# Developing the Upstream portfolio

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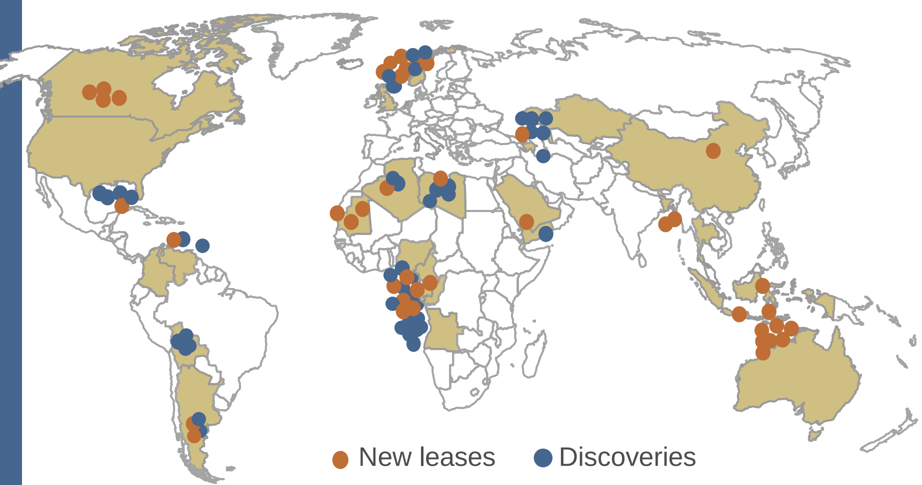
Paris – November 14-15, 2006

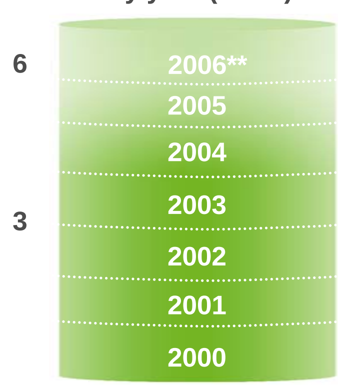
TOTAL

# Combining exploration success with access to existing resources

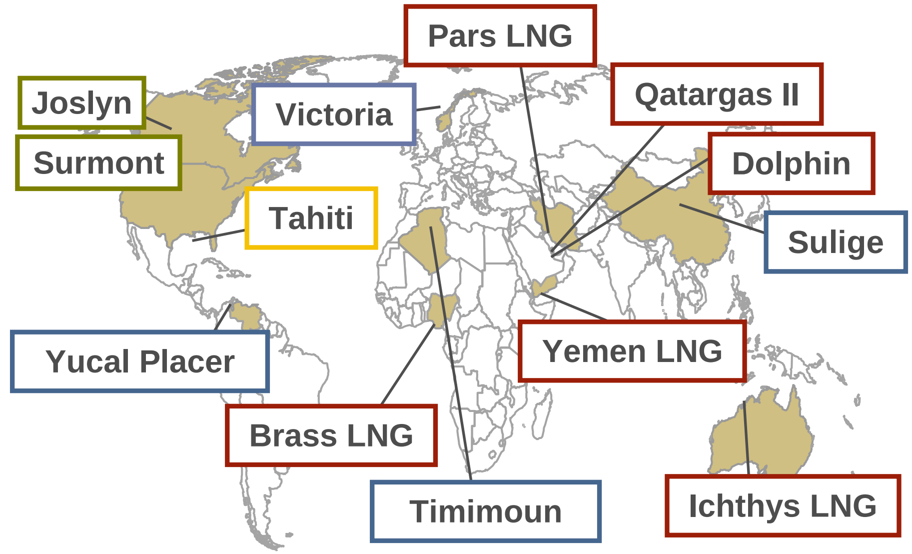
## Major discoveries & new leases since 2000



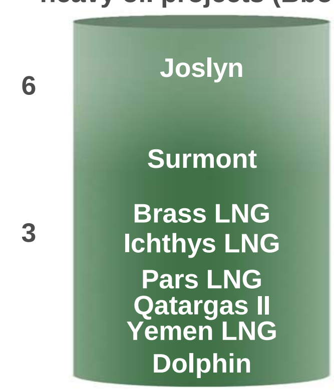

Exploration success* by year (Bboe)




## Major new projects since 2000 Accessing existing undeveloped resources



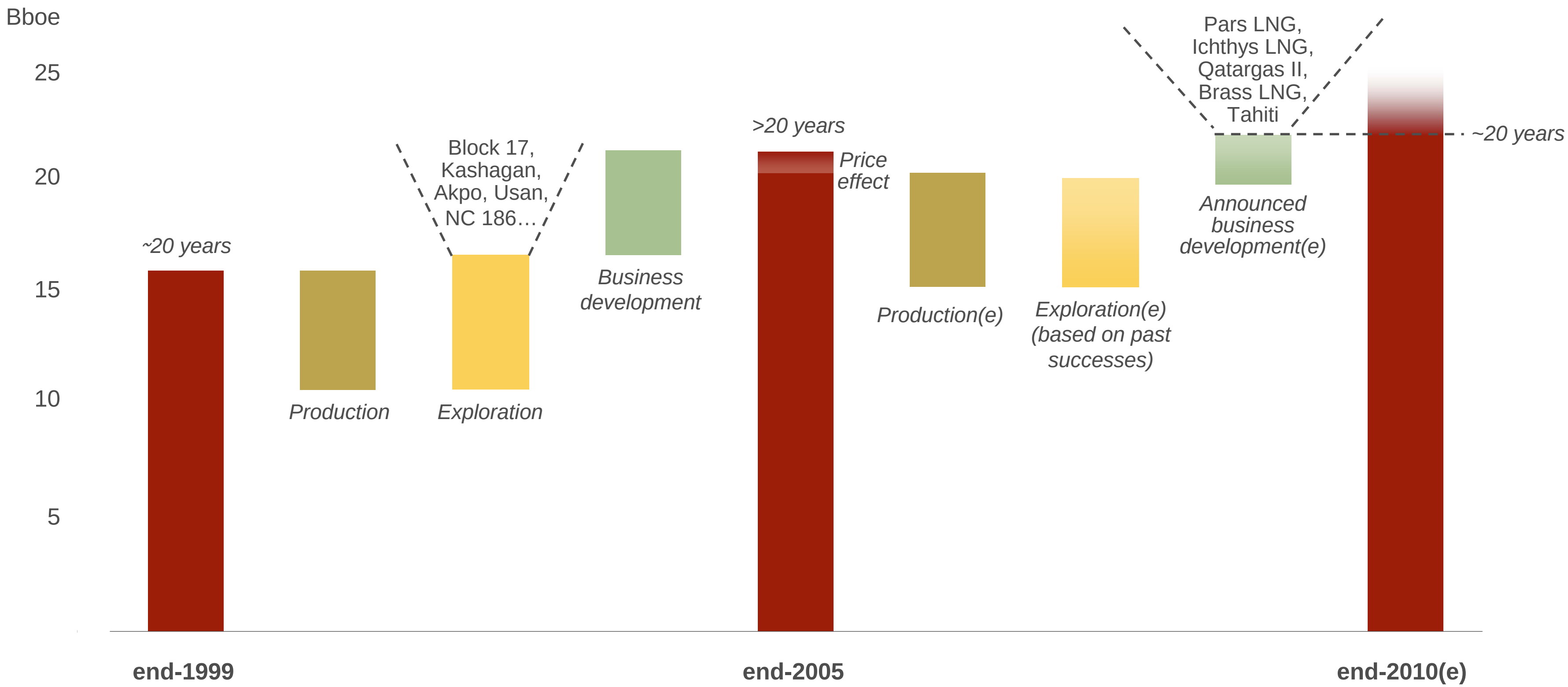

New giant gas & heavy oil projects (Bboe)




* cumulative contribution of exploration to reserve replacement potential
** as of end-October for 2006

# Maintaining 20 years of proved and probable reserves thanks to exploration and business development successes

**Proved and probable reserve replacement** : 2000-2010(e)*****




**~180% average replacement rate over 2000-2005**

**Maintain proved and probable reserves above 20 years***

* limited to proved and probable reserves at year-end covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 40 $/b Brent environment end 2005, also includes Joslyn tar sands to be developed with mining



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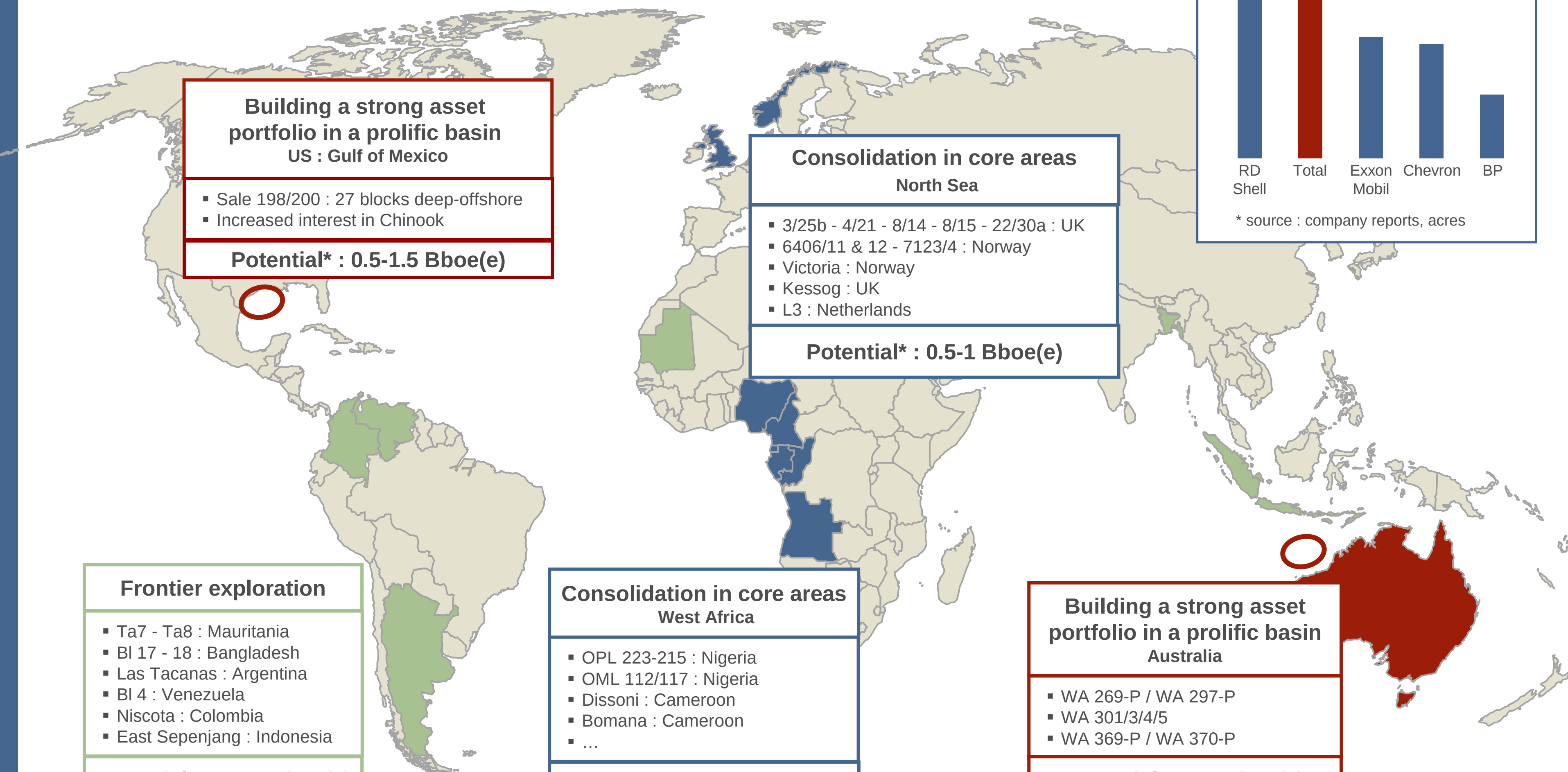
# Successfully renewing exploration acreage in a more competitive environment

## Main additions since early 2005



**2005 net exploration acreage***



* source : company reports, acres

### Building a strong asset portfolio in a prolific basin
**US : Gulf of Mexico**

- Sale 198/200 : 27 blocks deep-offshore
- Increased interest in Chinook

**Potential* : 0.5-1.5 Bboe(e)**

### Consolidation in core areas
**North Sea**

- 3/25b - 4/21 - 8/14 - 8/15 - 22/30a : UK
- 6406/11 & 12 - 7123/4 : Norway
- Victoria : Norway
- Kessog : UK
- L3 : Netherlands

**Potential* : 0.5-1 Bboe(e)**

### Frontier exploration

- Ta7 - Ta8 : Mauritania
- Bl 17 - 18 : Bangladesh
- Las Tacanas : Argentina
- Bl 4 : Venezuela
- Niscota : Colombia
- East Sepenjang : Indonesia

**Potential* : 0.5-1 Bboe(e)**

### Consolidation in core areas
**West Africa**

- OPL 223-215 : Nigeria
- OML 112/117 : Nigeria
- Dissoni : Cameroon
- Bomana : Cameroon
- …

**Potential* : 0.5-1.5 Bboe(e)**

### Building a strong asset portfolio in a prolific basin
**Australia**

- WA 269-P / WA 297-P
- WA 301/3/4/5
- WA 369-P / WA 370-P

**Potential* : 1-2 Bboe(e)**

* estimated mean risked resource potential on existing exploration acreage



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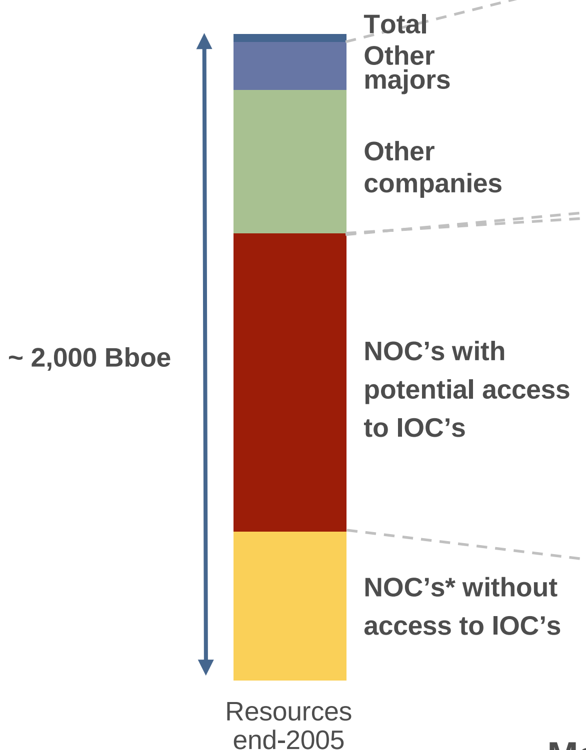
# Accessing existing resources at a cost competitive with our finding costs

## Oil & gas resource holders




| With IOCs | Resources at stake (Total share) | Country | Op. or co-op. | |
|---|---|---|---|---|
| Deer Creek | > 1 Bboe | Canada | ✓ | Acquisition |
| Tahiti | < 0.4 Bboe | US | | Swaps |
| Victoria | < 0.4 Bboe | Norway | ✓ | Swaps |
| Ichthys | 0.4 – 1 Bboe | Australia | | Strategic partnership |

| With NOCs | Resources at stake (Total share) | Country | Op. or co-op. | |
|---|---|---|---|---|
| Sulige | 0.4 – 1 Bboe | China | ✓ | leverage technology |
| Timimoun | < 0.4 Bboe | Algeria | ✓ | |
| Qatargas II | 0.4 – 1 Bboe | Qatar | | leverage vertical integration and project management experience |
| Dolphin | 0.4 – 1 Bboe | Qatar | ✓ | |
| Yemen LNG | 0.4 – 1 Bboe | Yemen | ✓ | |
| Pars LNG | > 1 Bboe | Iran | ✓ | leverage historical positioning |
| Brass LNG | 0.4 – 1 Bboe | Nigeria | ✓ | |

< 0.4 Bboe   0.4 – 1 Bboe   > 1 Bboe

**Main challenges**

- **Rent sharing between IOC's and host countries**
- **Increased competition from NOC's and independent players**
- **Cost increases**

resources include proved and probable reserves, plus those quantities of hydrocarbons estimated to be potentially recoverable from known accumulations but which are not currently considered commercially recoverable (based on SPE draft definition, September 2006)

* Saudi Arabia (Oil), Kuwait (O&G), Mexico (O&G), Iraq (O&G)



TOTAL

# Leverage technological leadership

### Kessog

UK

- HP/HT technological leadership
- Operatorship transferred to Total
- Drilling 2007(e)

### Victoria

Norway

- HP/HT technological leadership
- Operatorship transferred to Total
- Drilling 2008(e)

### Timimoun

Algeria

- Access to new gas play in Algeria
- Leverage R&D capability
- Drilling 2006-2007(e)

### New acreage in West Africa

- Leverage technological leadership to access new high-quality acreage
- Benefit from synergies with existing positions

### Sulige

China

- Leverage tight gas R&D capability
- Access to large new gas play in China
- Develop strategic partnership with Petrochina
- Drilling 2007-2008(e)

### Reference projects

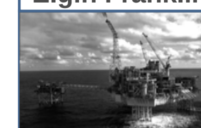
**Girassol - Dalia**

Deep Offshore

**Yucal Placer**

Tight Gas

**Elgin Franklin**



HP/HT

**Sprex®**

Sour Gas



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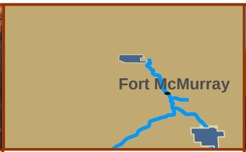
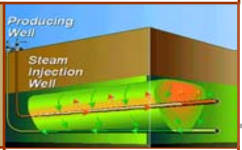
# Leverage vertical integration and giant project management skills

## Heavy oil




| Joslyn | Other Canadian leases | Sincor hot production |
|---|---|---|

**> 3 Bboe***

- Secure access to sufficiently large heavy oil resources in Canada to justify dedicated downstream integration
- Long-term play
- Leverage R&M integration and Sincor technical expertise
- Significant R&D upsides

## LNG

| Qatargas II | Yemen LNG | Pars LNG |
|---|---|---|

**App. 2 Bboe***

- Leverage access to market and LNG purchase capability
- LNG leadership
- Historical presence

## Reference projects

Sincor

Surmont

NLNG


Dolphin

* resources, Total share



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# Leverage historical positions in core areas

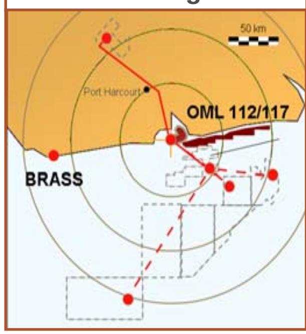
## Qatargas II

- Presence in Qatar since mid-40's
- Partner in first LNG train

## Pars LNG

- First IOC's to re-enter Iran in the 90's
- Leverage historical presence in Iran

## LNG in Nigeria




### Brass LNG
- Presence in Nigeria for more than 40 years
- Partner in first LNG train
- Large gas resources to monetize

### OML 112-117
- Early involvement in local industry & partnerships : Akpo…
- Strong knowledge of Niger basin
- Provide sufficient resources to justify Brass

***Benefit of geologic knowledge, early identification of new business opportunities & strong relationships***

***Synergies with existing portfolio***



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# Dynamic portfolio management

## US : Onshore ↔ Tahiti

- Mature onshore gas assets with limited upside
- 17% of Tahiti
- Giant deep offshore oil field with upsides and technology exposure

▪Timely swap (Henry Hub ~ 10 $/Mbtu)

## Norway

Tyrihans ↔ Victoria

- Disposal of 3.6% in Tyrihans (limited upside)
- 20% of Victoria
- Operatorship in Norway

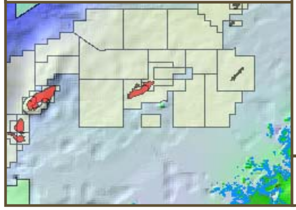
- Leverage HP/HT technological leadership

## Bolivia : Block XX

- Enhancing leadership of Total for the very long term
- +34% in Block XX
- Significant upside

- Renegotiation of contractual structure

## Australia : Ichthys



- Strategic Partnership with Inpex
- Leverage LNG expertise
- Access to large and highly competitive LNG play
- Rebalance LNG portfolio

- Entry into booming Australian LNG market



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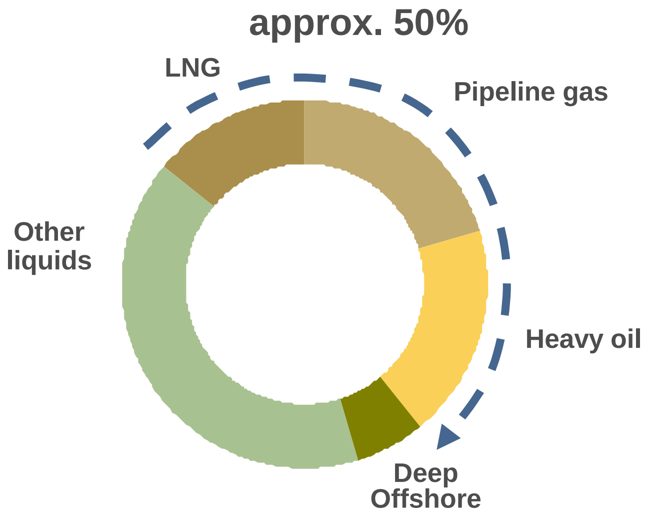
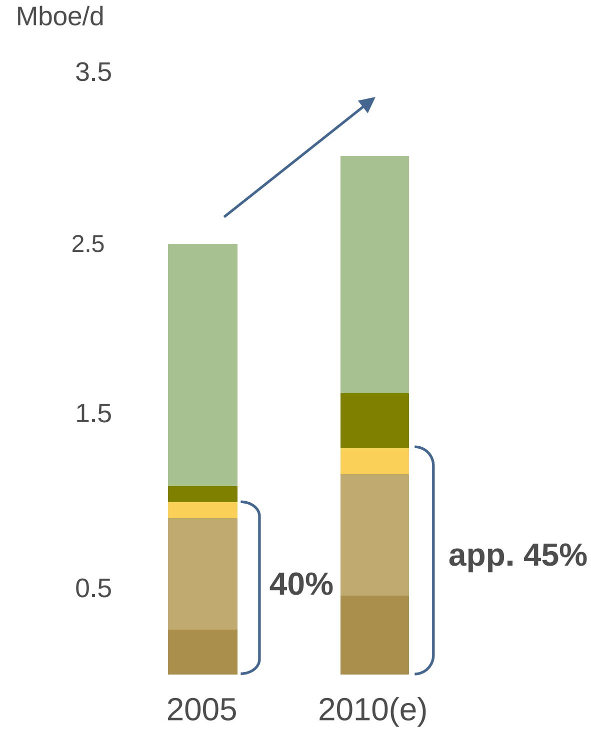
# Profitable and well balanced growth

## Proved and probable reserves*
(end-2005)




## 2005-2010 production by technology



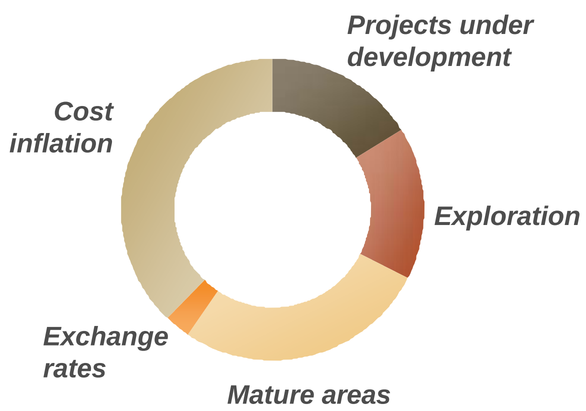


***Strong visibility for the long term***
***Benefit from a growing base of giant long-plateau projects***

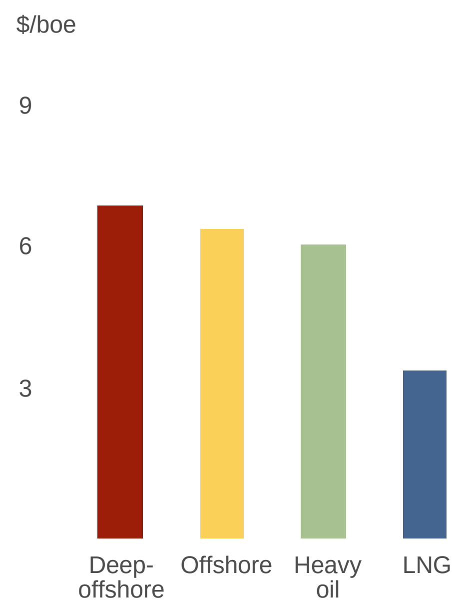
* limited to proved and probable reserves at year-end covered by E&P contracts on fields that have been drilled and for which technical studies have demonstrated economic development in a 40 $/b Brent environment end 2005, also includes Joslyn tar sands to be developed with mining

# Increased Capex to sustain long-term growth

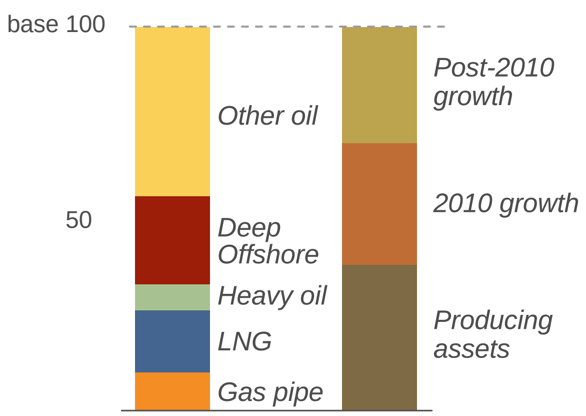
### Composition of Upstream Capex increase : 2006(e) vs. 2004




### Development costs *(by type of project*)*



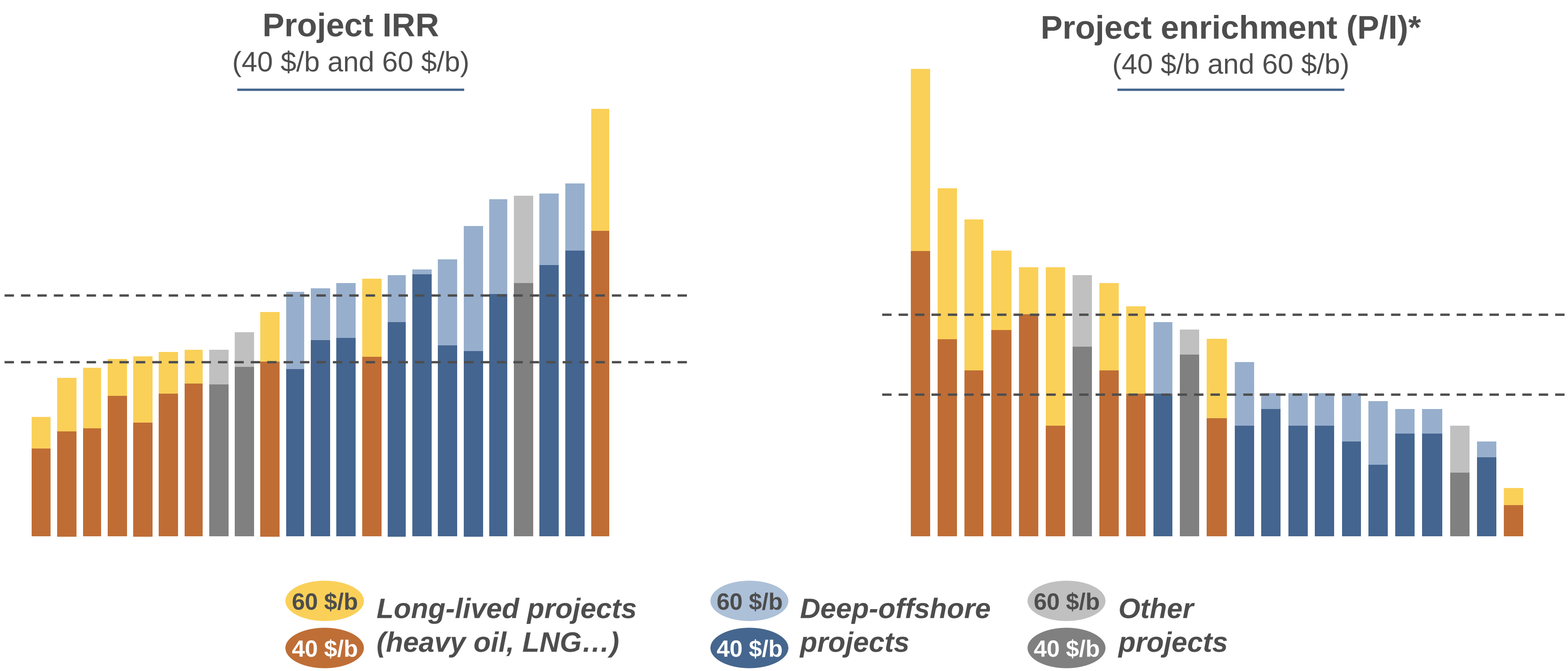

### Development & maintenance Capex 2006-2010(e)




- **Accelerating exploration and development expenditures to sustain future growth**
- **Increasing investments in mature areas to prolong production**
- **Impact of cost inflation**

* upfront development costs divided by associated proved and probable reserves

# Offering high returns and strong cash flow generation over the long term




***Business model aimed at balancing :***

- ***Long-term projects with high upfront capex and strong cash flow generation…***
- ***… And shorter lived assets with high returns…***
- ***… While taking into account upside potential and associated risks***

* cumulative cash flow over project life divided by development Capex



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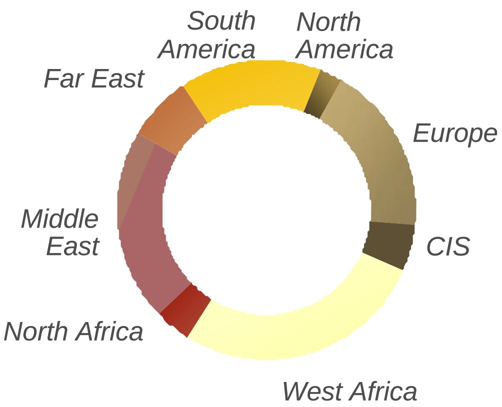
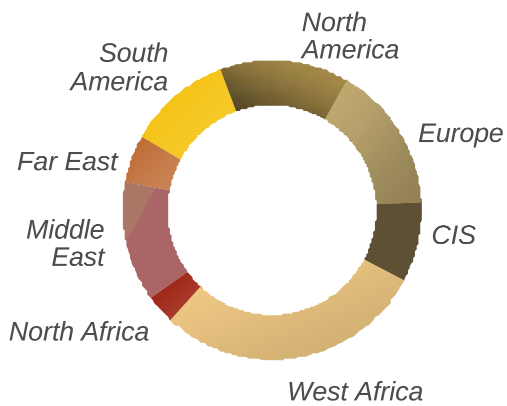
# Maintain strong technical and geographical diversification

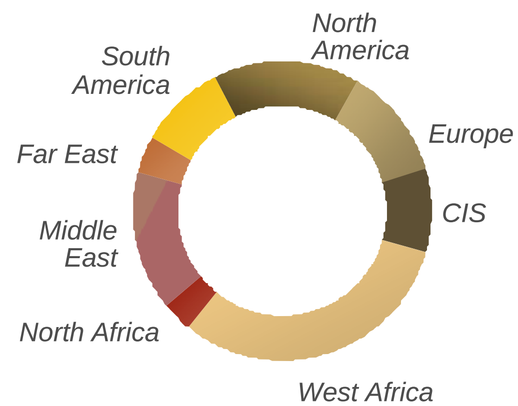
**Proved reserves : approx. 12 years**

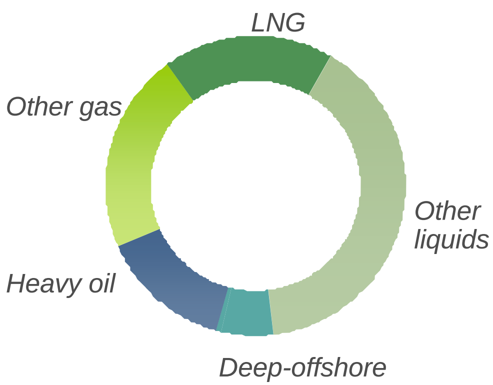
**Proved and probable* reserves : >20 years**

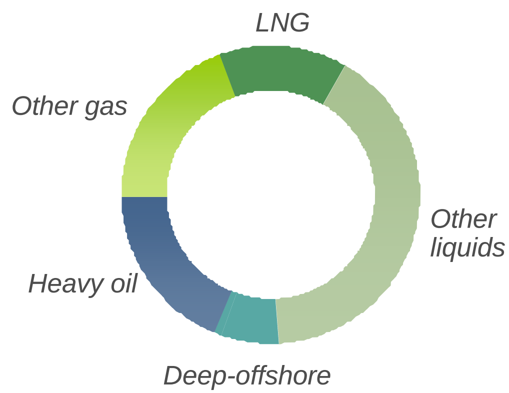
**Resources** : approx. 40 years**

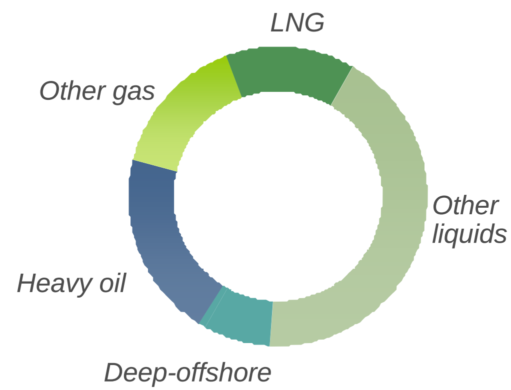
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In accordance with IAS 2, the Group values inventories of crude oil and petroleum products in the financial statements in accordance with the FIFO (First in, First out) method and other inventories using the weighted-average cost method. However, in the note setting forth information by business segment, the Group continues to present the results for the Downstream segment according to the replacement cost method and those of the Chemicals segment according to the LIFO (Last in, First out) method in order to ensure the comparability of the Group's results with those of its main competitors, notably from North America. The inventory valuation effect is the difference between the results according to the FIFO method and the results according to the replacement cost or LIFO method.

In this framework, performance measures such as adjusted operating income, adjusted net operating income and adjusted net income are defined as incomes using replacement cost, adjusted for special items and excluding Total's equity share of the amortization of intangibles related to the Sanofi-Aventis merger. They are meant to facilitate the analysis of the financial performance and the comparison of income between periods.

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