



Upstream Seminar

London, 11 October 2012

eni.com



Exploration & Production

Claudio Descalzi

eni.com

industry main challenges

Finding resources

- Access to new material plays
- Increasing complexity

Developing resources

- Harsher environments, more complex projects
- Capacity constraints
- Delayed project execution

Managing resources

- High decline rates
- Increasing maintenance costs

Preserving resources

- Operational risk
- Relationship with host countries



eni strategy and positioning

Industry challenges

Finding resources

Exceptional exploration success

- Strategic approach
- Concentrated on material conventional plays

Developing resources

Strong project pipeline

- Limited delays on some projects
- Improving project delivery capacity

Managing resources

Industry-leading low decline rate

- Leading performance on reservoir management
- Operational efficiency

Preserving resources

Risk management and eni model

- Low-risk portfolio
- **eni** model



eni strategy and positioning

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- eni model



our approach: we have strengthened process and competences...

Objectives

- Coverage of emerging basins and themes

- Materiality and cost-effectiveness

- Short time to market

- Investment in people and technologies

Process

- Leverage on geological knowledge of core plays
- Long-term strategic studies of new basins

- Centralized control of opportunities ranking and selection

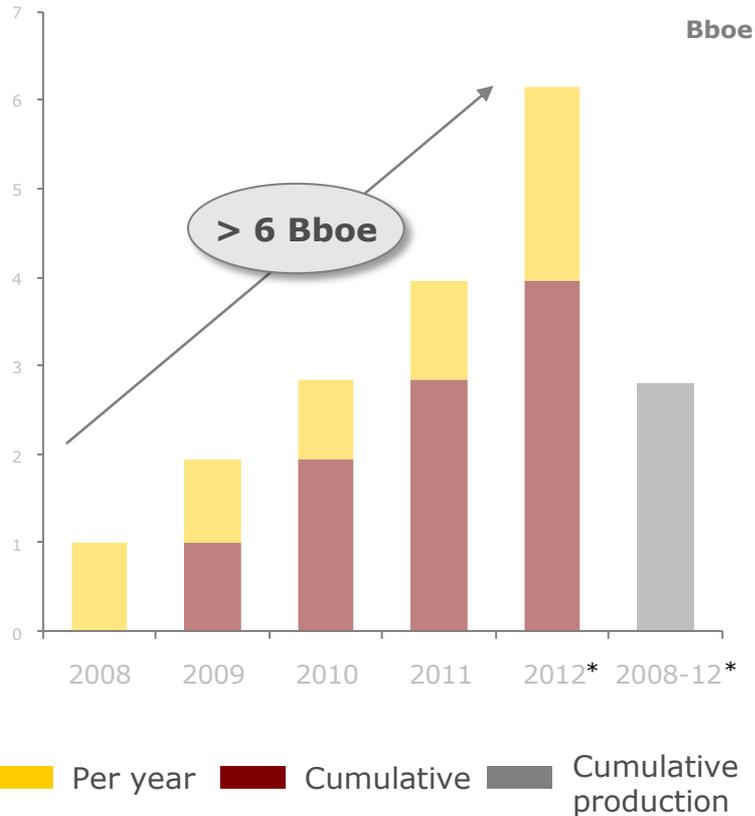
- 60% of investments on proven basins and near fields
- Specific process and function to accelerate appraisals

- Retain key knowledge owners
- Investment in specific R&D



... delivering increasingly strong results...

Exploration performance



Average UEC 2008-12YTD: 1.3 \$/boe

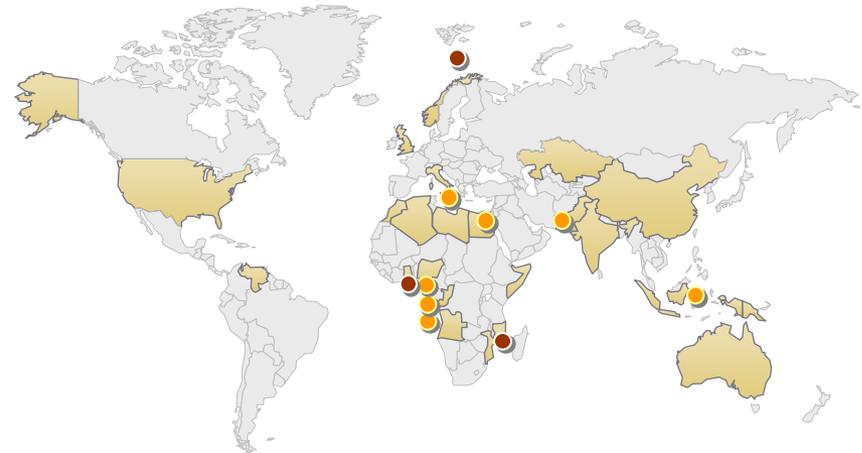
Main discoveries

Core areas/fast time to market

- Egypt
- West Africa
- Pakistan
- Italy
- Indonesia

Emerging basins

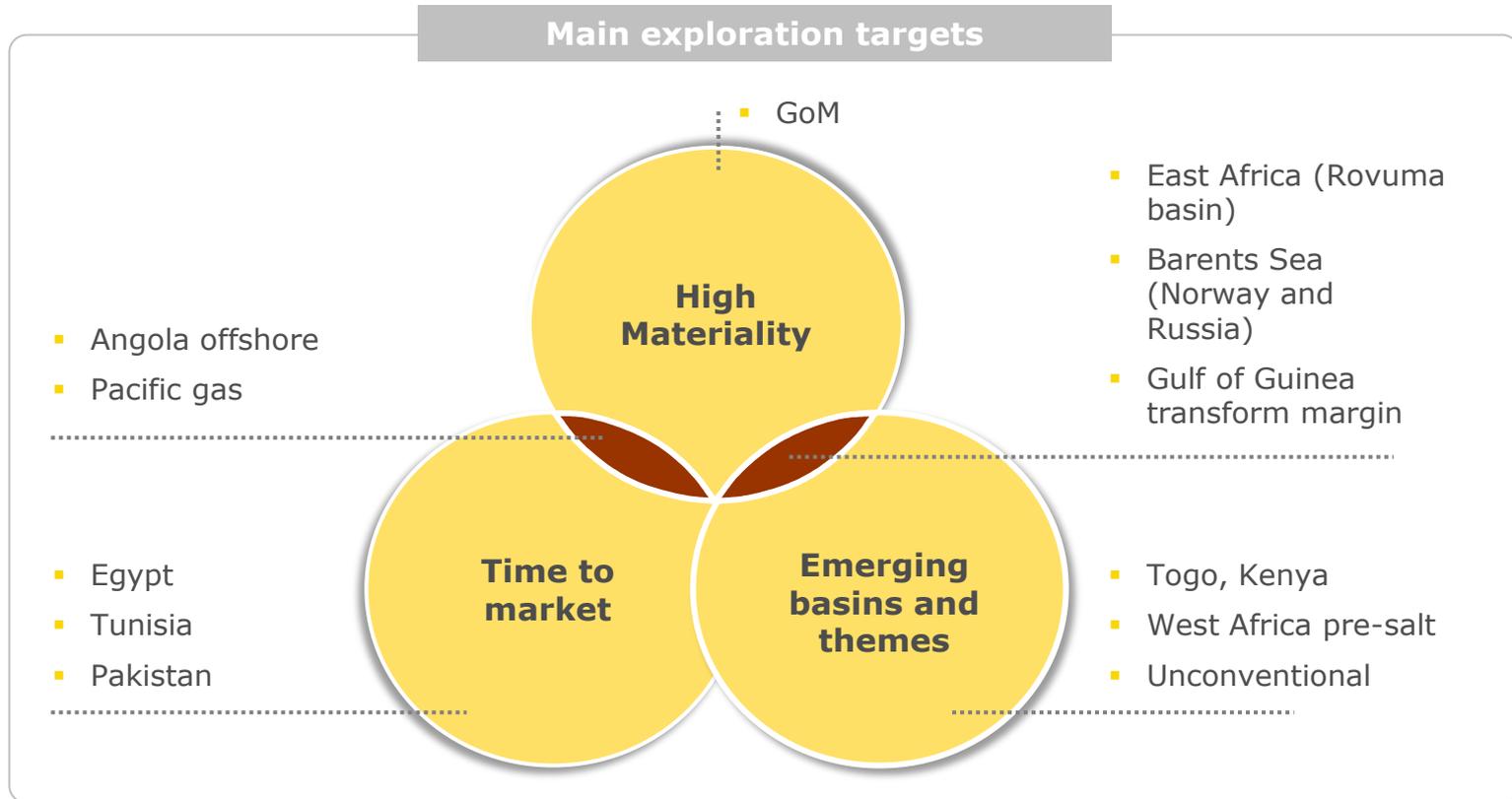
- Norway - Barents
- Ghana
- Mozambique



* 2012 discoveries reflect only those included in H1



... and underpinning our exploration strategy

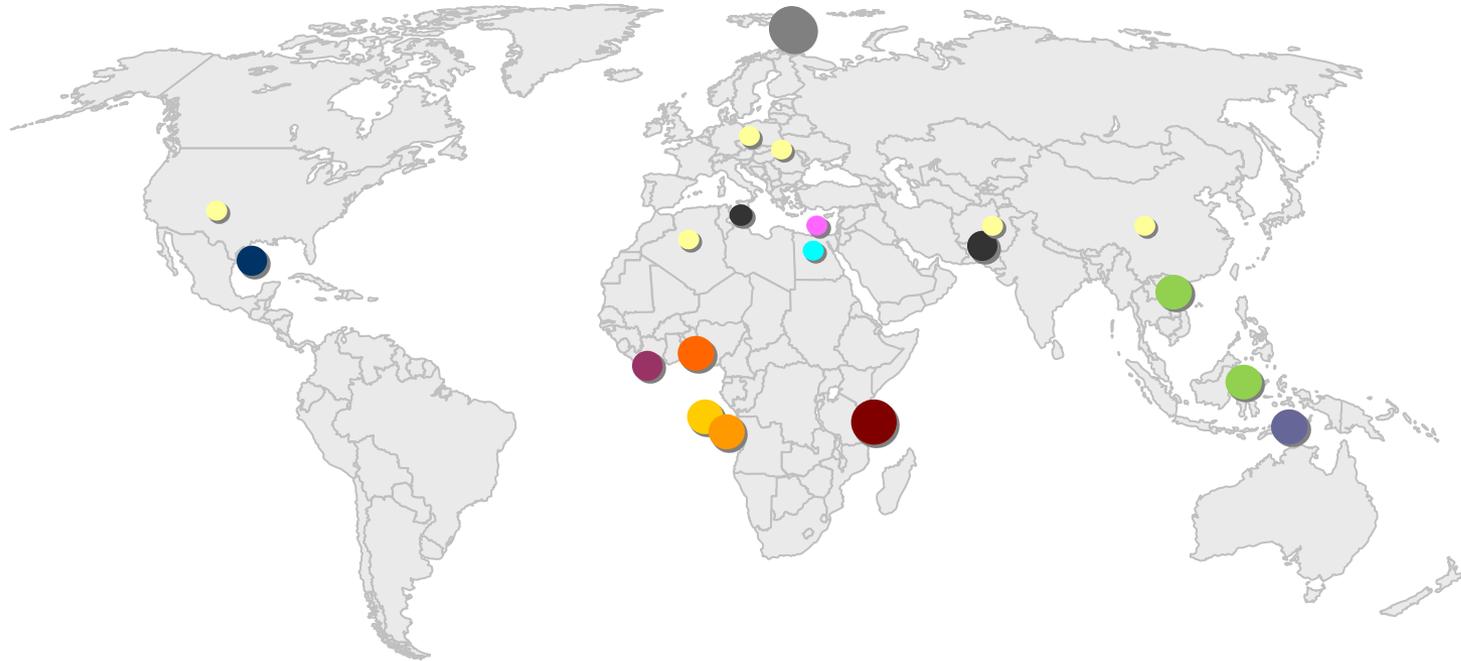


2012-2015 target: 1 Bboe of discoveries per year at 2 \$/boe

key exploration plays 2012-2015

Luca Bertelli, EVP Exploration

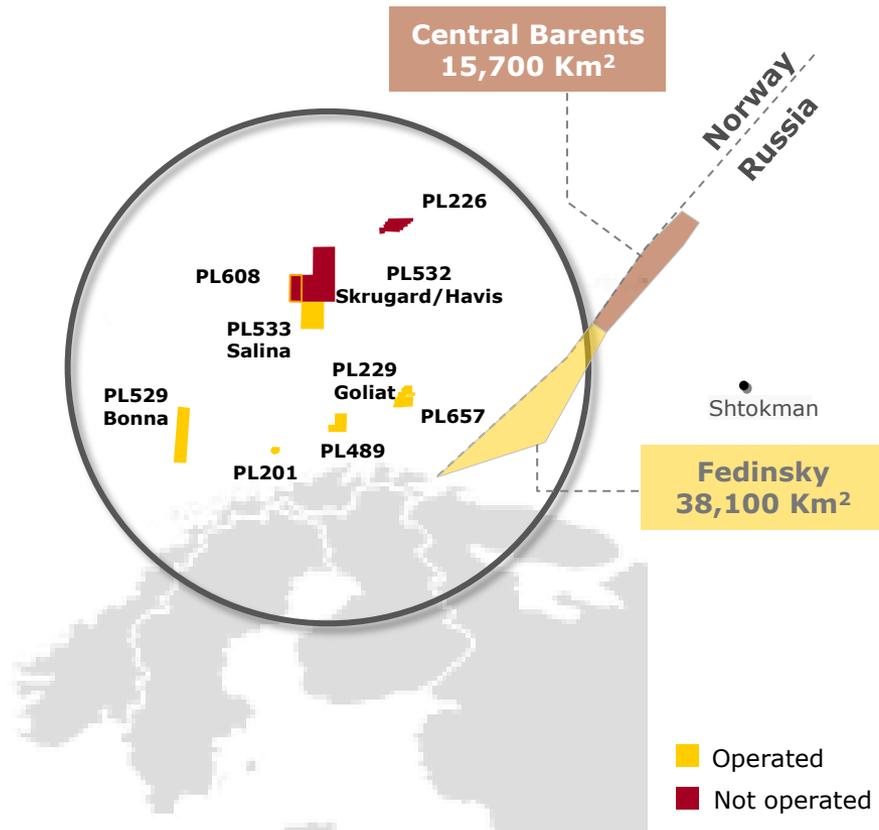
eni's portfolio – key exploration plays 2012-15



- | | | | |
|---------------------------------------------------|-------------------------------------|-----------------------------|-----------------------------|
| ● Barents Sea – Mesozoic/Paleozoic | ● West Africa Post-salt | ● West Africa Pre-salt | ● Cretaceous Libya |
| ● Australia – Indonesia JPDA/Timor- Jurassic Play | ● Cretaceous Turbidites | ● Tertiary play Niger Delta | ● ASIA – Plio Miocene Plays |
| ● GoM – Plio/Miocene & Wilcox | ● Creta and Jurassic Western Desert | ● Clastic Play Nile Delta | ● Unconventional |
| ● East Africa Tertiary Turbidites | | | |



Barents Sea: emerging high-materiality basin

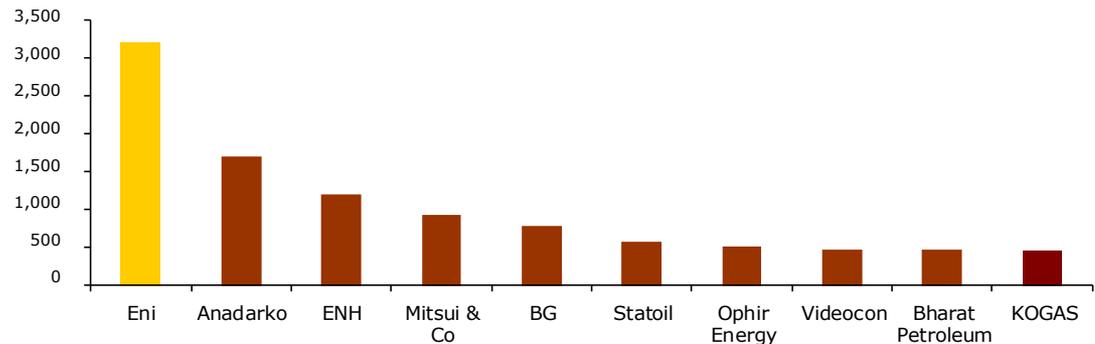


- Norway: with Statoil, leadership position in the area
 - 500 Mbbl recoverable in Skrugard and Havis, upside of 500 Mboe (100%)
 - 5 wells in 2013
- Russia: implementing strategic agreement with Rosneft
 - Strategic agreement signed in April 2012
 - Implementation agreements well under way
 - 2D-3D seismic acquisition in 2013-2014
 - Start of drilling in 2015

East Africa: leading player in an emerging province...

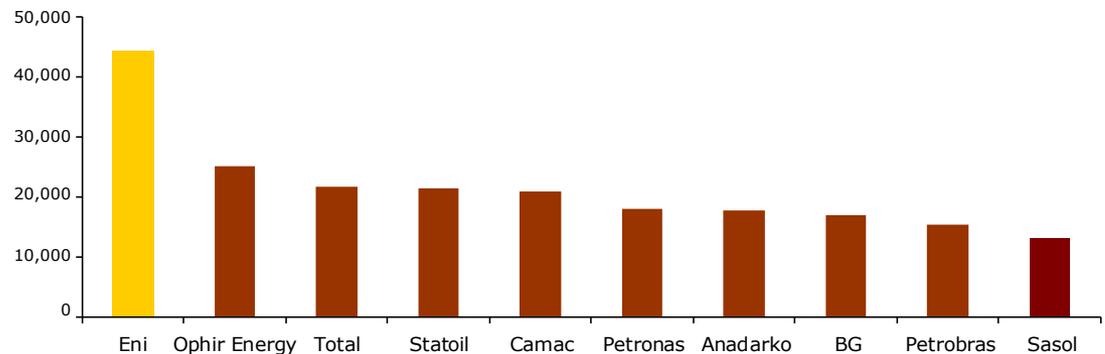
- Early mover advantage
- Innovative geological models
- Leadership in terms of discovered resources and net acreage

Discovered equity resources (MMBoe) – Top 10



Source: WoodMac

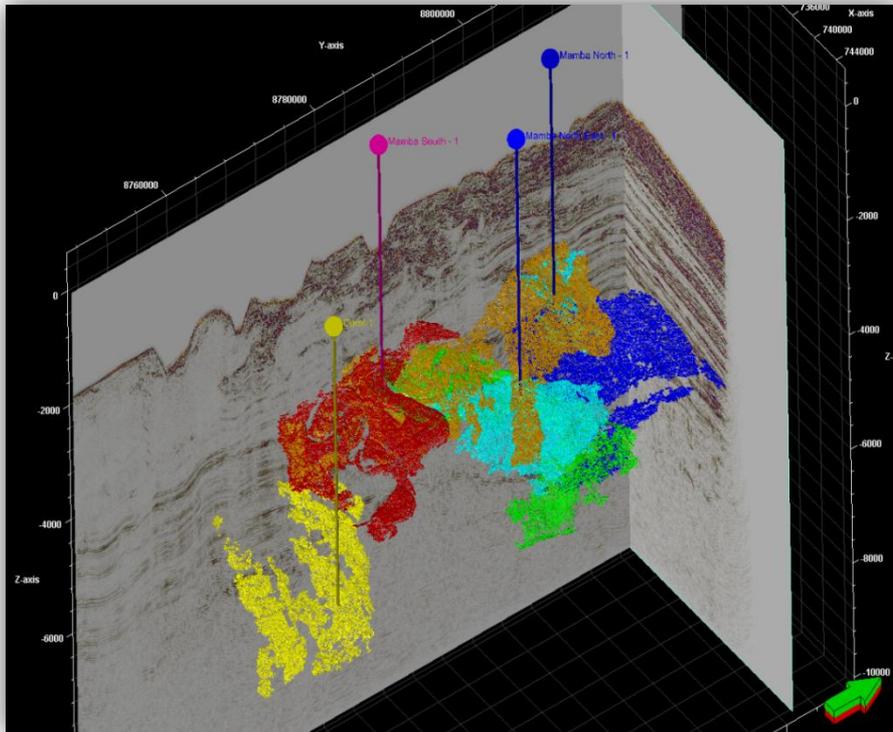
Net acreage (km²) – Top 10



Source: WoodMac



... leveraging on our geological knowledge of Rovuma Basin



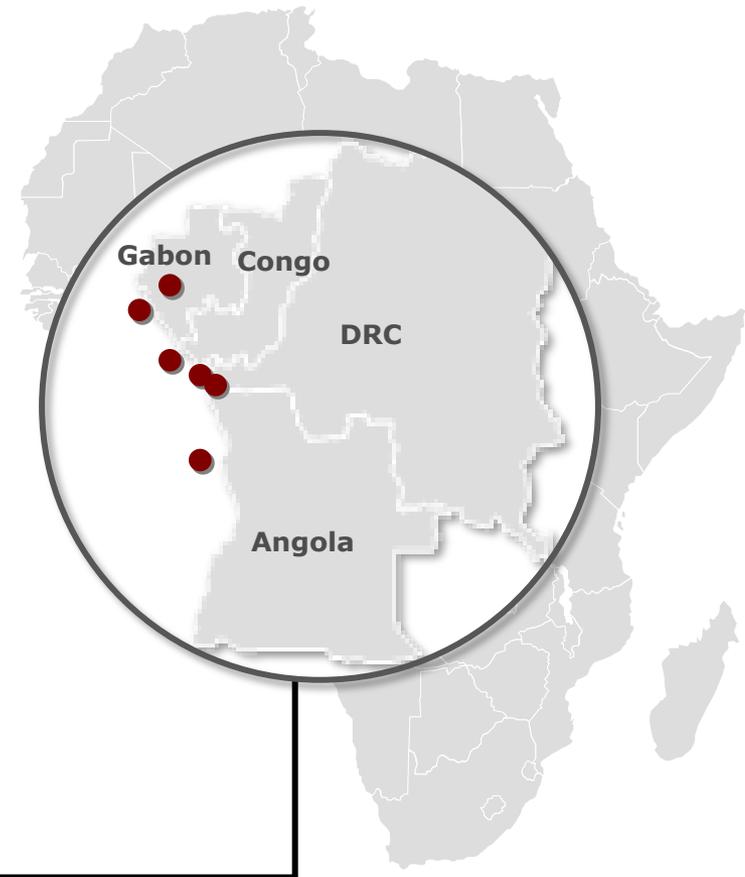
- Tertiary turbiditic plays
- Mamba complex discovery
 - Gas in place estimate up to 70Tcf
- Unique characteristics:
 - Exceptional thickness (up to 500m)
 - Pressure communication and hydraulic continuity along large distances
 - Extremely productive wells
 - Rapid drilling and completion

Unprecedented size and characteristics

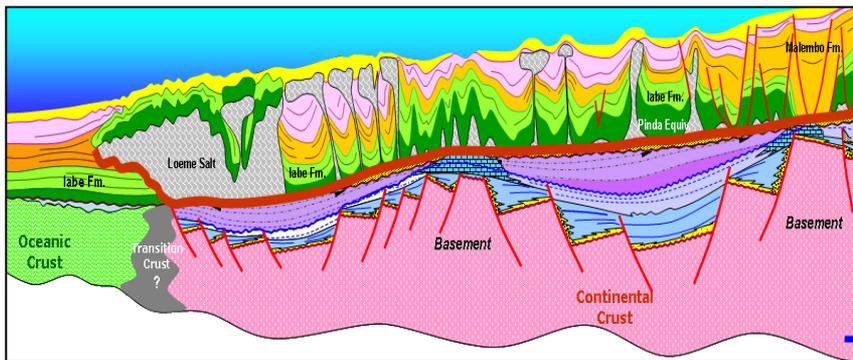


West Africa pre-salt: consolidating position in a new play

- Onshore and shallow waters
 - Congo – M'Boundi nearfield: 3 to 4 additional wells by end 2012
 - Congo – Marine XII: drilling in 2013
 - Angola – Cabinda: drilling to start in 2013
 - RDC: finalizing 2 prospects to be drilled
- Deepwater – Angola block 35
 - 3D seismic in progress
 - Drilling to start in 2014

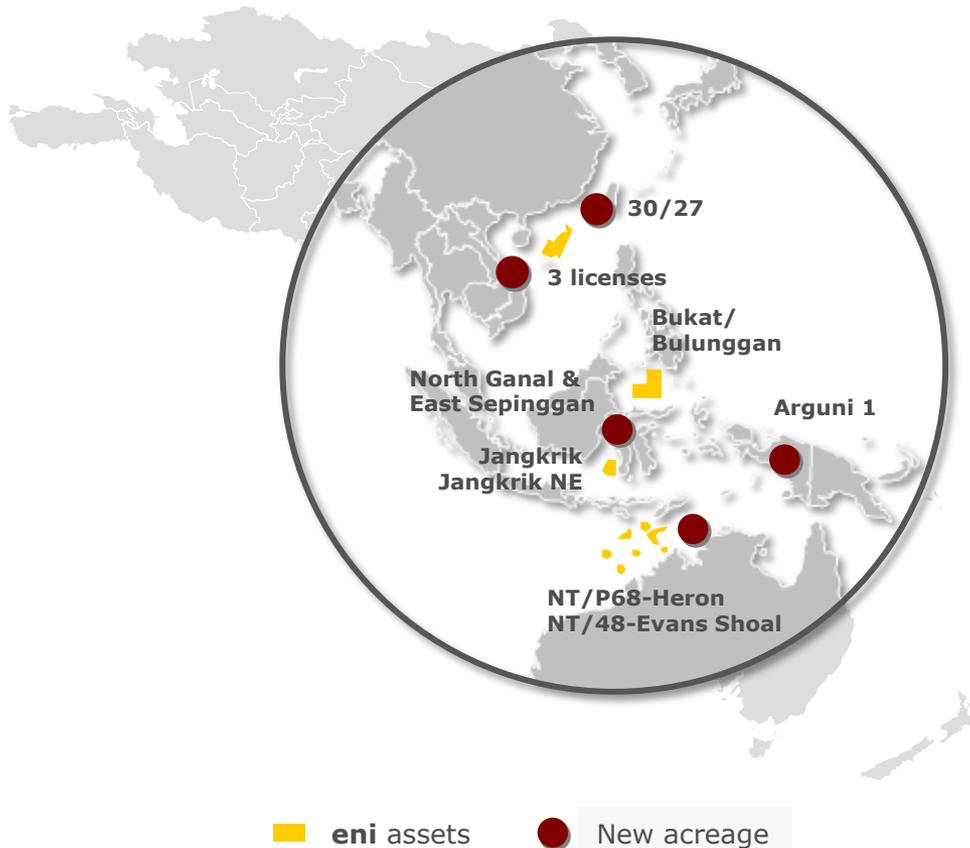


● Pre-salt acreage



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Pacific gas: high materiality with short time to market



Expansion in Pacific region

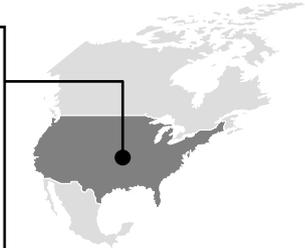
- Indonesia
 - Expansion of the Jangkrik pliocene play
 - New acreage in successful play near existing LNG infrastructures
- Australia
 - Significant equity entry into potential LNG-style projects
- China
 - Expansion in the Deep Water Pearl River Mouth Basin
- Vietnam
 - New country with high prospectivity

a targeted unconventional portfolio

- **Low unit costs**
- **Developed infrastructure**
- **Strong gas market**
- **Synergies with existing operations**

Shale gas in USA

- Barnett shales ongoing operations



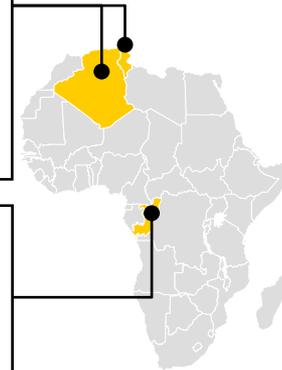
East Europe

- Poland - three vertical wells drilled; started fracking campaign in 2H 2012
- Ukraine: finalized agreement for the exploration of 9 blocks in the Lviv Basin



Shale & tight gas in North Africa

- Algeria/Tunisia - ongoing acquisition of geological information. Activities will start in 2013.



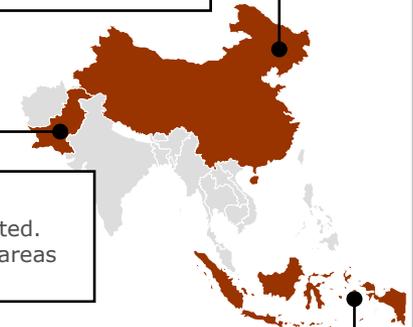
Unconventional oil in Sub-Saharan Africa

- Tar sands Congo: exploration in Tchikatanga and a mining pilot project in 2H 2012



China shale gas

- Negotiations to access shale gas blocks in Sichuan and Guangxi Basins



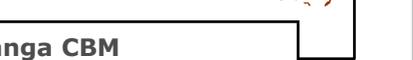
Pakistan

- Regional study completed. Shale gas prospective areas identified



Indonesia Sanga Sanga CBM

- Appraisal & pilot project, gas to Bontang LNG plant. In 2013 drilling of additional clusters.



~ 1 Bboe of prospective resources



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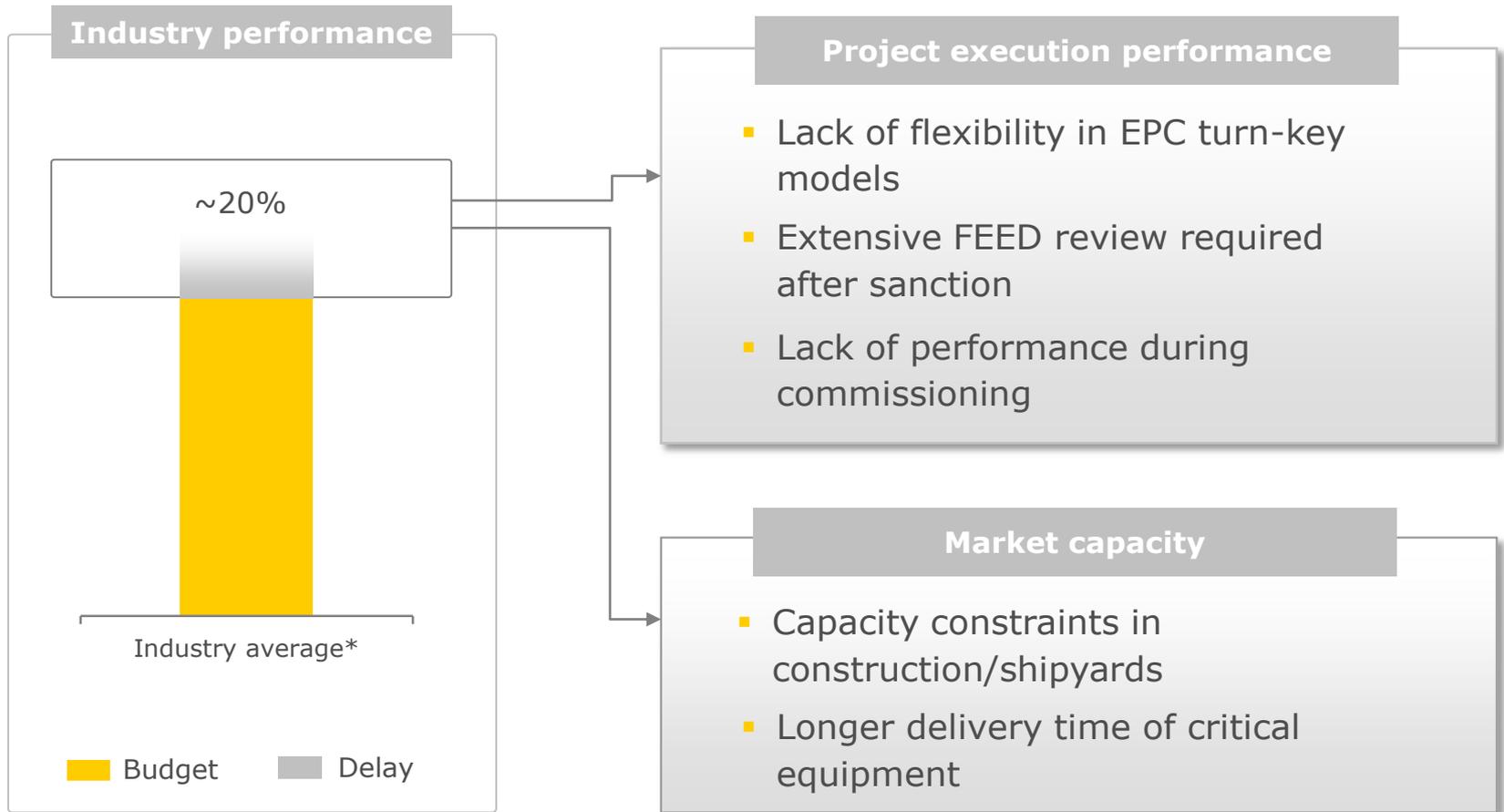
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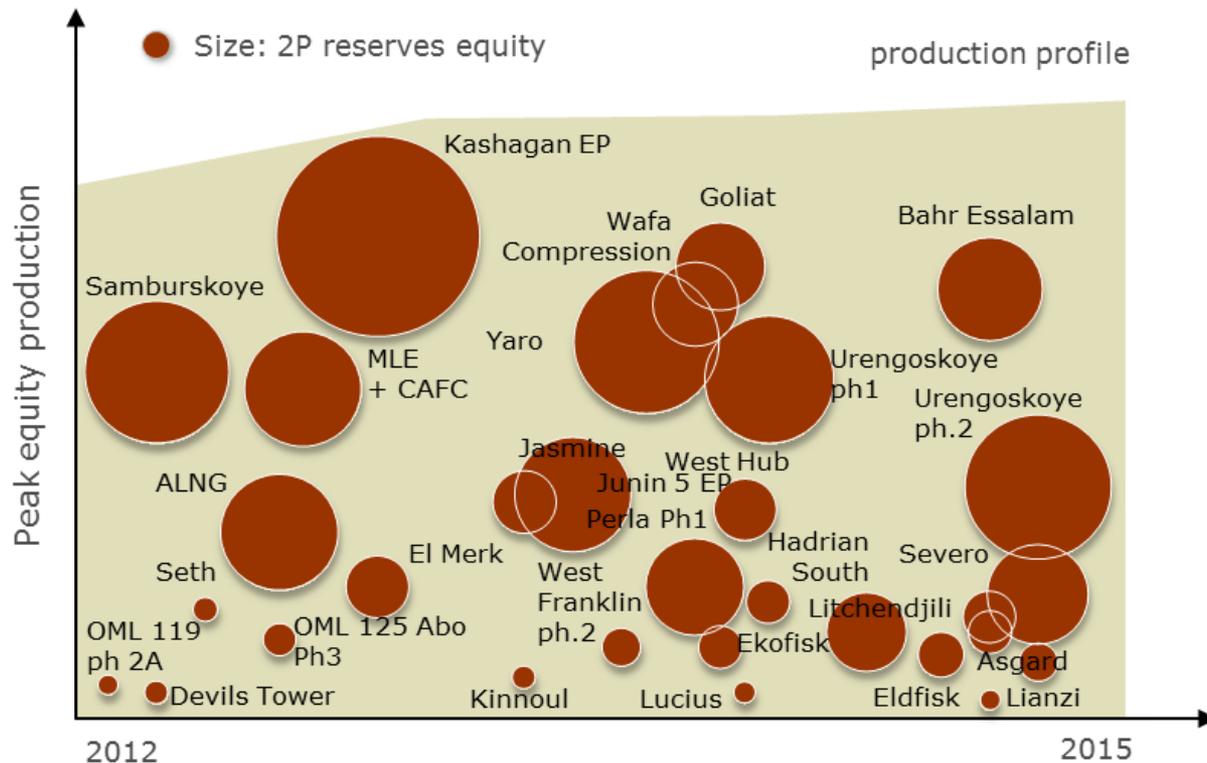


project delivery: industry challenges



eni positioning: a robust and diversified portfolio

main 2012-2015 start-ups



- Overall portfolio of more than 120 projects over the next 10 years
- 40 projects with 2P reserves >300 Mboe
- Limited impact from some project delays
- >1.3 Mboe/d of new production at 2022



new initiatives to further strengthen our position

Project execution performance

- Insourcing of core competences
 - Improved quality and control of front-end engineering
 - Strengthened project execution skills and capability
- New project management model
 - Strengthened project management capabilities
 - Reinforced monitoring on both operated and non operated projects

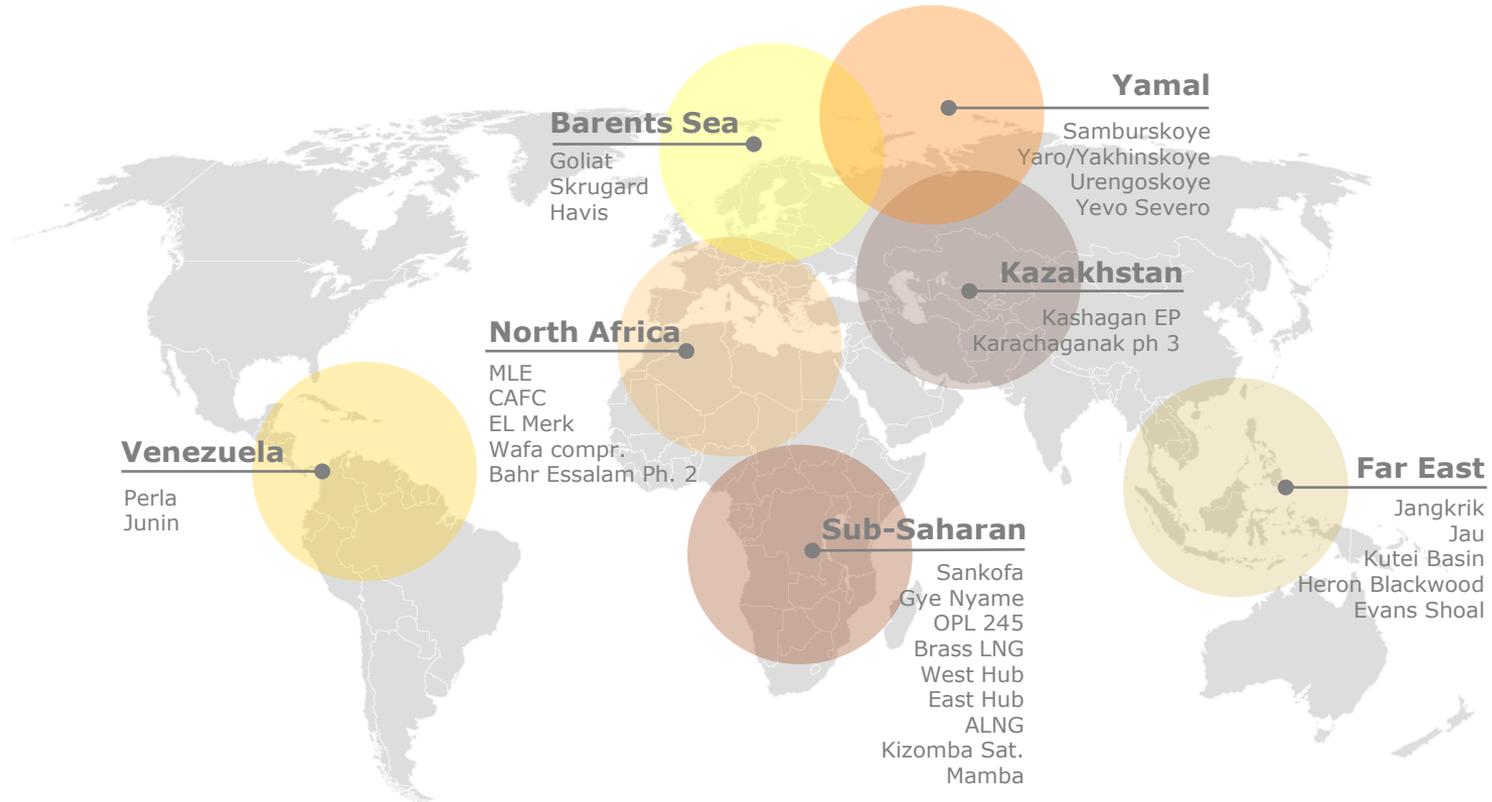
Market capacity

- Stronger construction & commissioning department
 - More effective supervision of project sites
 - Improved constructability and construction planning
- Modularisation of major supplies
 - Long-term frame agreements

1,200 new hires in 4 years



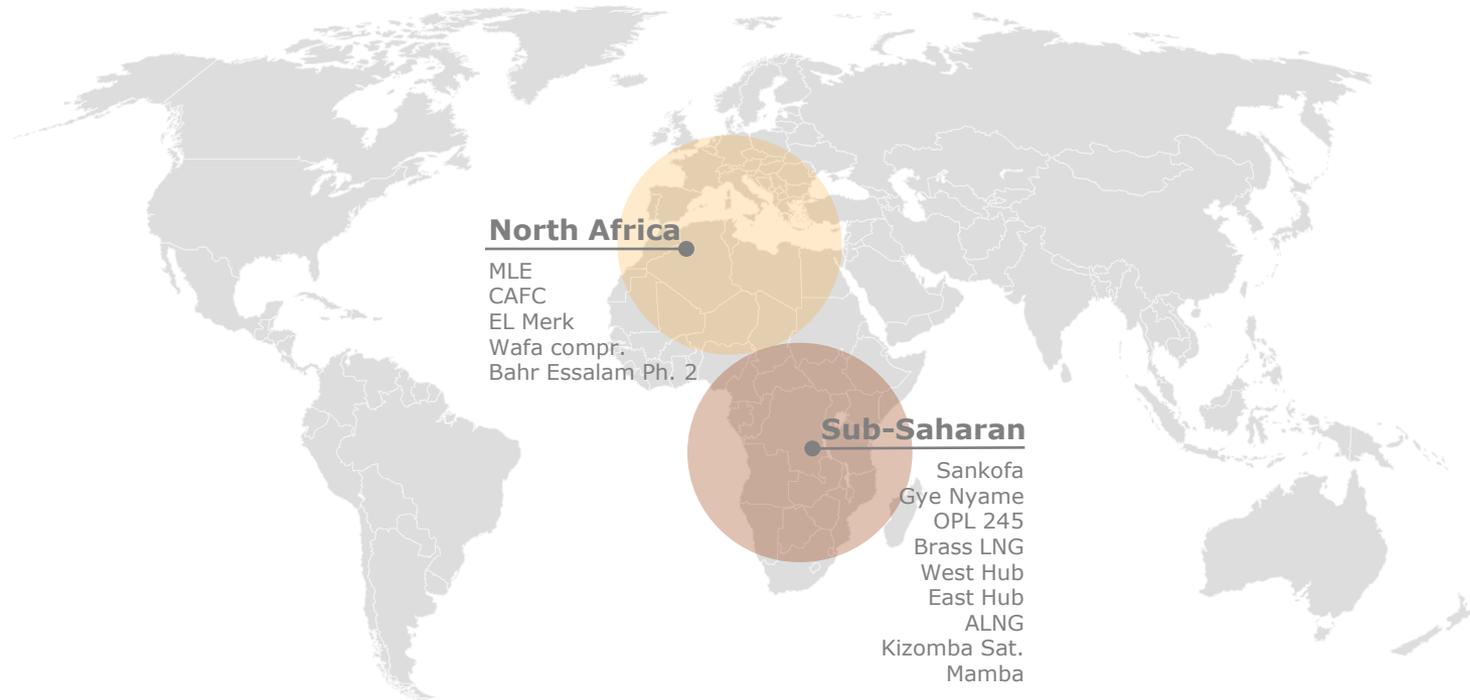
2012-2022: update on main hubs



7 major growth hubs

Africa

Roberto Casula, EVP Africa & Middle East



The backbone of our production and growth



North Africa: legacy area with development potential



- Equity production at 240 kboe/d in FY2012
- Successful restart of all fields following crisis
- Strong additional potential:
 - 4 exploration licenses (Area A, B, D, and Area 186 Kufra)
 - Accelerated development of discovered resources onshore and offshore



North Africa: legacy area with development potential



- Excellent track record on continuity of operations
- Successful near field exploration at Emry Deep:
 - 40 Mboe of oil (100%)
 - 12 kboe/d production (100%)
 - Well cost <6M\$
 - Time to market 4 months



North Africa: legacy area with development potential



- MLE:
 - Wells delivered and central processing facility progress >98%
 - Export pipelines completed
 - Start up by the end of 2012
- CAFC:
 - Early gas start up by the end of 2012



West Africa: core growth area with major projects



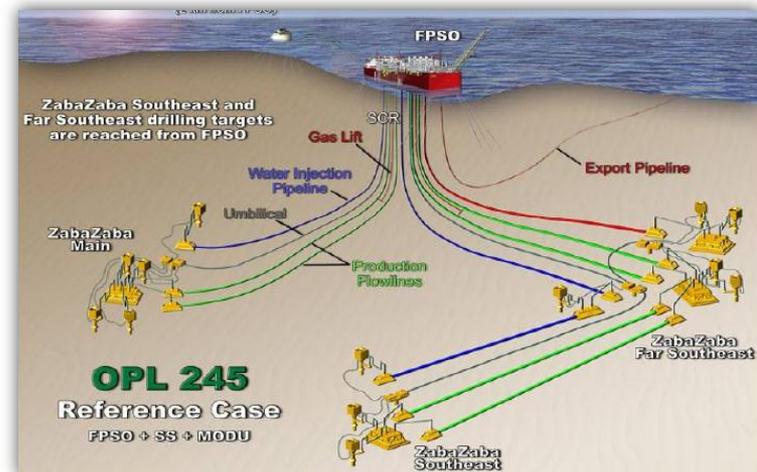
- Block 15/06 West Hub
 - Progress 13%
 - Drilling and FPSO refurbishment ongoing
 - Start-up: 2H 2014
- Block 15/06 East Hub:
 - FID in 2013



West Africa: core growth area with major projects



- OPL 245: giant deepwater development of two oil discoveries (Etan and Zabazaba)
 - **eni** operator with 50% interest
 - Reserves: >500Mboe (100%)
 - Early production from Etan discovery with start-up within 2016
 - Early production peak: 40 kboed (100%)



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West Africa: core growth area with major projects



- M'Boundi field production on budget at 44 kboe/d (100%)
- Reservoir stimulation projects ongoing
 - Water injection project functioning at 120 kbw/d; system capacity being upgraded to 200 kbw/d
 - Gas compression/injection project to be completed by year end



East Africa: the Mozambique development

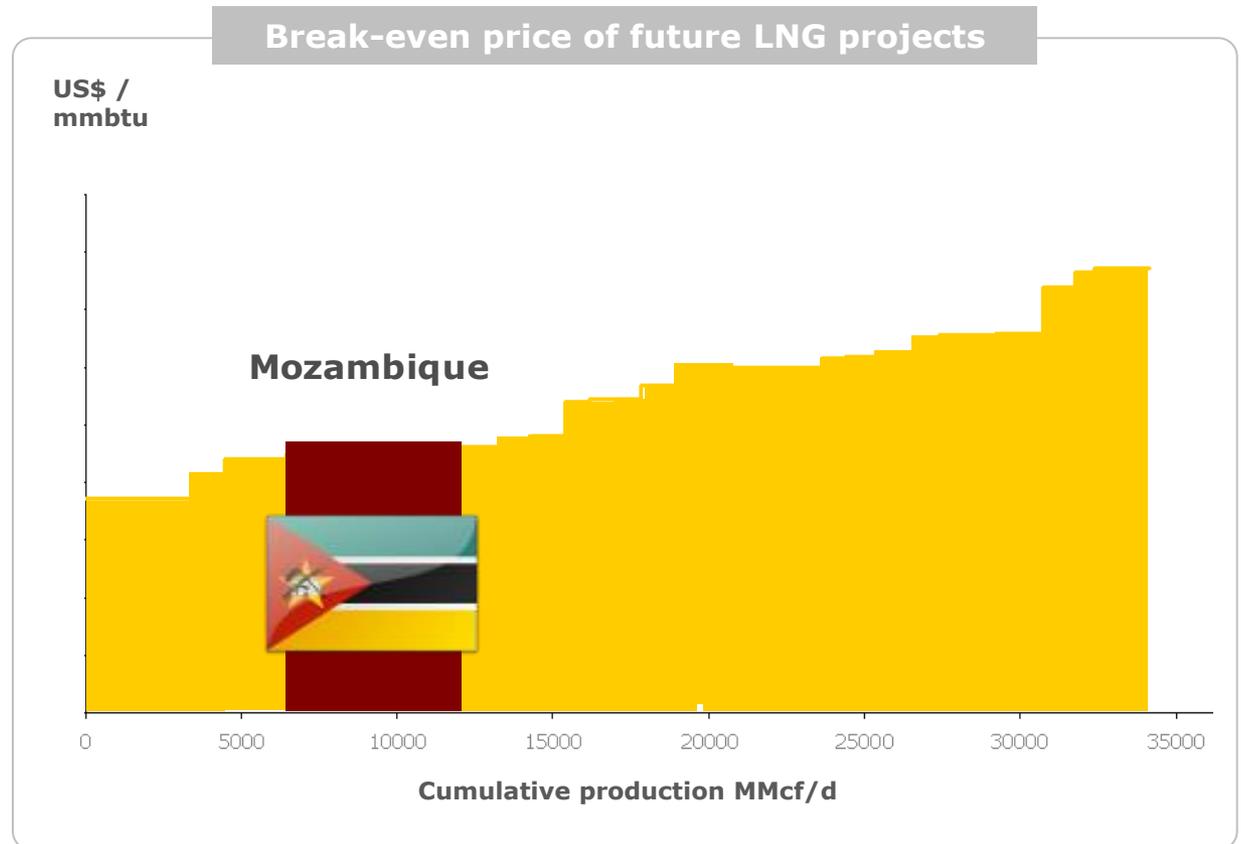


- Gas in place: up to 70 TCF
- Fast track approach
 - Integrated development task force since early exploration phases
 - Performed engineering studies while progressing reservoir data collection
 - Flexible organization shaped for fast response to project evolution



Mozambique: marketing and gas monetization

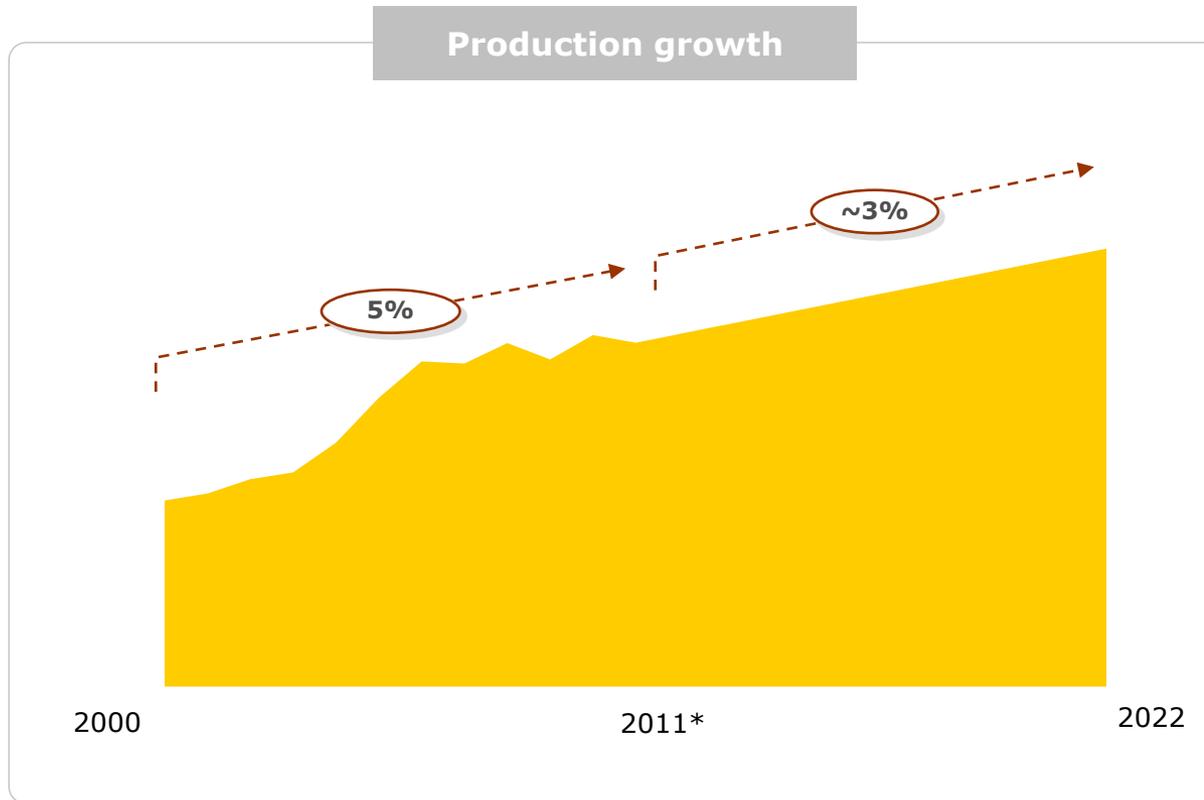
- LNG marketing
 - Highly competitive breakeven price
 - Partnerships in the Far East for LNG export
- Regional gas monetization
 - Experience in domestic power generation
 - Ongoing studies for application of CNG



New model of global integrated gas hub



Africa: continuing long-term production growth



- Production growth ensured by a strong pipeline of projects
- Upside potential from further exploration
- Africa to underpin Eni long-term production growth

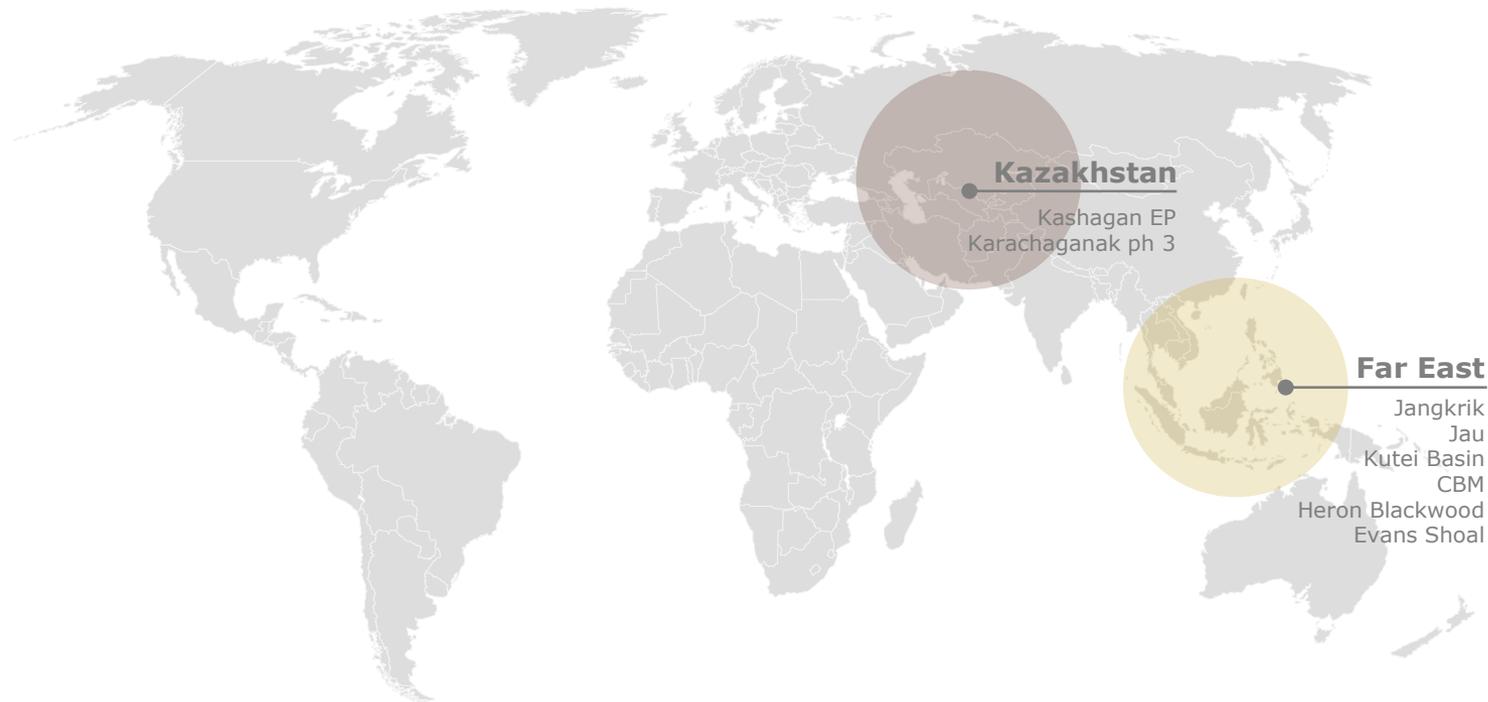
Building on a strong history and competitive position



* Libya adjusted for force majeure (180 kboe/d)

Kazakhstan and Far East

Massimo Mondazzi, EVP Central Asia, Far East & Pacific



Legacy super giants and presence in fast-growing regions



update on main hubs in Kazakhstan: Karachaganak and ...



- Huge potential
 - 1.3 Bboe produced up to end of 2011
 - Remaining 100% reserves estimated at about 5 Bboe
- World-class performances
 - Running costs well below the industry benchmarks
- Phased future development



... Kashagan EP



- Progress to start up at 99.8%
- Commissioning and pre-start up activities ongoing
- Tranche 1 onshore and A island expected to be handed over to production operator by December
- Start-up expected before the contractual obligations
- Equity capex up to 30 June 2012: ~ 6.9 B\$











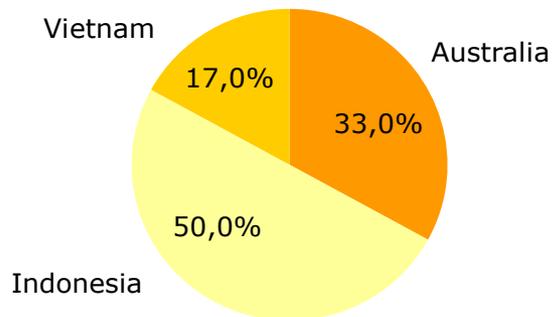


Far East: fast track appraisal of prospects

High potential

- Over 1.5bn boe of equity risked potential, mainly operated
- Growing expectations from existing and new licenses

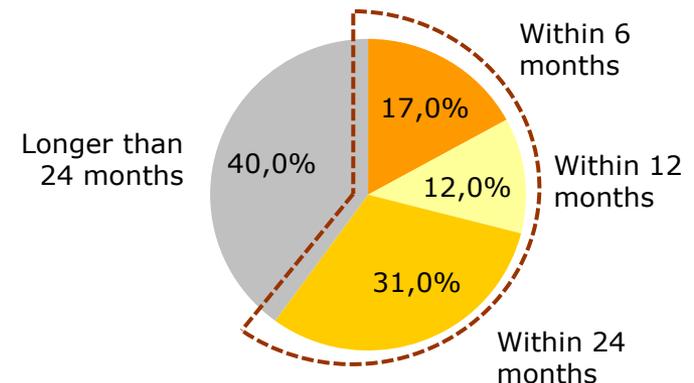
Resource potential by country



Rapid assessment

- Fast drilling program
- Estimated unit exploration cost below 1 \$/boe

Timing of resource assessment



proven fast track development record: floating offshore...



- Kitan (Australia)
 - Start up in 3.5 years
 - Peak production (100%) >40 kbbl/d
 - >60% increase of 2P reserves
- Near fields to be appraised



...and conventional near field

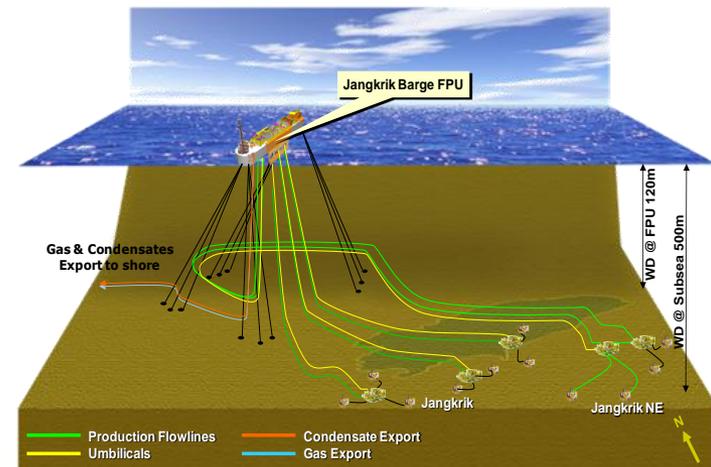
- Pakistan
 - Material near field conventional opportunities (280 Mboe)
 - Average time to market: 6 months
 - Tight gas: additional short term opportunity



continuing our positive track record on future projects

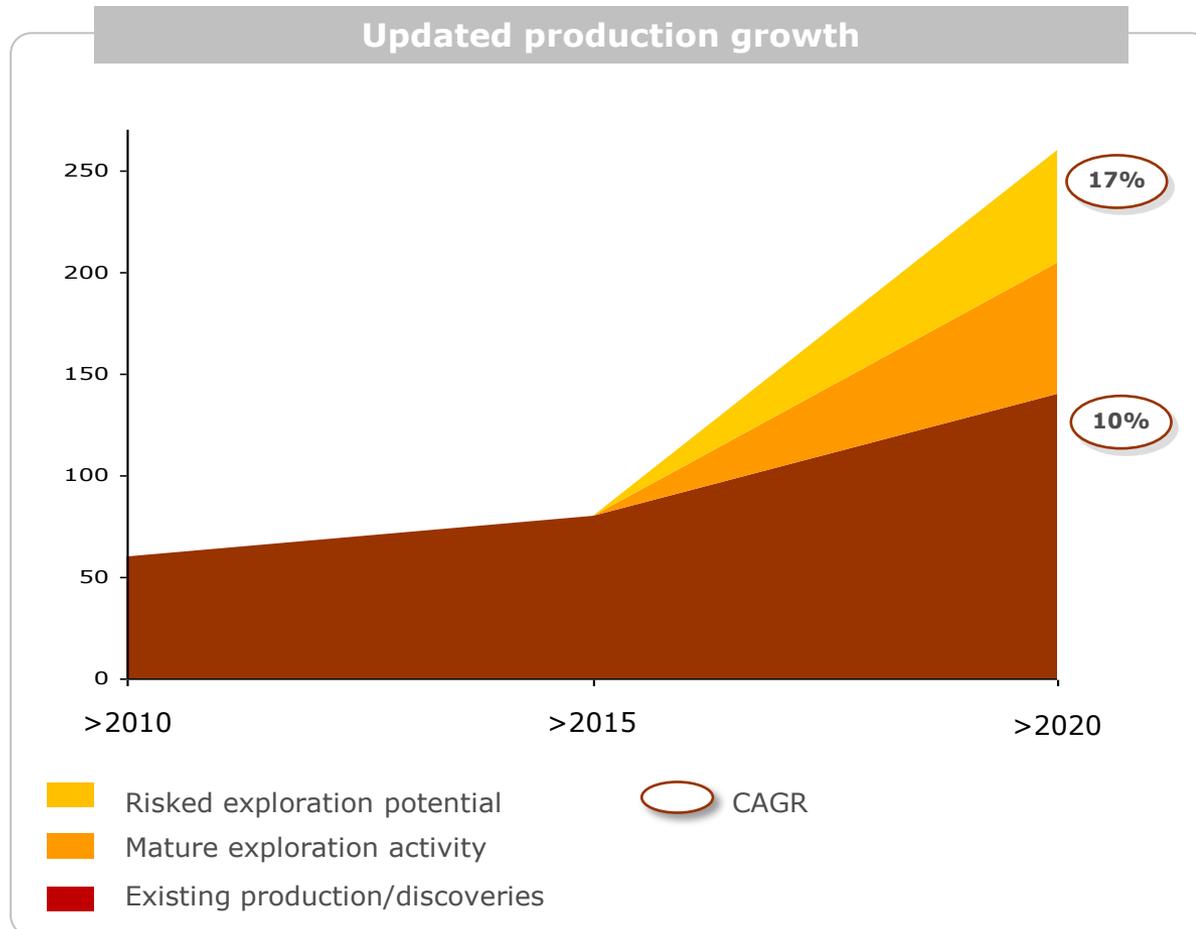


- Jangkrik (Indonesia)
 - Commercial discoveries in 2011 and 2012
 - FID expected in 2013; start up in 2016
 - Peak production (100%): >80kbbbl/d
 - Access to high LNG prices



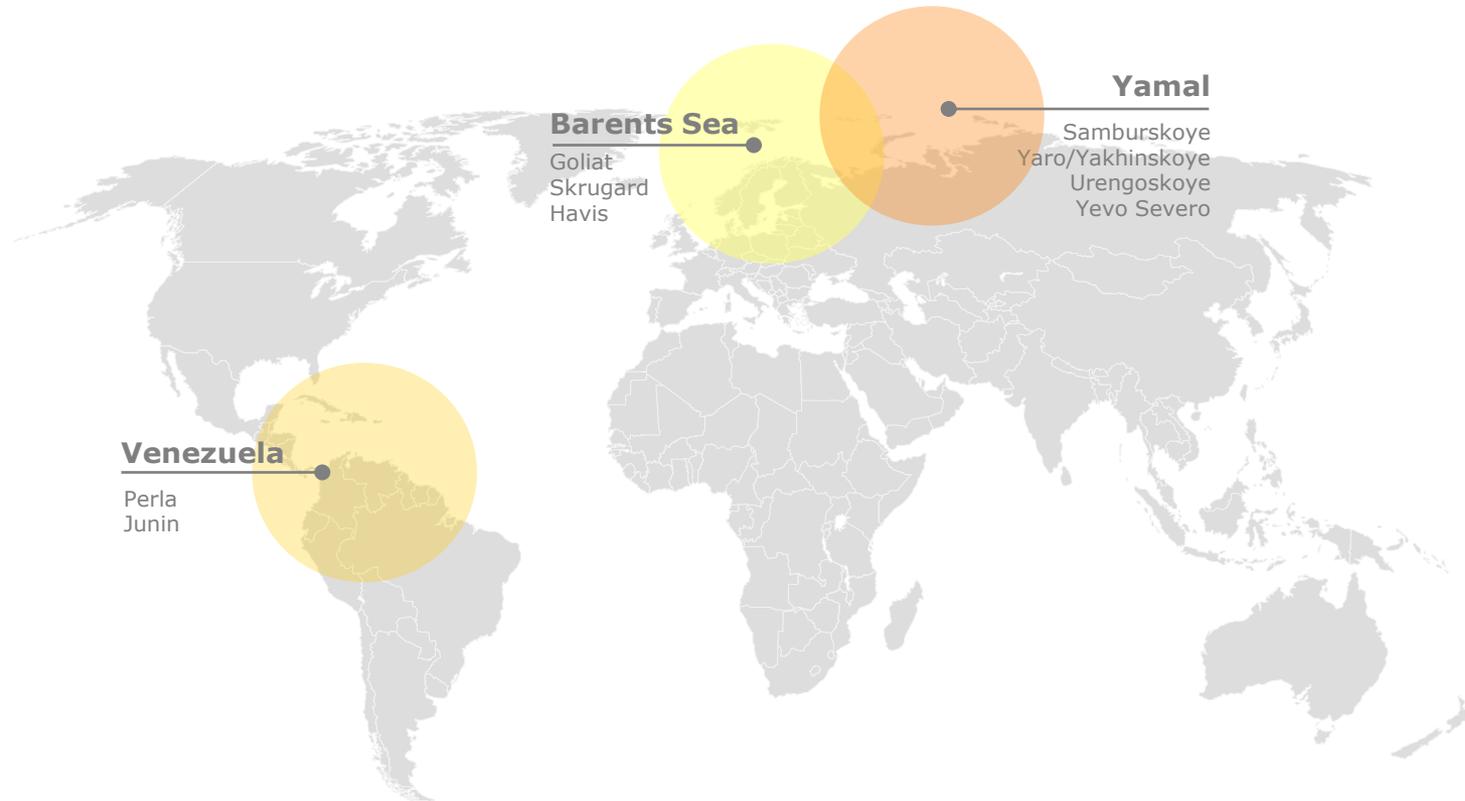
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Far East: rapid production growth



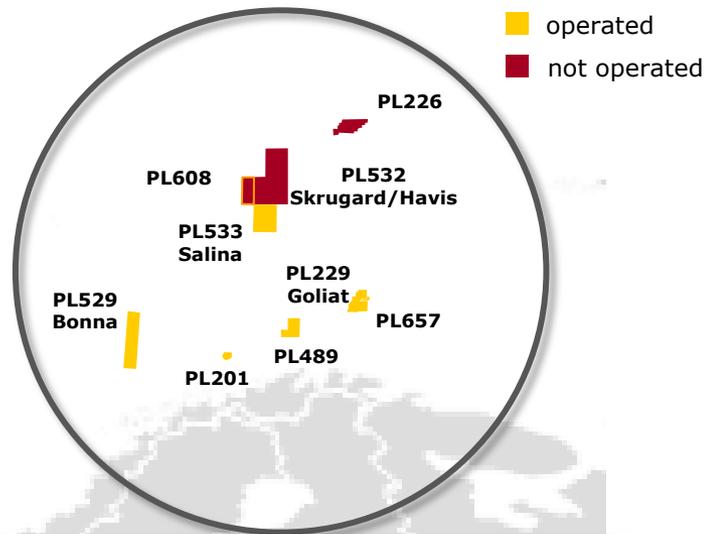
- Production growth from existing discoveries ca.10% a year
- Production growth including risked exploration potential ca. 17% a year

Barents, Yamal and Venezuela – Claudio Descalzi



9 projects contributing 600 kboed to 2022 production

Barents Sea



- High-potential oil hub in OECD country
- Goliat - execution update
 - Progress 47%
 - Drilling activities to start in October
 - FPSO sailaway at year end 2013/1Q 2014
 - Start up: 3Q 2014
 - Contribution to 2015 equity production ca. 60 kboed
 - Equity capex 2.9bn euro
- >700 Mboe resources in Barents hub (100%)

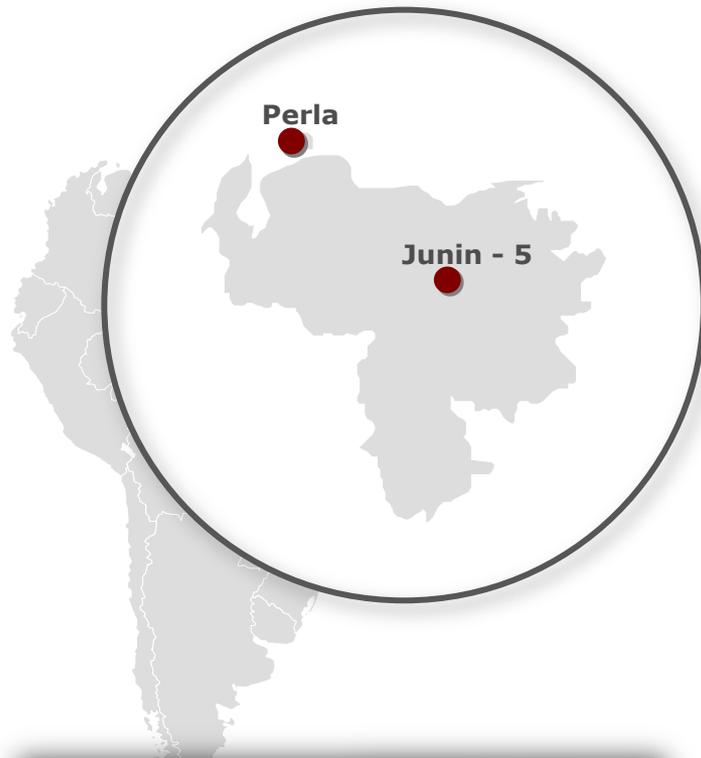


Yamal Peninsula



- Giant arctic development with competitive cost position
- Samburgskoye – execution update
 - Start-up achieved ahead of schedule in April 2012
 - Contribution to 2015 production ~30 kboed
 - Equity capex 900m euro
- Urengoskoye ph.1 - execution update
 - Drilling and processing plant early works started
 - Start-up expected in 3Q 2014
 - Contribution to 2015 production ~50 kboed
 - Equity capex 650m euro
- ~1.6 Bboe equity 2P reserves

Venezuela – Perla & Junin 5



- Conventional gas and heavy oil giant projects, with phased developments
- Execution update – Perla Phase 1
 - Progress 22%
 - Commerciality published and development plan approved in August
 - First gas expected by mid-2014
 - Equity 2015 production ~25 kboed
 - Equity capex ~400m euro
- Execution update – Junin 5 Phase 1
 - Drilling started
 - Main engineering contracts for facilities awarded
 - Phase 1 plateau (75 kboed) by 1Q 2015
 - Equity 2015 production ~30 kboed
 - Equity capex ~800m euro
- ~1.2 Bboe equity 2P reserves

eni strategy and positioning

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- Leading performance on reservoir management
- Operational efficiency

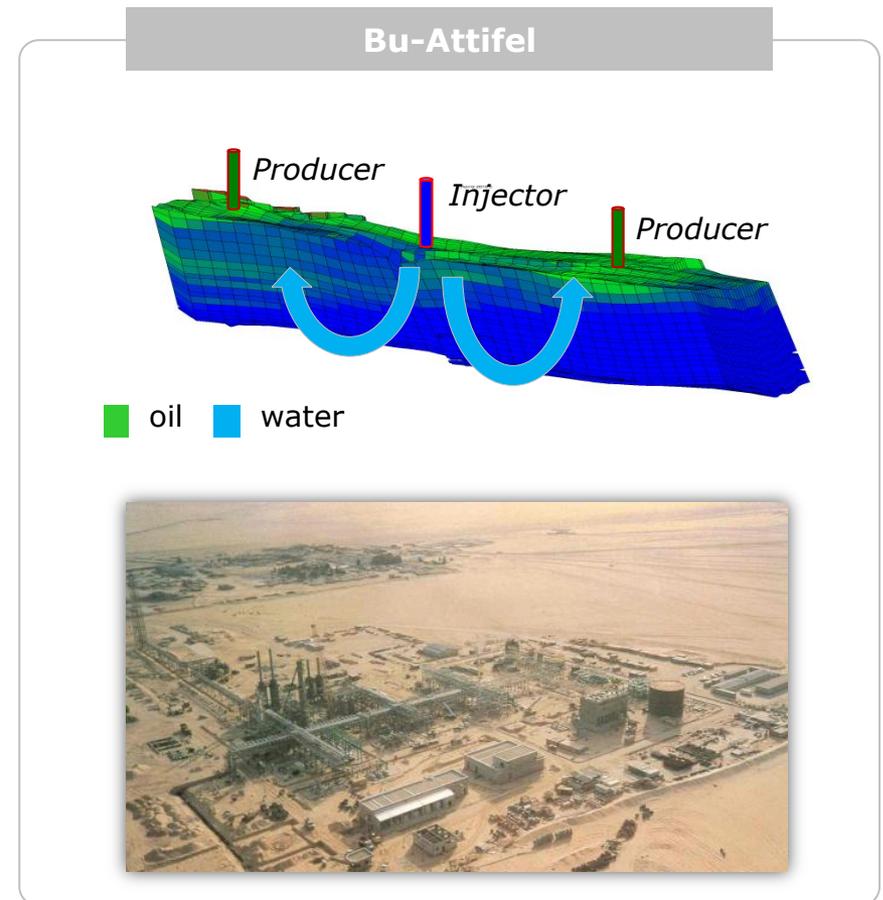
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a dynamic field management approach...

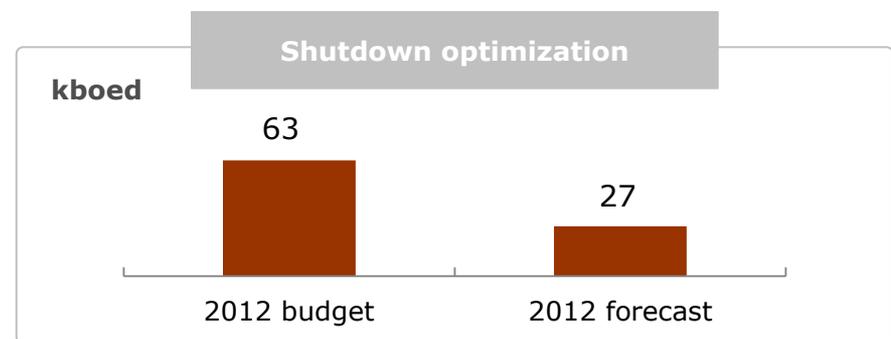
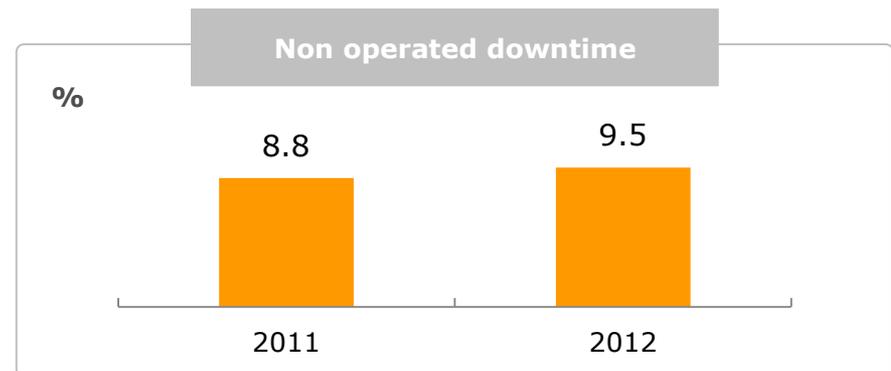
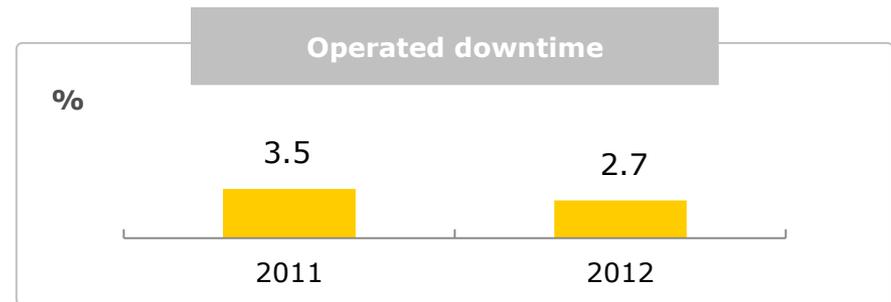
- Strong central functions
 - Production and maintenance
 - Reservoir management
- Specific performance enhancement programs
 - Production checks
 - Well-bore reviews



4% average decline rate, 43% average recovery factor on oil fields

... and high operational efficiency

- Direct control of maintenance activities
 - Shutdown program review
 - KPI analysis for in-depth surveillance
- Detailed programs to minimize down-time
- Enhanced plant availability



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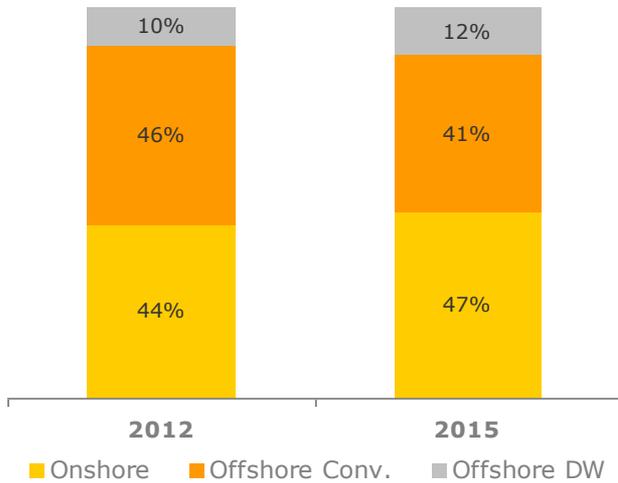
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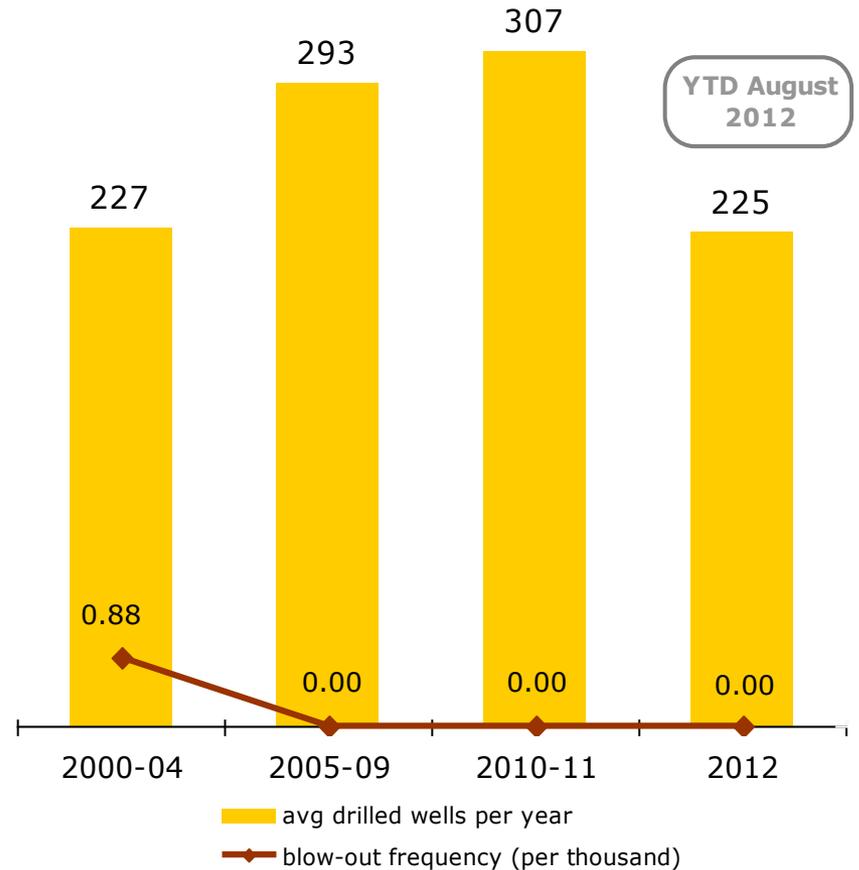
mitigating operational risk

Producing fields



- Balanced portfolio with little exposure to high risk projects
 - 88% onshore or shallow water
 - 12% deepwater exposure

Wells integrity



the six legs of the **eni** model

Business & technology development

Oil & gas integration

Access to energy & infrastructure

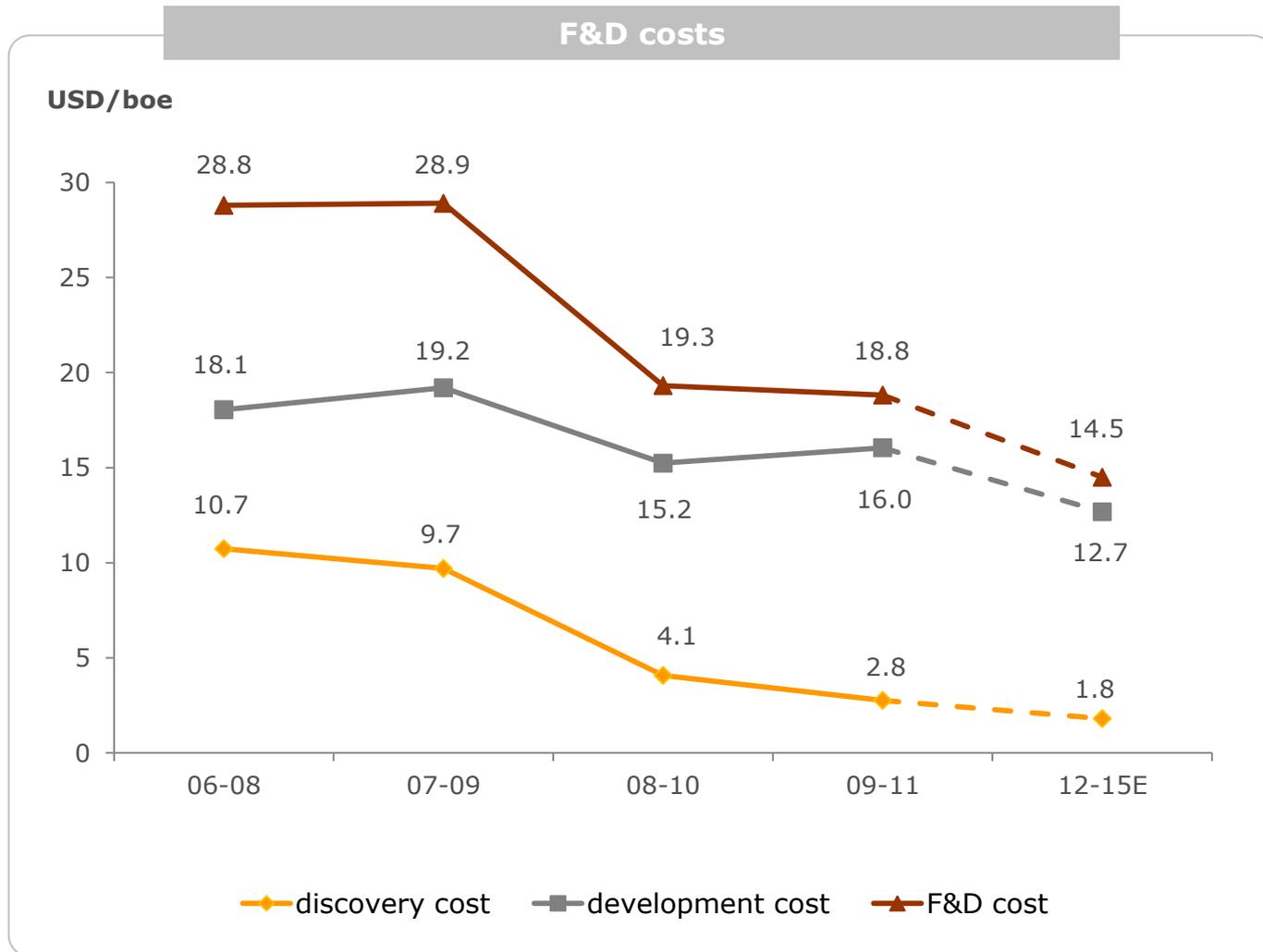
To be local

**Local development
(agriculture, health, education)**

International partnership

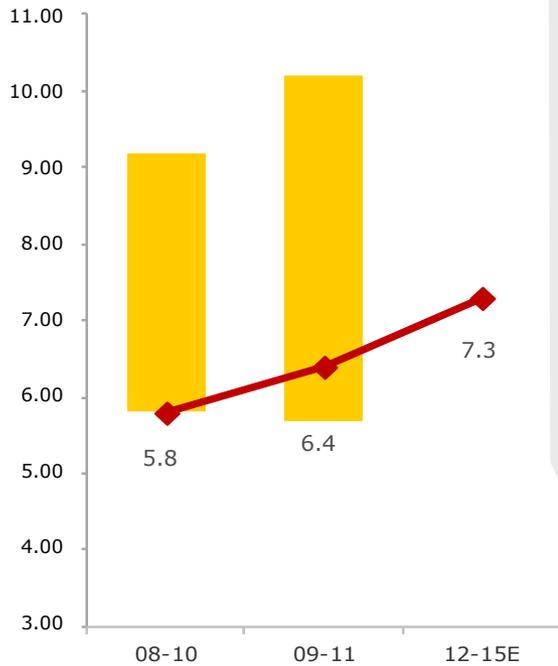


... through efficient, organic exploration and development

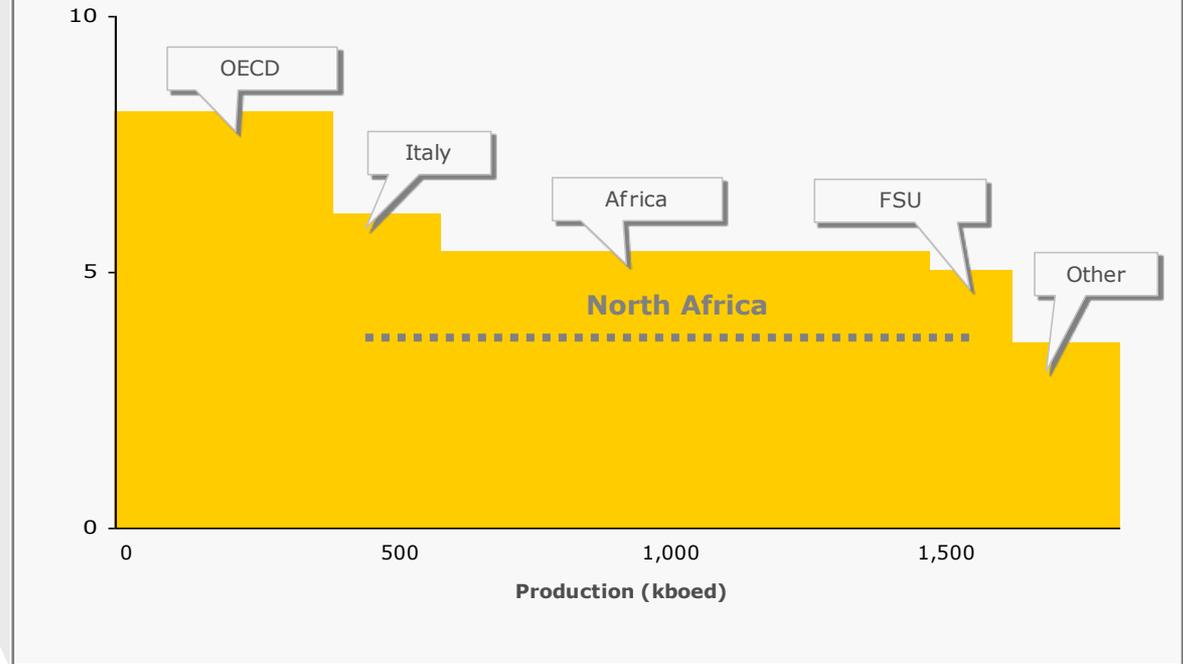


operating costs: continuing to lead the industry

OPEX per barrel*
(USD/boe)



Focus on 2011

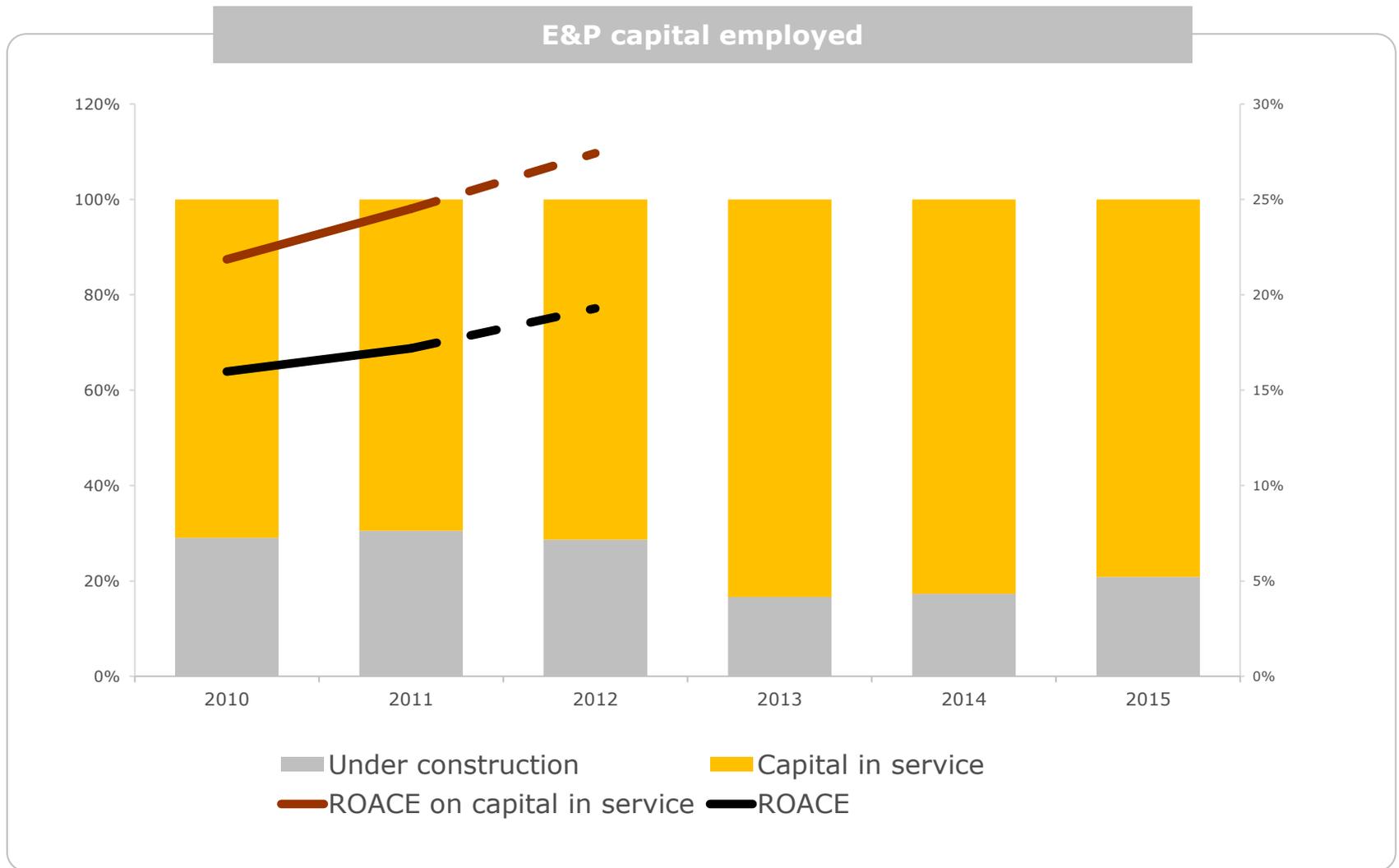


◆ eni ■ Benchmark group**

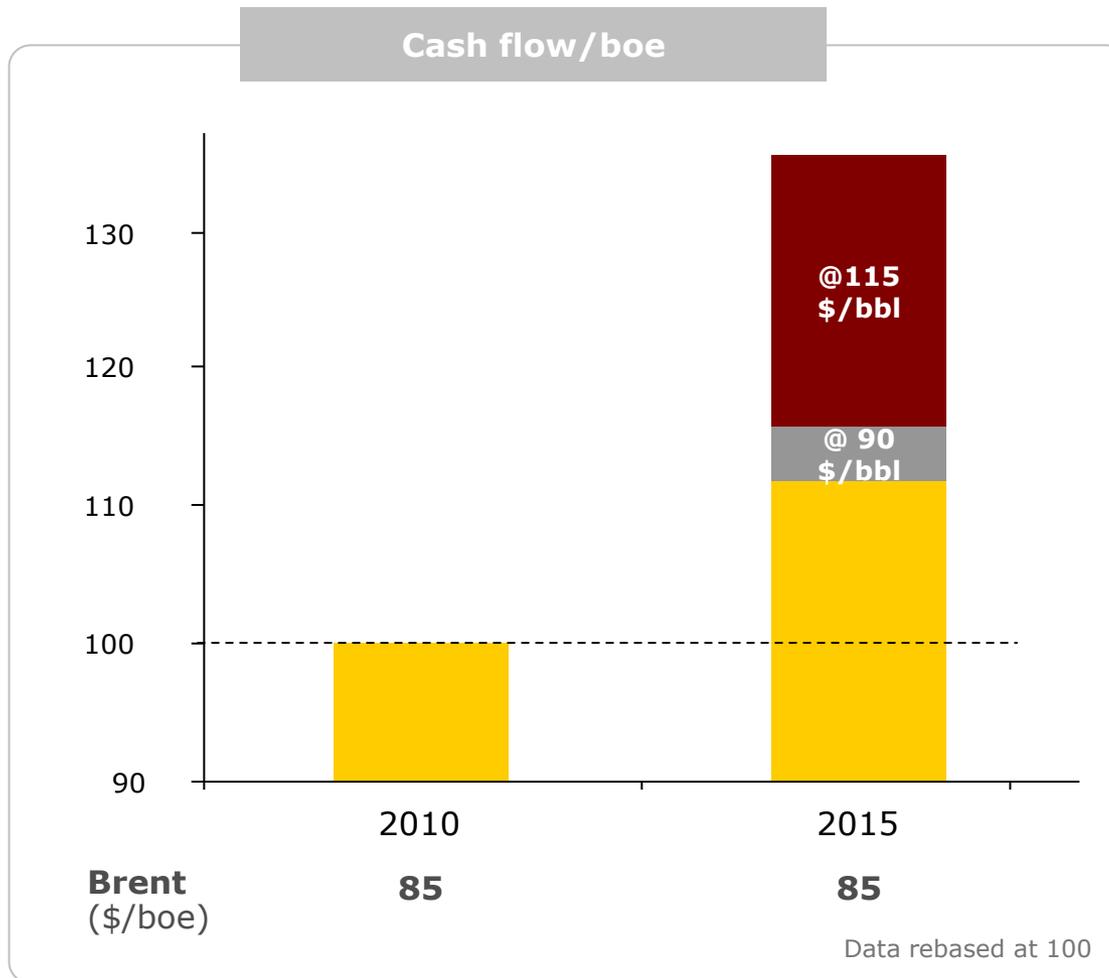


* RDS n.a.
** XOM, CVX, COP, BP, RDS, TOT, eni. Company data and Wood Mackenzie

increased capital efficiency



increased value per barrel



- Increased proportion of oil vs gas
- Higher production in lower tax rate areas
- Good capture ratio supported by strong contractual structure

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