Unconventional Revolution and New Oil Price Environment

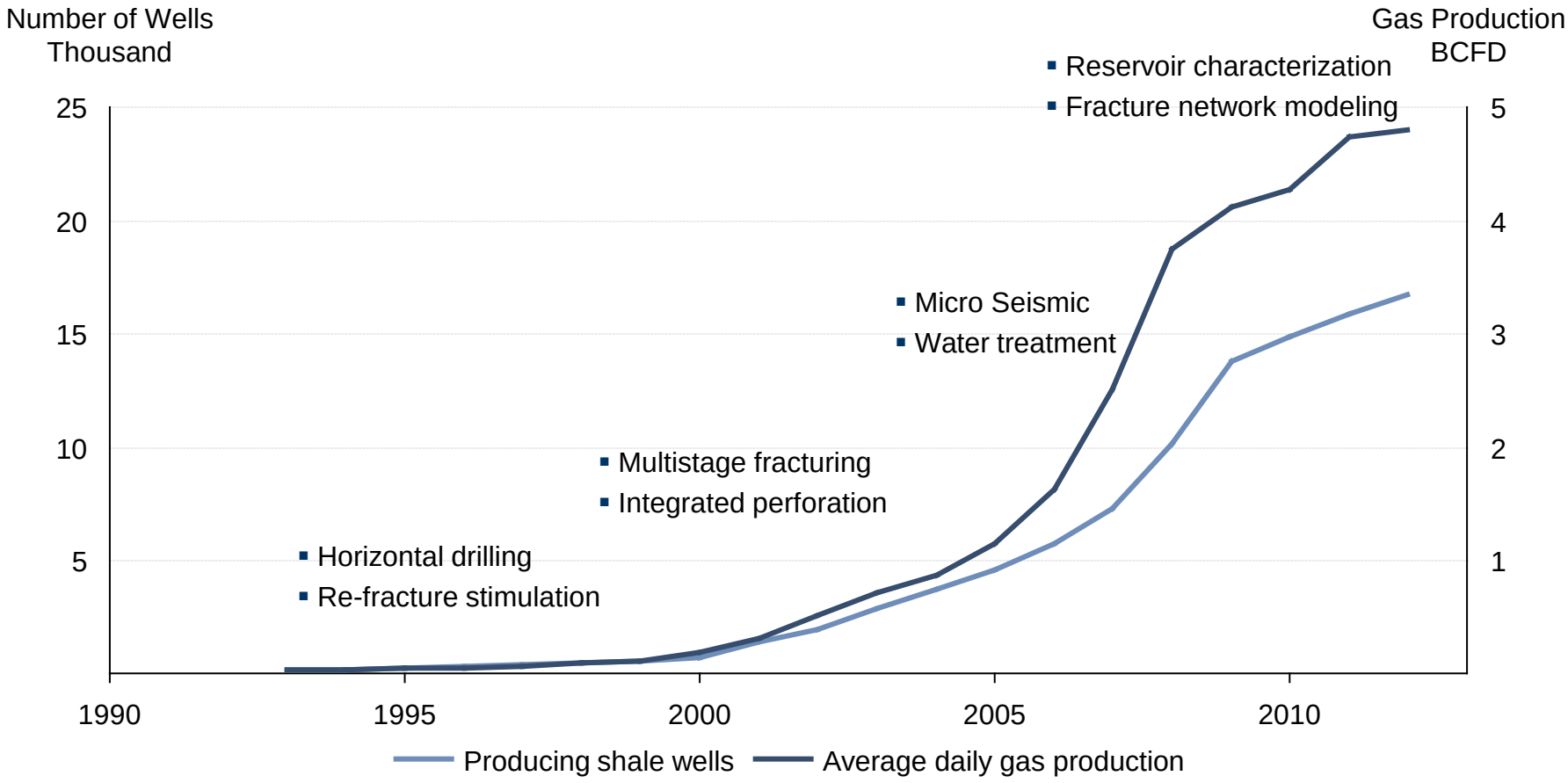
Rueil-Malmaison, France

March 16th, 2015

US unconventional revolution has been driven by technology and price

EVOLUTION OF THE US SHALE GAS INDUSTRY: BARNET SHALE EXAMPLE

Thousand of Wells, Billion Cubic Feet per Day, 1990-2012

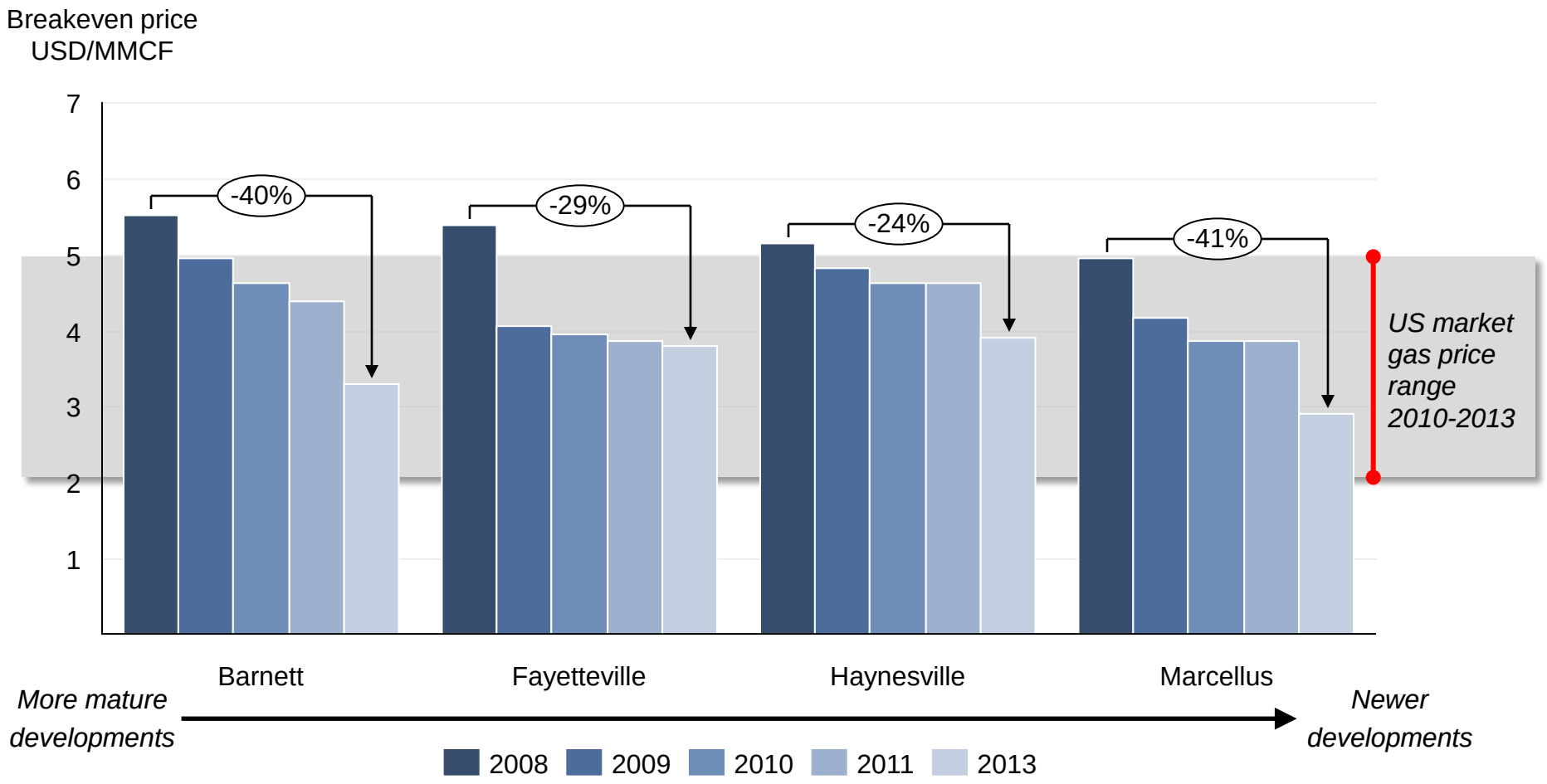


Source: Railroad Commission of Texas; SBC Energy Perspectives; Rystad Energy; EIA; SBC Analysis

North America operators significantly improved their breakeven economics

BREAK EVEN PRICES IN MAJOR US SHALE GAS PLAYS

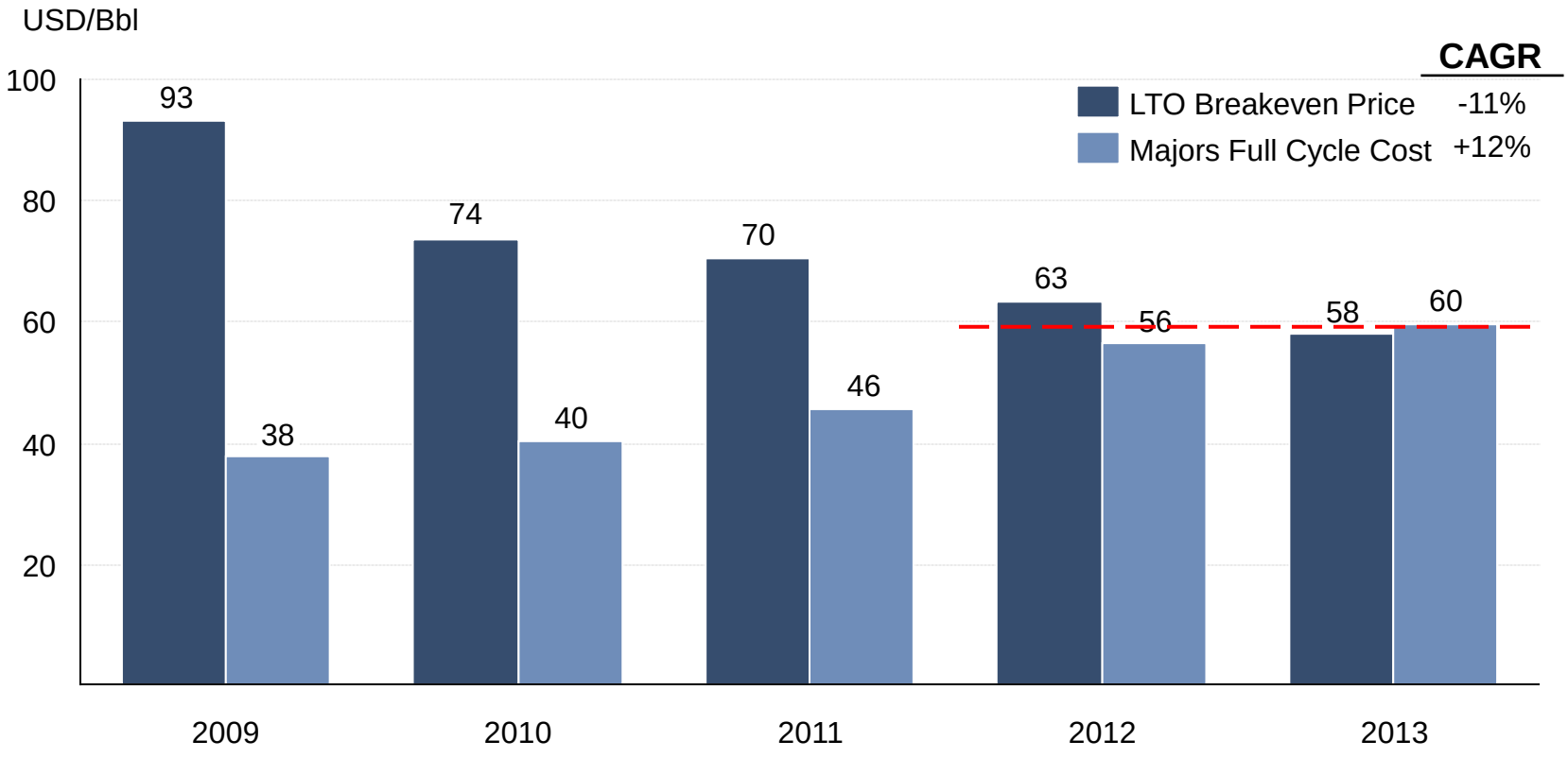
USD per Million Cubic Feet, 2008-2013



Source: SBC Analysis

Light Tight Oil (LTO) breakeven price have reached majors' full cycle cost

LTO BREAKEVEN PRICE[1] AND MAJORS FULL CYCLE COST[2]
USD per Barrel of Oil Equivalent, 2009-2013

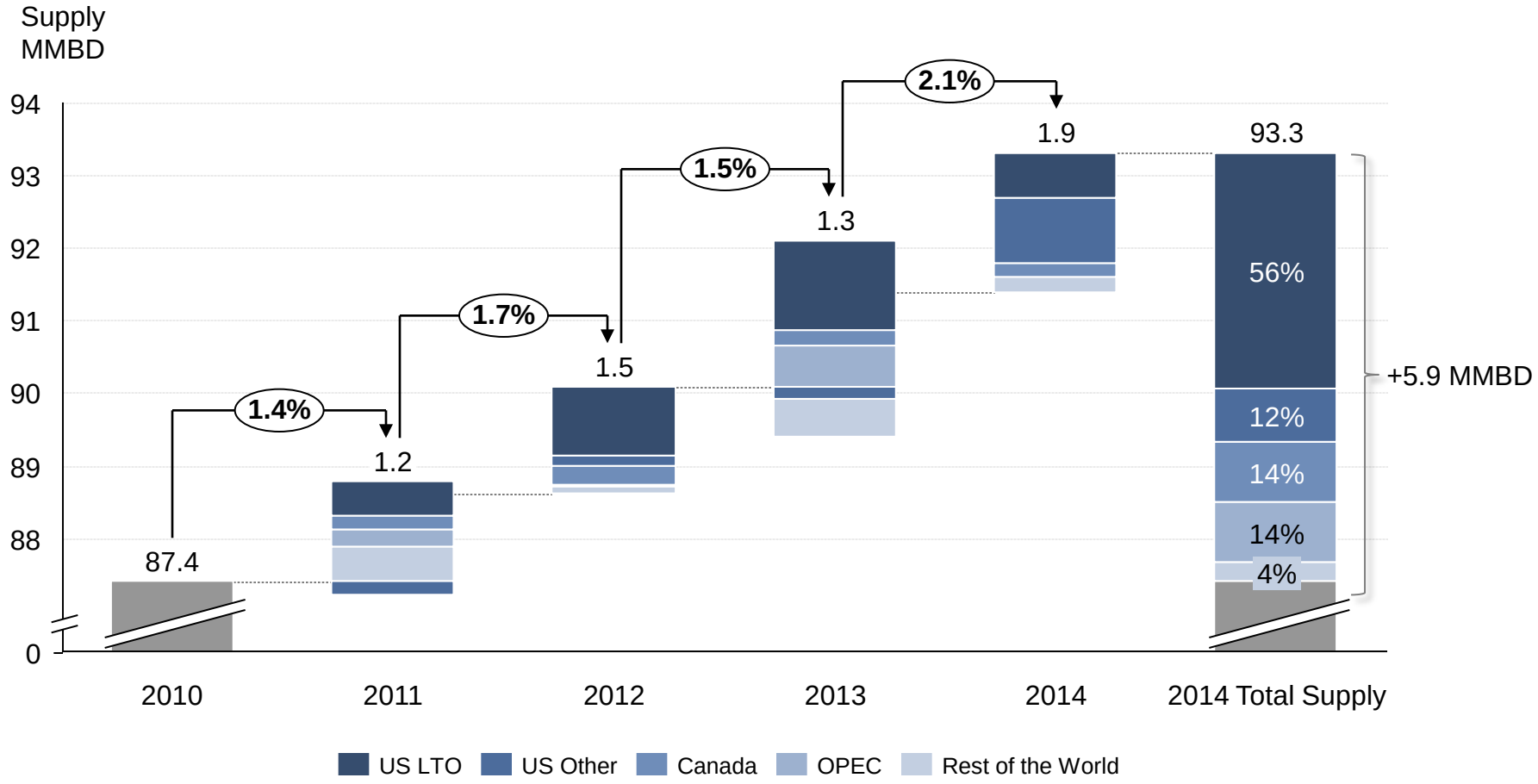


1: F&D + Lifting costs. Pure unconventional NAM players
2: S&GA + F&D + Total Production + WACC. Majors
Source: Rystad; IHS; Evaluate Energy; Goldman Sachs

2014 has seen the largest supply increase since 2010 mainly due to North America LTO

SUPPLY GROWTH BY SOURCE

Million Barrels per Day, Percentage of total increase, 2010-2014

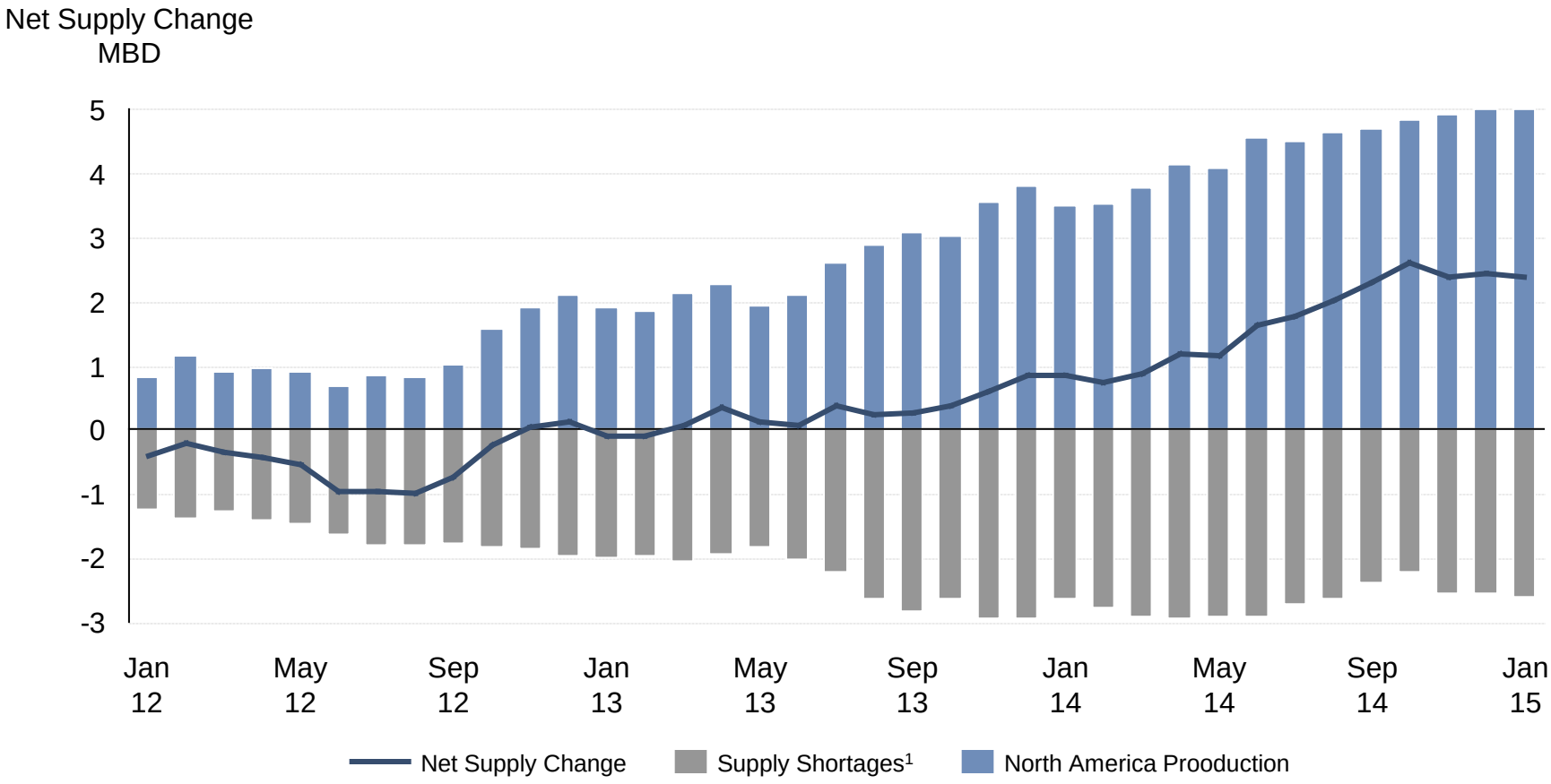


Source: IEA Oil Market Reports; SBC Analysis

The increase in North America production outstripped supply shortages

WORLDWIDE NET SUPPLY CHANGE

Million barrels per day, 2012-2015

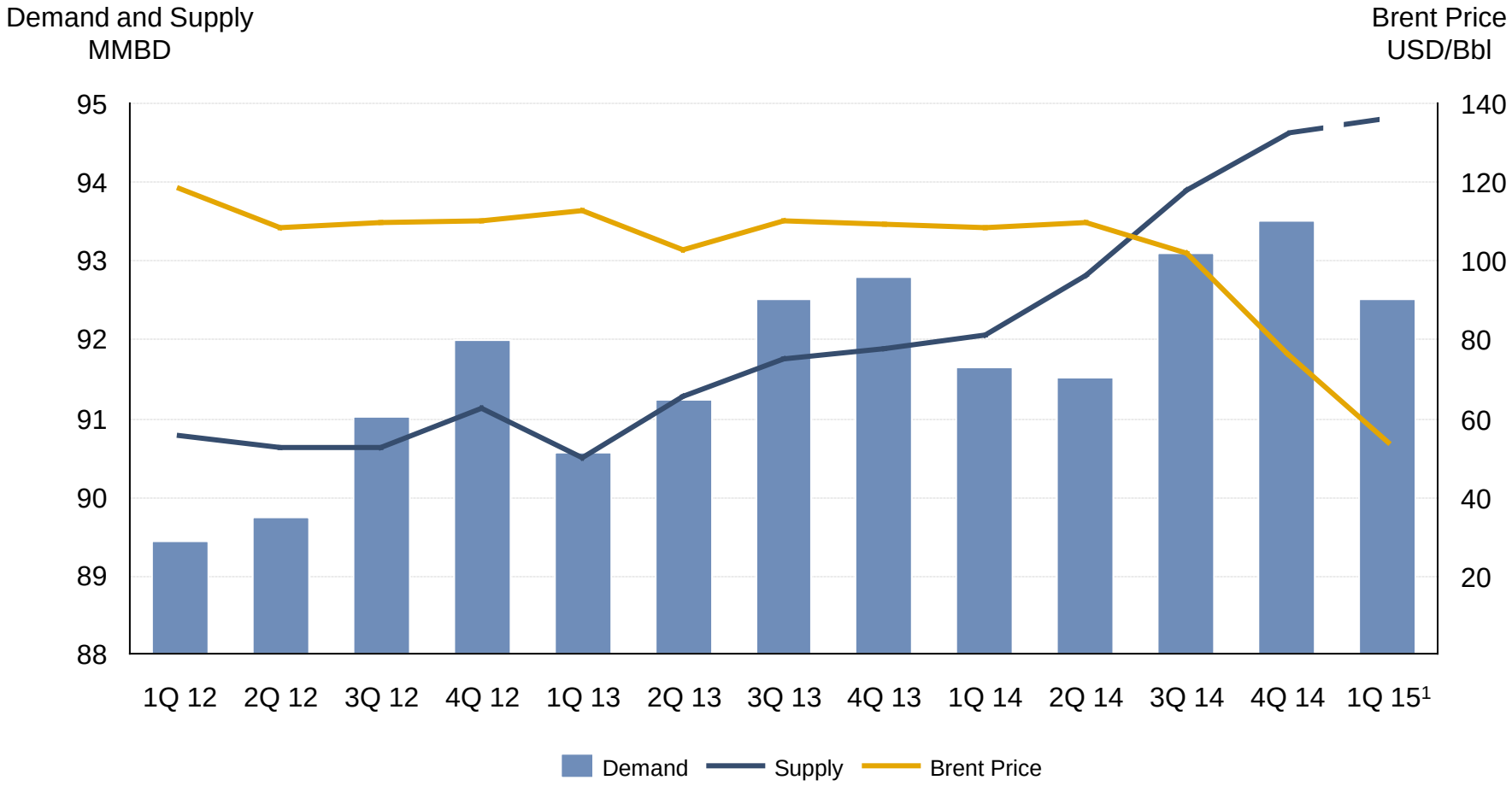


1: Includes Iran, Libya, Sudan & South Sudan and Syria
Note: vis-à-vis production change based on Jan 2011
Source: IEA Oil Market Reports; SBC Analysis

Supply exceeded demand which led to oil price drop

DEMAND AND SUPPLY IMBALANCE PRODUCED OIL PRICE DROP

Million Barrels per Day, USD per Barrel, 2012-2015



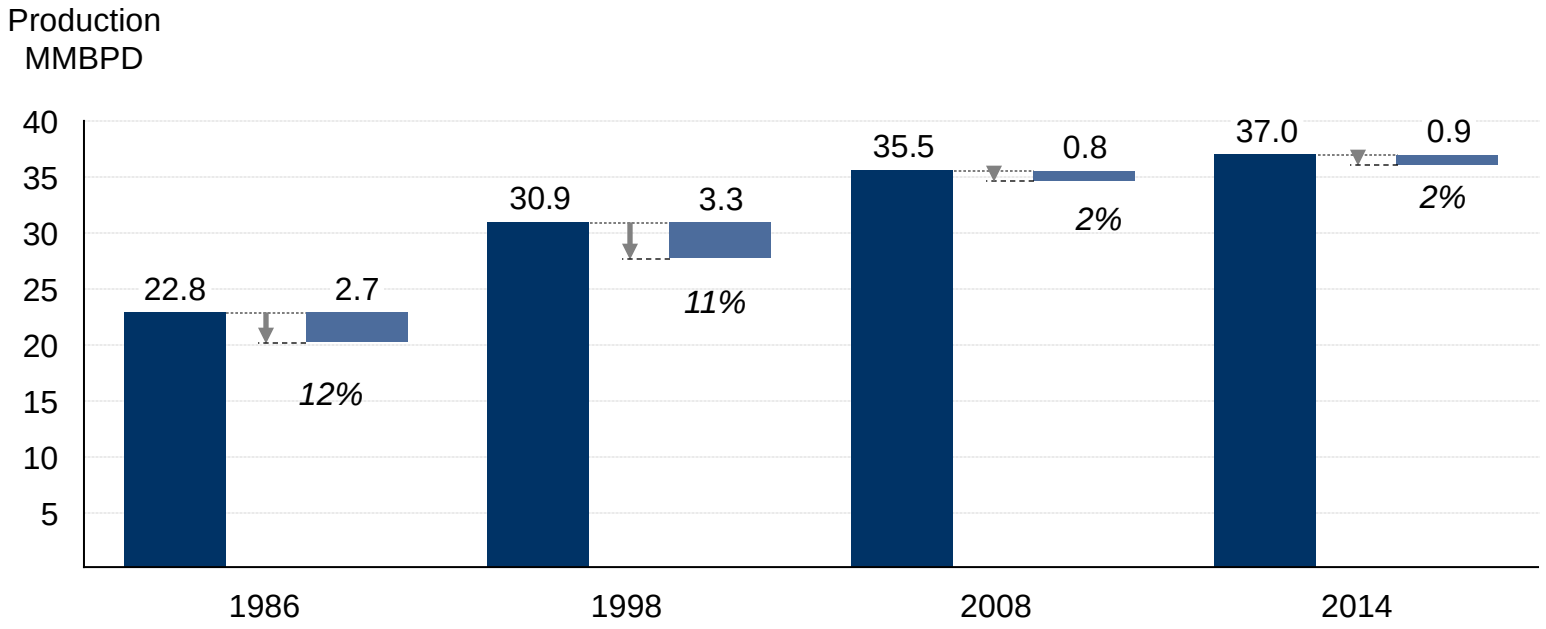
1: 1Q 15 Year-to-date price average - March 9th, 2015

Source: IEA Oil Market Reports; EIA Europe Brent Spot Price; SBC Analysis

Surplus is not as large as previous price crisis

SUPPLY AND DEMAND GAP IN PREVIOUS OIL PRICE CRISIS RELATIVE TO OPEC PRODUCTION

Million Barrels per Day, Percentage of OPEC Production, 1986-2014



Price decrease	65 to 21 USD/bbl	35 to 15 USD/bbl	144 to 44 USD/bbl	112 to 48 USD/bbl
	-68%	-58%	-70%	-57%
Months to recover[1]	12	7	14	??

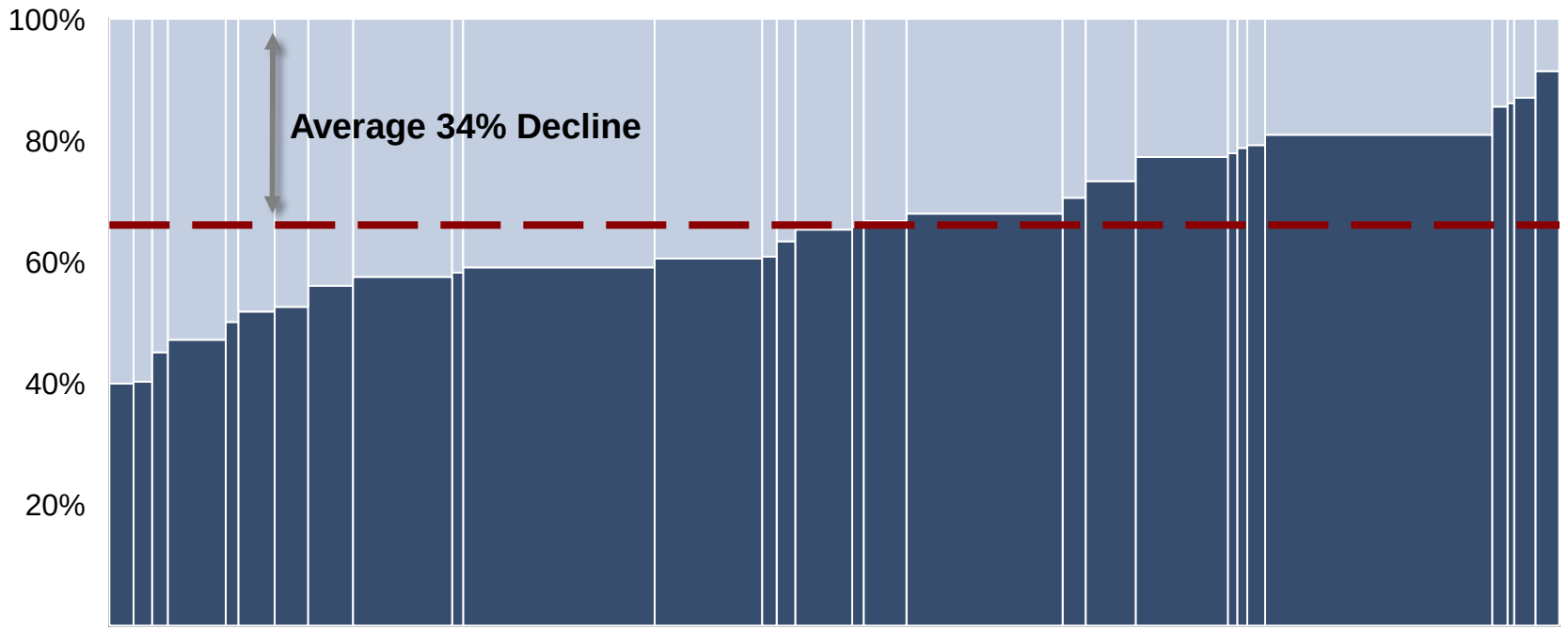
1: Time to reach 70% of peak price before a largely continuous downward trend

Source: IEA Oil Market Reports; SBC Analysis

US operators have began to slash Capex

NORTH AMERICA CAPEX REDUCTIONS

Percentage, 2015 relative to 2014[1]



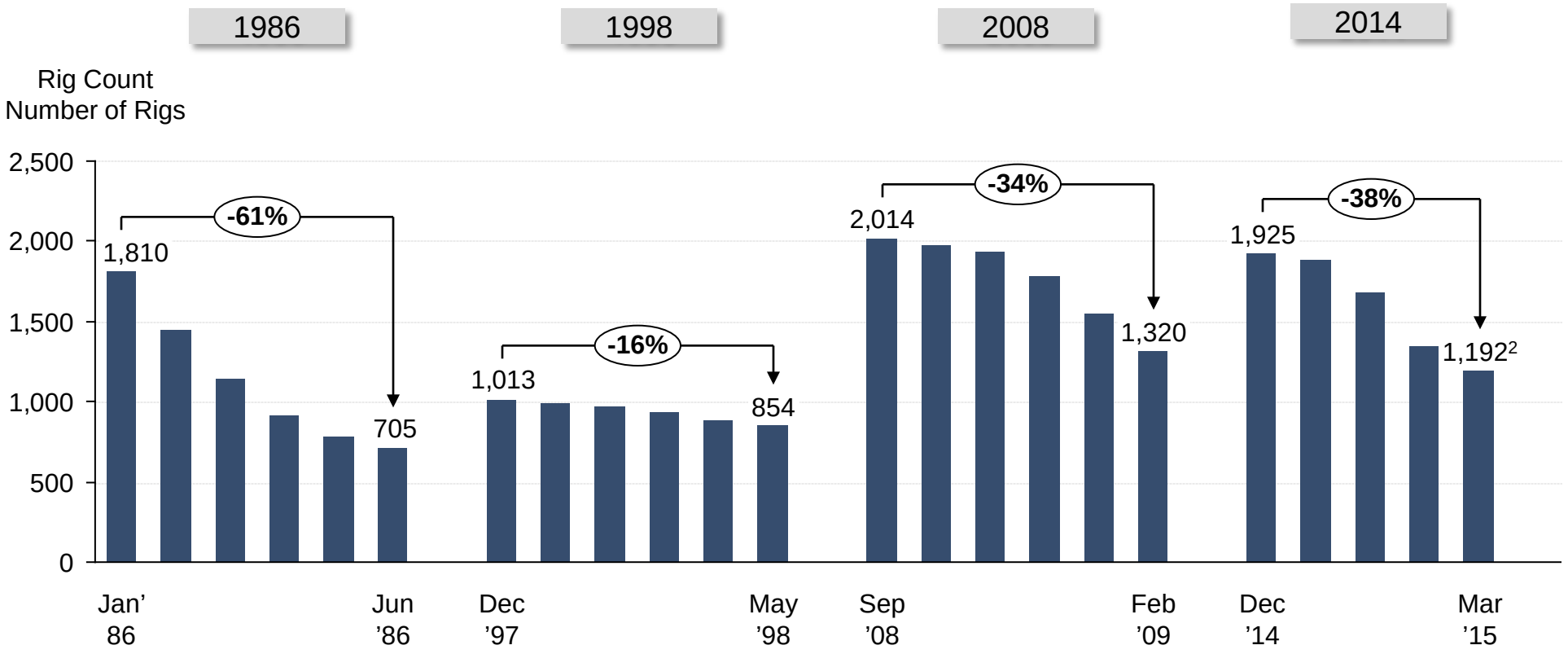
1: As of Q4, 2014

Source: IHS; SBC Analysis

Rig count activity decrease rate is the second largest compared to previous crisis

US ACTIVE RIG COUNT IN OIL PRICE CRISIS - FIRST 6 MONTHS OF CONTINUOUS DROP

Number of rigs[1], 1986 - 2015

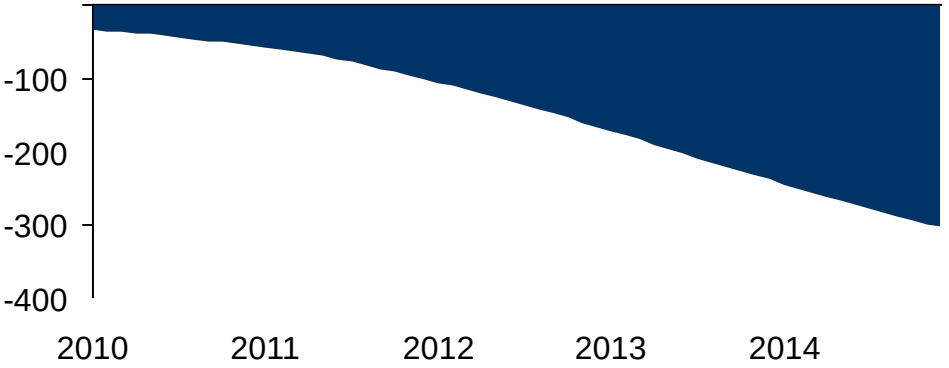


1: US active rig counts includes all Oil & Gas Rigs; Monthly average rig count
2: Rig count reported for the week of February 28 to March 6, 2015
Source: IHS; Baker Hughes North America Rotary Rig Count; SBC Analysis

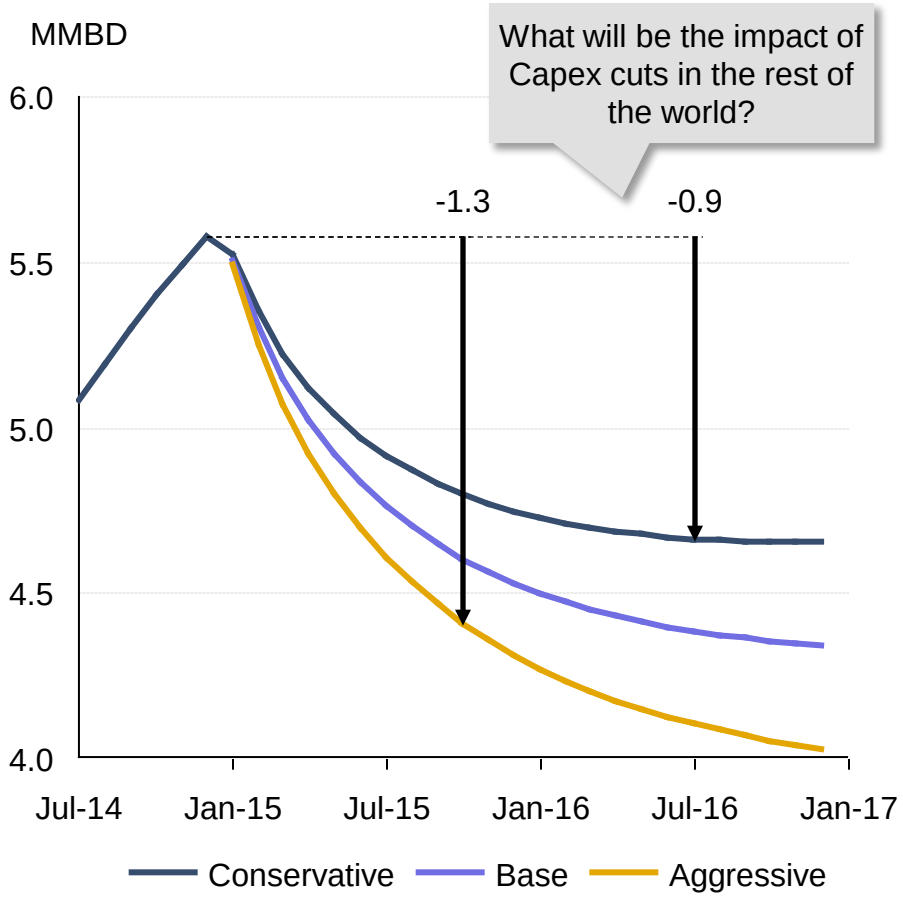
Time to recovery depends mostly on North America LTO decline

NEW PRODUCTION – 400 KBPD/MONTH[1]
Thousand Barrels per Day, Month Over Month

NATURAL DECLINE – 300 KBPD/MONTH[1]
Thousand Barrels per Day, Month Over Month



ESTIMATED TIME TO REMOVE EXCESS SUPPLY
Million Barrels per Day, Month Over Month



1: Includes Niobara, Permian, Bakken and Eagle Ford
Source: IEA; SBC Analysis