

Eastern Mediterranean

Rodney Cook

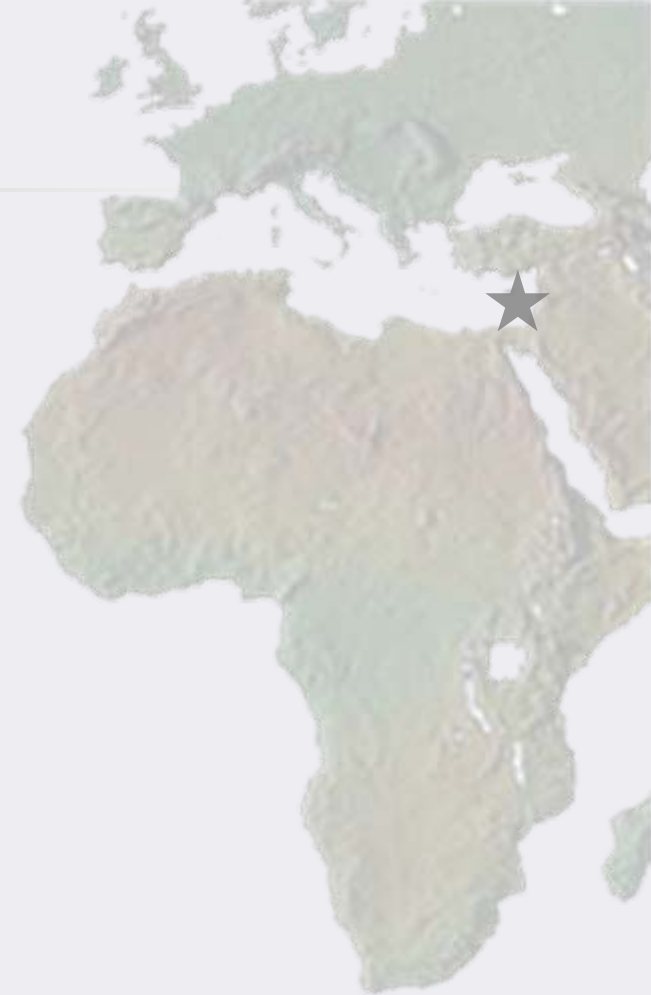
SVP International

The logo for NBL (National Basketball League) is displayed in the bottom right corner. It consists of the letters "NBL" in a bold, white, sans-serif font, set against a blue background that is part of a larger graphic element at the bottom of the slide.

Eastern Mediterranean

A new global gas basin unveiled

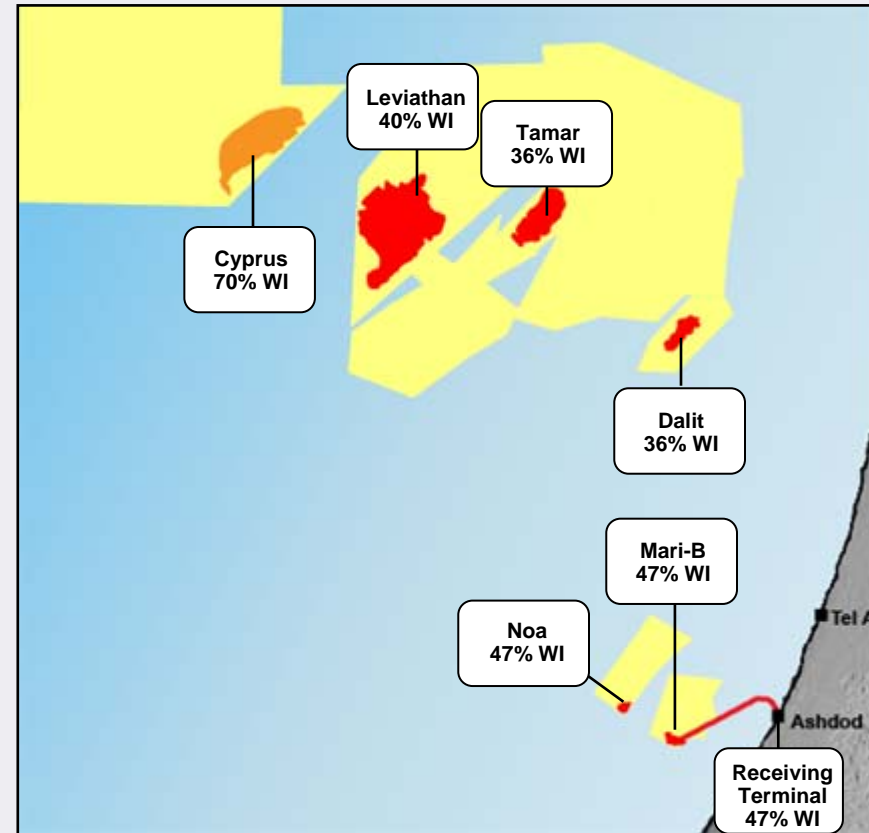
- ▶ **Best-in-class Operations Providing Reliable Gas Supplies to Israel**
- ▶ **Tamar Development Rapidly Progressing**
- ▶ **Leading Operated Position in the Greater Levant Basin**
 - ▲ Significant additional potential
- ▶ **Pursuing LNG Export Options**



Eastern Mediterranean

Existing asset position

- ▶ **Net Discovered Resources over 8.5 Tcf**
 - ⋄ 1.7 Tcf booked reserves (Tamar)
- ▶ **Production, Development Base**
 - ⋄ Mari-B continues to produce with high reliability
 - ⋄ Noa development adds deliverability in 2H 2012
 - ⋄ Tamar on schedule
- ▶ **Appraising Leviathan**
- ▶ **Cyprus A Drilling**
- ▶ **NBL Operates 2.5 MM Gross Acres in Levant Basin**



Mari-B Field

Reliable and low cost operations

▶ Safe, Reliable Operations

- ▲ Nearly 100% reliability since startup in 2004

▶ Sales Driven by Market Demand

- ▲ Record daily, quarterly and annual sales in 2011

▶ Outstanding Field Performance

- ▲ ~750 Bcf produced to-date

▶ Low-cost Structure

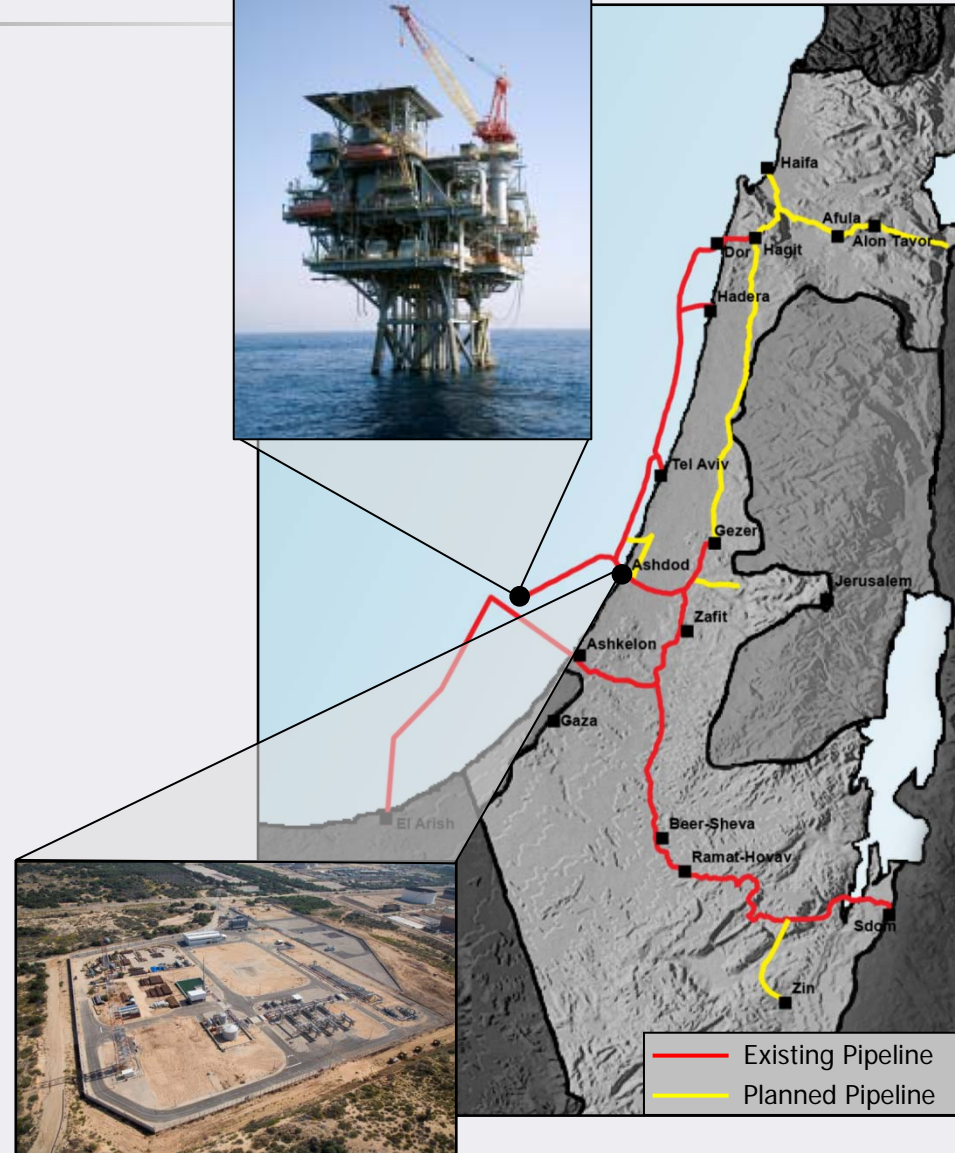
- ▲ LOE \$0.21/Mcf, DDA \$0.38/Mcf

▶ Provides Future Operational Flexibility

- ▲ Strategic storage facility

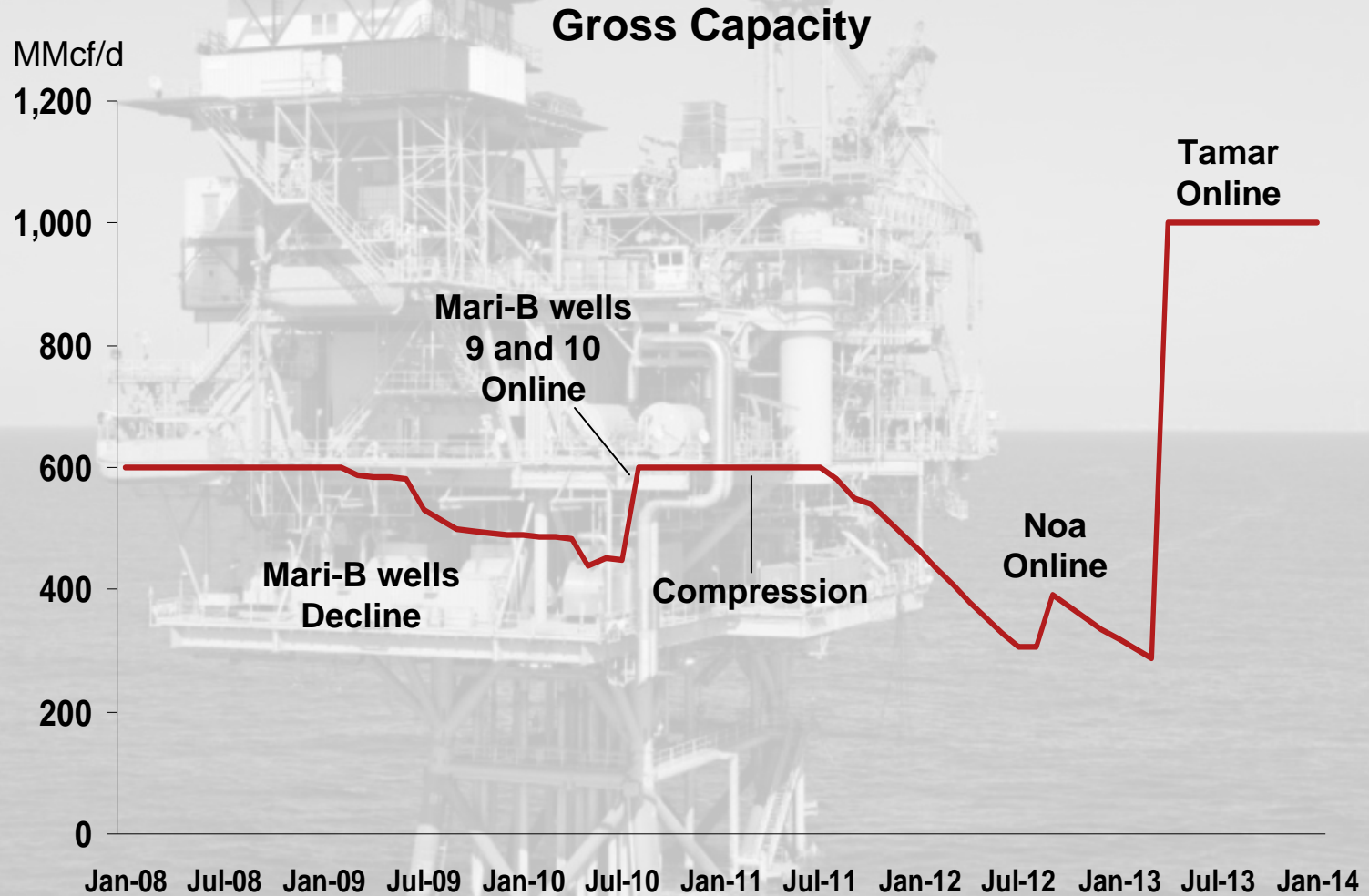
▶ Benefits for Israel

- ▲ Over \$7 B in energy cost savings since 2004
- ▲ CO₂ emissions reduced by ~17 MM metric tons



Mari-B Sales Deliverability

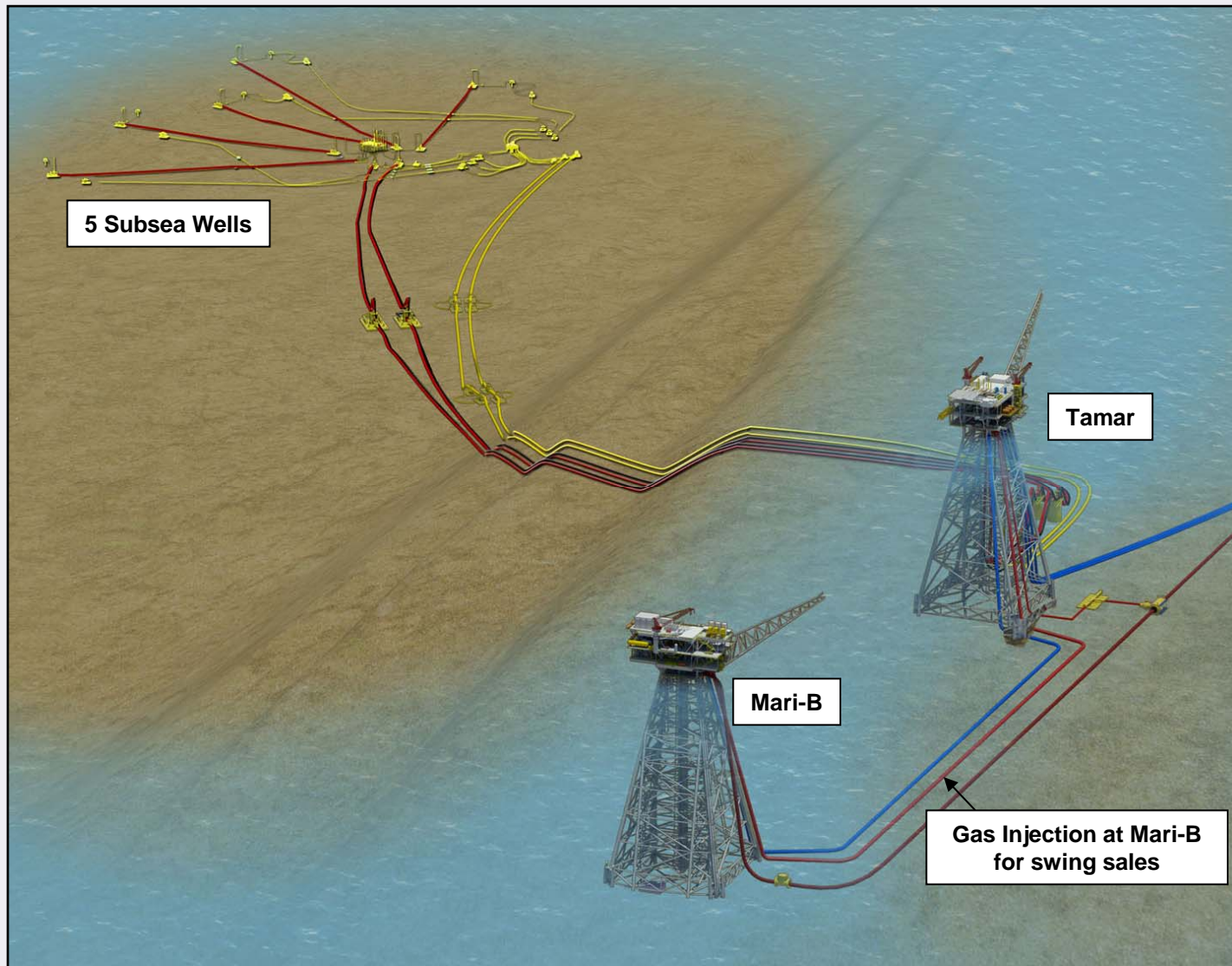
Late life decline partly offset with Noa



Note: Forecast assumes no curtailment of maximum production at Mari-B

Tamar Field Layout

Phase 1 maximum deliverability of 1 Bcf/d



Tamar Project

Moving ahead on an accelerated timeline

- ▶ **Project Sanctioned in 2010**
 - ✦ Operated by NBL with 36% WI
- ▶ **Adjusted for a Change to the Onshore Delivery Point**
- ▶ **Remains on Schedule and on Budget**
- ▶ **All Major Contracts Awarded and Numerous Activities in Progress**
- ▶ **Resource Estimate Continues to Increase**
 - ✦ Now 9 Tcf gross mean, 2.8 Tcf net
- ▶ **Commissioning Late 2012**
 - ✦ First sales expected April 2013
 - ✦ 2.5 years from sanction and 4 years from discovery

Tamar Subsurface Update

Resource estimate growing with development



▶ Mean Resource Estimate Grows from 8.4 Tcf to 9.0 Tcf

- ▶ Appraisal drilling
- ▶ Petrophysical analysis

▶ Initial Development 6.5 Tcf Gross, 2 Tcf Net

- ▶ Reserves booked to-date 5.4 Tcf gross, 1.7 Tcf net

Superior Quality Reservoir

- ▶ Clean sand with permeability 1 darcy and porosity 25%
- ▶ Excellent lateral and vertical connectivity
- ▶ Completions able to flow 250 MMcf/d

Tamar Development Progress

Delivering a world-class project

▶ **Over 3.6 MM Man Hours with Best-in-class Safety Record**

- ▲ No major accidents, TRIR of 0.16

▶ **Project Activity**

- ▲ Jacket fabrication 50% complete
- ▲ Platform deck 53% complete
- ▲ Pipe lay 55% complete
- ▲ Onshore facility expansion underway

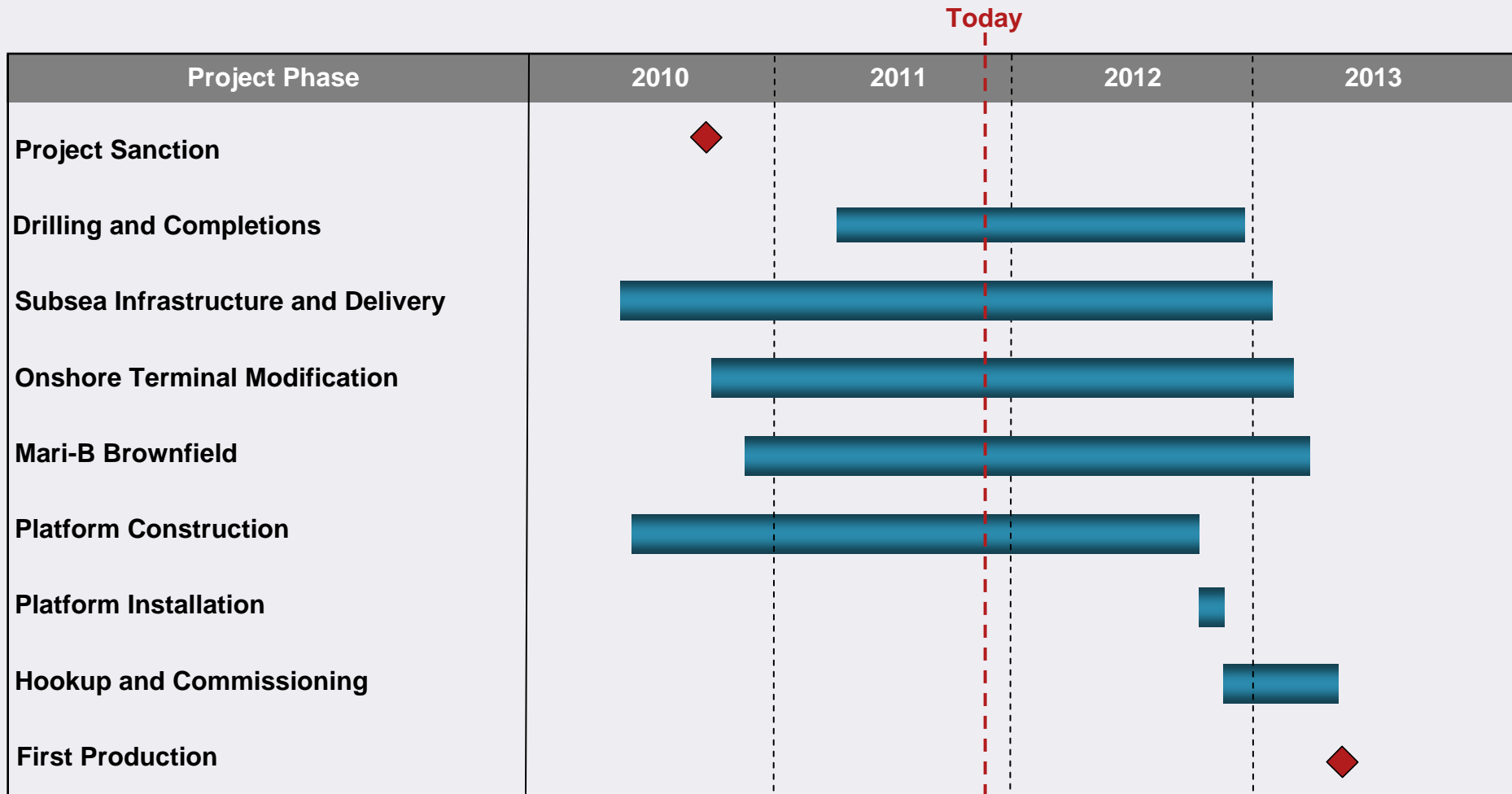
▶ **Spare Key Equipment Purchased to Avoid Critical Path Disruption to Schedule**

▶ **Transferring Aseng's Learnings and Best Practices**



Tamar Project Schedule

Progressing as planned



Tamar Gas Sales

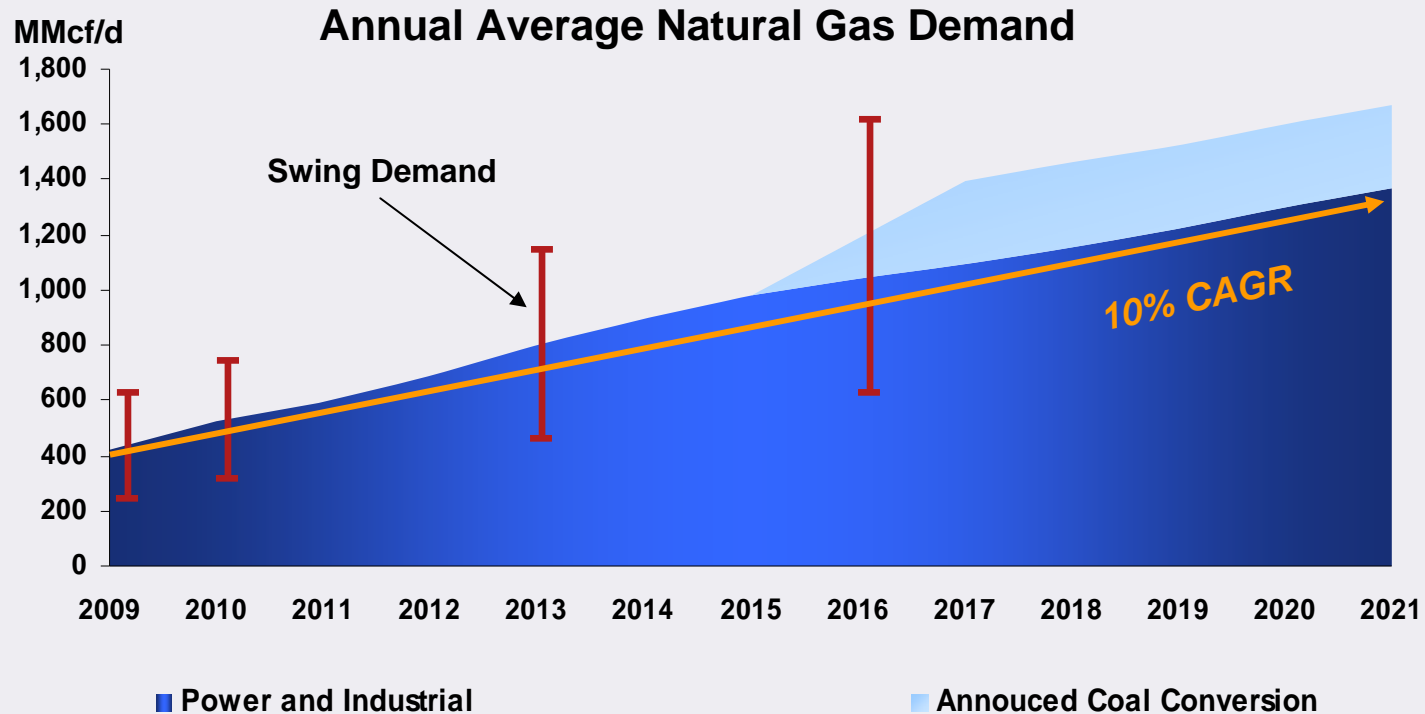
Underpinned by a growing gas market

- ▶ **Growing Israel Domestic Gas Demand**
- ▶ **1,440 MW of Coal-fired Power Conversion to Natural Gas Already Announced**
 - ⤴ Potential for ~1 Bcf/d of incremental demand by converting coal-fired generation to gas
- ▶ **In Final Stages of Negotiation with Israel Electric**
- ▶ **In Active Discussions with Existing and New Customers**
 - ⤴ Multiple independent power producers
 - ⤴ Industrials
 - ⤴ Cogeneration

Israel Gas Demand Outlook

Robust growth outlook with significant upside potential

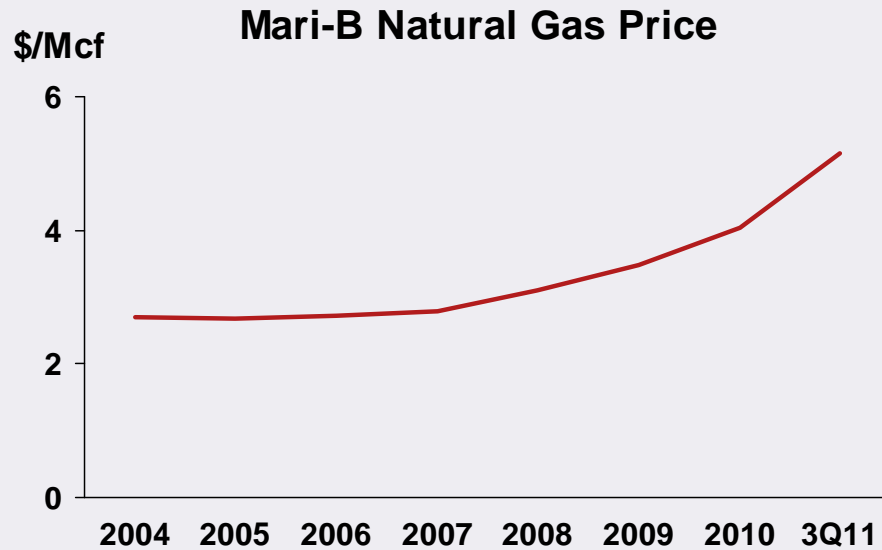
- ▶ Base Demand Growth Driven by Power Generation and Industrials
- ▶ Potential for Converting Coal-fired Power Generation to Gas



Source: Poten and Partners, Israel MNI, Israel Electric, NBL analysis

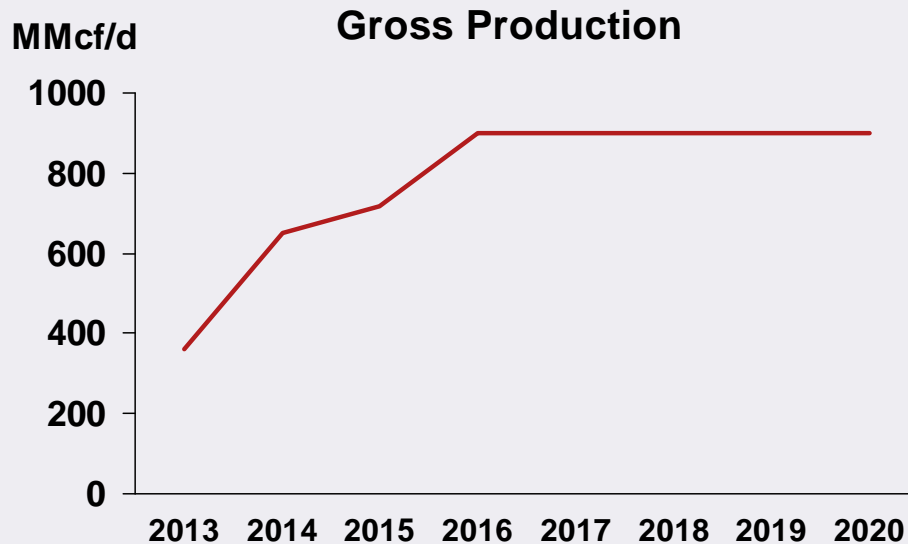
Tamar Phase 1 Economics

Significant value creation



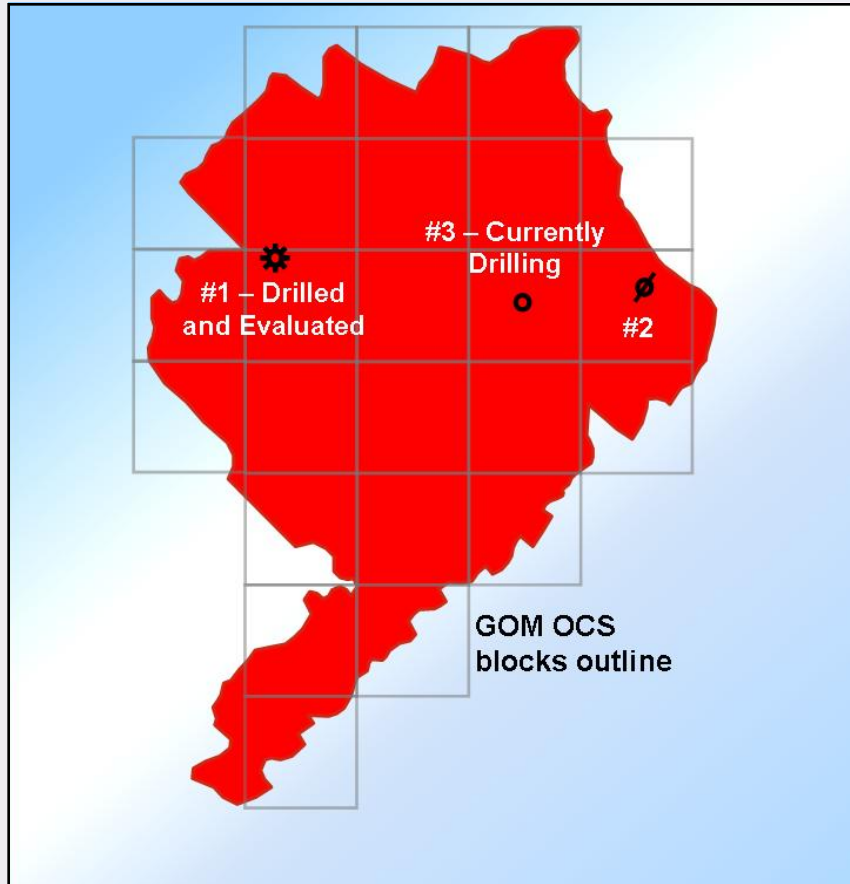
► Summary Economics

- ▲ Net reserves 2 Tcf
- ▲ Production plateau over 15 years
- ▲ Net capital \$1.1 B
- ▲ F&D \$0.60/Mcf
- ▲ LOE \$0.30/Mcf



Leviathan Project

World's largest offshore gas discovery in 2010



- ▶ **Discovered YE 2010**
 - ▲ NBL operated with 39.66% WI
- ▶ **Third Successful Test of Tamar Sand Reservoir in Basin**
- ▶ **High Quality Reservoir**
 - ▲ Clean sand with 500 millidarcy permeability and 21% porosity
- ▶ **Resource Estimated at 16 Tcf Gross, 5.6 Tcf Net**
- ▶ **Giant Reservoir Spans Area of 24 GOM OCS Blocks**
- ▶ **Drilling #3 Appraisal Well**

Leviathan Discovery

Evaluating development options

- ▶ **Project and Commercial Teams in Place**
- ▶ **Developing Commercialization Options**
 - ▲ Israeli domestic market
 - ▲ Evaluating early production scenarios
 - ▲ Exports via LNG or pipelines
- ▶ **Screening Field Development Concepts**
 - ▲ Subsea tieback to shallow water platform
 - ▲ Semi-submersible
 - ▲ FPSO
 - ▲ Floating LNG
- ▶ **Incorporating Tamar and Aseng Learnings**

Eastern Mediterranean Exploration

Leading acreage position in an emerging basin

► Significant Remaining Exploration Potential

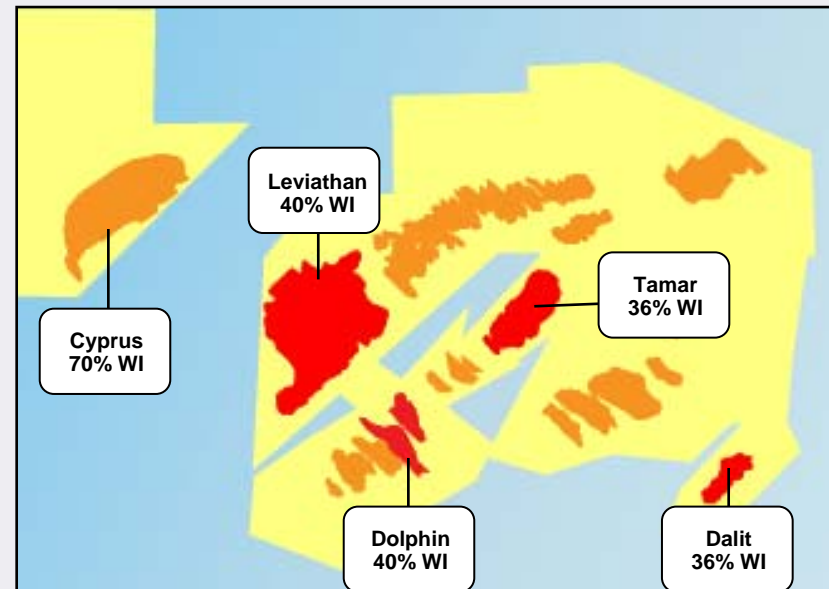
- ▲ 12 prospects identified in Tamar sands with unrisks potential over 20 Tcf gross
- ▲ 3.7 BBoe gross unrisks potential in deep oil play

► Current Activity

- ▲ Cyprus A – drilling
- ▲ Dolphin – small discovery

► Future Drilling Plans

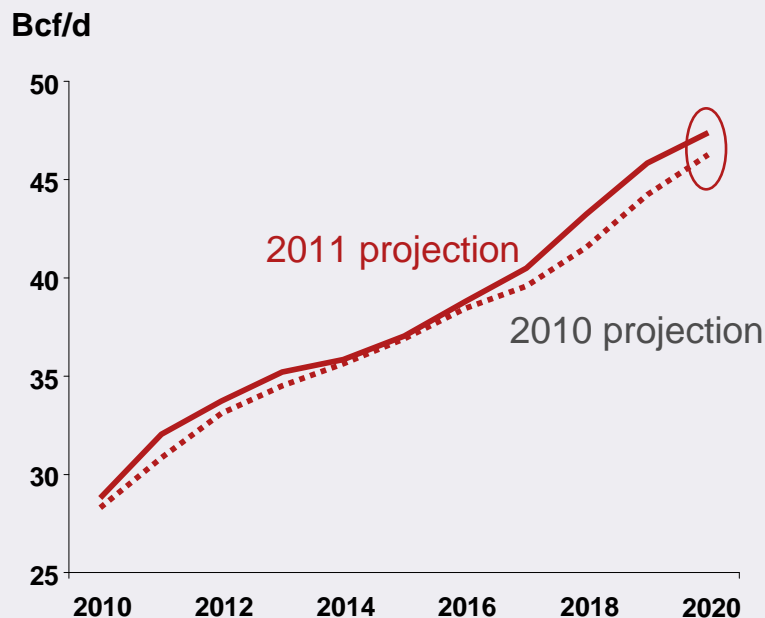
- ▲ Continue to test Tamar sand prospects
- ▲ Re-enter Leviathan #1 to test deep oil concept



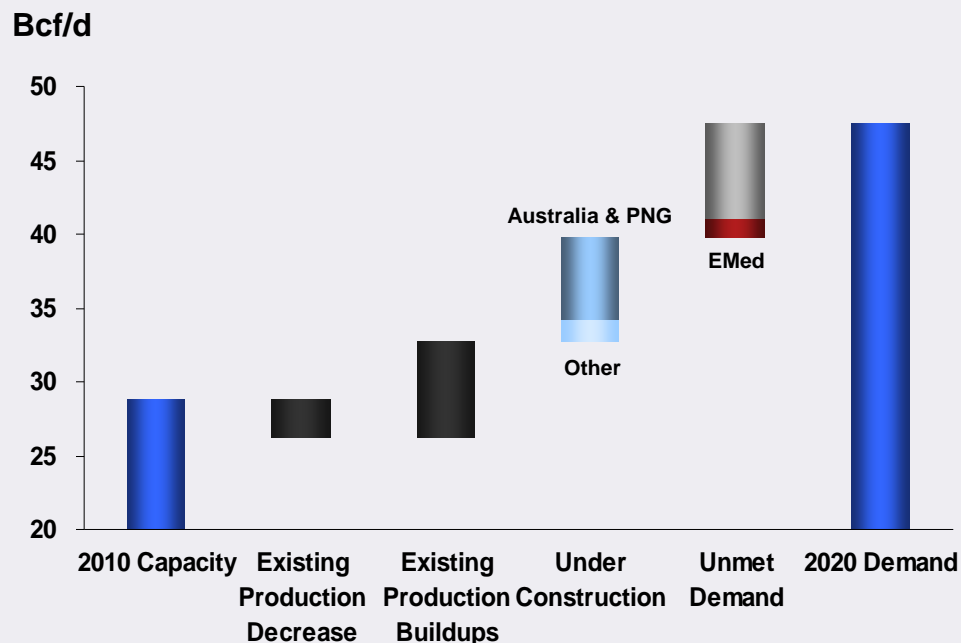
Increase in Future Global LNG Demand

Leviathan-sized resource is needed by 2020

Global LNG Demand Growth



Global LNG Capacity



Source: Poten & Partners

► Post Japan Earthquake / Tsunami Resulting in Increase in Global Gas or LNG Demand

- ⌘ Gas to substitute for nuclear power
- ⌘ Asia Pacific will pull available LNG supplies to meet incremental demand

Eastern Mediterranean LNG

Natural gas export options look encouraging

► Compelling Case for Natural Gas Exports

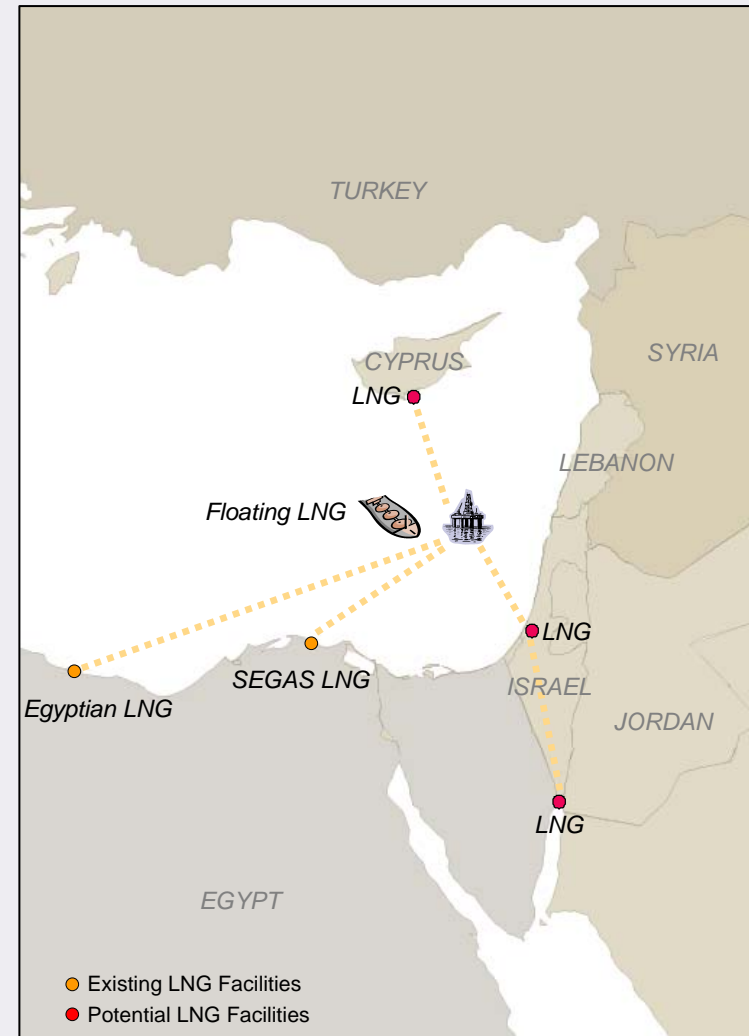
- ⌘ Government revenues
- ⌘ Existing discovered resources exceeds projected domestic needs
- ⌘ Additional exploration potential remains
- ⌘ Anticipation of export potential will encourage more exploration

► Pre-FEED Studies of LNG Export Options Underway

- ⌘ Multiple sites being evaluated
- ⌘ Expected to finish by March 2012

► Continue to Assess and Quantify Natural Gas Resources

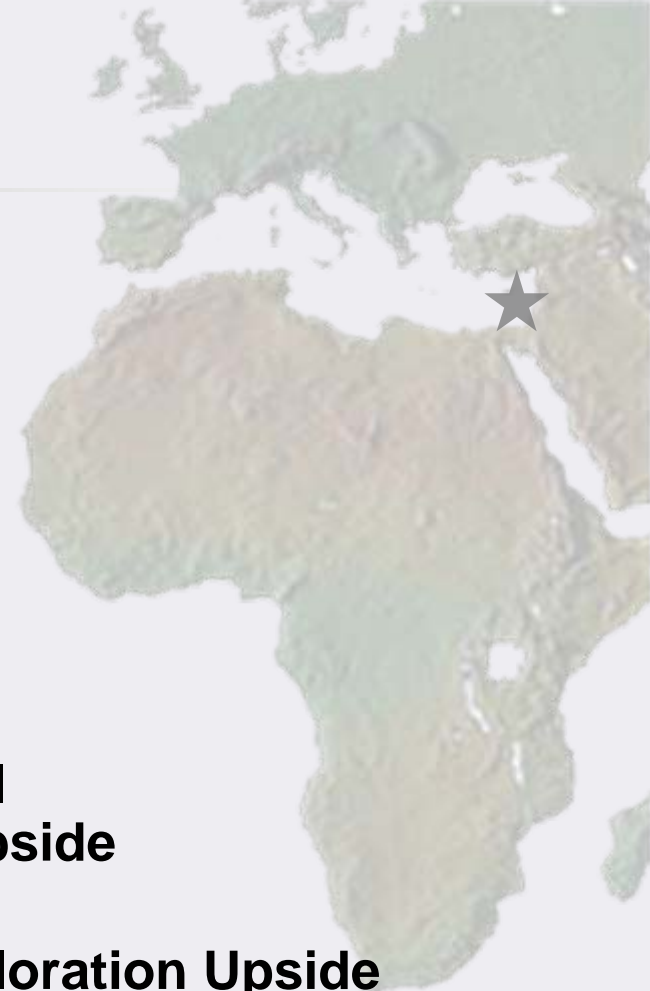
► Advisor to Assist in Screening Strategic Partners



Eastern Mediterranean

World-class portfolio and potential

- ▶ **Mari-B Continues to Reliably Supply Local Natural Gas Markets**
- ▶ **Over 8.5 Tcf of Net Resources Discovered**
- ▶ **Tamar Development on Track for Commissioning Late 2012**
- ▶ **Forecasted Israel Natural Gas Base Annual Demand Growth of 10% with Significant Upside**
- ▶ **Multiple Prospects and Leads Provide Exploration Upside**
- ▶ **LNG to Provide Substantial Growth in Second Half of the Decade**

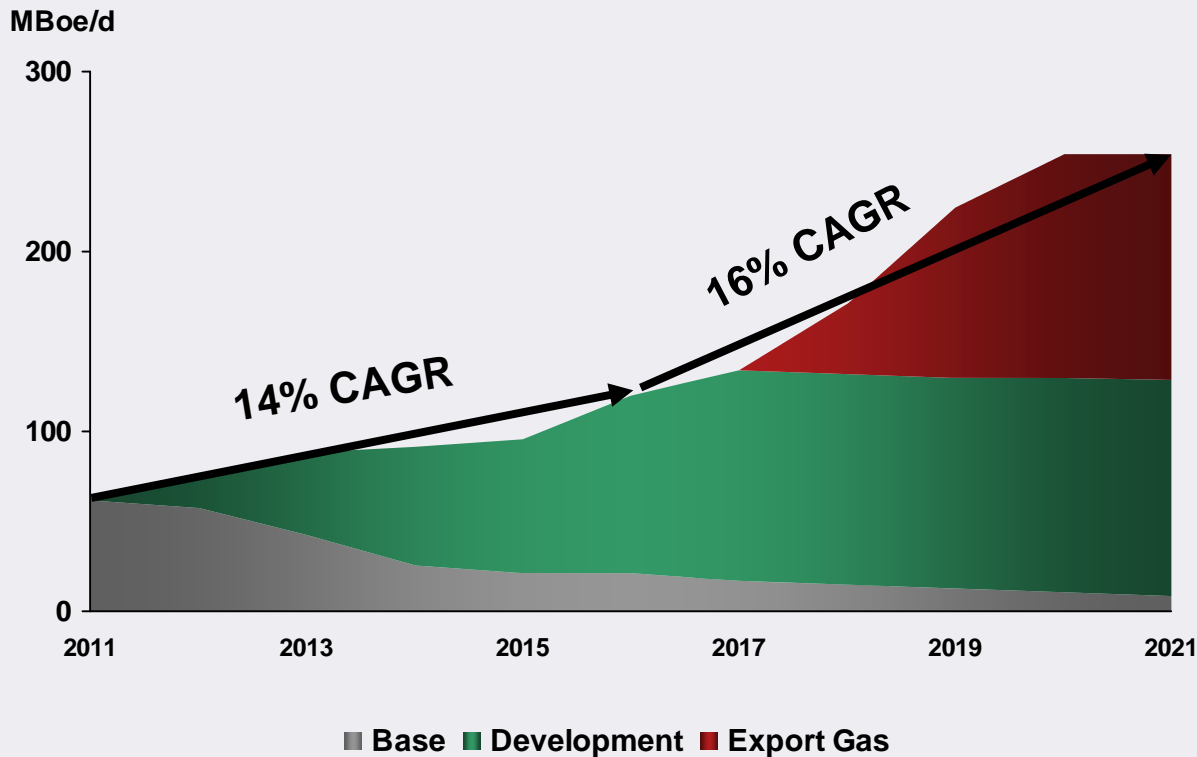


International Production Outlook

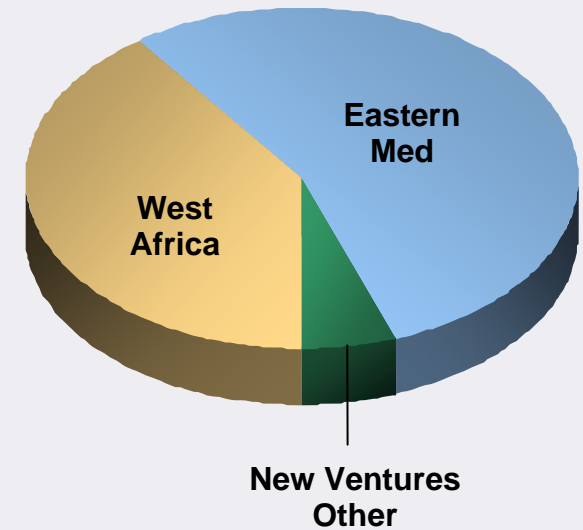
Over a decade of underpinned growth

- ▶ **15% CAGR Over Next Decade from Current Assets and Existing Discoveries***

Net Production*



2012 – 2016 Capital \$6.4 B



* Excludes Alba LNG Gas, Carla and Cyprus