



Unocal
International Operations
Building on Success

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UNOCAL 

This presentation may include discussion about future goals and projections of future earnings, cash flow, capital spending, crude oil and natural gas production, reserves, recoverable quantities, ultimate recovery, and gross resource potential of oil and gas prospects. These goals and projections are “Forward Looking Statements,” and are based on Unocal’s internal plans and forecasts. The actual results in the future will be influenced by the inherent risks of our businesses and the economic situations in the various countries where we operate, or attempt new business opportunities. The actual results will be determined by a number of factors, including: oil and natural gas commodity prices, the company’s drilling success rate, the company’s success in capturing new business opportunities and the timing of new project developments, the decline rates of present fields and future resource discoveries, and the costs incurred for future exploration, development, and production operations. For a more complete discussion of these and other risk factors, refer to Unocal Corporation’s 2003 Form 10-K, pages 56-65.

The U.S. Securities and Exchange Commission permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Unocal uses certain terms in this presentation, such as “resource potential” and “discovery volumes,” that the SEC’s guidelines strictly prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the disclosure in Unocal’s 2003 Form 10-K. Copies of the company’s SEC filings are available from the company by calling 800-252-2233. The reports are also available on the Unocal web site, [**www.unocal.com**](http://www.unocal.com).

The Unocal Story

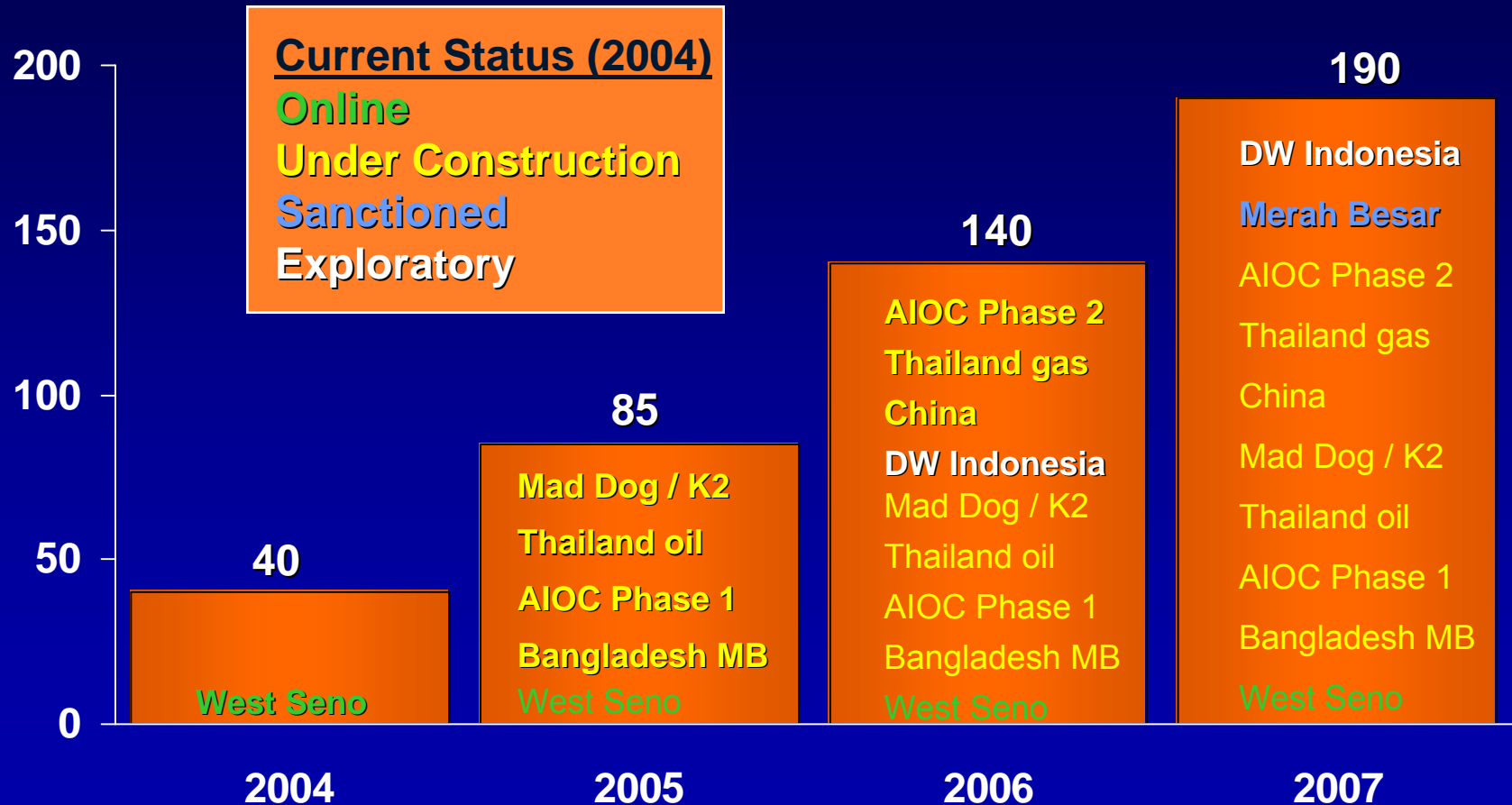
- World-class international assets and capabilities
- A restructured, focused and sustainable North American business
- Large inventory of major development projects coming on stream; additional projects moving to sanction
- Huge Asia gas position to fuel long-term growth
- Improved balance sheet
- Multiple near-term, high-impact exploration tests

Unocal 2003 – Operations Highlights

- Significant deepwater discoveries: St. Malo (Gulf of Mexico) and Gehem (Indonesia)
- Agreements in Thailand to extend gas sales contracts and increase contract volumes; plans to double oil production
- A restructured North American business
- East China Sea exploration & production PSCs
- Gas sales agreement for new field in Bangladesh
- Deep Shelf success: Harvest and Red Pepper
- AIOC Phase 1 project & pipeline construction on schedule
- Debt reduction for 2003 (39% debt-to-cap)

Estimated Production Impact of Major New Developments

MBOE/D



Unocal North American Operations

Alaska

Canada

Onshore U.S.

GOM Shelf

GOM Deepwater

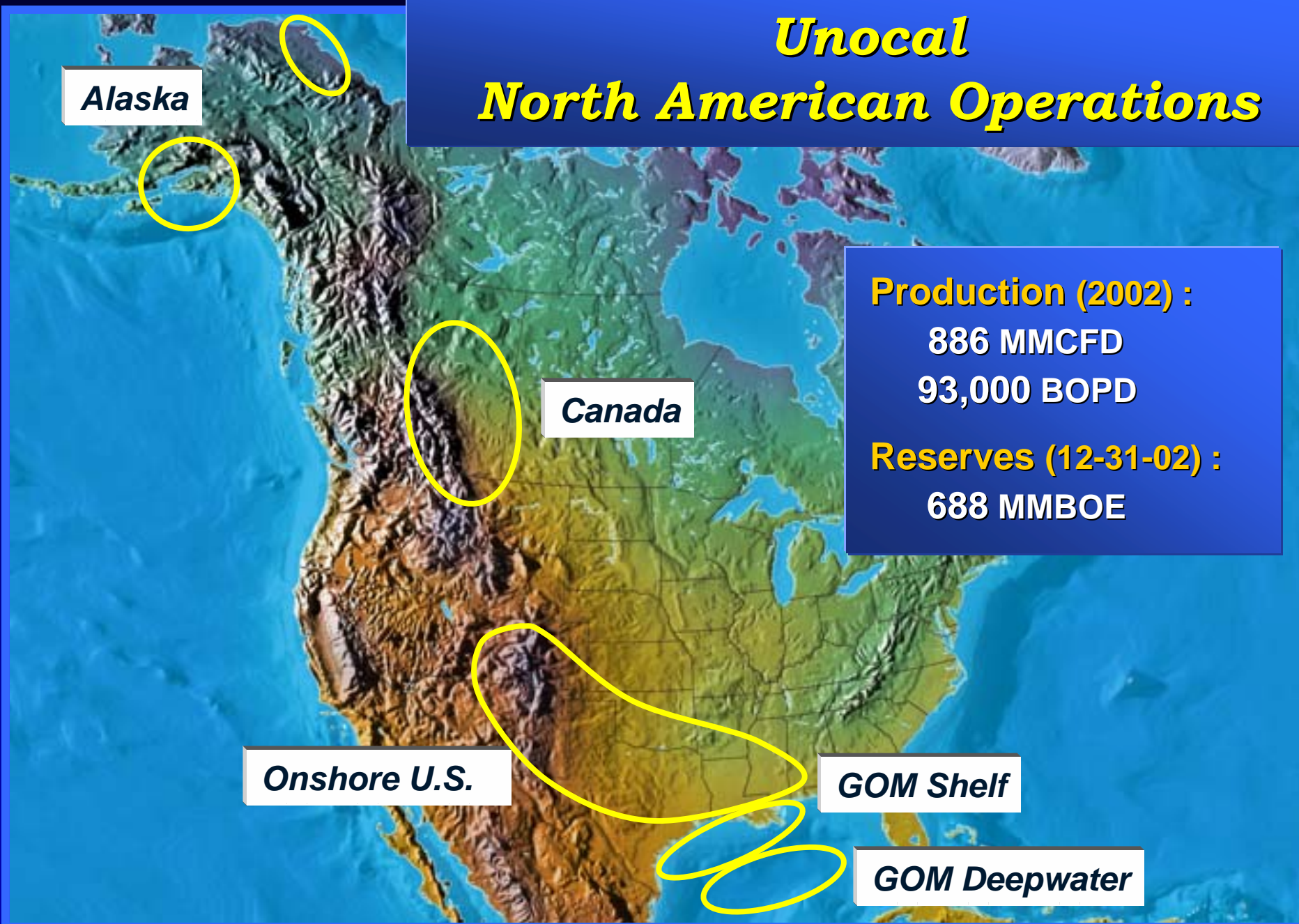
Production (2002) :

886 MMCFD

93,000 BOPD

Reserves (12-31-02) :

688 MMBOE



Creating a Sustainable North American Business

Targets

- Production: 180 - 200 MBOE/D base (R/P > 8)
- Reserves: 600 MMBOE
- F&D costs: < \$8.00 / BOE *
- Cost structure: ~ \$14.50 / BOE **

* Excludes deepwater

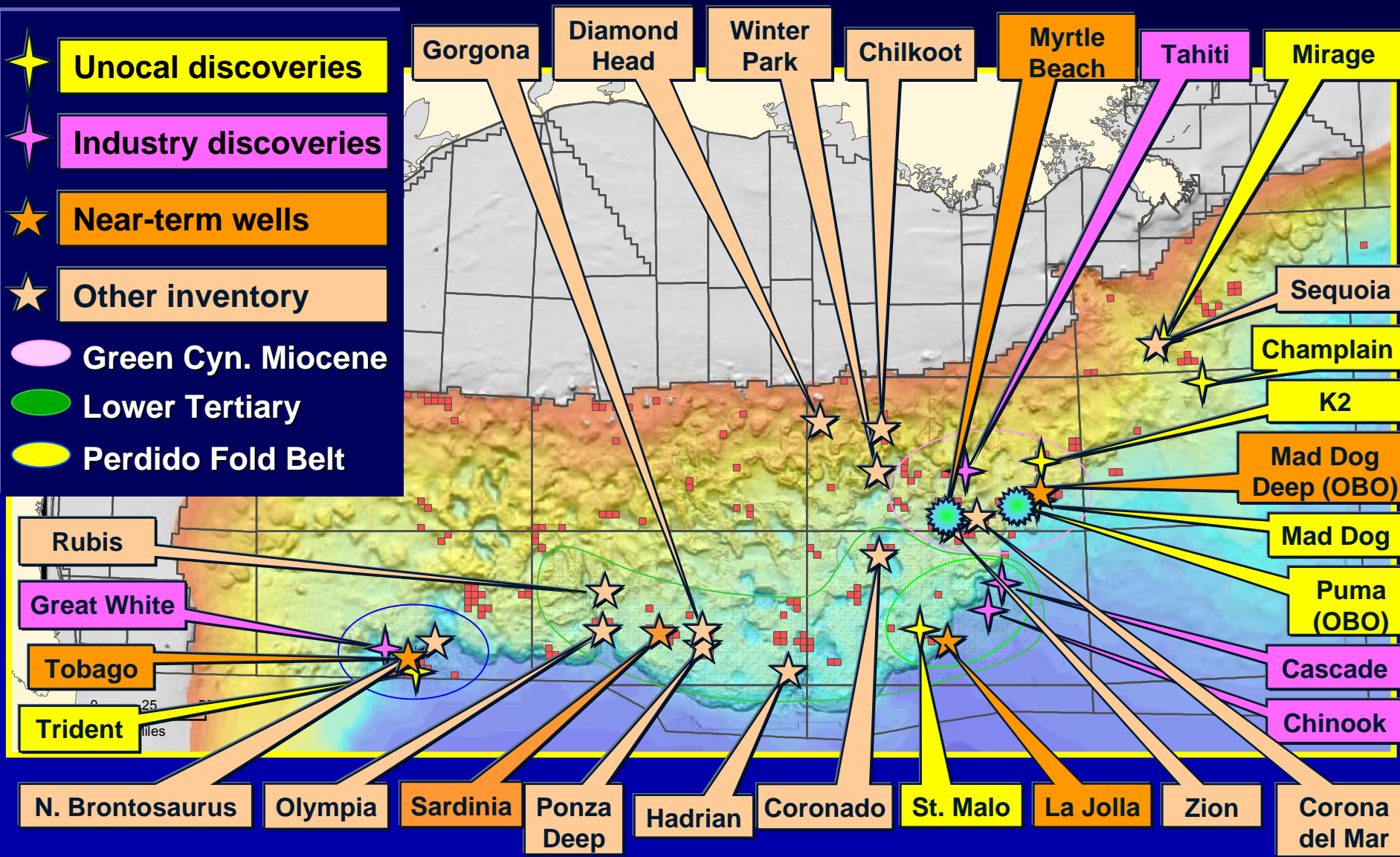
** Excludes dry hole and exploration expense

Unocal's Deep Shelf Program

Where Are We?

- ***Early results are encouraging***
 - Rio Grande, Jalapeno, Harvest 1&2, Red Pepper discoveries
 - Current production is 45 MMCFE/D
 - Now drilling on four prospects
- ***Portfolio has expanded tremendously***
 - 120 leads and prospects
 - Large 2004 inventory
 - Industry interest level high
- ***So far, very large accumulations have been elusive***
 - Harvest has 100+ BCF potential
 - Other discoveries in the 20-35 BCF range

Deepwater Gulf of Mexico Discoveries and Drilling Inventory



- ★ Unocal discoveries
- ★ Industry discoveries
- ★ Near-term wells
- ★ Other inventory
- Green Cyn. Miocene
- Lower Tertiary
- Perdido Fold Belt

Gorgona Diamond Head Winter Park Chilkoot Myrtle Beach Tahiti Mirage

Sequoia Champlain K2 Mad Dog Deep (OBO) Mad Dog Puma (OBO) Cascade Chinook

Rubis Great White Tobago Trident

N. Brontosaurus Olympia Sardinia Ponza Deep Hadrian Coronado St. Malo La Jolla Zion Corona del Mar

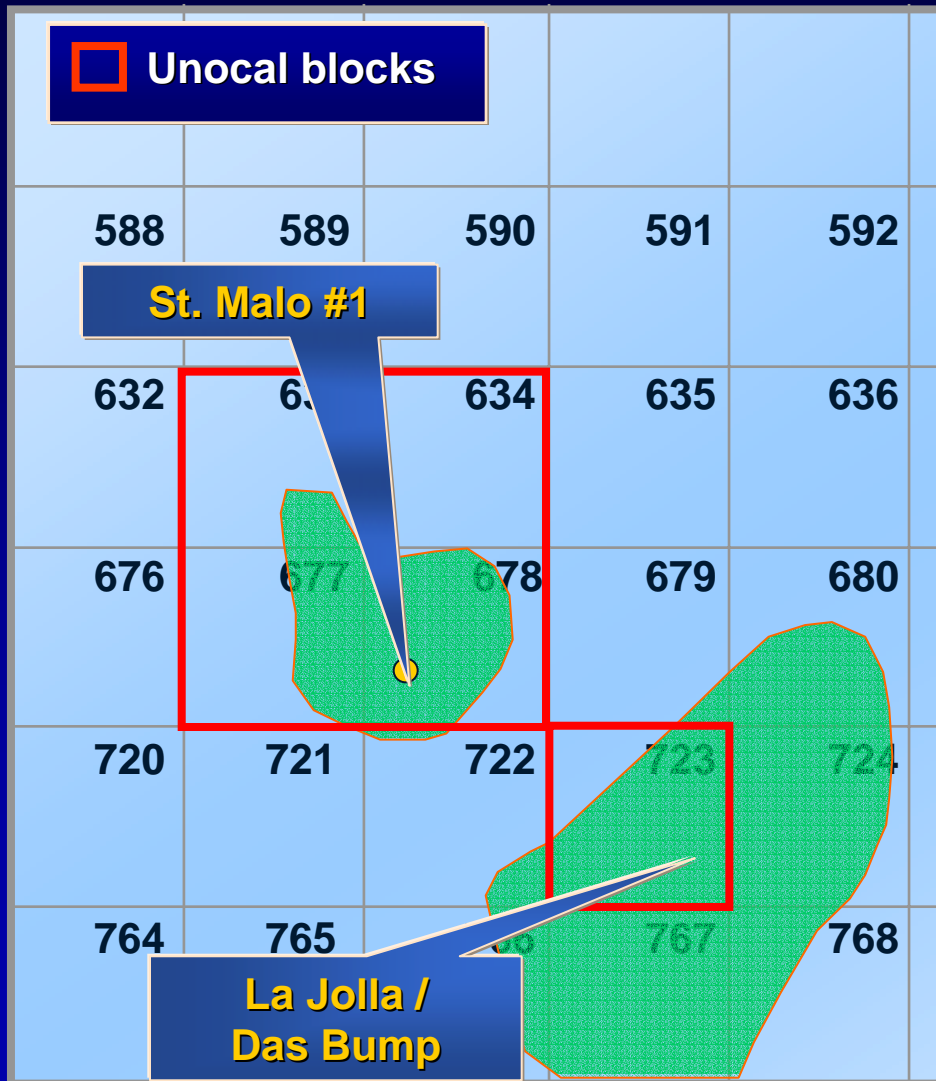
Unocal Deepwater GOM Exploration

- *Unocal's exploration is focused around 3 basin "sweet spots"*
 - Greater Green Canyon (Miocene)
 - Alaminos Canyon (Perdido Fold Belt)
 - Emerging Lower Tertiary play in Walker Ridge, Green Canyon and Keathley Canyon (St. Malo discovery)
- *Excellent line of sight for next 18 months of program (operated & OBO)*
 - Completed and pending deals with majors
- *Robust and expanding inventory of prospects*
 - Currently drilling: **Myrtle Beach** (G.C. Miocene)
 - Possible spuds within next 18 months: **Mad Dog Deep** (G.C. Lower Tertiary); **La Jolla** (Walker Ridge); **Tobago** (Alaminos); **Sardinia** (K.C. Lower Tertiary); **St. Malo appraisal** (Walker Ridge); **N. Brontosaurus** (Alaminos); **Chilkoot** (G.C. Miocene); **Zion** (G.C. Miocene); **Hadrian** (K.C. Lower Tertiary); **Corona del Mar** (G.C. Miocene); **Sequoia / Deep Mirage** (M.C. Miocene)

St. Malo Discovery

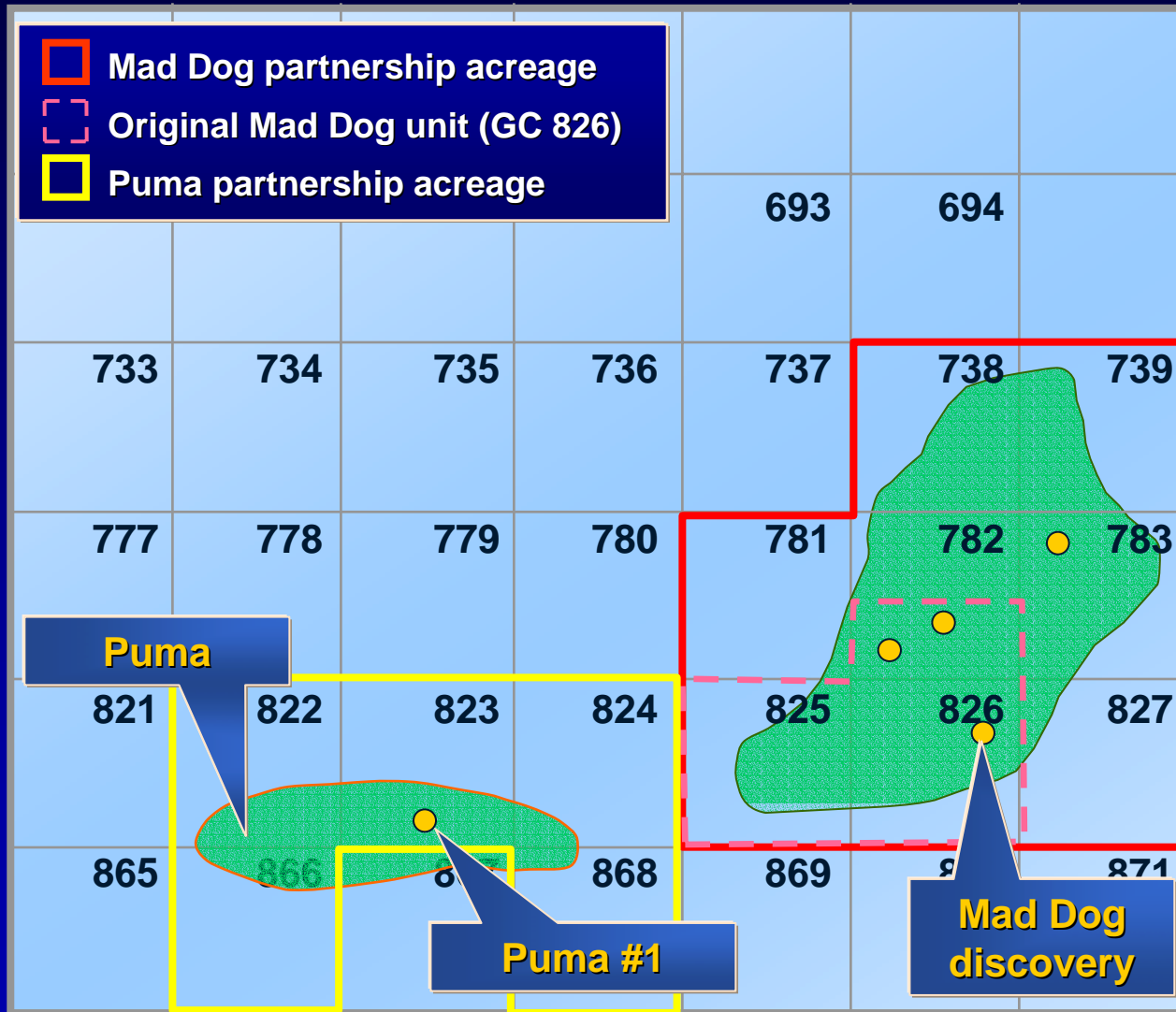


Unocal blocks



- Lower tertiary play (29,066') with discovery well (10/2003) in 6,900' water depth
- >450 ft. (net) pay in 1,400 ft. oil column
- Further appraisal planned in 2004
- Unocal WI 28.75% (25.2% net)
- Partners (gross WI) include:
 - Petrobras (25%)
 - Devon (22.5%)
 - ChevronTexaco (12.5%)
 - EnCana (6.25%)
 - ExxonMobil (3.75%)
 - ENI (1.25%)

Mad Dog Development



- Discovery well (12/98) in ~4,500' water depth
- Three successful appraisal wells
- Spar development (BP operated), 80,000 BOPD / 50 MMCFD
- 200 - 450 MMBOE risked full field recovery potential
- On track to deliver first oil late 2004 / early 2005
- Development drilling underway with very good results
- Unocal WI 15.6% (13.3% net)

Pure Overview

San Juan Basin

11 MBOED

- High quality, long-lived reserve base
- Geographically focused operations
- Significant project inventory
- Good full-cycle economics

Permian

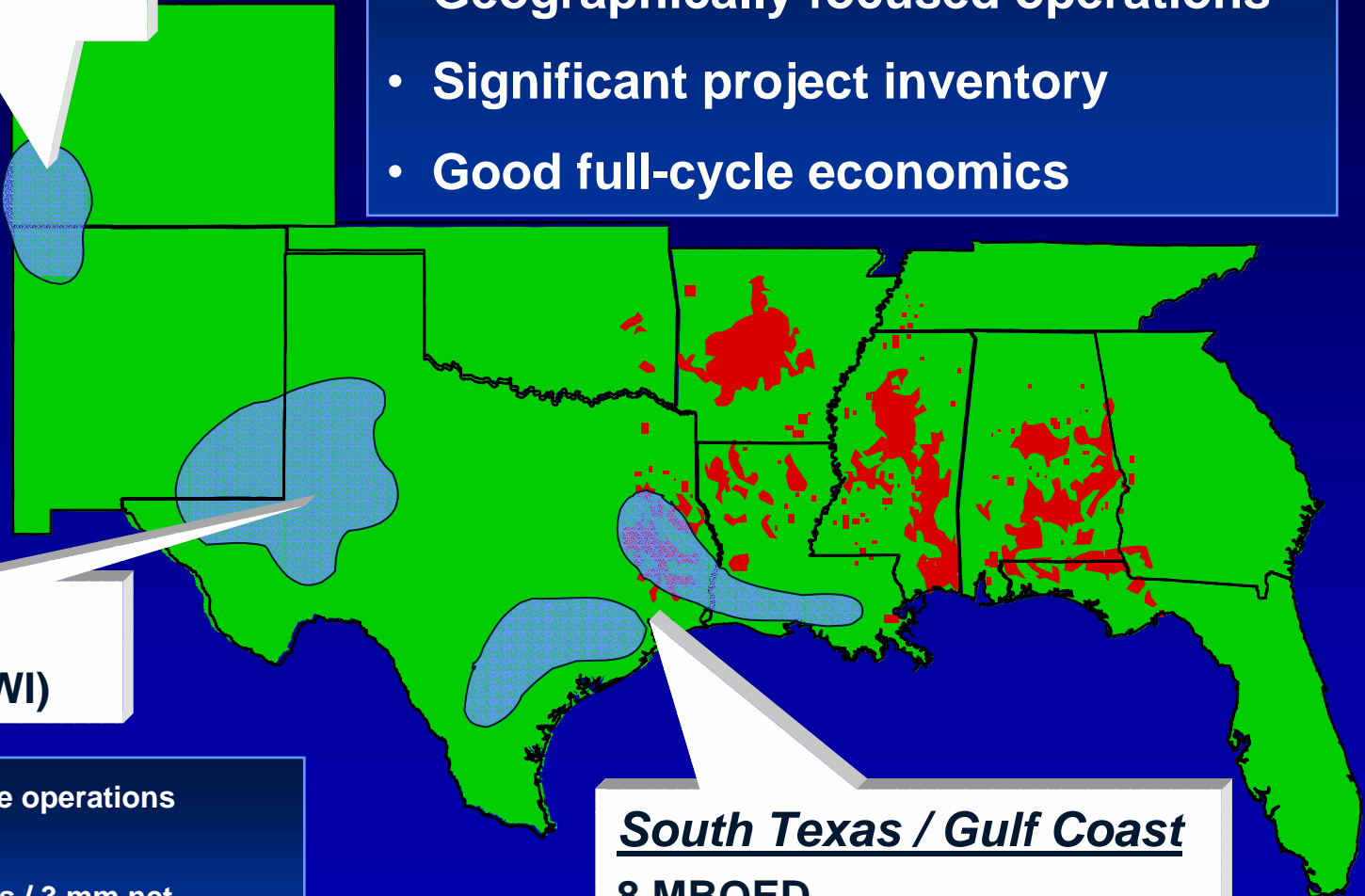
37 MBOED (WI)

 Current Pure operations

 5+ mm gross / 3 mm net fee mineral acreage

South Texas / Gulf Coast

8 MBOED

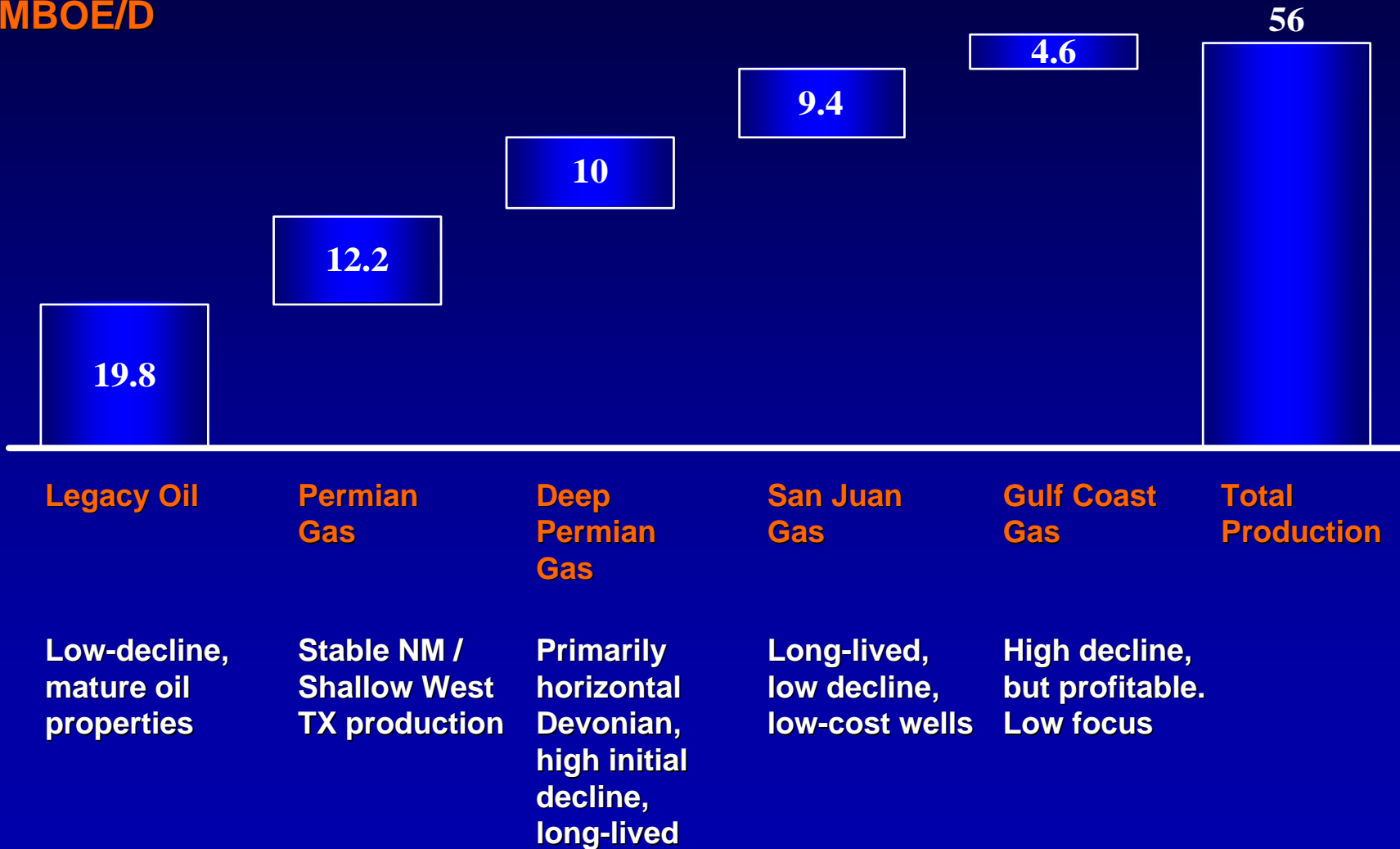


Pure Resources at a Glance

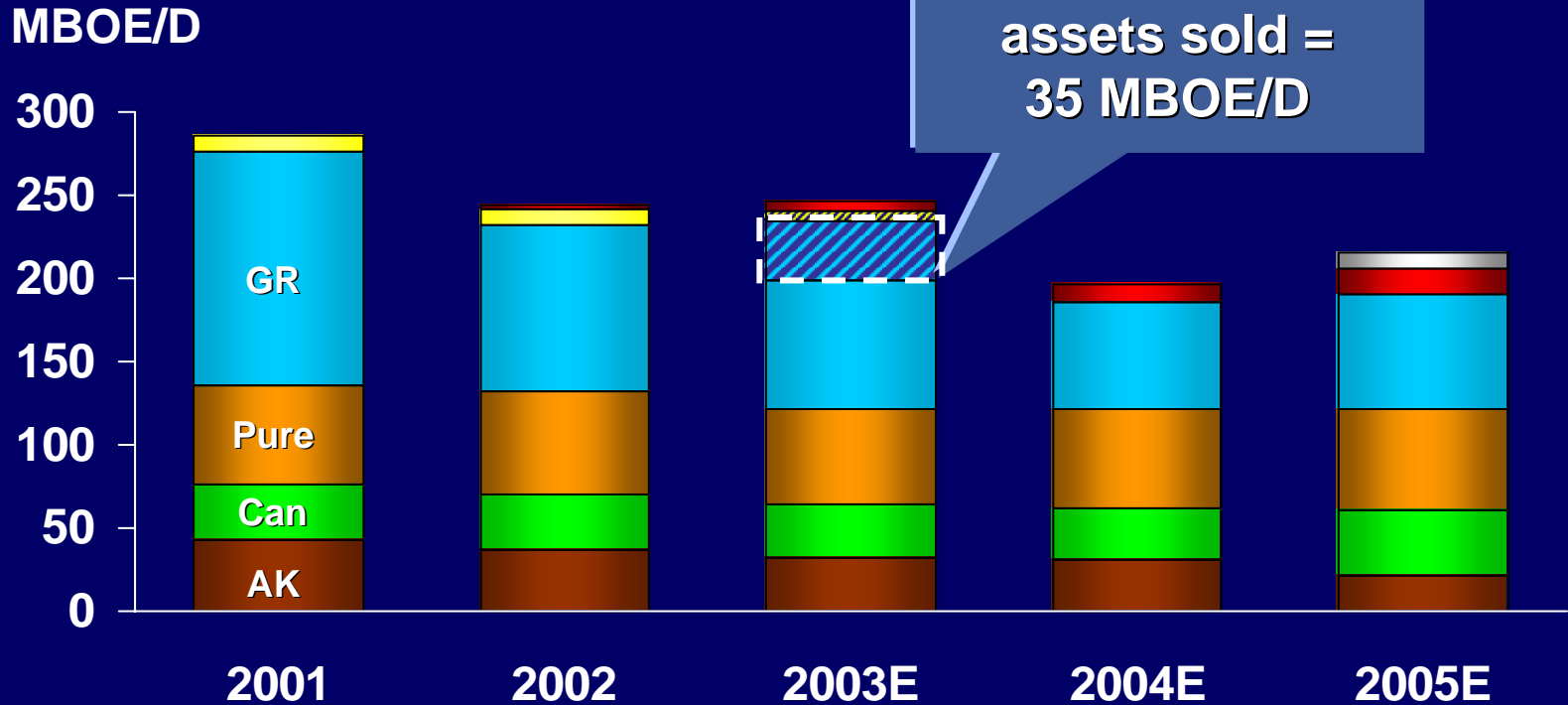
- Unocal owned 65% of Pure until October of 2002, when the remaining 35% was acquired
- 56,000 BOE/D production (8th in Permian, 7th in San Juan)
- 5,000+ gross operated wells (2,500+ non-operated)
- Approximately 250 MMBOE of proved reserves
- Accounts for about 30% of Unocal's North American production and 13% of total production
- R/P of 12 years
- \$380 - \$400 MM pre-tax cash flow (2003)
- ~ 300 full-time employees

Pure's Current Portfolio

Pure's production by location and type
MBOE/D



North America Production Mix Less Dependent Upon GOM Shelf



Unocal Worldwide E&P Activities

Production (2002) :

940 MMCFD

73,000 BOPD

Reserves (12-31-02) :

1,083 MMBOE



 Production operations

 Exploration provinces

Unocal International

Focused on Asia for 40+ Years

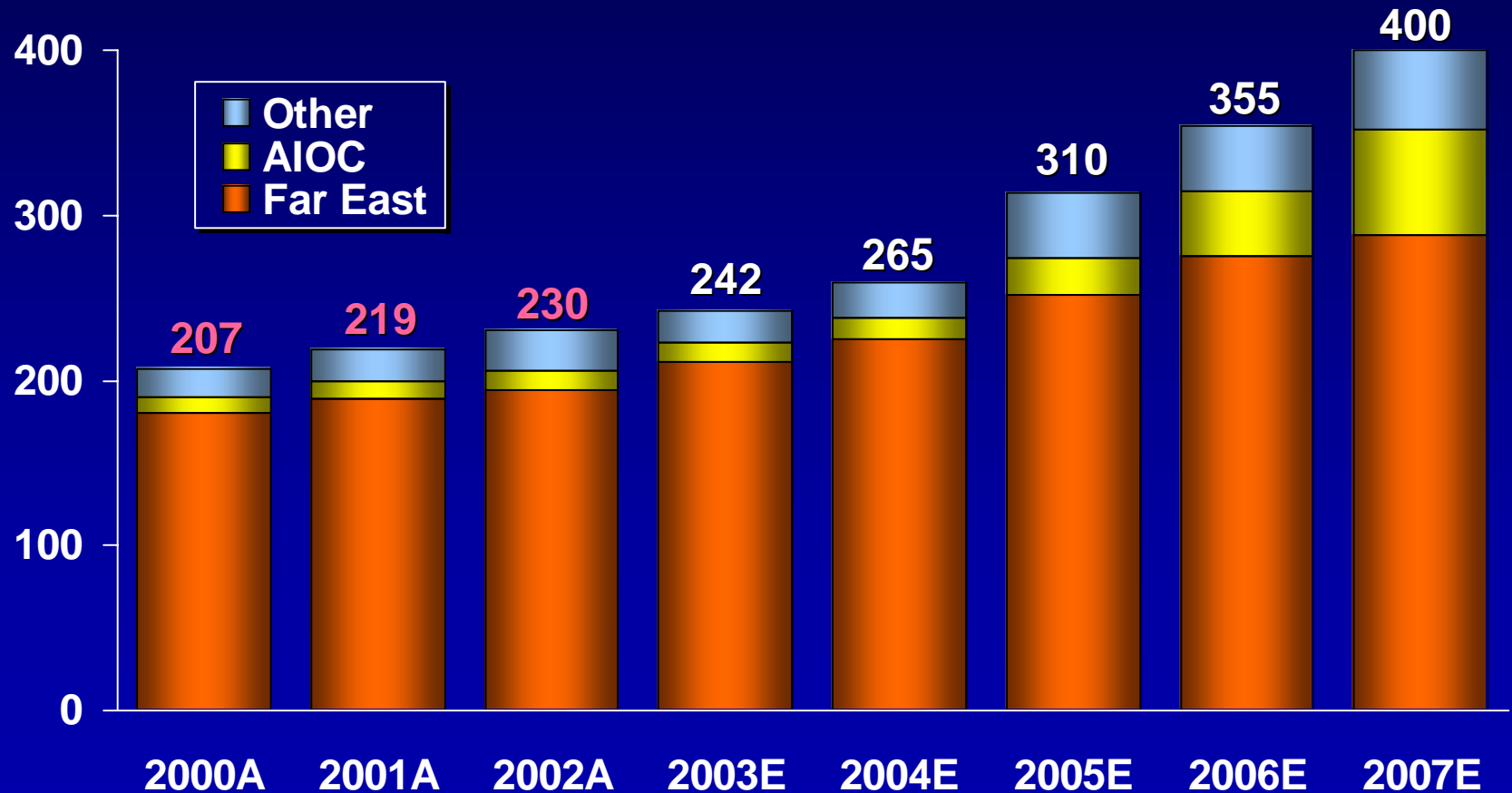
Our strategy...

- Leverage advantaged positions
 - *Thailand gas and Indonesia deepwater*
- Build large-scale businesses
 - *Azerbaijan, Bangladesh, Vietnam, China*
- Pursue regional expansion via farm-ins and asset acquisitions
- Emphasize development of national workforce, host country relations and community involvement

International Production 2000 - 2007

CAGR 2003-2007 12 %

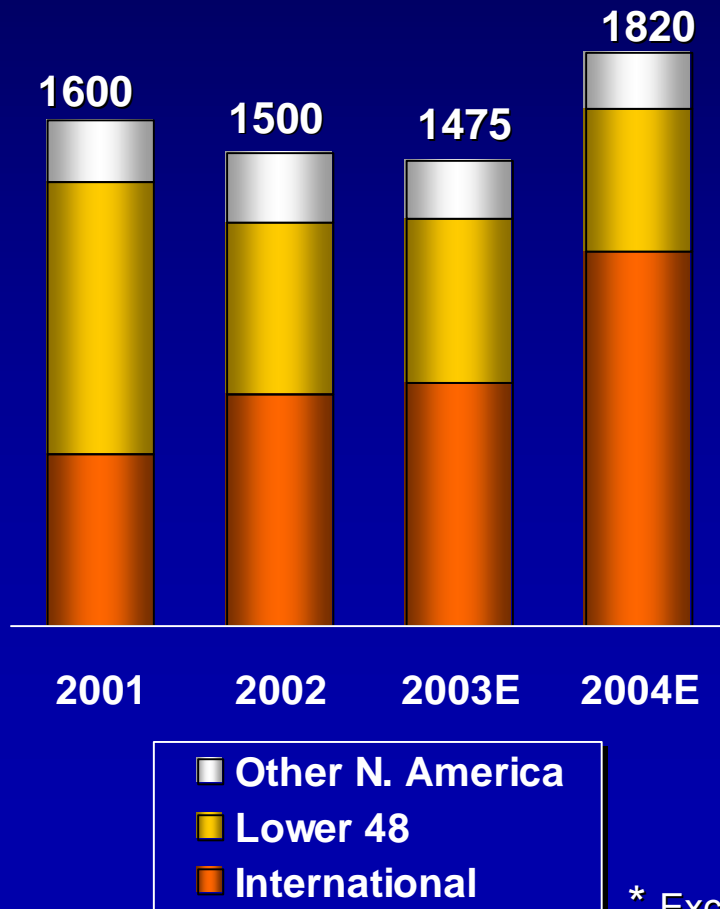
MBOE/D



Unocal's International Focus

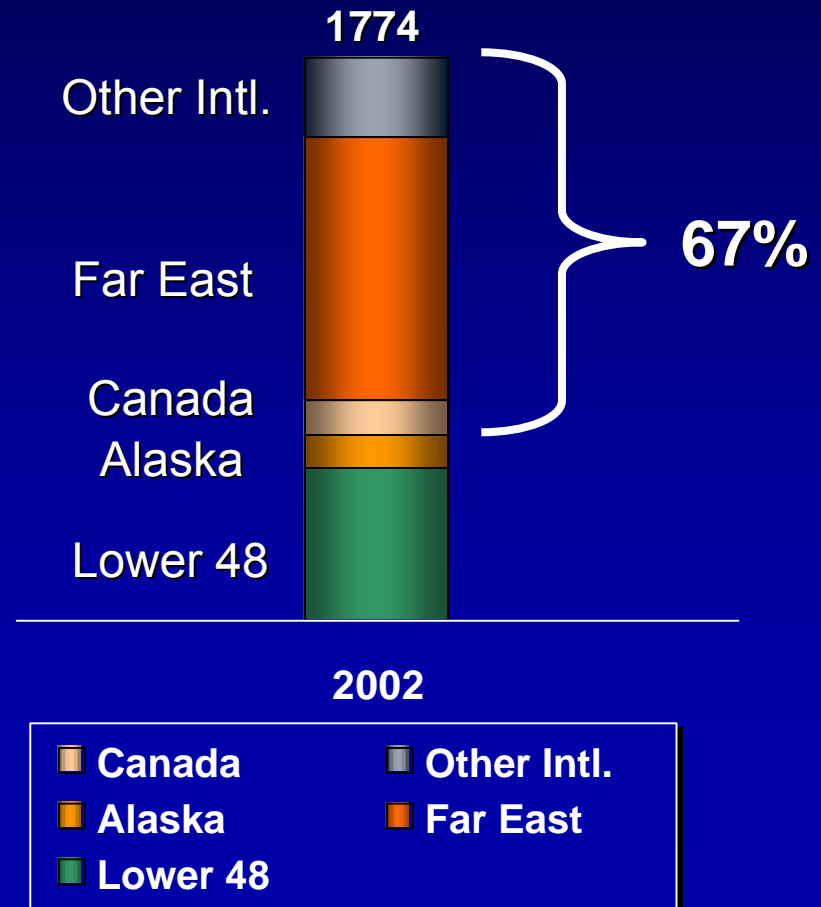
E&P Capital Expenditures Shifting from Domestic to International

E&P Capital, \$MM *



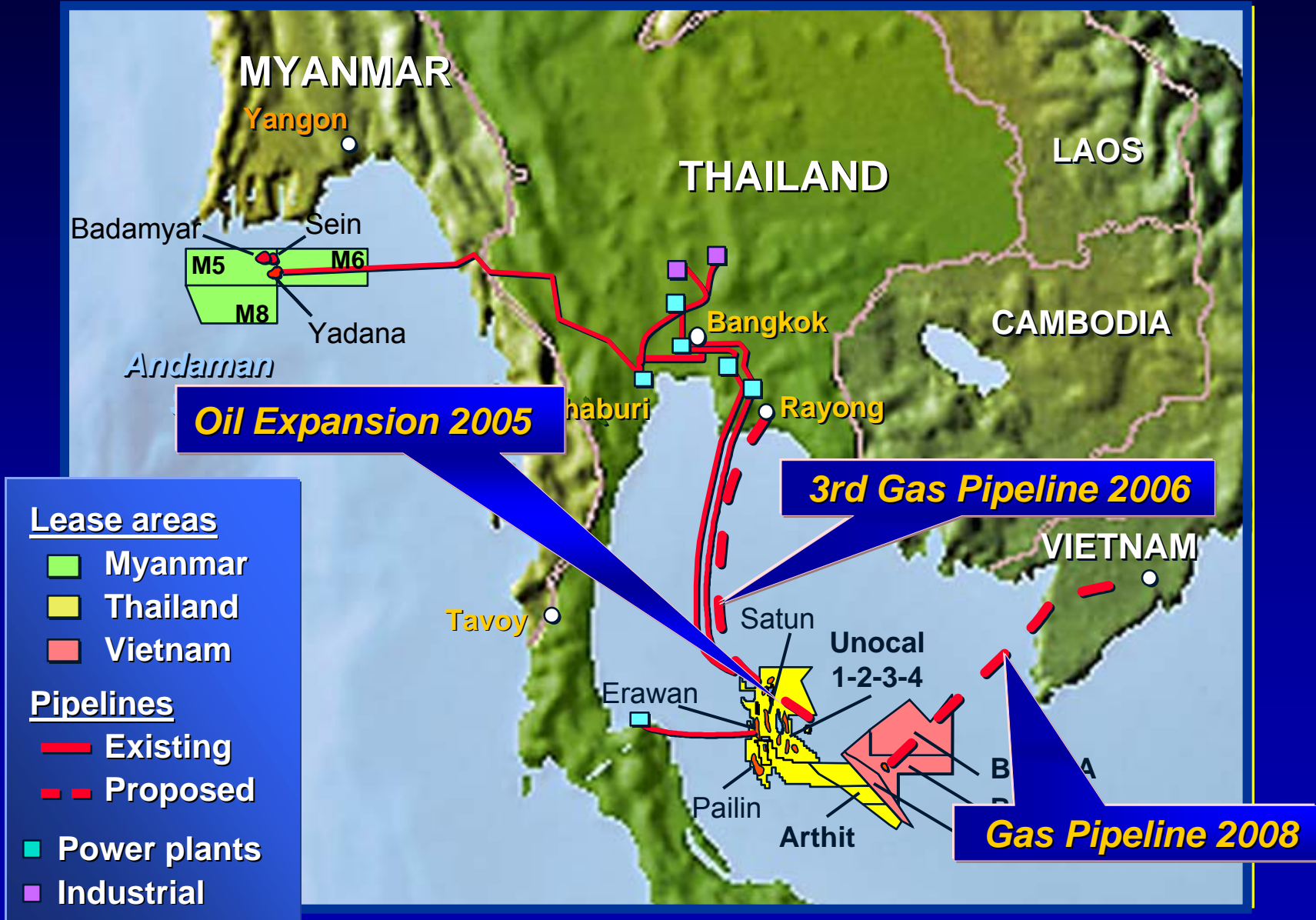
Resource Base Is Two-Thirds International

Reserves 12/31/02 (MMBOE)



* Excludes capitalized interest

Thailand – Myanmar – Vietnam Energy Demand Driving New Infrastructure



Unocal Thailand – Future Growth

There's Still a Long Way to Go . . .

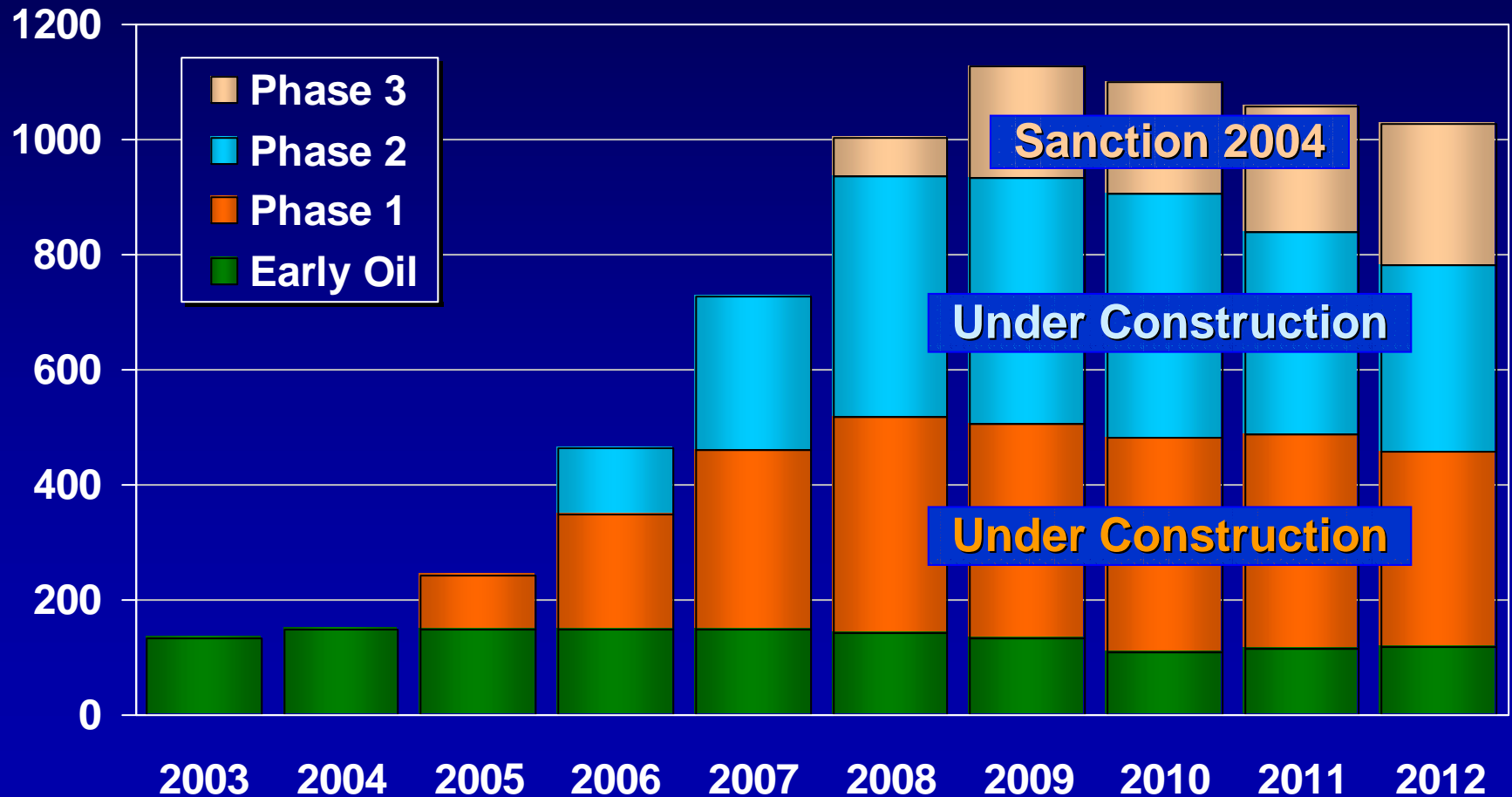
<u>Life to Date</u>		<u>Remaining Inventory</u>
171	Projects	~ 500
1,920	Wells	~ 5,700
95	Wellhead Platforms	~ 350
7.1	Capital (<i>\$B gross</i>)	~ 9.0
6.7 <i>(Produced)</i>	Resource (<i>risked TCFE gross</i>)	~ 13.2

AIOC Production Forecast

Rapid oil production growth

MBOPD

Unocal working interest: 10.28%



AIOC Development Project



AIOC Contract Area

- 3.9 to 6.9 billion barrels of oil recoverable by 2024
- Now producing ~130,000 BOPD
- Unocal has 10.28% interest
- Phase 1 adds 375,000 BOPD at peak – **under construction**
- Phase 2 adds 400,000 BOPD at peak – **under construction**

Main Export Pipeline (B-T-C)

- First pipe laid July 2003; project on schedule
- Financing imminent
- First oil delivery planned 1Q 2005



Unocal Indonesia – Deepwater Developments

- Unocal PSC areas
- Unocal deepwater discoveries
P10-P90 volumes (gross)



Bontang LNG plant

Santan terminal

West Seno

Bangka 100-260 BCF

Merah Besar 150-275 BCF
25-40 MMBO

Sadewa 150-600 BCF

Ranggas 900-2000 BCF
50-150 MMBO

Gehem 1100-2500 BCF
35-105 MMBC

Gada 400-1600 BCF

Gula 1100-7300 BCF
10-150 MMBC

Gendalo Complex
2200-3400 BCF
20-35 MMBC

Plan of Development

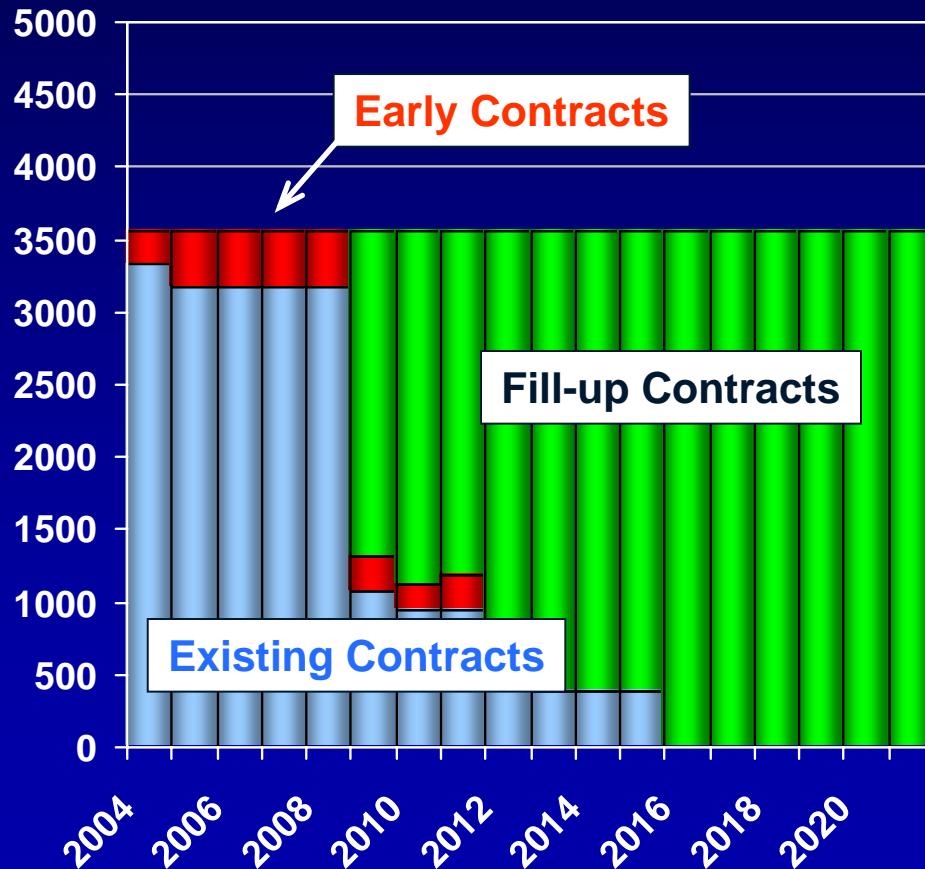
Prod. Start

West Seno II	done	2005
Merah Besar	4/04	2007
Bangka	6/04	2006
Gehem	6/04	2006
Sadewa	12/04	2006
Ranggas	12/04	2008

Indonesia – Bontang LNG Plant Gas Contracts & Market Potential

Plant Inlet Capacity

MMCFD



Existing Contracts

- Market share set through 2010
- Opportunity to fill shortfalls

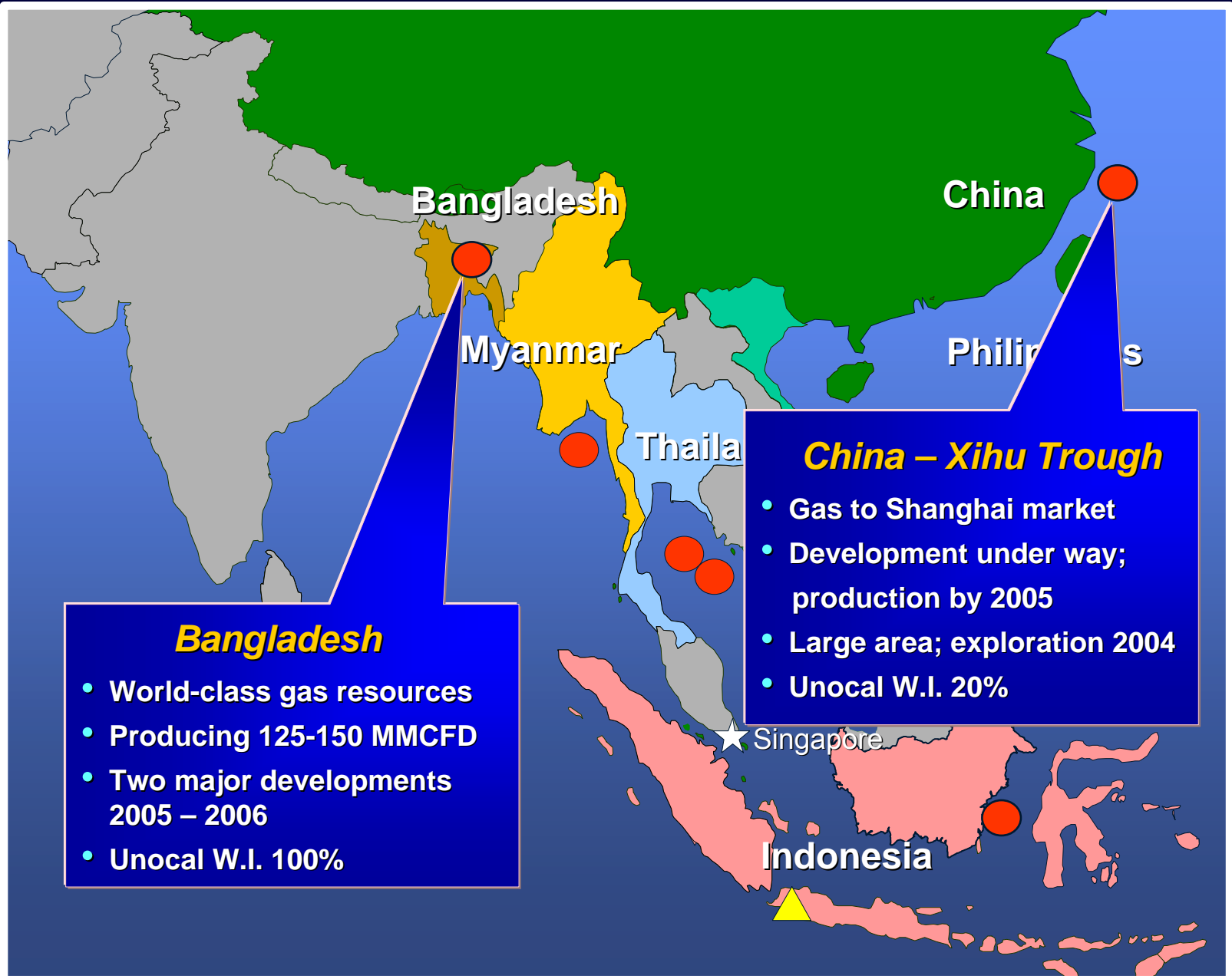
Early Contracts

- Up to 500 MMCFD spare capacity available

Fill-up Contracts

- Replace existing contracts beyond 2010

Emerging Businesses in South Asia



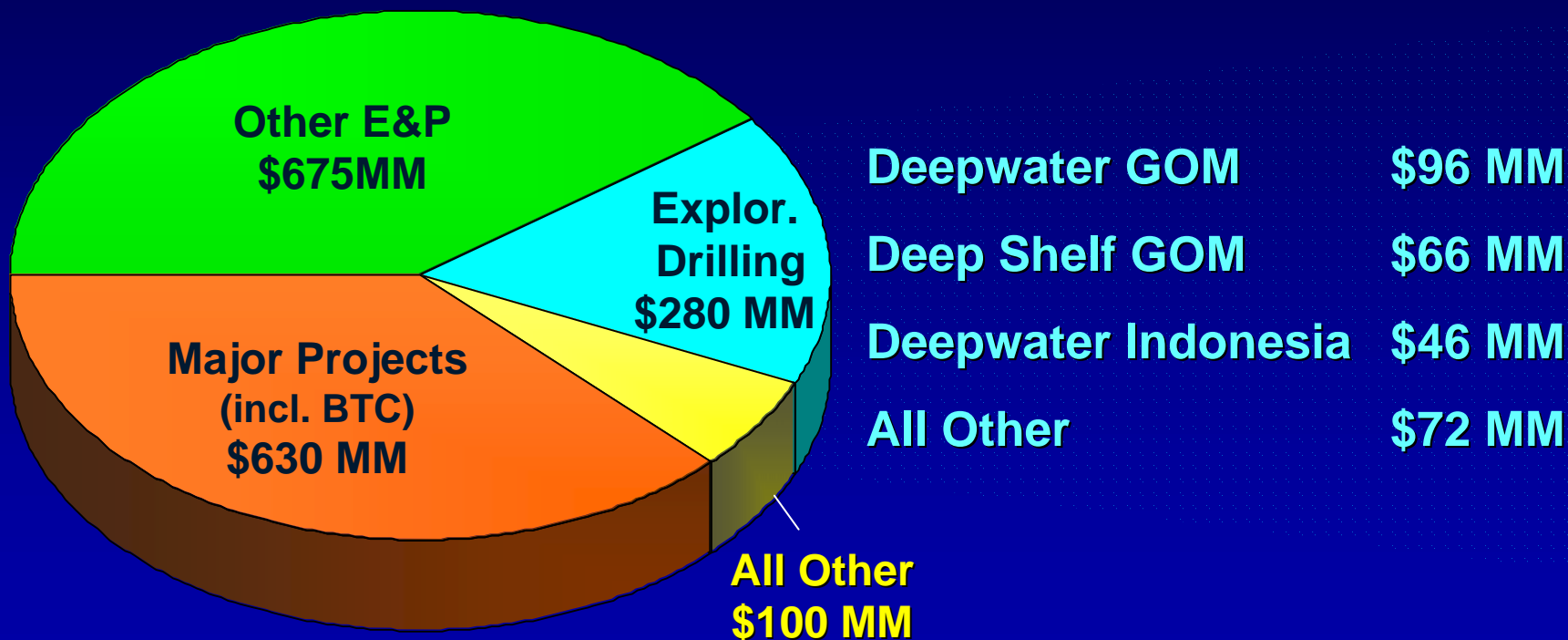
Unocal

What To Watch For In 2004

- Major new developments near completion, resulting in 8-10% production growth in 2005
 - *AIOC, Mad Dog, Bangladesh, Thai oil, China*
- Continued deepwater exploration success and appraisal of 2003 deepwater discoveries
 - *Gehem, St. Malo, Puma*
 - *Commercial progress in Perdido (Trident)*
- Launching Indonesia deepwater gas developments for Bontang LNG
- Improved Gulf of Mexico Shelf F&D costs and profitability

2003 Estimated Capital Expenditures

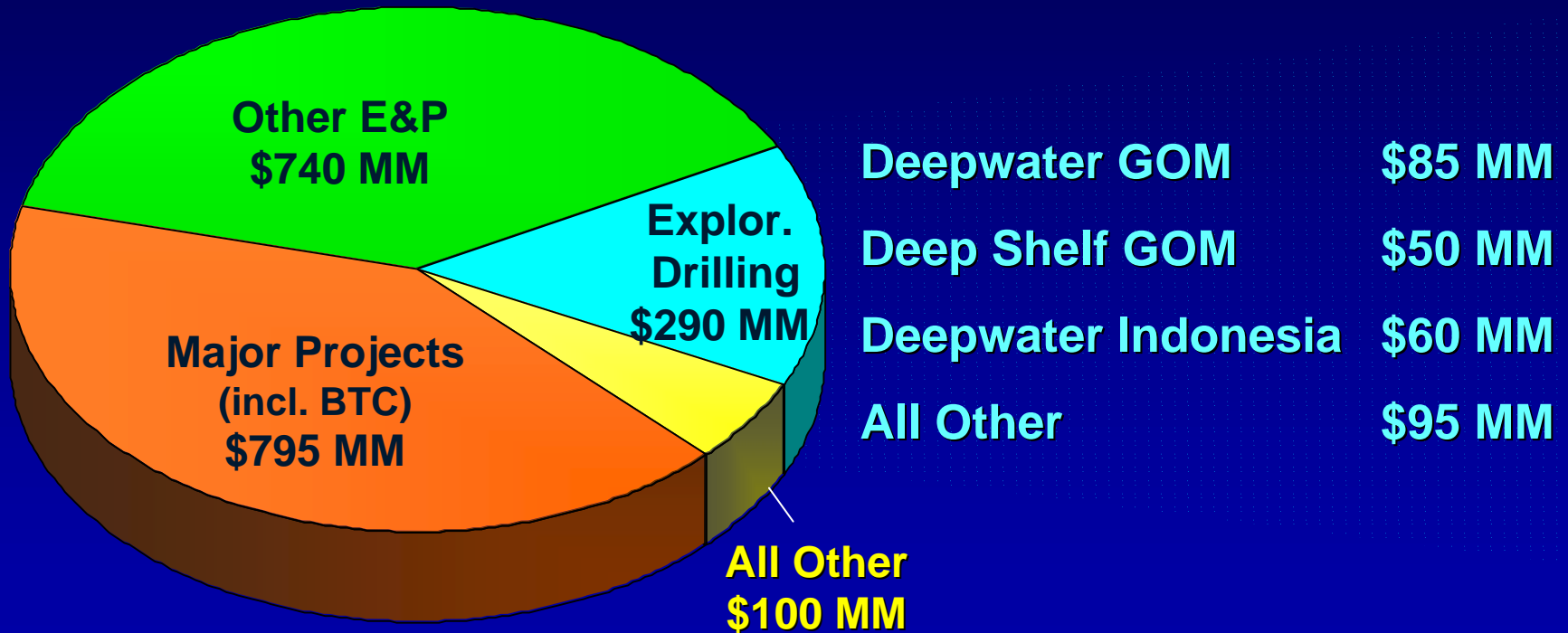
Total = \$1,685 MM



Note: Excludes acquisitions and Capitalized Interest

2004 Estimated Capital Expenditures

Total = \$1,920 MM



Note: Excludes acquisitions and Capitalized Interest