

Exploration & Production strategy

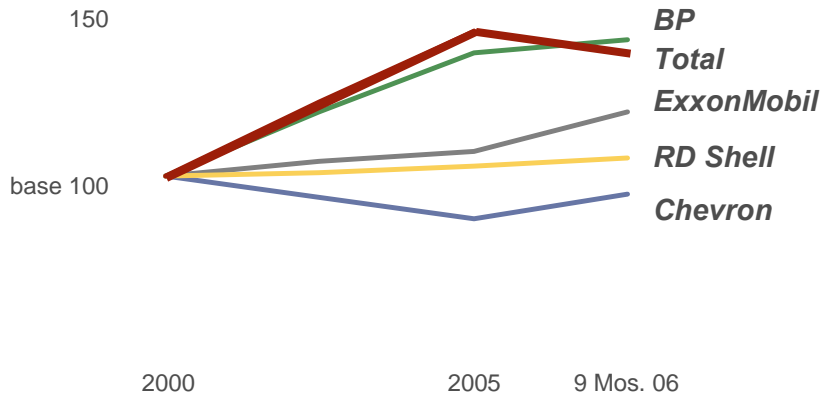
C. de Margerie

Paris – November 14-15, 2006

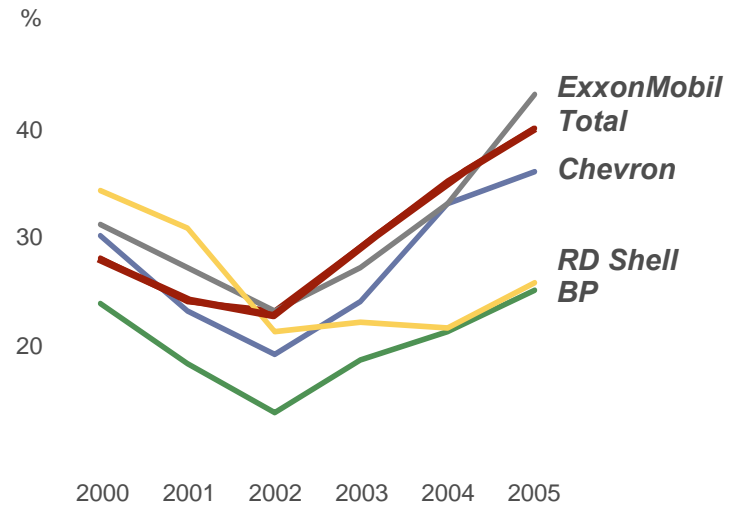


Strategy combining growth and profitability

Production growth per share*



Upstream ROACE*



- ▶ **Priority to organic growth sustained by strong reserve base**
 - Benefit of successful exploration
- ▶ **Ability to access undeveloped discovered reserves**

- ▶ **High-quality portfolio of assets combining low technical costs and high realizations**
- ▶ **Growth concentrated on giant projects**

***Strong track record for successful project delivery
and profitability at the level of the best***

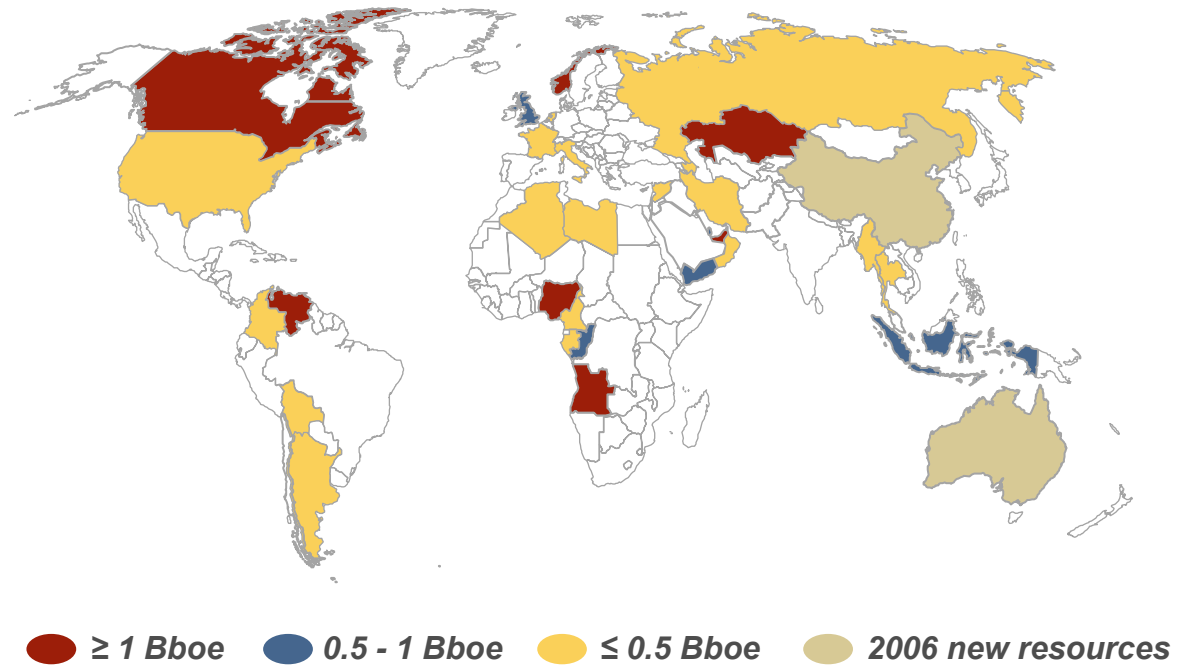
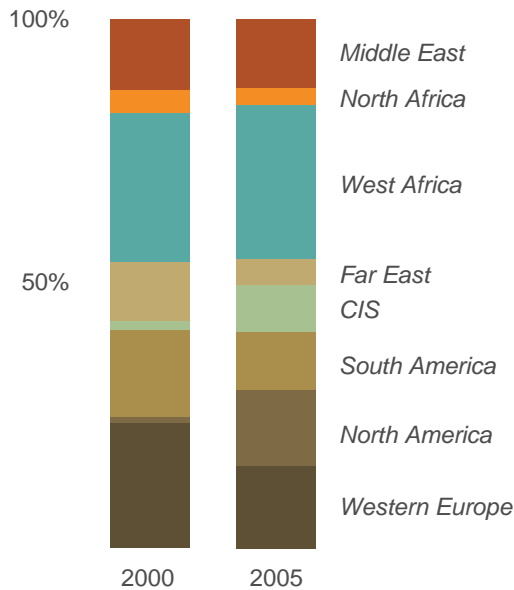
* estimates based on companies reports



Portfolio well positioned on main growth areas

Increased diversification of proved and probable reserves

Proved and probable reserves : 20 Bboe as of end-2005*



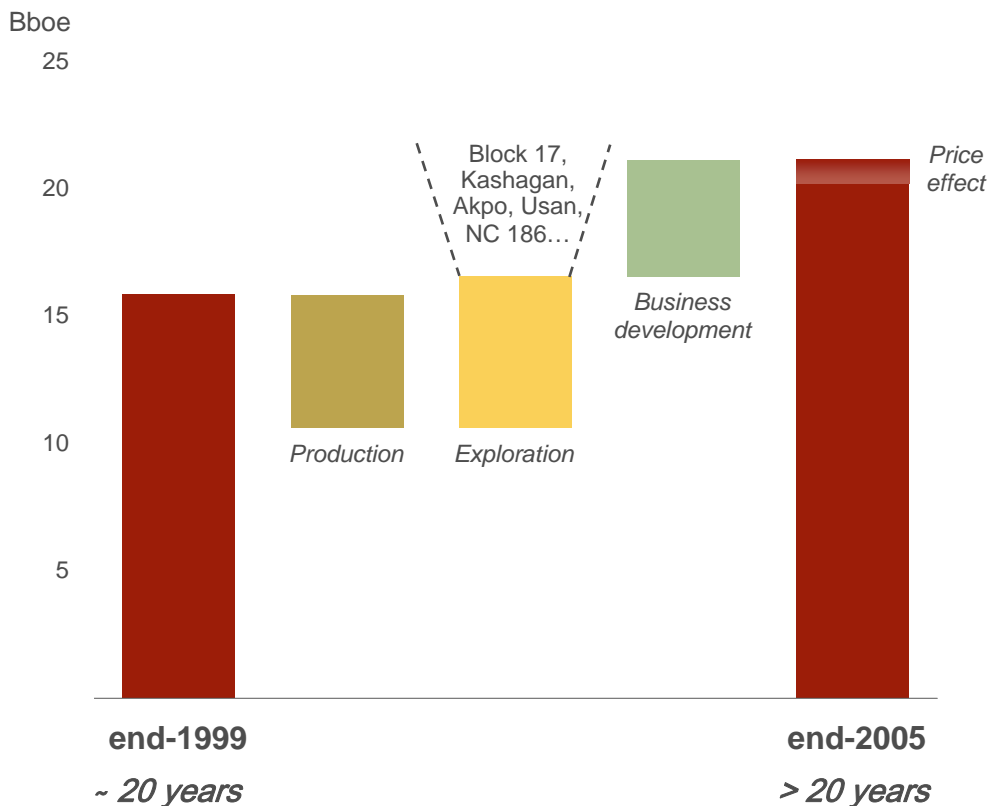
Expanding in the Far East in 2006

* limited to proved and probable reserves at year-end 2005 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, also includes Joslyn tar sands to be developed with mining



Maintaining appropriate reserve life thanks to successful exploration strategy and targeted business development

Proved and probable reserve* replacement rate :
more than 180% per year on average since 2000

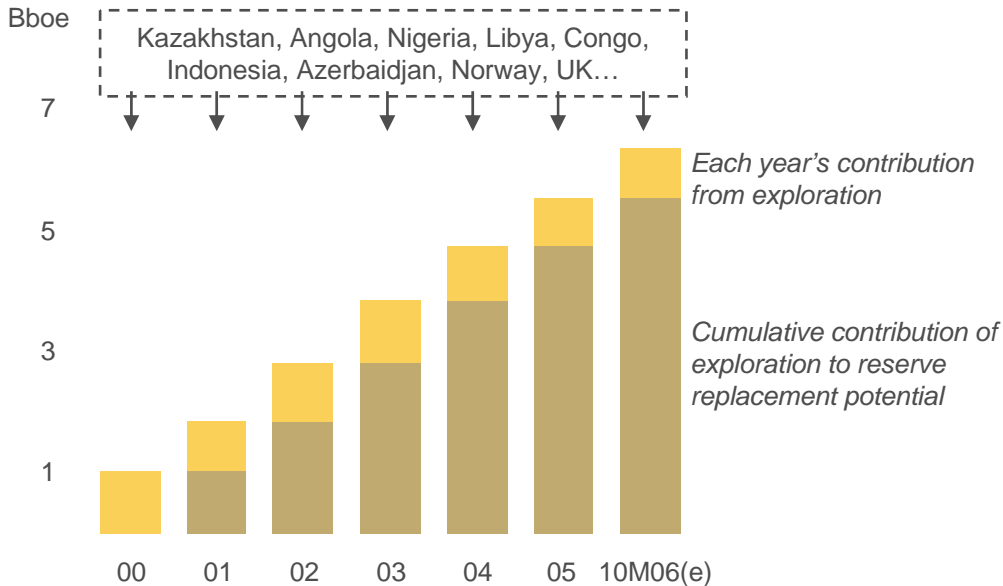


- ▶ Maintain proved reserve life of approx. 12 years
- ▶ Maintain proved and probable reserve life of approx. 20 years
- ▶ Exploration success : primary contributor to reserve replacement

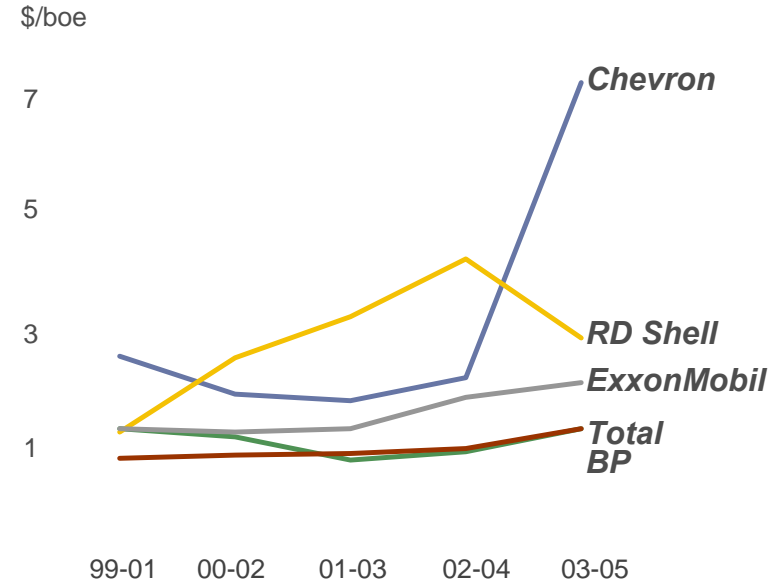
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Strong contribution from successful exploration

Adding 800 Mboe to 1 Bboe per year on average from exploration



Competitive finding cost*



Exploration budget increased to 1.5 B\$ for 2006(e)

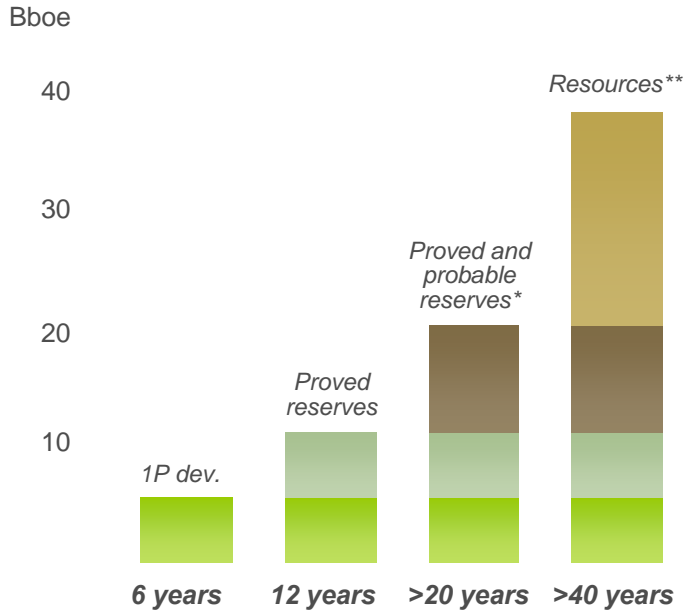
Sustained activity for the medium term

* FAS 69, consolidated subsidiaries

Strong visibility on reserve replacement for the long term

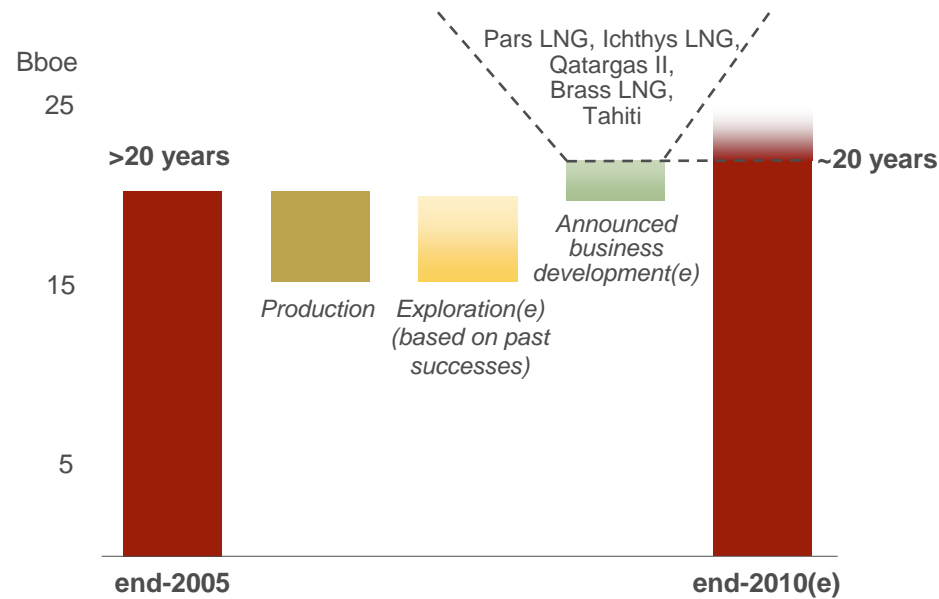
Resources and reserves

(Total, end-2005)



Proved and probable reserve replacement

(2006-2010(e))*



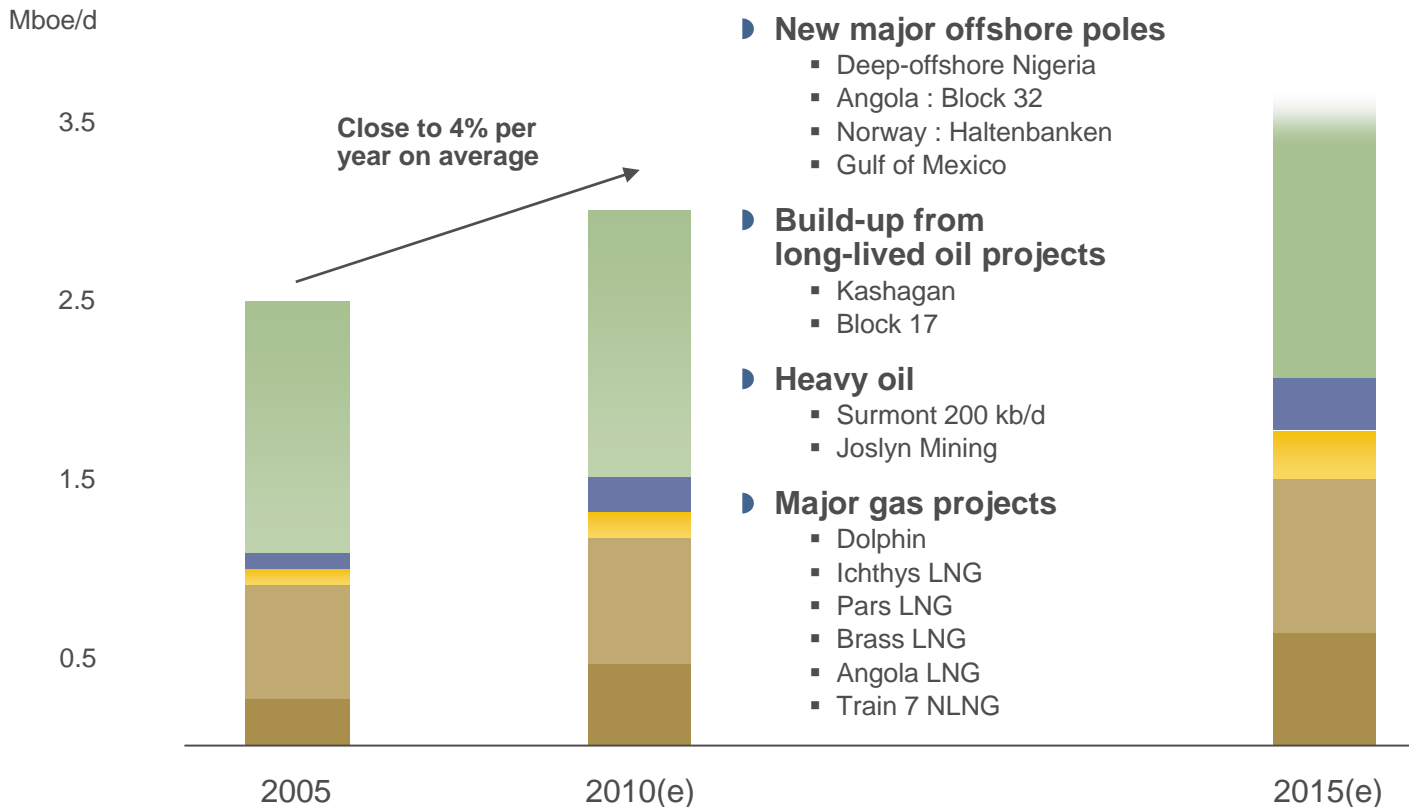
Successful exploration and business development to continue to renew the reserve potential over the long term

* limited to proved and probable reserves at year-end 2005 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, also includes Joslyn tar sands to be developed with mining

** 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)



Production growth target confirmed : close to 4% per year on average for 2005-2010

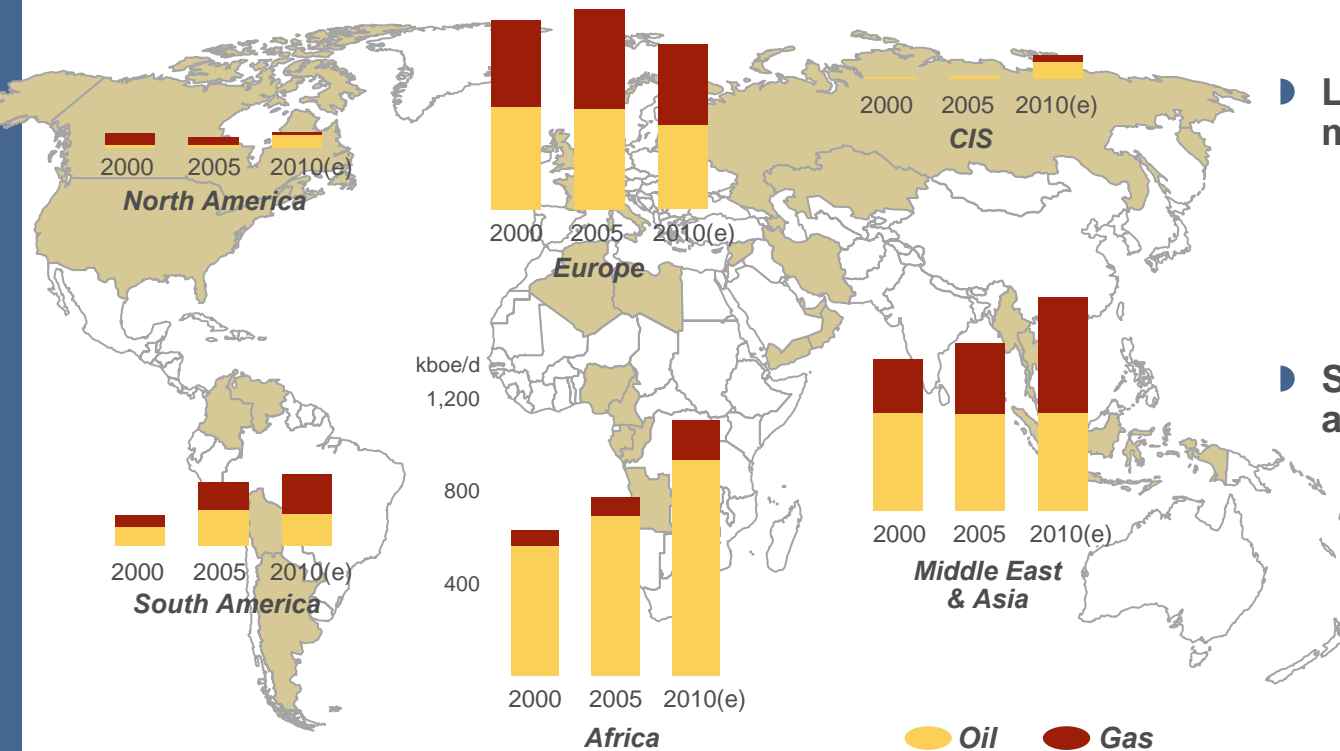


***Approx. 7% production growth in 2007
Sustained production growth post-2010
Benefit from a growing base of major projects with long-lived plateaus***

projection based on Brent at 60 \$/b in 2007 and 40 \$/b thereafter

Portfolio well balanced between high-growth and mature zones through 2010

Production in 32 countries in 2010*



Strong growth in Africa and Middle East

- Leverage deep-offshore track record and LNG market growth

Limited decline in mature areas

- Improve reliability
- Develop satellites
- Explore new themes and find new core areas (Haltenbanken...)

Start expansion in new growth areas

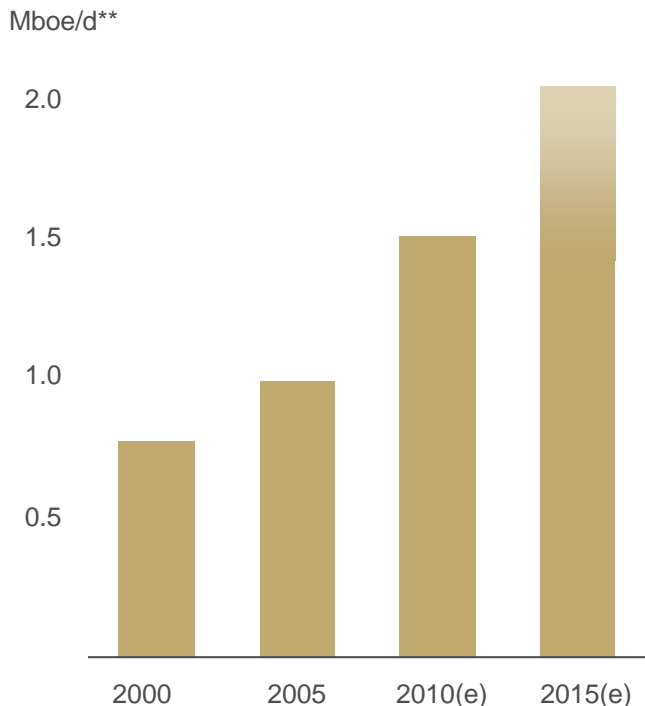
- Develop significant heavy oil potential and stranded gas resources
- Leverage R&D

* projections based on Brent at 40 \$/b



Growth focused on 30 giant projects

Contribution of the 30 giant projects of Total



10 giant assets for post-2010 growth

10 giant assets to build 2010 growth profile

10 giant historical producing assets

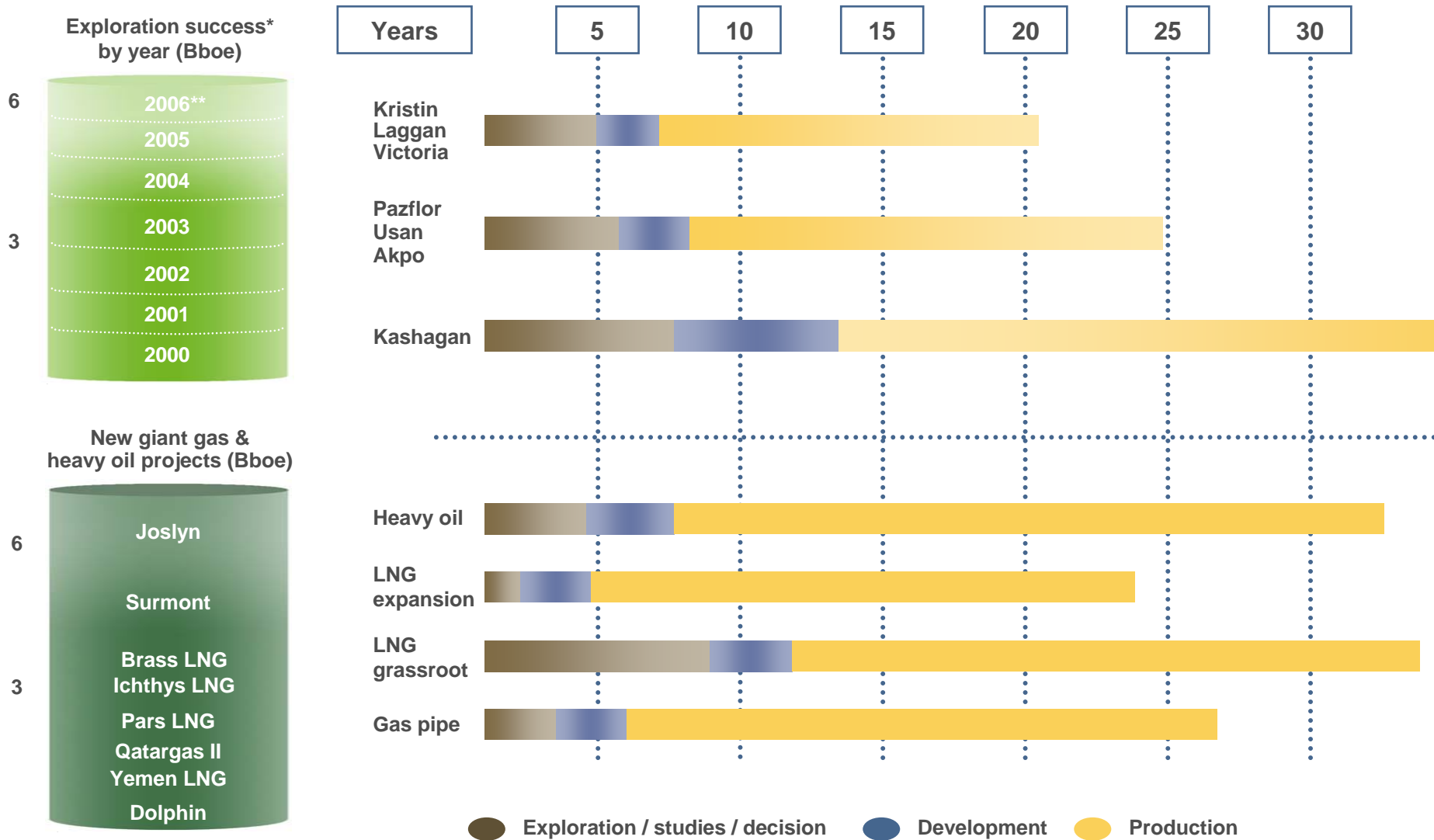
Project	Share	Prod*	Op.	Start-up	Status	Project type
Victoria	40%	study	✓	>2010	Apprais.	HP/HT
Sulige	100%	study	✓	>2010	Apprais.	Tight gas
Surmont	50%	200		06-15	dev.	Heavy oil
Joslyn	84%	225	✓	06-15	dev.	Heavy oil
Angola LNG	13.6%	200		>2010	basic	LNG grassroot
Ichthys LNG	24%	200		>2010	basic	LNG grassroot
Block 32	30%	study	✓	>2010	study	FPSO
4 th Pole (CLOV)	40%	study	✓	>2010	study	FPSO
Brass LNG	17%	> 300	opco	>2010	EPC	LNG grassroot
Pars LNG	30%	> 300	✓	>2010	EPC	LNG grassroot
Usan	20%	150	✓	2010	EPC	FPSO
Pazflor	40%	200	✓	2010	EPC	FPSO
Kashagan	18.5%	1,200		09-16	dev.	Offshore
Qatargas II	16.7%	> 200		2008	dev.	LNG extension
Yemen LNG	39.6%	185	✓	2008	dev.	LNG grassroot
Tahiti	17%	135		2008	dev.	Deep-offshore
Akpo	24%	225	✓	2008	dev.	FPSO
Dolphin	24.5%	> 370	opco	2007	dev.	Gas pipeline
Dalia	40%	240	✓	2006	dev.	FPSO
Shah Deniz	10%	190		2006	start-up	Gas pipeline
Girassol	40%	250	✓	2001	prod.	FPSO
Sincor	47%	200	opco	2000	prod.	Heavy oil
Qatargas	10%	280	opco	1996	prod.	LNG
Tierra del Fuego	37.5%	100	✓	1989	prod.	Offshore
Alwyn	100%	120	✓	1987	prod.	Offshore
Mahakam	50%	530	✓	1974	prod.	LNG
SPDC JV	10%	925		1970	prod.	Onshore
Ekofisk	39.9%	430		1971	prod.	Offshore
ADCO	9.5%	1,200	opco	1960	prod.	Onshore
ADMA	13.3%	500	opco	1958	prod.	Offshore

* kboe/d, 2005 production (100%) for projects under production and estimates of future peak production (100%) for projects under development or study, LNG liquefaction capacity for LNG projects

** Total share, projection based on Brent at 40 \$/b



Well balanced portfolio of projects



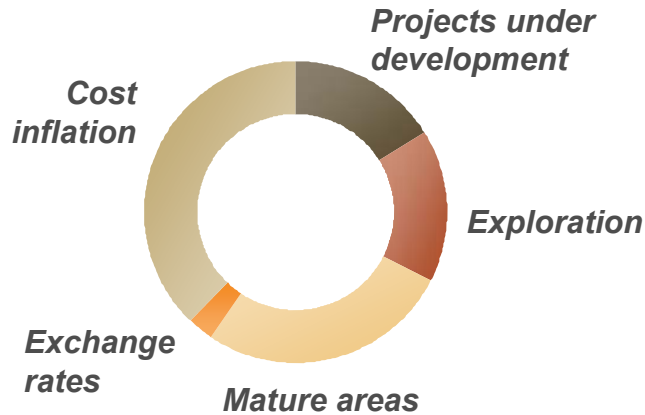
* cumulative contribution of exploration to reserve replacement potential

** as of end-October for 2006

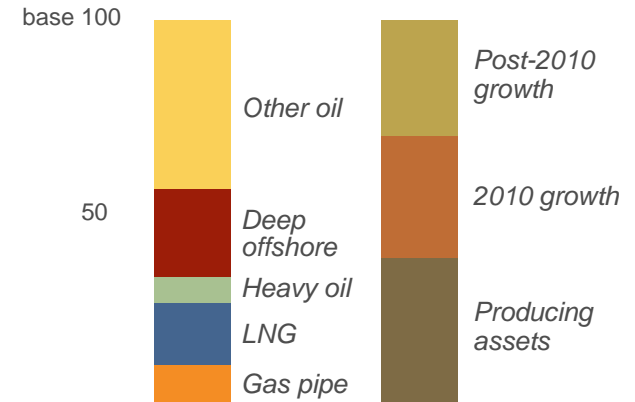


Capex increased to sustain long-term growth

Upstream Capex : 2006(e) vs. 2004



Development & maintenance Capex 2006-2010(e)



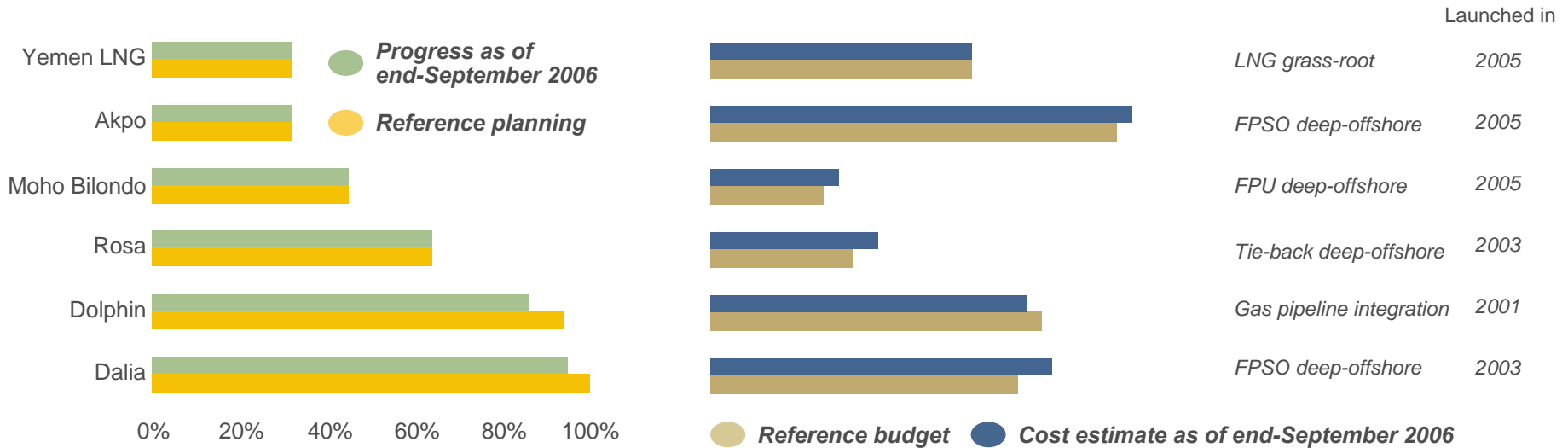
Upstream Capex increase of close to 4 B\$ between 2004 and 2006(e)

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

2006 Upstream investments estimated at approx. 11 B\$ excluding acquisitions

- Increase in exploration program (+0.5 B\$ compared to budget)
- Impact of exchange rates (+0.2 B\$) and cost inflation (+0.3 B\$)

Main operated developments on track



New industry challenges

- Rig availability
- Service sector overheating
- Human resource scarcity
- Delays in decision-making process

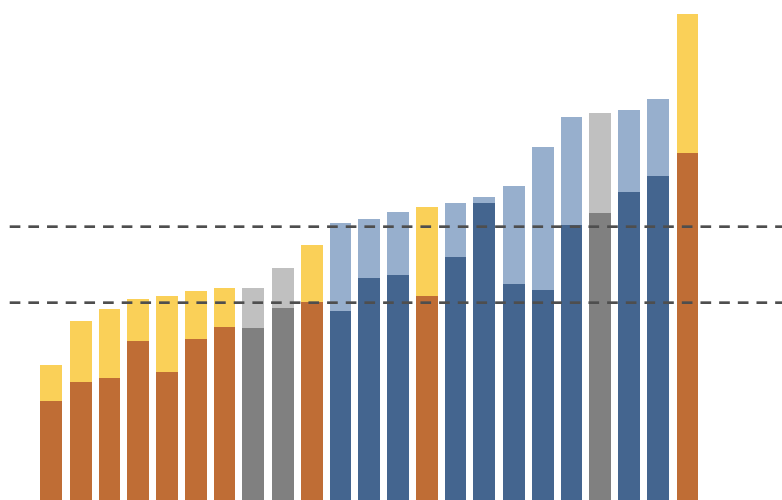


Total's ability to deliver

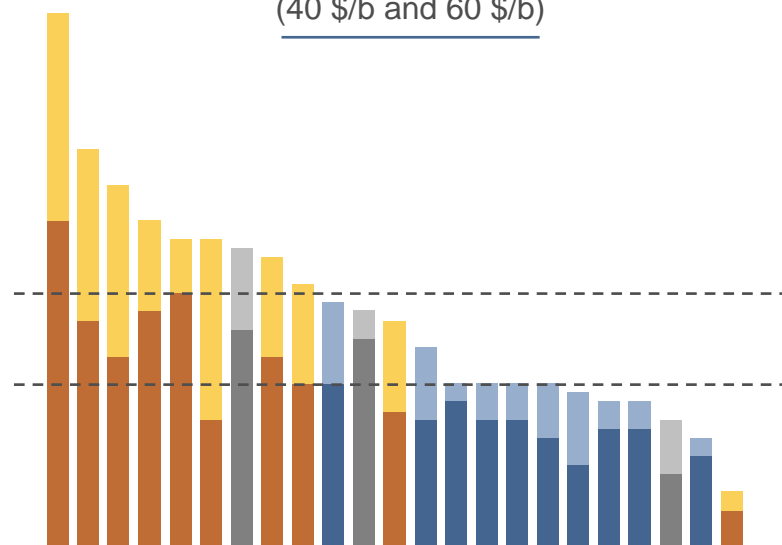
- Core skills maintained and developed in-house
- Culture of accountability
- Projects developed under EPC contracts
- Rigs contracted in advance for developments and firm exploration
- Growing importance of long-term global partnerships with host countries and NOCs
- Leveraging technology and successful experience (8 FPSO projects in development or under study)

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

Project IRR
(40 \$/b and 60 \$/b)



Project enrichment (P/I)*
(40 \$/b and 60 \$/b)



60 \$/b Long-lived projects
(heavy oil, LNG...)

60 \$/b Deep-offshore
40 \$/b projects

60 \$/b Other
40 \$/b projects

Business model aimed at balancing :

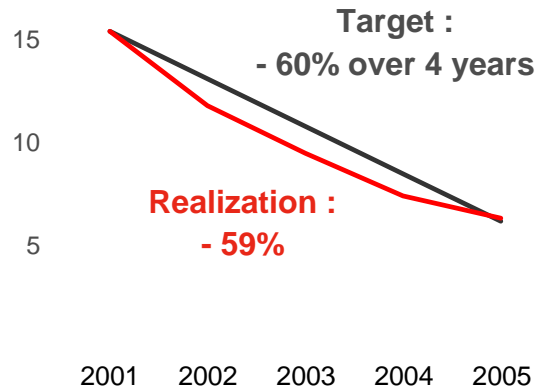
- ▶ ***Long-term projects with high upfront capex and strong cash flow generation...***
- ▶ ***... And shorter lived assets with high returns...***
- ▶ ***... While taking into account upside potential and associated risks***

* cumulative cash flow over project life divided by development Capex

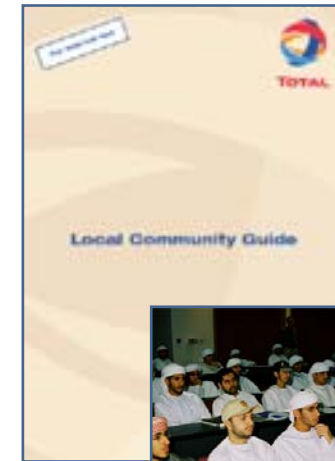
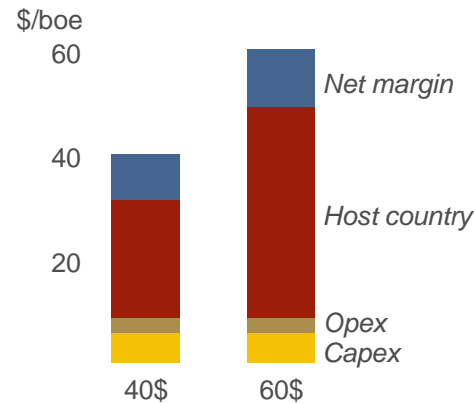
Improving local acceptance

Injury rate, Group and contractor employees

TRIR* per million man hours worked



West Africa typical deep-offshore rent sharing



- ▶ **Safety is key for the valuation of management performance**
 - New targets for 2009
- ▶ **Safety policy homogenously applied worldwide**
 - Contractors safety managed as for Total's employees

- ▶ **Balanced risks / profitability sharing with host countries**
- ▶ **Development of local industry**
- ▶ **Strengthening strategic partnerships**

- ▶ **Evaluating local impacts embedded in Total's decision making process**
- ▶ **Developing local employment**
- ▶ **Creating partnerships with communities**

* TRIR : Total Recordable Injury Rate

A Human Resource response to industry challenges

An increasingly tight market for oil-industry talent

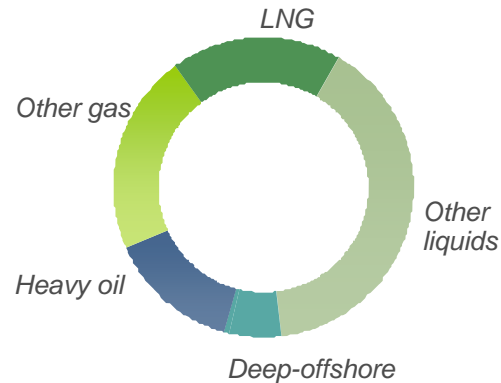
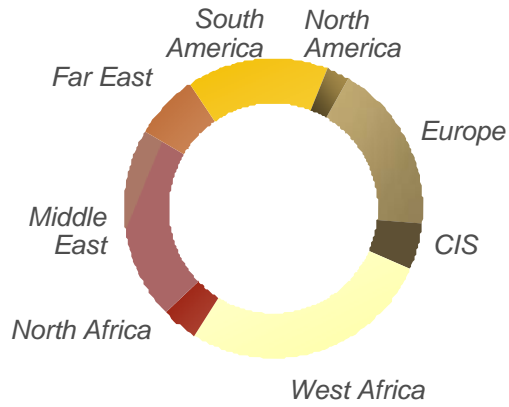
- ▶ A historically high level of activity across the industry
- ▶ An acceleration of retirements in the short to medium term
- ▶ Host-country 'ization' policies worldwide

Total : a structured and proactive HR management system

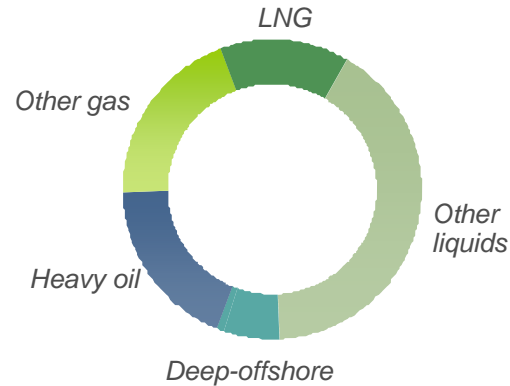
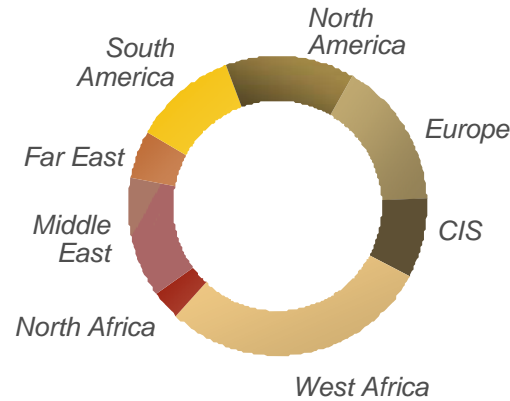
- ▶ Recruiting 500 professional staff per year
- ▶ Extensive training programs (operations, geosciences...)
- ▶ Modest turnover
 - 1% in France, < 3% outside France
 - Stock options, stock grants, Employee Stocks Ownership Plan...
- ▶ Adaptability to the local environments

Maintain strong technical and geographical diversification

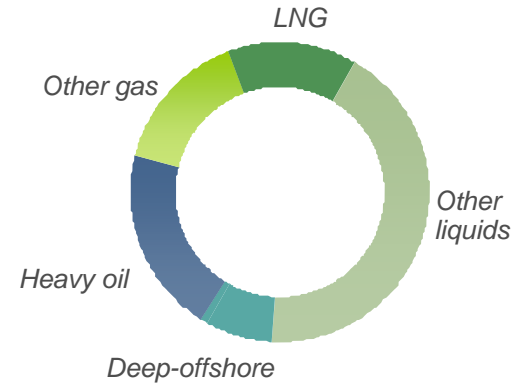
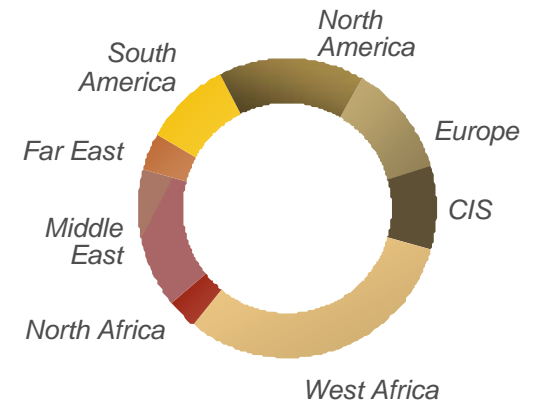
Proved reserves :
approx. 12 years



Proved and probable*
reserves : >20 years



Resources** :
approx. 40 years



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** 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)



Developing new themes for the very long term

Hydrocarbons to dominate the energy mix through 2020

- Improvement of exploration efficiency : subsalt, deep reservoirs...
- Increase in recovery rates : heavy oil, mature areas...
- Assessment of technical challenges : HP/HT, tight gas, sour gas, heavy oil
- Prepare for the possible new oil and gas plays : oil shale...

Looking for efficient technologies now that will provide energy solutions for the long-term

- GTL, CTL, DME...
- Wind, solar...
- Biomass

Solutions to be found on key environmental issues

- Oxy combustion pilot under construction



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The business segment information is presented in accordance with the Group internal reporting system used by the Chief operating decision maker to measure performance and allocate resources internally. Due to their particular nature or significance, certain transactions qualified as "special items" are excluded from the business segment figures. In general, special items relate to transactions that are significant, infrequent or unusual. However, in certain instances, certain transactions such as restructuring costs or assets disposals, which are not considered to be representative of normal course of business, may be qualified as special items although they may have occurred within prior years or are likely to recur within following years.

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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