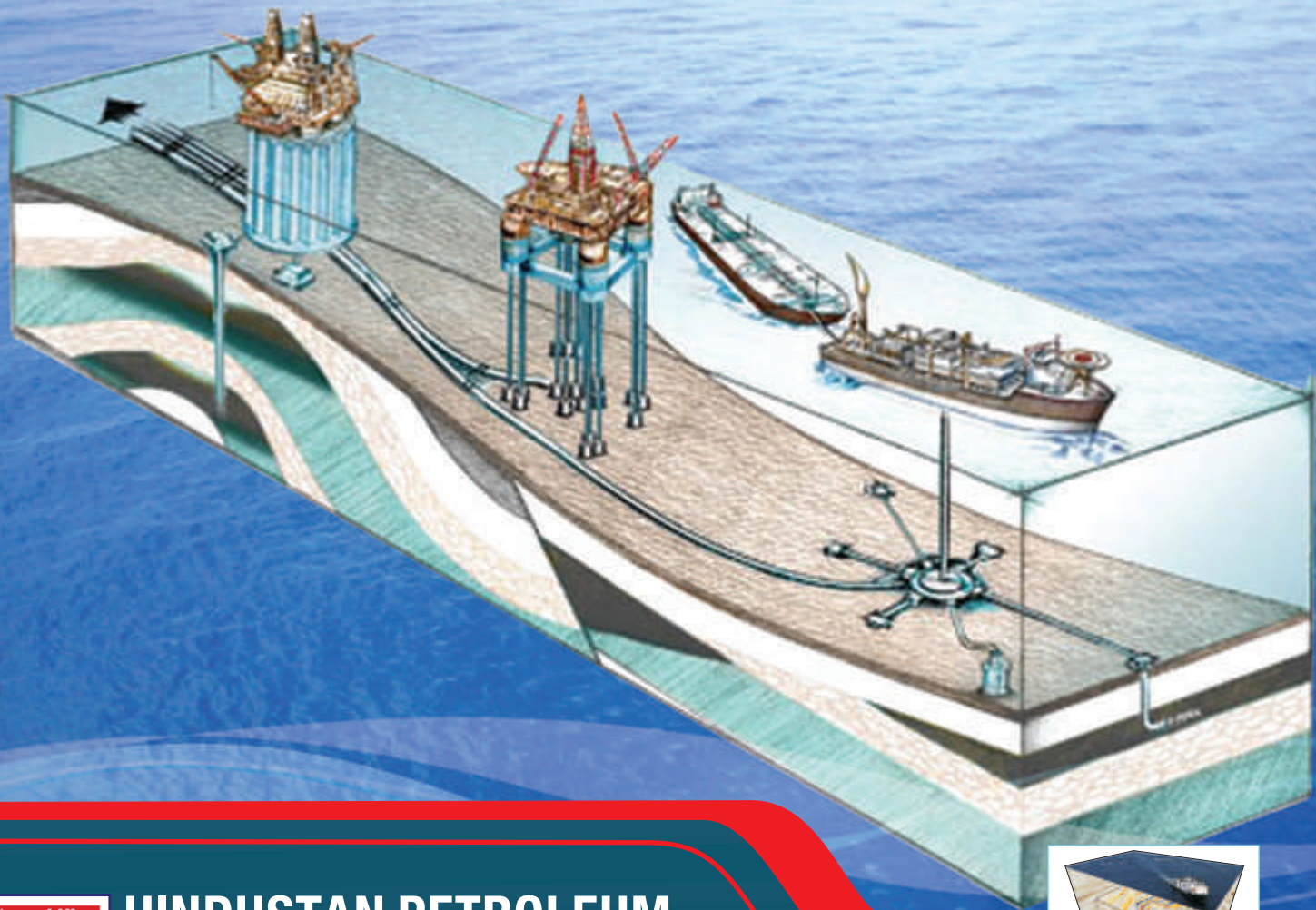


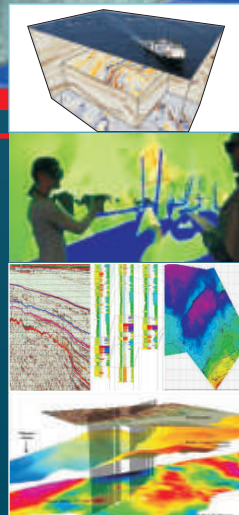


Exploration & Production



हिन्दुस्तान पेट्रोलियम
**HINDUSTAN PETROLEUM
CORPORATION LIMITED**

A Govt. of India Enterprise
A Fortune Global 500 Company



HP-E&P VISION

“HP-E&P is world class and technically proficient, with a global presence, delivering superior returns from a sustainable balanced portfolio with the highest commitment to HSSE and society”.





HPCL HISTORY

Hindustan Petroleum Corporation Limited (“HPCL”) is a key public sector player in India’s oil and gas industry with 51.01% Government ownership. The Company is ranked 354th amongst the “Fortune-500” group of 2010

HPCL, with a Net Worth of US \$ 2.5 billion is currently categorized as one of the “Navratnas” or nine jewels by the Government of India.

It is listed on Bombay Stock Exchange and National Stock Exchange and has a market capitalization of approximately US \$ 2.5 billion.

HPCL has an annual turnover of ₹ 1,08,599 Crores (US\$ 24 billion) and sales/income from operations of ₹ 1,14,889 Crores (US\$ 25 billion) during FY 2009-10, having about 20% Marketing share in India and a strong market infrastructure.

HPCL operates 2 major refineries producing a wide variety of petroleum fuels & specialties, one in Mumbai (West Coast) of 0.13 Million bbl/day capacity and the other in Vishakapatnam, (East Coast) with a capacity of 0.17 Million bbl/day. HPCL holds an equity stake of 16.95% in Mangalore Refinery & Petrochemicals Limited, a state-of-the-art refinery at Mangalore with a capacity of 0.18 Lakhs bbl/day. In addition, HPCL is constructing a refinery at Bhatinda, in the state of Punjab with a capacity of 0.18 Million bbl/day, as a Joint venture with Mittal Energy Investments Pte. Ltd. The project is expected to be completed in 2011.

HPCL also owns and operates the largest Lube Refinery in the country producing Lube Base Oils of international standards, with a capacity of 335 TMT. This Lube Refinery accounts for over 40% of the India’s total Lube Base Oil production.

In order to handle it’s mega operations and ensure profitability, HPCL has adopted a segmented SBU concept. The main SBU’s are Mumbai Refinery, Vizag Refinery, Retail Sales, Direct Sales, LPG, Aviation, Operations & Distribution, Projects & Pipelines. The corporate level support functions are HR, Finance, Info System, International Trade & Shipping, Legal & Joint Ventures.

HPCL’s vast marketing network consists of 13 Zonal offices in major cities and 101 Regional Offices facilitated by a Supply & Distribution infrastructure comprising Terminals, Aviation Service Stations, LPG Bottling Plants, and Inland Relay Depots & Retail Outlets, Lube and LPG Distributorships. HPCL, over the years, has moved from strength to strength on all fronts. The refining capacity steadily increased from 0.11 Million bbl/day in 1984/85 to 0.30 Million bbl/day presently. On the financial front, the turnover grew from ₹ 2687 Crores (US\$ 597 Million) in 1984-85 to an impressive ₹ 1,14,889 Crores (US\$ 25 billion) in FY 2009-10

The Corporation has a country-wide marketing network and a whole range of automotive and industrial petroleum products. The company has about 20% market share equivalent to around 0.52 Million bbl/day and majority revenue is from its over 9140 Retail outlets. The Marketing division focuses on Quality and Quantity assurance to customers.

It is the industry leader in automation of facilities and aggressively markets Lubricants, Industrial and Consumer products, Aviation fuel and Bitumen besides penetrating to rural and highway segments. It operates four cross-country pipelines to enhance product availability and minimize transportation cost from its refineries with over 0.28 Million bbl/day capacity, including the new pipeline project of 1048 kms. with approx. 5 MMTPA capacity from Mundra to Bahadurgarh, near Delhi.

The Corporation has a skilled and experienced workforce of around 11,360 employees working all over India at its various refining and marketing locations for operating the extensive refining and marketing infrastructural facilities.

HPCL has invested in existing business and diversified areas through its Joint Venture Companies (JVC) for grass-root refinery projects, upstream E&P business, natural gas distribution, LPG import and value-added Bitumen and pipelines.

HP-E&P INITIATIVES

PREAMBLE

The E&P initiatives of HPCL have been articulated initially with acquisition of participating interests in 23 nos. assets to date, since the humble foray into this new businessline about 5 years ago.

The portfolio of exploration stage assets has been strategically built and enhanced by participating in competitive bid rounds to 19 nos. E&P blocks from among prospective and prolific basins as well as frontier areas of India :

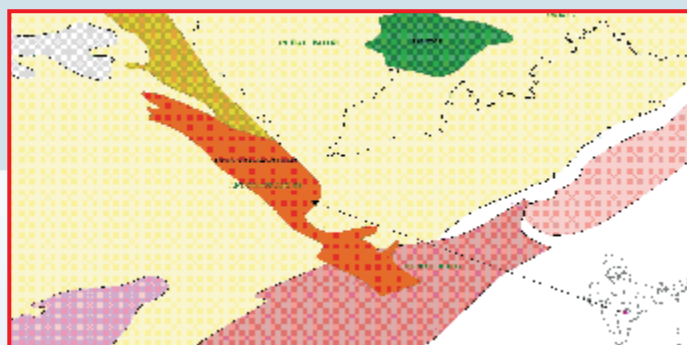
1. Krishna-Godavari (5 nos.)
2. Mumbai Basin (2 nos.)
3. Cambay (1 no.)
4. Assam (1 no.)
5. Rajasthan (2 nos.)
6. Cauvery (6 nos.)
7. Kerala Konkan (2 nos.)



HPCL has also spread its footprint overseas by winning the production sharing contract (PSC) for two blocks in Egypt, besides the already acquired interests in Oman and Australia each.

Some of the assets have matured to appraisal stage after discoveries and have shown promising prospects with testing having been completed and hydrocarbon shows being recorded to take up further investments.

The critical review of existing blocks from the current portfolio has enabled minimization of G&G risk and exploration investment risks. HPCL has proposed a Strategic Business Plan on substantial investment over the next 10 years of over ₹ 9,000 crores (US \$ 2 billion).





INFRASTRUCTURE

BUILDING OF WORLD-CLASS OFFICE INFRASTRUCTURE & KNOWLEDGE-BASED TEAM

It is noteworthy that the impressive progress was accomplished during the most difficult times faced by the upstream industry and amidst stiff competition. The efforts in designing in-house processes on asset selection, acquisition process and developing synergetic relations with operator companies for joint bids have begun reaping substantial dividends.

In this regard, the requisite development of manpower skills and Technical Competencies Framework (TCF), Industrial Engineering (IE) study for a suitable Organogram of 28 multi-functional officers and various business

processes are being designed and developed. The regular review and gap analysis has greatly helped in identification of suitable internal and external training programs.

The knowledge-based team coupled with world-class infrastructure facilities including state-of the-art workstations for simulation and modeling would provide a competitive edge to HP-E&P.

The special training programs and field visits in collaboration with operator companies have ensured exposure to various facets of the vast E&P technologies and enhance valuable practical experience.



World-class workstation for interpretation of G&G data



Field training and orientation programs

STRATEGIC INVESTMENTS AND BUSINESS PLAN

The E&P strategy for vertical integration would enable HPCL to acquire control and secure supply of equity crude oil. As a way forward on strategic E&P investments while leveraging expertise in setting up downstream business units in the region, HPCL would continue with the joint collaborative approach with leading NOCs. The relationships and constant contact with key NOCs and international players have been fruitful for jointly evaluating and bidding for acquisition of overseas assets.

HPCL also has ambitions of a gradual transition as an operator company by independently investing and taking up business risks.

Using a standard and established procedure for screening of countries in terms of attractiveness and accessibility, selected countries in SE Asia, Australia, West & North Africa (Egypt, Algeria, Libya, Nigeria, Gabon, Angola), CIS and Latin America (Cuba, Colombia, Brazil, Venezuela) have emerged as top priority focus areas for HPCL for the Strategic Investment Plan in the near future.

The focus countries identified are mainly for acquiring stakes in assets predominantly that are in an advanced stage of development and production.

in order to accomplish this Vision, HPCL has adopted a three-pronged approach

- 1. Develop and build a strong foundation :** to emerge as a successful E&P operator and take a lead role in subsurface and resource management
- 2. Divestment of high risk exploration blocks :** to re-utilize resources for low risk acquisitions and have a balanced portfolio
- 3. Acquisition of development stage or producing assets :** to have incremental value growth



Focus countries around the world

DIVERSIFICATION INTO UNCONVENTIONAL RESOURCES COAL SEAM GAS (CBM) SHALE GAS IN INDIA AND OVERSEAS

In view of the emerging and prospective unconventional resource of Shale Gas with commercial interests focused in India and Coal Seam Gas and Shale Gas in Overseas, it is proposed to venture and diversify into this new business line.

The strategic intents for HPCL's entry into the Shale Gas business are :

1. Diversification into unconventional resources
2. Technology access for attracting investment in ensuing bid round in India by end 2011

In this regard, several opportunities are being evaluated and joint venture proposals are at a preliminary stage of evaluation and documentation.

EXPENDITURE OUTLAY

The cumulative expenditure to date since 2005 has been over ₹ 450 crores (US \$ 90 million). During the ongoing XIth Five-Year Plan period (2007 to 2012), an outlay of ₹ 2,000 crores (US \$ 500 million) has been allocated for upstream activities. This would be utilized for the acquisition of participating interests in opportunities identified as part of a rigorous Business Strategy exercise completed recently and partly for the existing blocks.

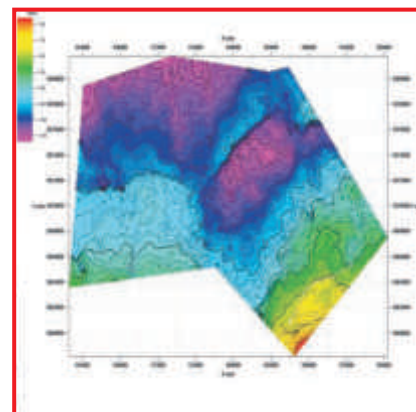


HPCL has proposed a Strategic Business Plan on substantial investment in the long term of over ₹ 9,000 crores (US \$ 2 billion) for achieving production of 30,000 bbls/day during 5 years and increasing it further to 70,000 bbls/day in 10 years' duration.

OVERSEAS EXPLORATION ASSETS OF HP-E&P

The acquisition of assets overseas was initiated during 2005 and some early success has been registered in terms of discoveries and award of additional assets during 2008.

HP-E&P has been actively participating in various competitive bid rounds announced at some select countries in joint collaboration and consortium with leading NOC of country. During the past few years, the countries of interest for in this strategic bidding intent have been: Oman, Yemen, Iran, Australia, Indonesia, Angola, Egypt and Algeria. The resources have been allotted in order to suitably and selectively develop overseas assets portfolio and set up a foot-print in international arena. A brief on status of the current overseas blocks is as under:-

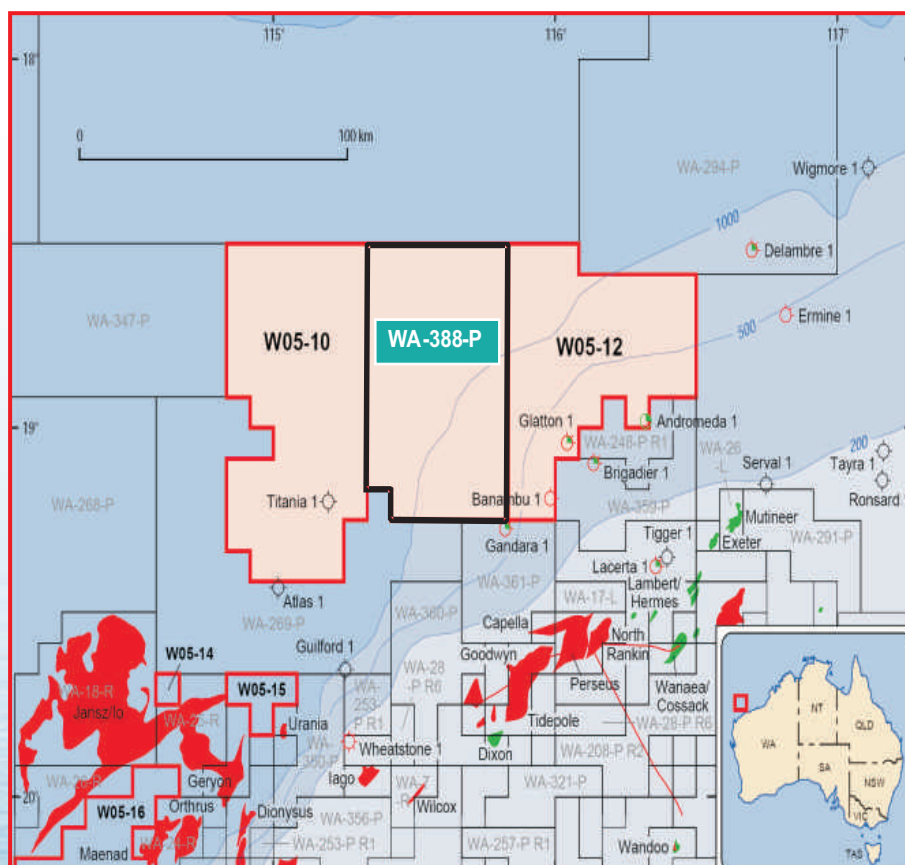


7

WESTERN AUSTRALIA DEEP-WATER BLOCK WA-388-P

The Dept. of Industry and Resources, Govt. of Western Australia awarded a deep-water Australia block WA-388-P in the Carnarvon Basin during Aug. 2006. The current consortium consists of M/s Apache(40%, Operator), M/s Sasol (18%), M/s Oilex (8.4%), HPCL(8.4%), BPCL(8.4%), GSPCL (8.4%) and Videocon (8.4%). The 4290 sq. Km block. with a water depth ranging from 400-1900 meters and 250 kms away from the NW Australian shore is in close proximity to giant gas fields and gas infrastructure.

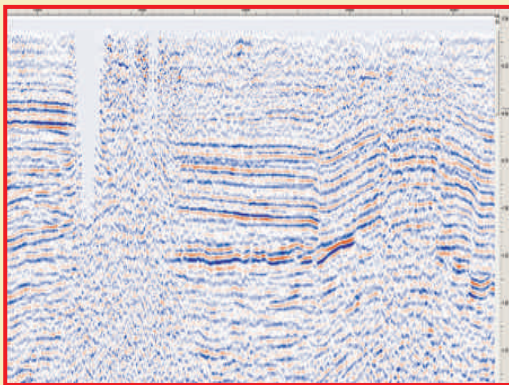
Apache	40%
Sasol	18%
Oilex	8.4%
GSPCL	8.4%
Hindustan Petroleum	8.4%
Bharat Petroleum	8.4%
Videocon Industries	8.4%



OMAN BLOCK 56

The Ministry of Oil & Gas, Sultanate of Oman awarded the Block 56 in Oman, in the South Oman Salt Basin during June 2006. The current consortium consists of M/s Oilex(25%, Operator), M/s Videocon (25%), M/s GAIL(25%), M/s HPCL(12.5%) and M/s BPRL(12.5%). The block area is 5809 sq. km. All the financial commitments in the block are completed.

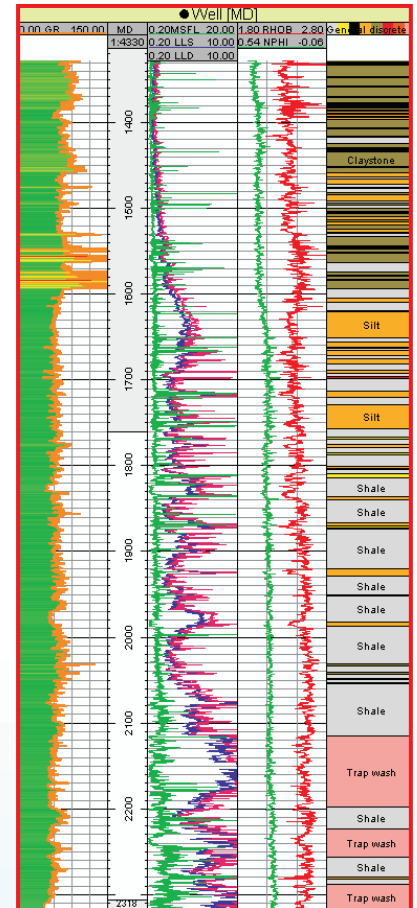
Oilex	25%
GAIL	25%
Videocon Industries	25%
Hindustan Petroleum	12.5%
Bharat Petroleum	12.5%



EGYPT INTERNATIONAL 2008 BID ROUND-1 BY GANOPE

The consortium of M/s GSPC (50%, Operator), HPCL (25%) and Oil India Ltd. (25%) were declared winner during Dec. 2008 for two offshore oil concessions in Egypt for Block-3 at South Quseir and Block-4 at South Sinai.

GSPC	50%
OIL	25%
HPCL	25%



HP-E&P Blocks

No.	Block Name	Block Location	Operator	Area sq km	HPCL Share %	Current Status
-----	------------	----------------	----------	------------	--------------	----------------

Onland Blocks

1	CB-ONN-2002/3	Cambay Basin	GSPC	285	15	Development stage
2	AA-ONN-2003/3	Assam Arakan	OIL	275	15	Seismic studies
3	RJ-ONN-2004/1	Rajasthan	GSPC+ GAIL	4,613	22.22	Drilling preparation
4	RJ-ONN-2004/3	Rajasthan	OIL	1,330	15	Drilling
5	Oman Block 56	Oman Salt Basin	OILEX	5,809	12.5	Drilling

Shallow Water Blocks

6	MB-OSN-2004/1	Mumbai Basin	GSPC	1,520	20	Drilling preparation
7	MB-OSN-2004/2	Mumbai basin	PETROGAS	741	20	Drilling
8	South Sinai	Gulf of Suez, Egypt	GSPC	2,600	25	PSC to be signed
9	South Quseir	Red Sea, Egypt	GSPC	8,287	25	PSC to be signed

Deep Water Blocks

10	KK-DWN-2002/2	Kerala Konkan	ONGC	22,810	20	Seismic studies
11	KK-DWN-2002/3	Kerala Konkan	ONGC	20,910	20	Drilling
12	WA 388P	Australia, Carnarvon basin	APACHE	4,290	8.4	Drilling preparation
13	CY-DWN-2004/1	Cauvery Basin	ONGC	10,302	10	Seismic studies
14	CY-DWN-2004/2	Cauvery Basin	ONGC	12,059	10	Seismic studies
15	CY-DWN-2004/3	Cauvery Basin	ONGC	12,017	10	Seismic studies
16	CY-DWN-2004/4	Cauvery Basin	ONGC	12,025	10	Seismic studies
17	CY-PR-DWN-2004/1	Cauvery Basin	ONGC	13,451	10	Seismic studies
18	CY-PR-DWN-2004/2	Cauvery Basin	ONGC	9,994	10	Seismic studies
19	KG-DWN-2004/1	KG Basin	ONGC	11,951	10	Seismic studies
20	KG-DWN-2004/2	KG Basin	ONGC	11,851	10	Seismic studies
21	KG-DWN-2004/3	KG Basin	ONGC	6,205	10	Seismic studies
22	KG-DWN-2004/5	KG Basin	ONGC	11,922	10	Seismic studies
23	KG-DWN-2004/6	KG Basin	ONGC	10,907	10	Seismic studies



HINDUSTAN PETROLEUM CORPORATION LIMITED

A Govt. of India Enterprise
A Fortune Global 500 Company

Corporate Office : Petroleum House, 17, J. Tata Road
Churchgate, Mumbai 400020 India
www.hindustanpetroleum.com

'HP- E & P team'



Mailing Information :

Hindustan Petroleum Corporation Ltd.

UCO Bank Building, 3rd floor
Parliament Street
New Delhi 110001, India
Phone : 91 11 23736051
e-mail : hp_ep@hpcl.co.in

Contact Information :

Mr. K. Murali

Director-Refineries

Corporate Office, Mumbai

Phone : 91 22 22025126

Fax : 91 22 22842450

e-mail : muralik@hpcl.co.in

Mr. S.P. Singh

Executive Director

Exploration & Production

Phone : 91 11 23737897

Fax : 91 11 23737898

e-mail : spsingh@hpcl.co.in