KUALA LUMPUR 2012 WORLD GAS CONFERENCE

25th world gas conference

"Gas: Sustaining Future Global Growth"

World Shale Gas Potential

An insight into Shale Gas Exploration Outside of N. America

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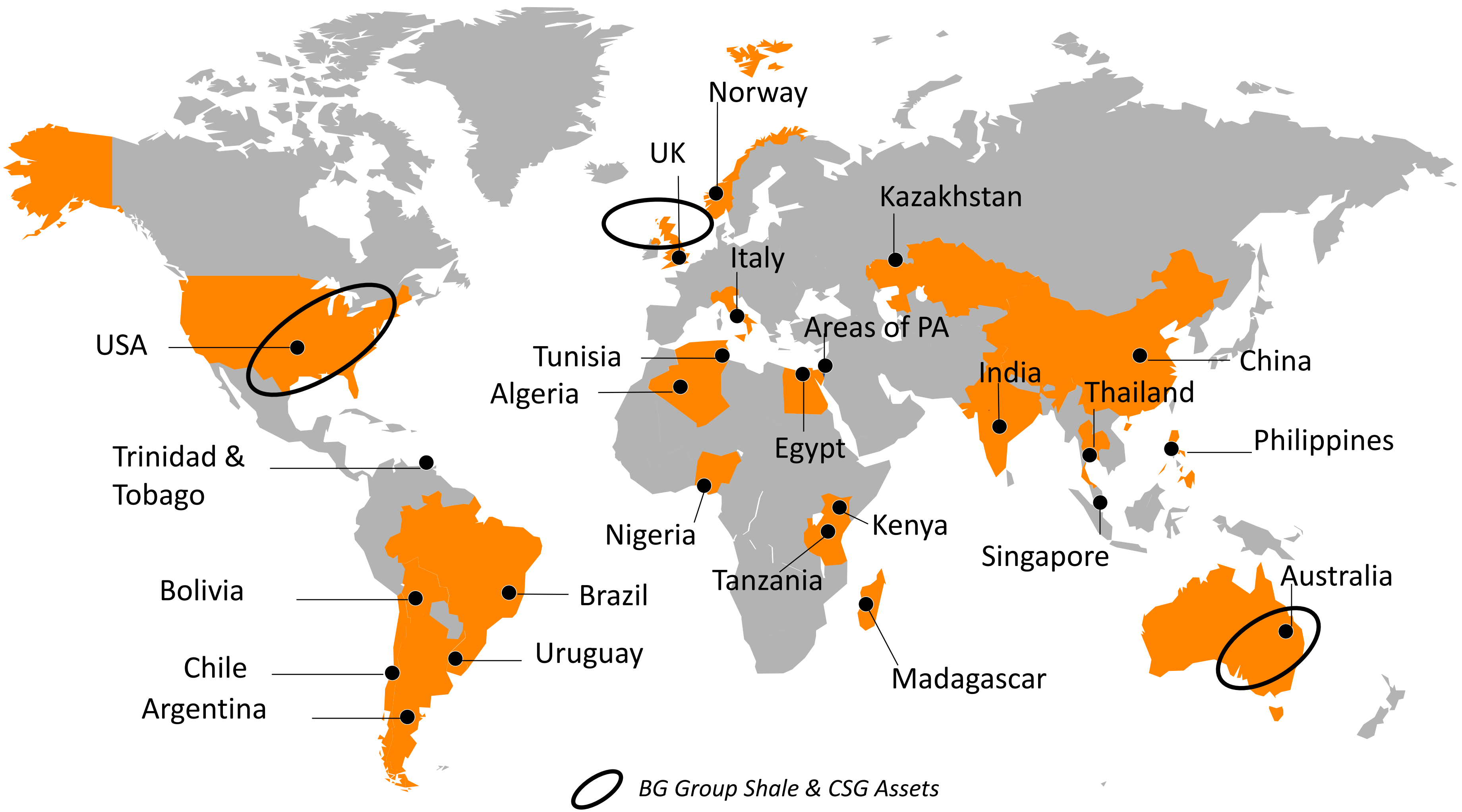
Talk Outline

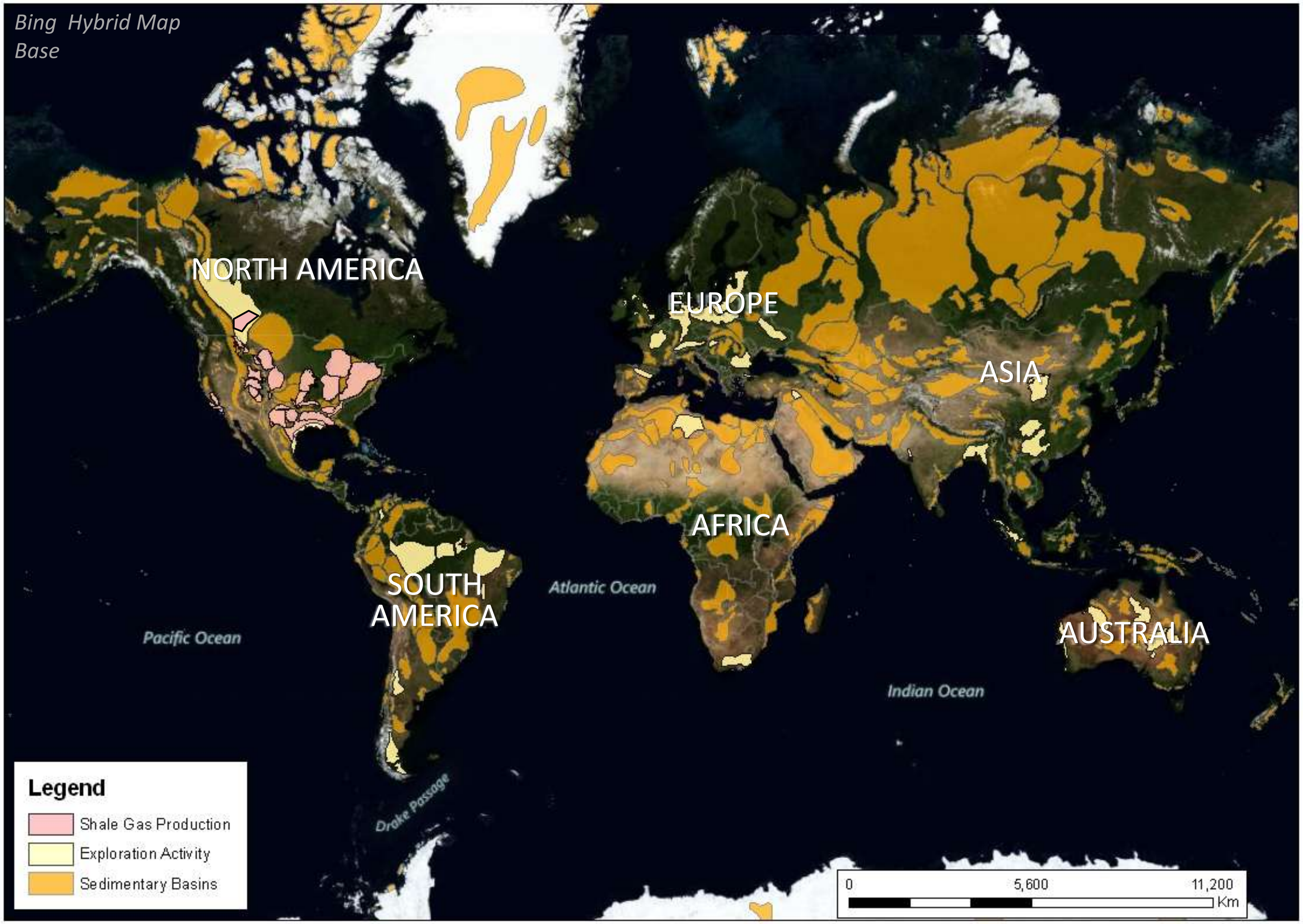
- Brief introduction to BG Group
- Global resource estimates
- Exploration critical factors
- Non-technical challenges
- Shale gas activity by region

BG Group Interests



BG Group has interests in 25 countries over 5 continents

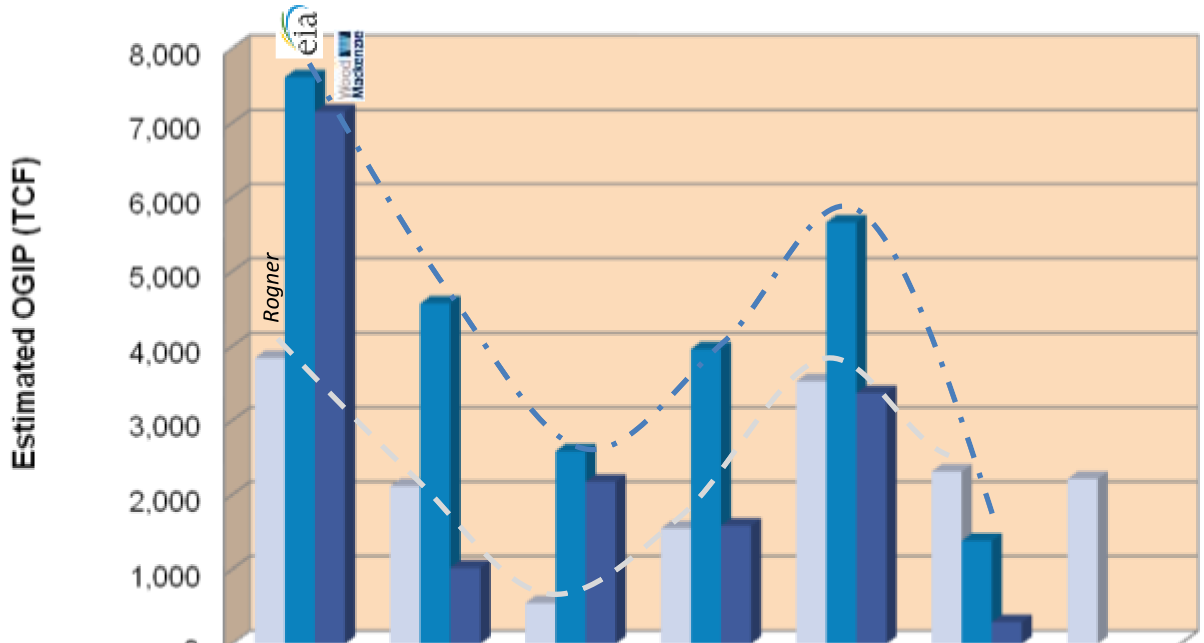
Onshore Basins Worldwide



Source of basins map : Bill St John, AAPG

Potential in basins across the world – shale gas exploration becoming global

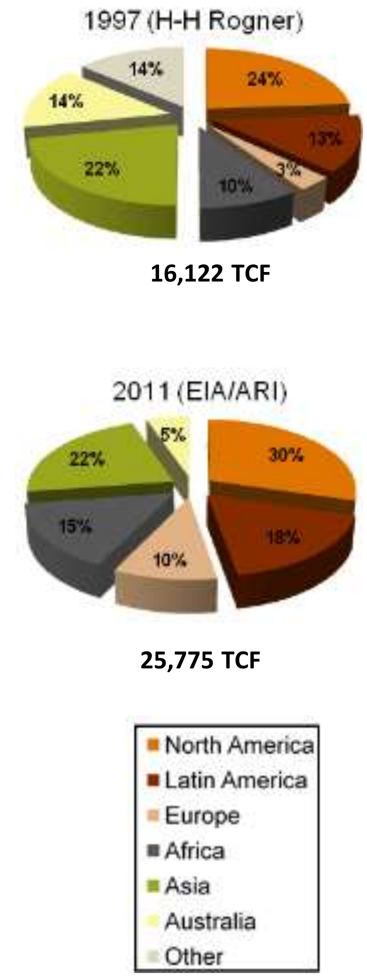
Shale Gas Resource Estimates



	North America	Latin America	Europe	Africa	Asia*	Australia	Other	Totals
1997 (H-H Rogner)	3,842	2,117	549	1,548	3,528	2,313	2215	16,122
2011 (EIA/ARI)	7,616	4,569	2,587	3,962	5,661	1,381		25,775
2012 (Wood Mackenzie)	7,153	1,020	2,175	1,584	3,370	292 * *		15,593

Estimates for each region may vary depending on which plays were included and play type variances

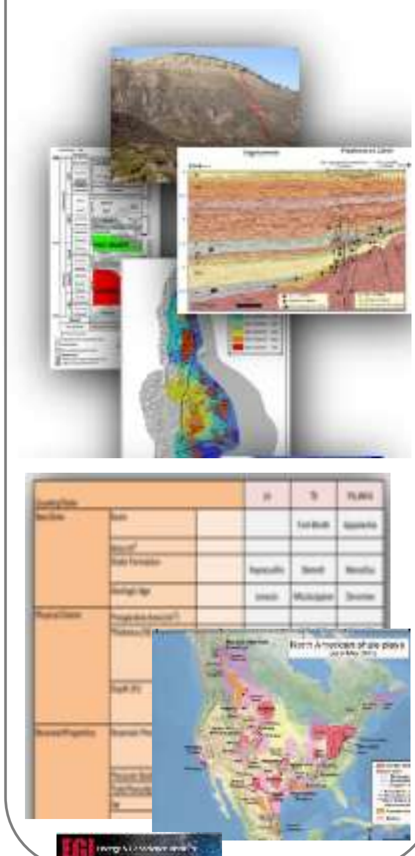
**Asia region includes China*   ** * Only Cooper Basin*



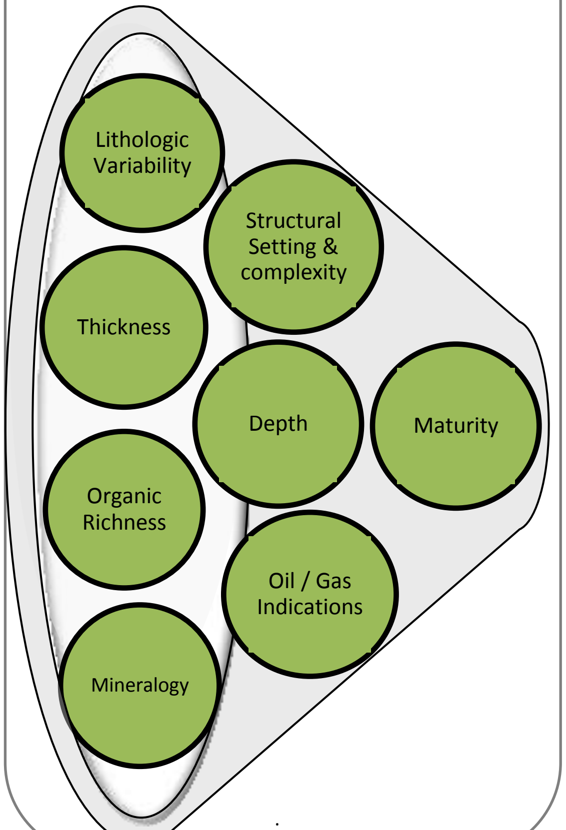
Huge potential with some distribution similarity

Technical Criteria – Exploration Screening

Data Collation & Analogue Work

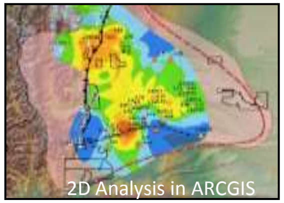


Key Criteria Selection & Screening

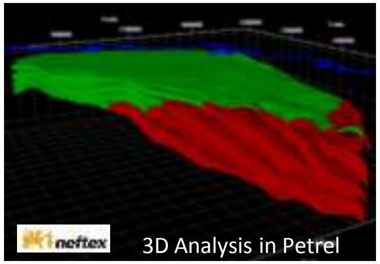


Multi-Variate Analysis

Play Fairway Mapping



2D View of Sweet Spots GIIP & Materiality



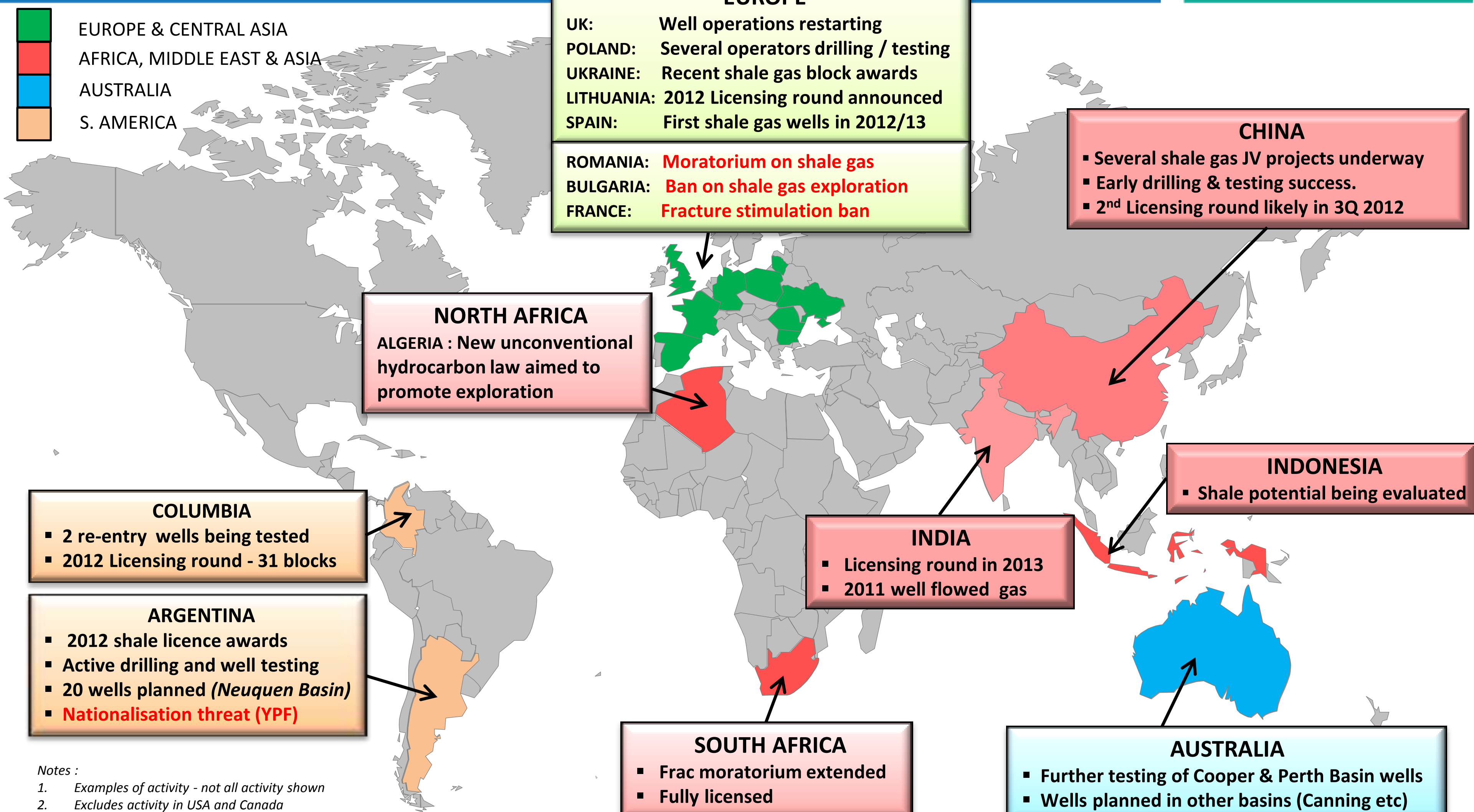
3D Visualisation

Typical evaluation approach – key criteria will vary between companies

Non-Technical Considerations

Degree of difficulty can vary by region, country, state or basin scale

2012 Global Activity Summary



Considerable shale gas activity already in 2012

Moving Forward – Outside North America

- US technology opens the door to international potential – but may not provide the perfect solution to crack the global shale code. Potential for further benefit from new liquid play focus in US
- More efficient use of resources required - US level of services, consumables, water and enabling logistics are not feasible
- European plays typically have challenging subsurface characteristics (stress regimes, burial history, faulting) – additional up front technical effort needed (eg 3D)
- Different commercial model – higher costs may be balanced by higher gas prices and better fiscal terms. This can present a challenge for small companies
- Its relatively easy to acquire large licence positions, at relatively low cost, but hydrocarbon laws and fiscal terms not established with unconventional plays in mind
- Different government support, stakeholder / landowner situation and population densities
- Strong and effective lobbying, with social networks promoting misconceptions that are having an impact in some areas

Combination of factors needed to make shale plays work outside of N. America

Thanks to WoodMac, NEFTEX and EGI

and

Thank you for your attention

ANY QUESTIONS ?