised volumes requires a higher price scenario that allows for the use of non-conventional lifting methods
- Chihuido de la Sierra Negra:
  - Reduction of the total water and oil flow because of lower injection capacity
- Ramos:
  - Reduction based on new data about field pressure
- Aguada Toledo and Sierra Barrosa:
  - Reevaluation on the gas cap of the reservoirs
- Elimination of reserves due to uncertainty regarding the extension of concessions in Argentina amount to 67 Mboe

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- **Signature of transition agreements to convert existing operating services agreements to JVs with PDVSA**
  - **Final terms for JVs still under negotiation, at least 51% stake for PDVSA**
  - **Estimated impact 52 million bbl under the most updated scenario**
  - **Under a better case scenario the reserves could then be rebooked**

# 10 Main Revised Fields

Field Name	Revised Reserves (Mboe)	%	% Accum.	Last Audited Year	Audit in 2005
1 Sábalo	273.3	22%	22%	2004	✓
2 San Alberto	253.4	20%	42%	2004	✓
3 Loma la Lata	251.8	20%	62%	2002	✓
4 Yapacaní + others	75.1	6%	68%	2004	✓
5 Chihuido Sierra Negra	73.5	6%	74%	2002	✓
6 Río Grande	61.1	5%	79%	2004	✓
7 Venezuela JVs	52.4	4%	83%	2002	✓
8 Ramos	36.5	3%	86%	2004	
9 A. Toledo - Sierra Barrosa	22.7	2%	88%	2003	✓
10 Tin Fouye Tabankort	17.7	1%	89%	2003	
Others	136.7	11%	100%		
	<b>1,254</b>	<b>100%</b>			

Bolivia  
Argentina  
Rest of World

# Tasks Undertaken During 2005

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- **Creation of an independent Reserves Control Group**
- **Independence of the internal reserves audit function from the business units (segregation of duties)**
- **Assignment to the Audit Committee of oversight responsibility for reserves control**
- **Update and approval of a new internal Reserves Reporting Manual**
- **Wide training of employees in the new Reserves Reporting Manual**
- **Approval of the new triennial plan for external audit of the reserves**
- **Commissioned two external audits of the San Alberto and Sábalo fields (Bolivia) and Loma la Lata (Argentina)**

- Repsol YPF today:
  - Highly concentrated company in South America
  - Strength in LNG and refining businesses
- Repsol YPF challenges in E&P:
  - Generation of exploratory resources and improvement of reserves
  - Managing the decline of the fields and rising costs in Argentina
  - Maximizing our current position in Venezuela
  - Making the Bolivian Government's needs compatible with a rational development of the hydrocarbon's industry

- **Keeping strategic guidelines:**
  - **Upstream as a driver for growth**
  - **Downstream and ABB key core business with high free cash-flow generation**
- **Progression made in the Upstream business through 2005:**
  - **Out of ABB, increasing the activity in E&P to pre-YPF's acquisition levels of exploration activity**
  - **Focusing on low risk and short/medium term delivery of our North African ventures**
  - **Building in our presence in Venezuela and T&T**
  - **Strengthening LNG project developments**
  - **Offshore exploration of the Southern Cone an opportunity for growth**
  - **Growing our activity in North America, South of Mexico and Middle East**



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