

## **Second Quarter 2011 Results**

# **WEBCAST – CONFERENCE CALL**

**July 28<sup>th</sup>, 2011**

**Mr. Miguel Martínez**  
CFO



**REPSOL**

July 2011

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# **Agenda**

**Q2 2011 Results**

**Exploratory Program for 2H 2011**

**Status of key growth projects**

**Portfolio developments in Q2**

**Financial Overview**

# Agenda

## **Q2 2011 Results**

Exploratory Program for 2H 2011

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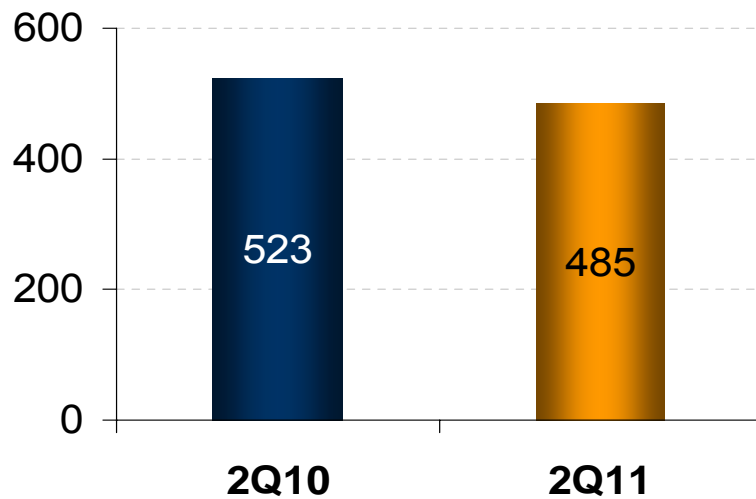
Financial Overview

# Q2 2011 Results

## Overview

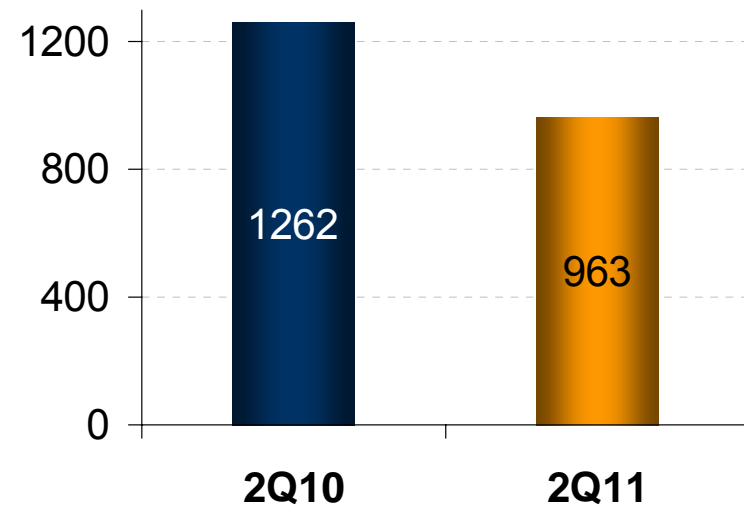
### CCS Adjusted Net Income

Million €



### CCS Adjusted Operating Income

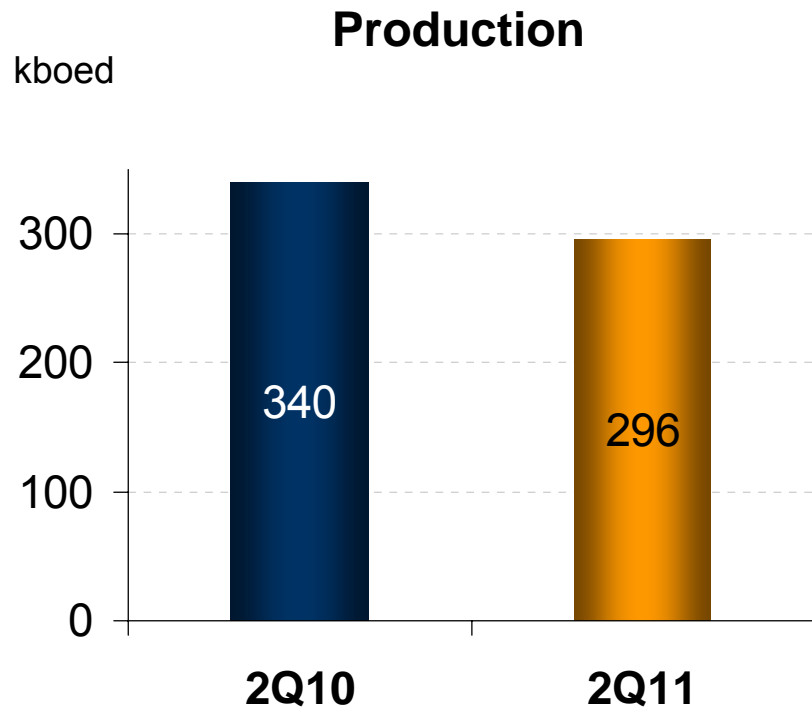
Million €



- Lack of production in Libya
- Strikes in Argentina

# Q2 2011 Results

## Production

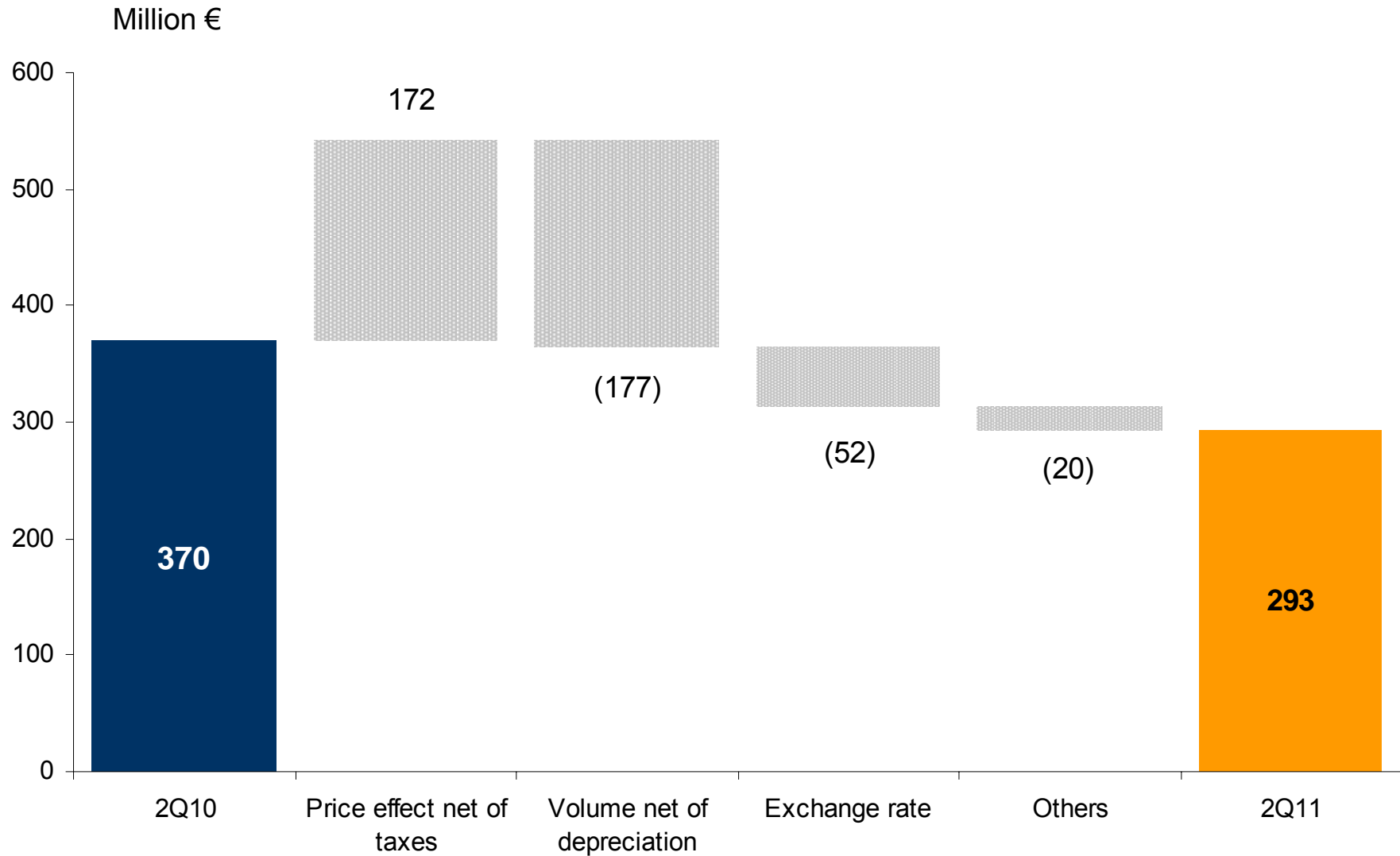


### Main Factors:

- Unrest in Libya
- Moratorium in GoM

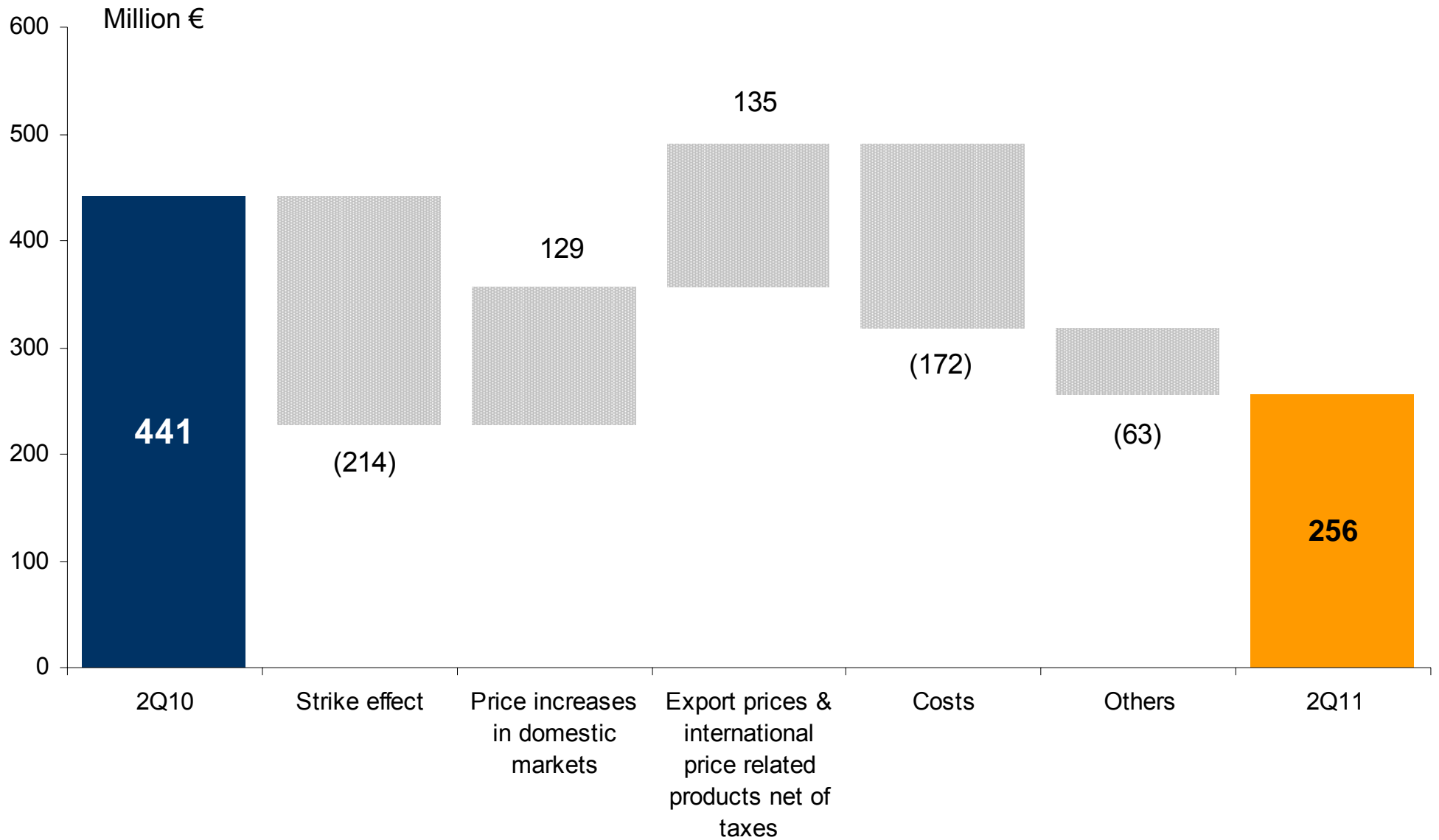
# Q2 2011 Results

## Upstream Adjusted Operating Income



# Q2 2011 Results

## YPF Adjusted Operating Income

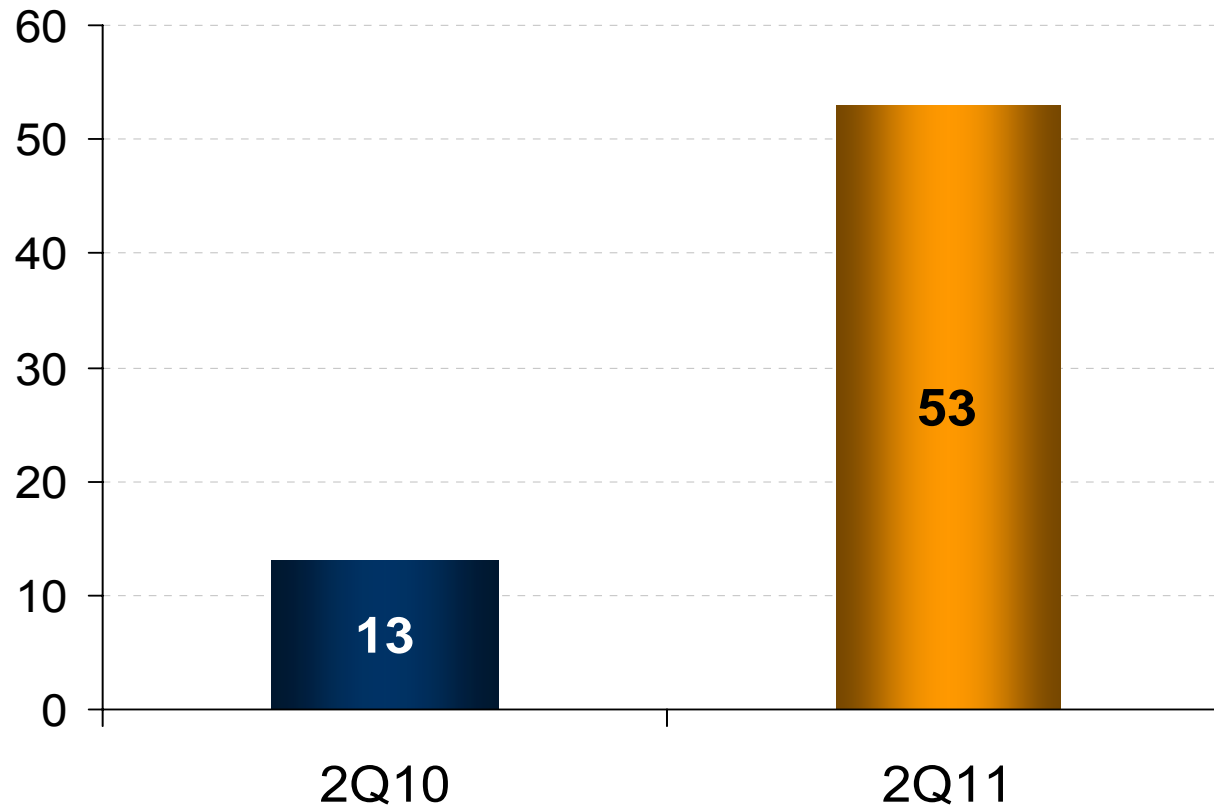




# Q2 2011 Results

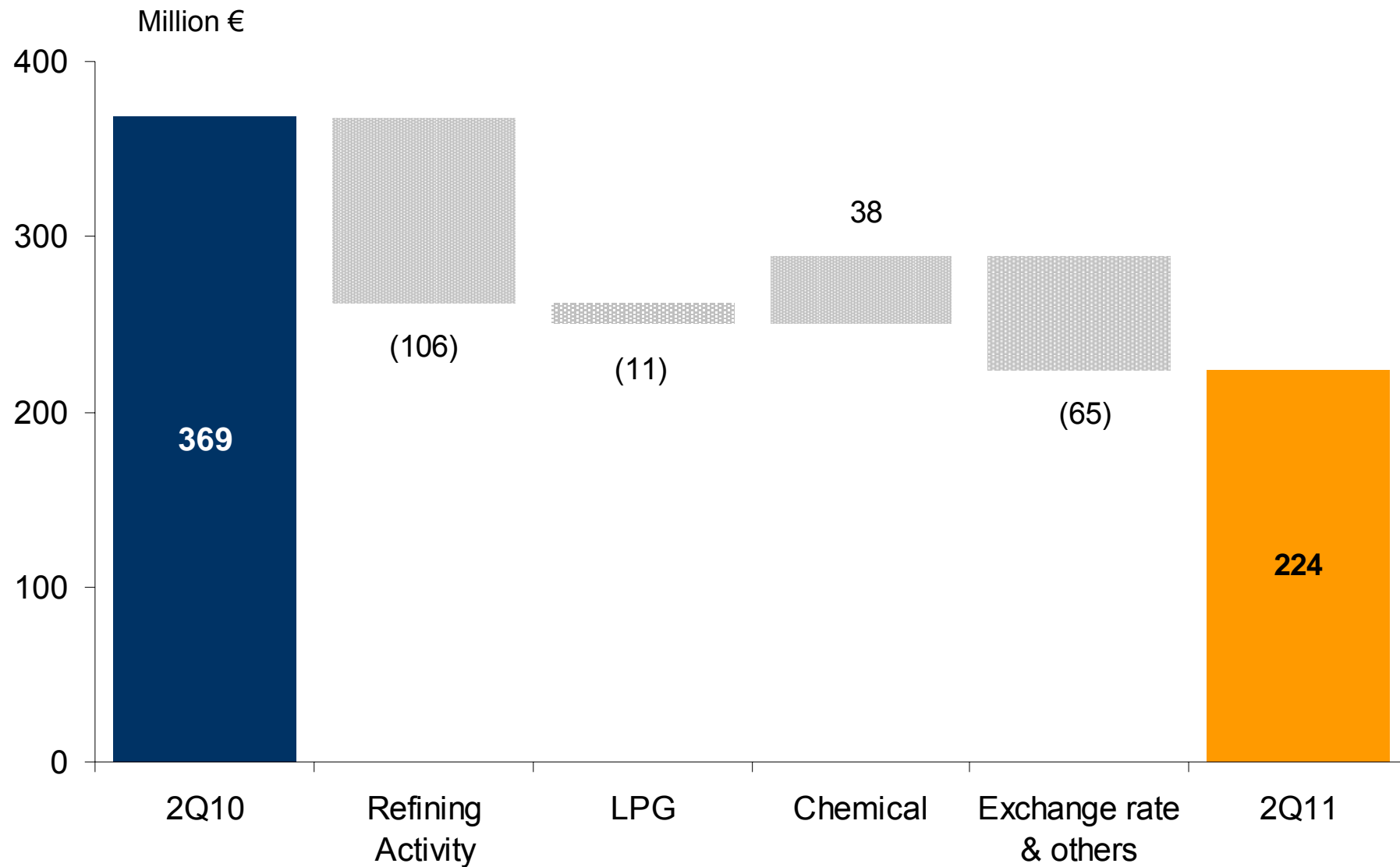
## LNG Adjusted Operating Income

Million €



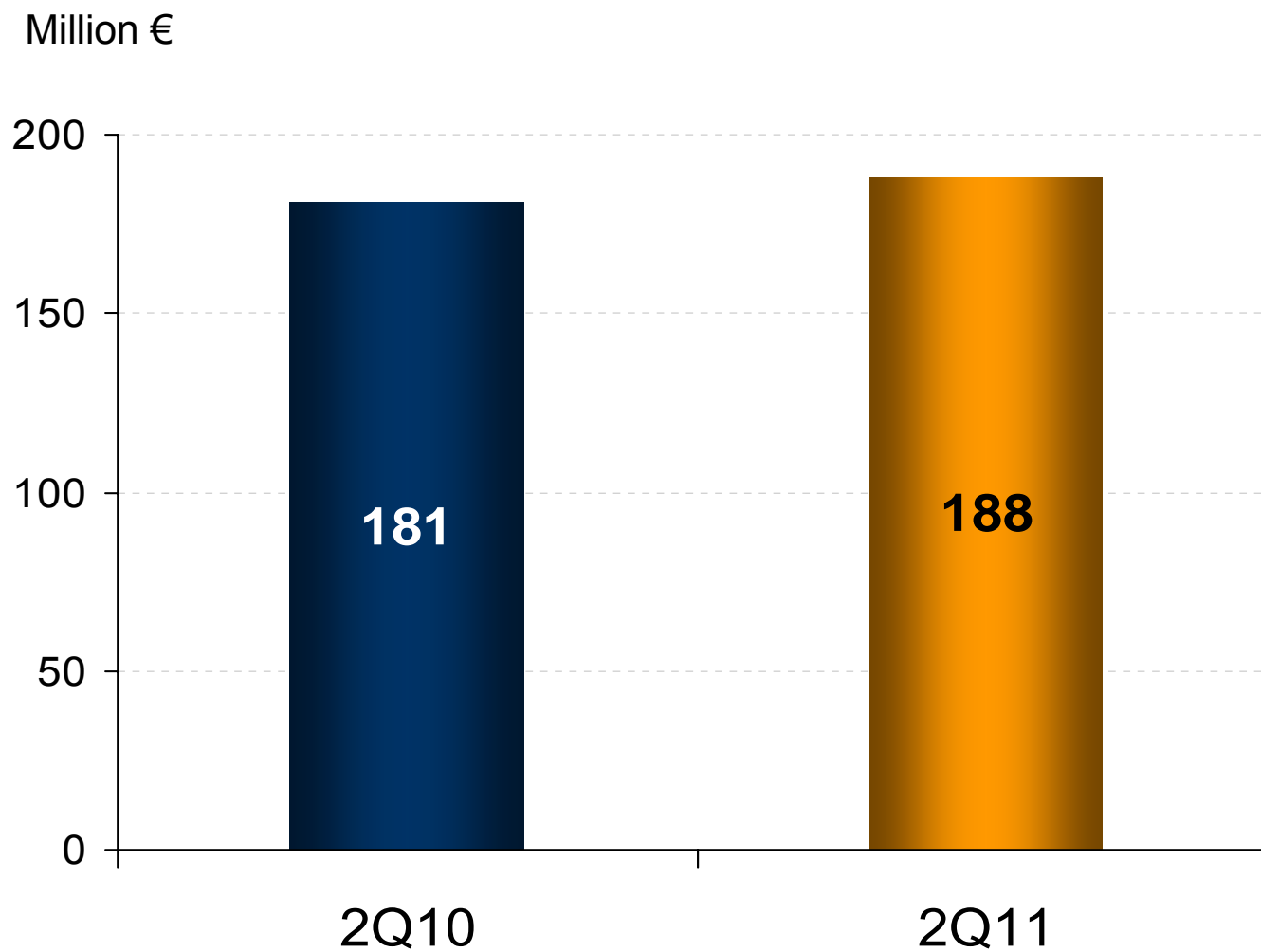
# Q2 2011 Results

## Downstream CCS Adjusted Operating Income



## Q2 2011 Results

Gas Natural Fenosa Adjusted Operating Income



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Q2 2011 Results

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# Exploratory program

Upstream



## POSITIVE RESULTS

- **Exploratory wells:**
  - Brazil (Gavea)
- **Appraisal wells:**
  - Peru (Kinteroni 3)
  - Venezuela (Perla 5X)

## CURRENT ACTIVITY

- **Exploratory wells:**
  - 2 in Brazil (Itaborai and Tingua)
  - 1 in Bolivia (Sararenda)
  - 2 in Colombia (Chipiron and Jaripeo)
- **Appraisal wells:**
  - GoM (Buckskin 2)
  - Brazil (Guara Sul, Guara RDA, Piracuca 4)
- **Extended well test (Guara)**

# Exploratory program

Upstream – 2H 2011 Activity

<b>BRAZIL</b>	<b>ALBACORA LESTE PRESALT ABARE PAO DE AZUCAR CARIOCA SELA SAGITARIO</b>	<b>(ALBACORA LESTE) (BM-S-9) (BM-C-33) (BM-S-9) (*) (BM-S-50) (*)</b>
<b>CUBA</b>	<b>JAGÜEY (*)</b>	
<b>GUYANA</b>	<b>JAGUAR (*)</b>	
<b>LIBERIA</b>	<b>MESURADO</b>	
<b>NORWAY</b>	<b>ULVETANNA HEILO WELL</b>	
<b>PERU</b>	<b>SAGARI (*)</b>	
	<b>SIERRA LEONE</b>	<b>MERCURY 2 JUPITER</b>

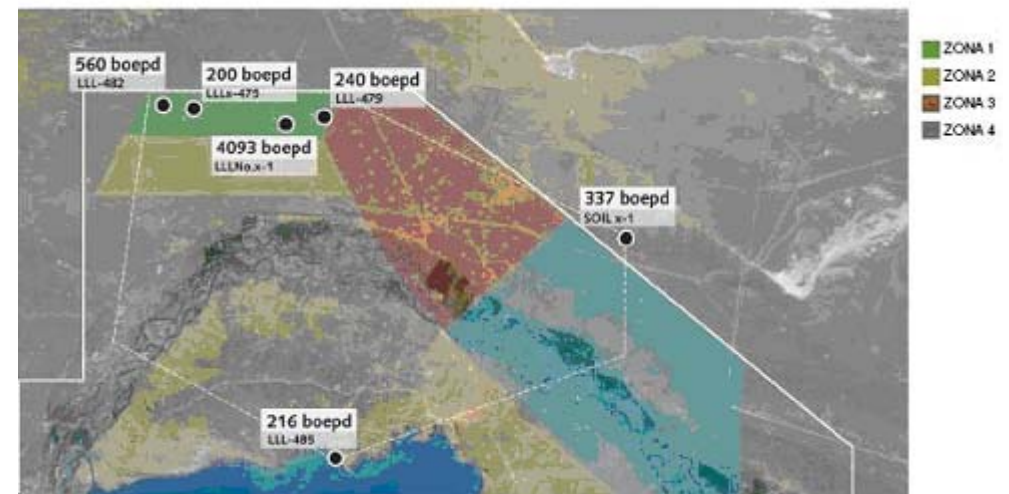
(\*) not completed until 2012

# YPF Exploratory program

## Progress on non-conventional resources



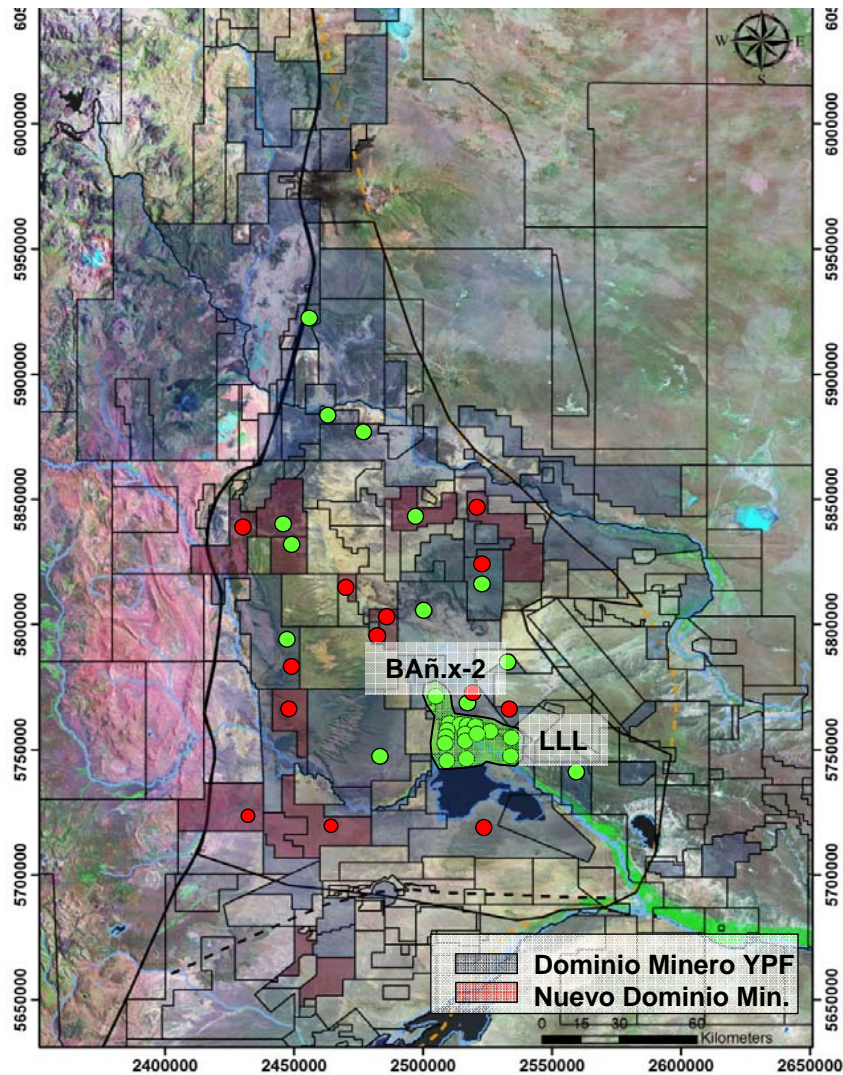
- Vaca Muerta is a 30,000 km<sup>2</sup> formation with rock thickness between 50 to 400 mts
- YPF's **net acreage increased** to 14,000 km<sup>2</sup> from 12,000 km<sup>2</sup>
- **During 2010:**
  - 330 km<sup>2</sup> chosen as initial area to perform pilots
  - 6 vertical wells drilled (initial flow rates between 200 / 560 BPD)
  - Oil recoverable resources of 150 MBOE





# YPF Exploratory program

## 2011 Program



- Exploración Vaca Muerta 2011
- Exploración Vaca Muerta 2012

- 13 exploratory wells would be drilled in order to assess the potential of Vaca Muerta in other parts of the Neuquina Basin
- During Q2 2011 a new shale oil discovery in the Vaca Muerta formation in the Bajada de Añelo Block was announced
- 3 additional exploratory wells already drilled and preparing for the fracking phase. At least 9 additional exploration wells will be drilled before year end.



# Analogy with USA is the strength of the play

**Vaca Muerta**

**Barnett**

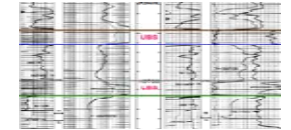
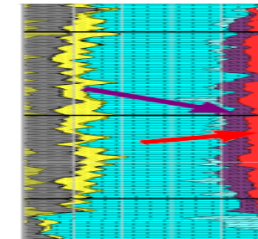
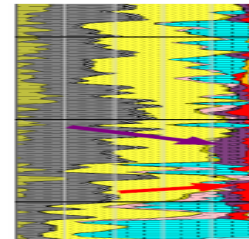
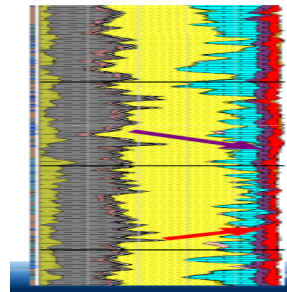
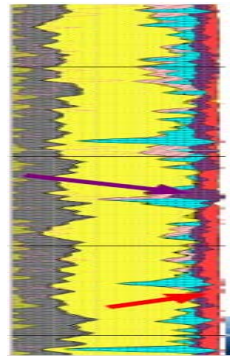
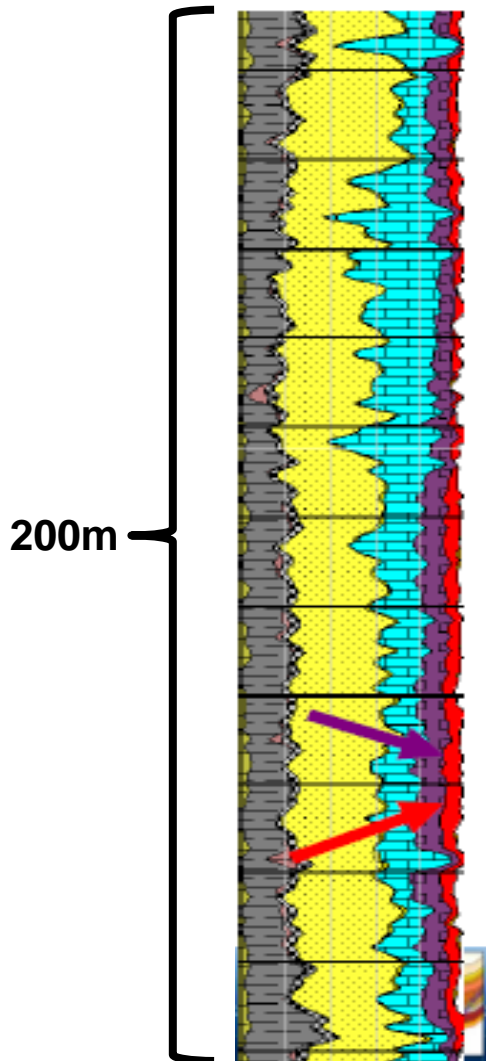
**Haynesville**

**Marcellus**

**Eagle Ford**

**Bakken**

3-5 Mstb/km<sup>2</sup>



	Bakken	Eagle Ford (Oil Leg)	Vaca Muerta LLL	
Thickness	30	70	200	m
STOOIP	200,000	114,000	18,500	MBbls
STOOIP/km <sup>2</sup>	3	23	43	MBbls/km <sup>2</sup>
EUR	3,650	5,700	741	MBbls

(\*) preliminary data

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# Status of key growth projects (I)

## CARTAGENA

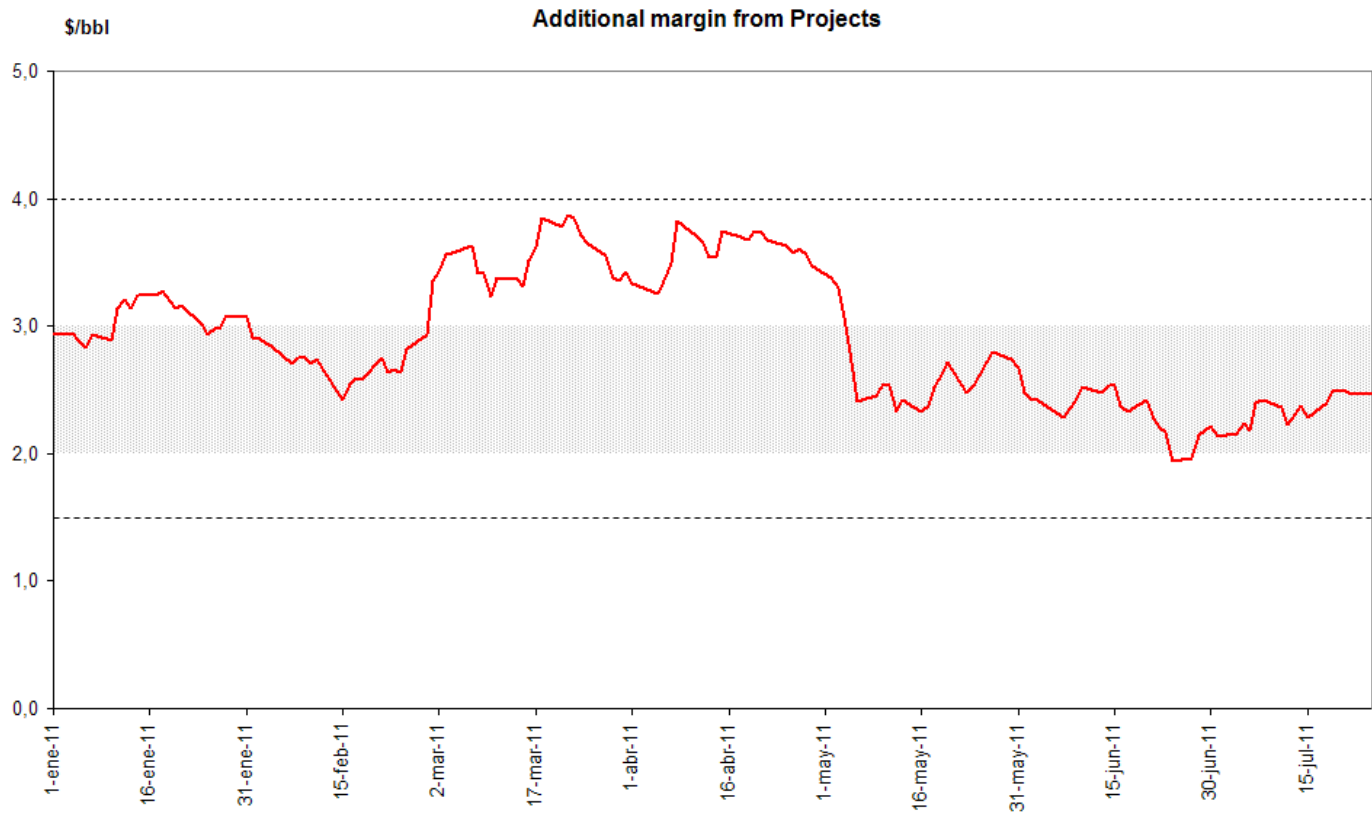


- Project completion: 95%
- Startup date: August / September

## BILBAO



- Project completion: 95%
- Startup date: October



# Status of key growth projects (II)

## KINTERONI



- Successful appraisal campaign
- **Construction** of production and gas evacuation facilities underway
- **First gas production**: Q2 2012

## GUARA



- Field development progressing well
- **First Oil** expected in Q1 2013
- **Construction of FPSO** in good progress

## MARGARITA



- **First phase** (plant expansion + hook-up of 3 existing wells) at 53% of project completion
- **Start of production**: Q2 2012
- Launch of **second phase** (+6 Mm3d) by Q4 2013

## CARDON IV



- 5 wells already drilled
- Supply of **early production facilities** concluded
- First gas planned: late 2013

## CARABOBO



- Early production set to 2014
- Contracting the rig and progressing with engineering activities

# Agenda

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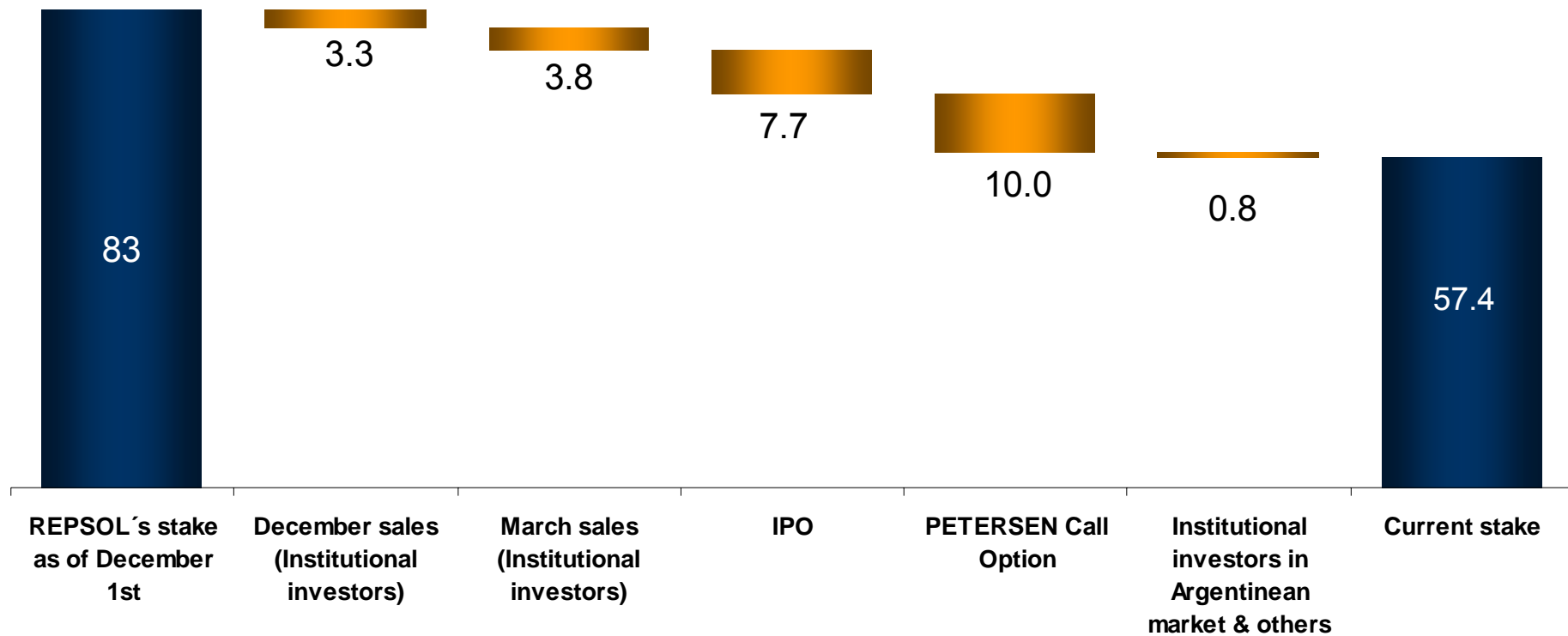
**Portfolio developments in Q2**

Financial Overview

# Portfolio developments

Last stage of the partial sale of Repsol's stake in YPF

% of YPF shares



# Portfolio developments

## Joint venture with Alliance Oil



### ALASKA

- Agreement with “70 & 148 LLC” (affiliate of Armstrong Oil & Gas Inc) and “GMT Exploration LLC” to jointly carry out exploration activity in the blocks in Alaska’s prolific North Slope.
- Repsol will have a 70% working interest in the blocks.

### RUSSIA



- Creation of a Joint Venture in the Russian Federation, the largest gas and oil producer in the world.
- Transaction pending negotiations on final terms, due diligence, and regulatory and corporate approvals.

- ✓ Deals aligned with strategy of searching new platforms for future growth with limited geographical and financial exposure, a local partner, and exploration upside.
- ✓ In both cases we targeted cash flow contribution in the medium term through volume growth but focused on value creation.

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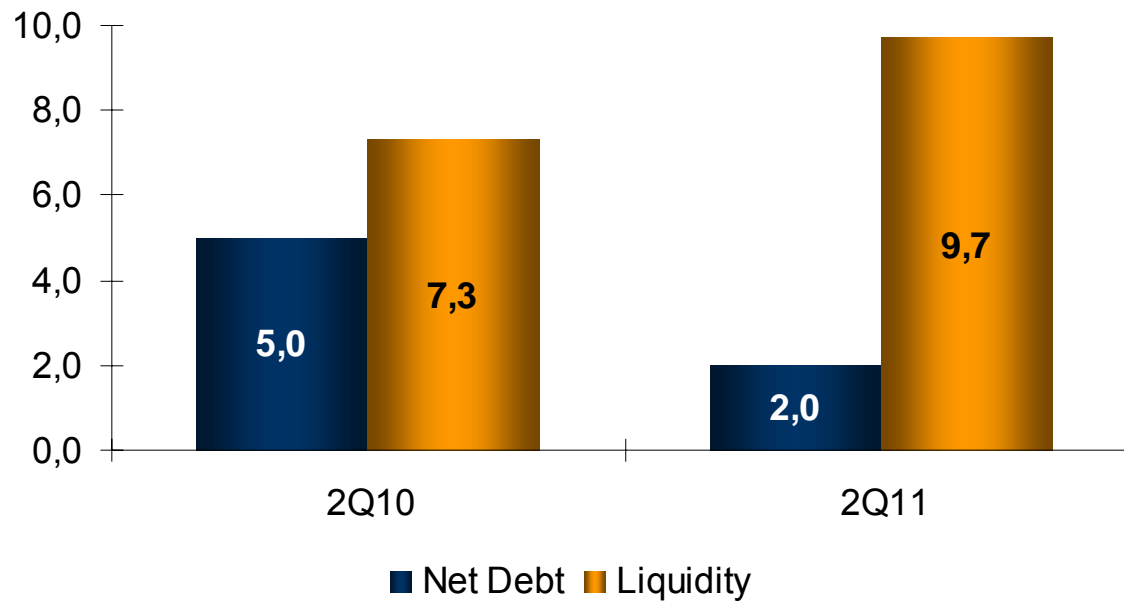
**Financial Overview**



# Financial Overview

## Liquidity Position

Billion €



Data Ex Gas Natural

Net Debt (ex Preferred shares) = Gross Debt – Financial Investments – Cash & Equivalents

# Conclusions

- **Challenging 2Q11 P&L, affected by Libyan crisis and Argentinean strikes**
- **Year 2011: transition to the next stage of growth**
- **Comitted in the medium / long term value growth**
- **Delivery of production and profit improvement in the next months, based on projects to come on stream shortly.**

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