

# NAMING CEREMONY FOR CHINA'S LARGEST FPSO VESSEL

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Naming Ceremony for China's Largest FPSO Vessel

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Shanghai - ConocoPhillips China Inc (COPC), a ConocoPhillips [NYSE: COP] subsidiary, and CNOOC Limited [NYSE: CEO, SEHK: 883], are pleased to announce today a naming ceremony was held at the quayside of Shanghai Waigaoqiao Shipyard for the hull of the largest Floating, Production, Storage and Offloading (FPSO) vessel built in China. The FPSO will be utilized in Block 11//05 in Bohai Bay, where ConocoPhillips China and CNOOC Ltd. are carrying out the development of China's largest offshore oilfield Peng Lai (PL) 19-3.

Attending the ceremony were representatives of ConocoPhillips, China National Offshore Oil Corporation (CNOOC), China State Shipbuilding Corporation (CSSC), Shanghai Waigaoqiao Shipbuilding Company (SWS), as well as officials from several Chinese government agencies including National Development and Reform Committee, Ministry of Commerce, Customs, Tax Bureaus, Shanghai Municipal government, etc.

The FPSO was officially named Hai Yang Shi You 117.

The FPSO will be among the largest such vessels built anywhere in the world. The hull was designed by the Marine Design & Research Institute of China (Maric) in Shanghai and built by Shanghai Waigaoqiao Shipbuilding Company (SWS) in Shanghai. The topsides modules for the FPSO, designed by Fluor, are being fabricated in Singapore by SMOE, a subsidiary of SembCorp Industries.

In March 2005, COPC awarded a contract to Shanghai Waigaoqiao Shipbuilding (SWS), a subsidiary of China State Shipbuilding Corporation (CSSC), for delivery of the 280,000 DWT (Dead Weight Tonne) Hai Yang Shi You 117 vessel hull. With about 26 months' intense work, the hull is being delivered on schedule by SWS and will next be towed to Singapore, where the FPSO topside modules are being fabricated. Once the modules are installed on the deck and integrated with the hull, they will be commissioned prior to the vessel's return to China in mid 2008.

"One of the greatest achievements was this project's safety record. The shipyard and our Project Management Team worked continuously to ensure that safety was a top priority, and during the course of this work achieved over 5 million safe man-hours," said Jim McColgin, president of ConocoPhillips Asia-Pacific. "A key to this success was SWS and parent company CSSC's commitment and support of COPC in executing this important project safely."

ConocoPhillips and CNOOC signed a petroleum contract in Dec. 1994 granting ConocoPhillips the right to explore Block 11/05. CNOOC Ltd. participates in the development for the Penglai oilfield with a 51 percent working interest; while COPC is the field operator and has the remaining 49 percent working interest. Production from the first phase development of the PL 19-3 oilfield began in Dec. 2002.

On January 17, 2005, the overall development program for Phase II of the Penglai 19-3 and Penglai 25-6 oilfield development was officially approved by the Chinese government. Detailed design, engineering, procurement and construction are in progress on the second phase of development of the Peng Lai oilfield, which is planned to include five wellhead platforms, central processing facilities and a new FPSO.

The first Phase II wellhead platform will be put into production in 2007. Production through the new FPSO is expected at the end of 2008.