

2014 Korea National Oil Corporation Brochure

EXPLORE TOMORROW



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MISSION

Creating value beyond energy,
KNOC is doing its
utmost to live up to people's
expectations

Founded in 1979 under the mission of contributing to the national happiness through the stable supply of oil resources, Korea National Oil Corporation (KNOC) has made every effort to become a leading global oil company and to contribute to national energy security.

KNOC is preparing for Korea's future energy security with numerous projects in exploration and production (E&P) of oil resources at home and abroad, oil stockpiling, improvements to its oil distribution structure, and strengthening its oil information service. In a bid to secure overseas oil reserves, KNOC has been tirelessly working to increase its production capacity of crude oil from 220,000 barrels of oil equivalent per day (BOE/D) as of December 2013 to 430,000 BOE/D by 2022. At the same time, the company has 135 million barrels of oil in its stockpiling facilities, with a capacity to hold 146 million barrels, in order to stabilize its oil supply in the event of an oil crisis. With a strong sense of its responsibility for the future of Korea's energy security, KNOC is drawing on its years of technological advancements and know-how as it grows into a leading oil company.

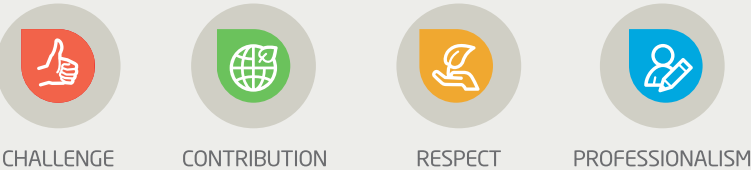
Korea National Oil Corporation

VISION

Creating Value Beyond Energy



4 Core
Values



Business
Principles




BUSINESS PORTFOLIO


- Exploration, Development and Production**
Participating in 57 projects including the domestic continental shelf development in 24 countries (as of Dec. 2013)
- Oil Stockpile**
Holding stockpiling facility with a total capacity of 146 million barrels and stockpiled oil of about 135 million barrels at 9 bases in the nation
- Offshore Rig Operations**
Korea's first semi-submersible rig, Doosung, drilled a total of 115 wells at home abroad (as of Dec. 2013)
- Economical Gas Stations**
Operating 1,031 economical gas stations throughout the nation (as of Dec. 2013)
- Oil Information Service**
KNOC provides domestic and international oil information through OPINET, gas station information service, and PETRONET, an Internet oil information service.
- Research & Development**
Conducting R&D activities for major 7 strategic tasks including technology to develop non-conventional energy source and research on promising exploration areas

SUSTAINABILITY MANAGEMENT


KNOC is growing alongside the nation.




KNOC is encouraging all employees to put business ethics into action at their day-to-day business activities under the business ethics vision as such: KNOC's Ethics and Clean Energy for a Happier World. As a result, we ranked 1st among all Korean Class I public corporations and earned the highest grades in the Public Corporation Anti-Corruption Competitiveness evaluation for the 3rd year in a row.



KNOC is engaged in diverse social contribution activities that lend our business acumen to the development of the nation and local communities. Specifically, we have selected four key areas that need to be addressed: supporting the underprivileged (Sunshine); contributing to local communities (Happy Together); fostering future leaders (Dream Future); and promoting global social contribution activities (Global KNOC Family).



KNOC takes various preemptive measures to establish environmental management practices in its corporate culture and has in place a systematic and integrated HSEQ (health, safety, environment and quality) management system to ensure a safe workplace at all its business premises.



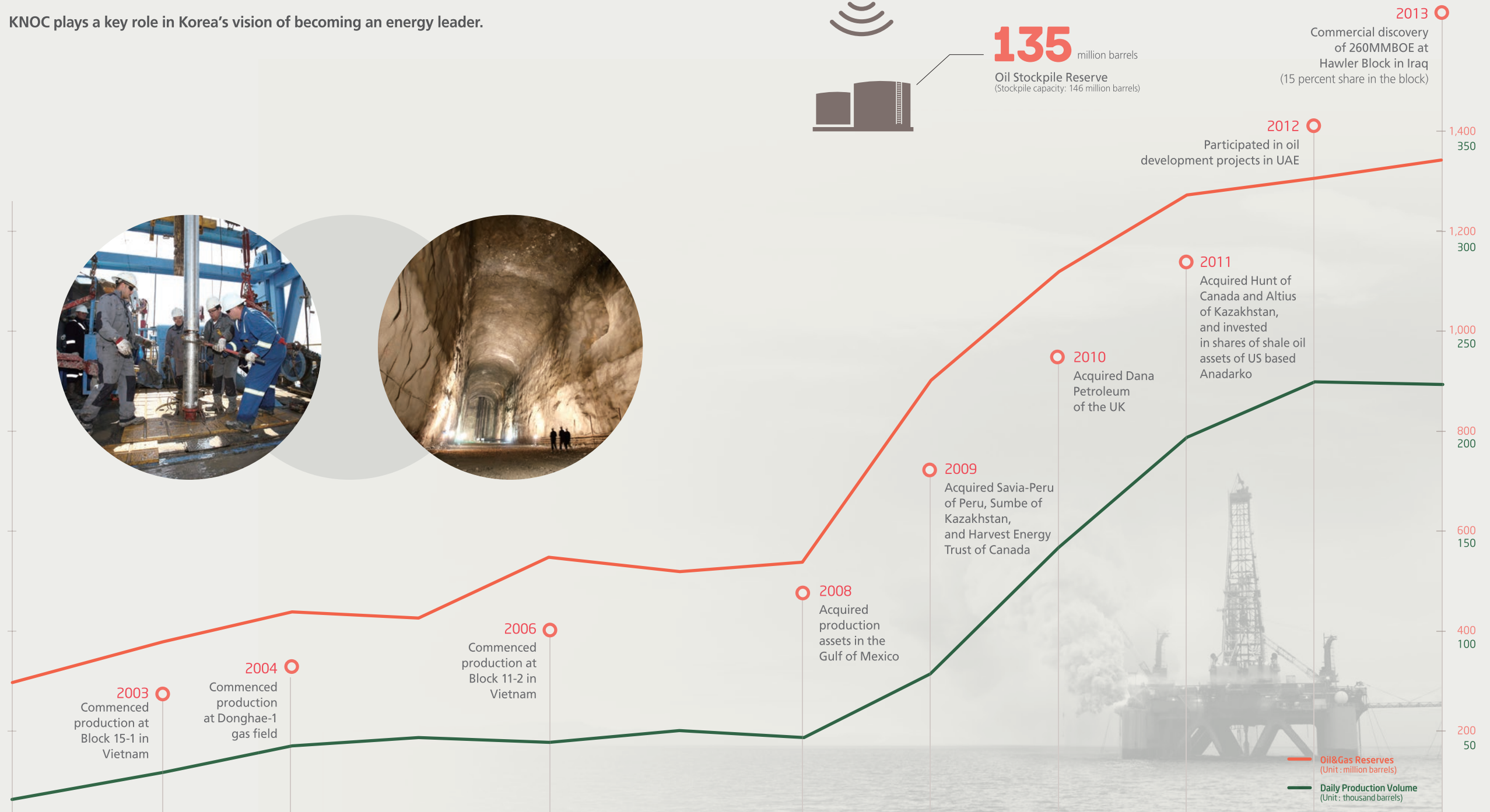
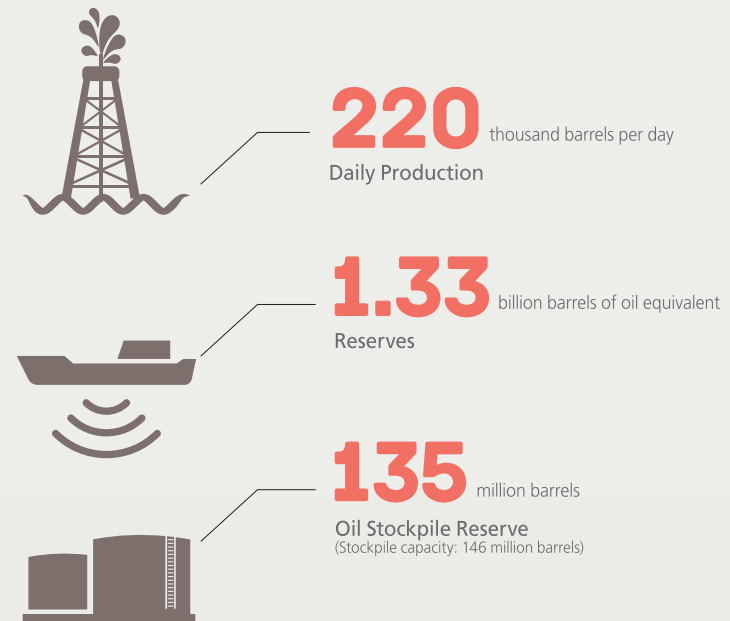
KNOC set its vision for shared growth at becoming a leading global oil company that grows alongside Small and Medium Enterprise (SME) suppliers. In line with this vision, we have devised three strategic directions-enhancing SME suppliers' competitiveness, promoting fair transactions, and laying the foundation for shared growth-and seven strategic tasks. We also participate in all government initiatives for strengthening SMEs.

KNOC is preparing for the nation's energy future

After declaring its new vision of creating value beyond energy in 2013, KNOC has been concentrating on creating future value and realizing corporate growth through active E&P projects. As a result of its E&P efforts, we produce 220,000 BOE/D from a total reserve of 1,330 million barrels of oil equivalent (MMBOE).

With a strong sense of duty as a public corporation, KNOC is committed to growing alongside the public while fulfilling its social responsibility and roles. At the same time, we will continue to grow and become a leading global oil company, while contributing to a higher standard of living for Koreans.

KNOC plays a key role in Korea's vision of becoming an energy leader.



KNOC's OVERSEAS E&P PROJECTS

KNOC is relentless in its pursuit of new business opportunities and future growth engines in a wide range of E&P projects. Today, the company is operating 57 E&P projects in 24 countries worldwide.



Canada
Harvest Operations Corp., etc

- Secured a base to enter North America's oil sands business by acquiring Harvest Operations Corp. in Dec. 2009
- Production of 53,800 BOE/D (as of Dec. 2013)

🔴: 1 🔵: 1



U.S.A
Ankor E&P Holdings, Anadarko, etc

- Acquired Ankor E&P Holdings in Mar. 2008
- Acquired equity in shale oil assets from Anadarko (23.7%)
- Acquired core shale gas assets from EP Energy (14.9%)
- Production of 63,100 BOE/D (as of Dec. 2013)

🔴: 6 🔵: 1



Peru
Savia-Peru, etc

- Jointly acquired Savia Peru S.A. with Ecopetrol, a Colombian state-run company, in Feb. 2009
- Operation of 11 oil blocks which represent 75% of Peru's offshore blocks
- Production of 9,300 BOE/D (as of Dec. 2013)

🔴: 2 🔵: 2



UK
Dana Petroleum plc.

- Acquired Dana Petroleum Plc. in 2010
- Production of 46,900 BOE/D (as of Dec. 2013)

🔴: 5 🔵: 2 🔶: 1



Kazakhstan
KC LLP and Altius

- Acquired Kazakhstani Sumbe in 2009
- Acquired Altius in Mar. 2011
- Production of 12,800 BOE/D as of the end of 2013

🔴: 3 🔵: 1



Korea
Donghae-1 Gas Field

- Korea's first oil/gas production block
- Production commenced in July 2004
- Production of 9,500 BOE/D as of the end of 2013

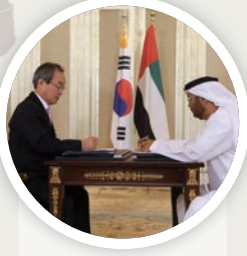
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Vietnam
15-1 Block, 11-2 Block

- Oil production from 15-1 and 11-2 blocks
- Production of 18,900 BOE/D as of the end of 2013

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UAE
Areas 1, 2, 3 Block

- Drilling began on appraisal well 1 (HB-3 well) in Dec. 2013
- Drilling an additional appraisal well and 3D seismic data acquisition/interpretation scheduled in 2014

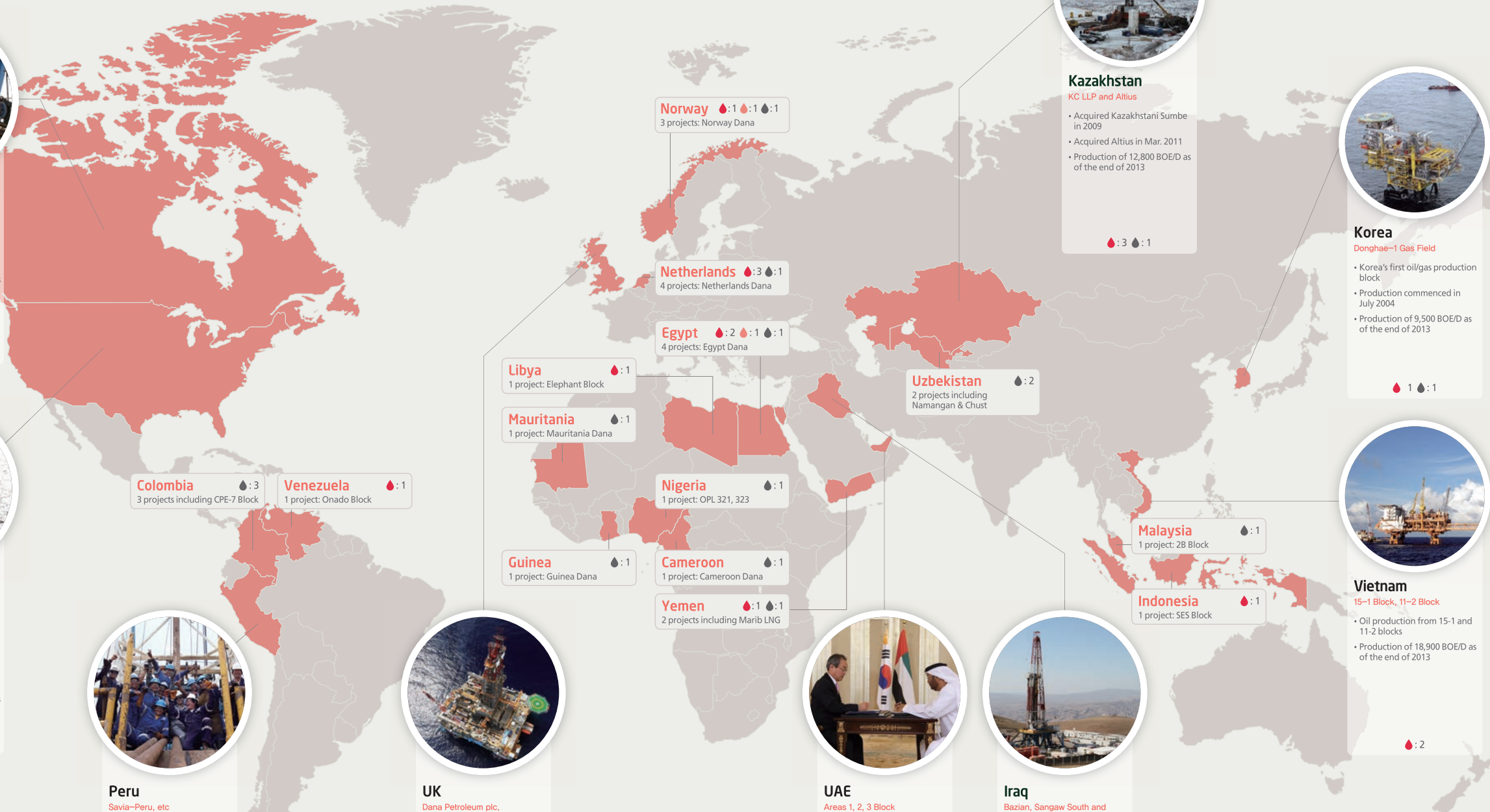
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Iraq
Bazian, Sangaw South and Hawler Block

- Crude oil bed discovered from all four structures at the Hawler block, where appraisal well drilling is under way as of 2014

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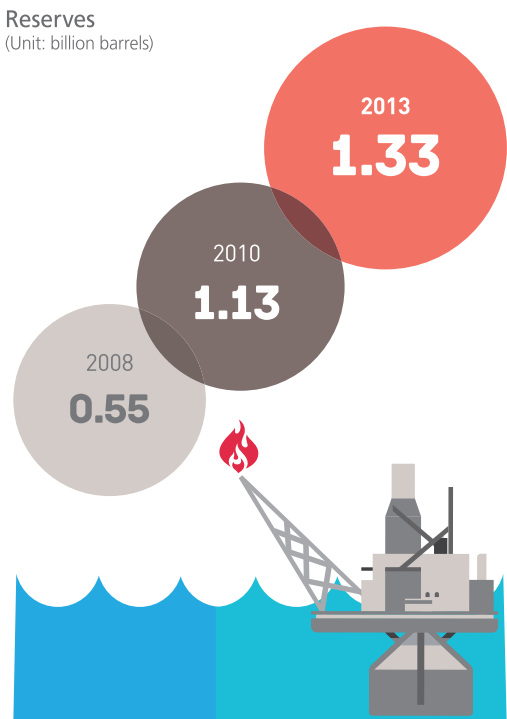


Exploration, Development and Production

Committed to the stable supply of oil resources, the key energy source to Korea’s economy, KNOC was involved in 57 prospective E&P projects in 24 countries around the world as of the end of 2013, producing 220,000 BOE/D from its 1,330MMBOE reserves.

In 2013, KNOC hit oil beds at Iraq’s Hawler Block in March, Kazakhstan’s Zambil Block in August and Europe’s North Sea in December. Backed by these series of successful discoveries, KNOC’s commercial discovery of oil reserves reached 13 out of a total of 29 structures, with the E&P success rate standing at 45 percent as of 2013. In the future, KNOC will continue channeling its resources into exploration activities on select prospective blocks to heighten its competencies and the accuracy of analysis and assessment on blocks, enhancing its success rate and expanding its oil reserves.

Domestically, KNOC has put all efforts to explore and develop continental shelves in and around Korea. As a result of its consistent E&P efforts on continental shelves to the east of the Korean peninsula, KNOC hit a natural gas bed (Donghae-1 Gas Field) southeast of Ulsan in 1998, making Korea the world’s 95th oil-producing country. As of December 2013, KNOC produced a daily average of 40 million cubic feet of natural gas and 700 barrels of condensate from the East Sea’s continental shelves, with the accumulative production totaling 31,351 thousand barrels.



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Doosung’s Drilling Performance
Results (as of the end of 2013)

115 Wells Drilled



Offshore Rig Operations

Built in 1984, Doosung is Korea’s only semi-submersible rig and had successfully drilled a total of 115 wells as of December 2013 (annual average of 4 wells) in Korea and at key points around the world. Despite unfavorable market conditions that included intensifying competition in the rig charter market and deteriorating charter profitability due to the current market preference for short-term contracts, Doosung was able to realize competitive sales and operating margin in 2013 by strategically focusing on target markets in Southeast Asia and Northeast Asia with customized plans.

At the same time, Doosung recorded accident-free operations for six straight years and a zero percent accident rate for a second straight year under IADC (International Association of Drilling Contractors) standards through consistent HSEQ (health, safety, environment and quality) activities. In response to growing customer demand for higher functionality and better equipment operations, KNOC is enhancing Doosung’s facilities, while also establishing a computerized maintenance management system (CMMS). In addition, the company has established a risk-based safety system and operates a hazard observation system.

Offshore Rig Operational Sales
Revenue Growth from 2012 (Unit: USD million)

2012 13

2013 83

↑ 620%

Offshore Rig Operational
Profit Growth from 2012 (Unit: USD million)

2012 -16

2013 49

↑ 430%



Oil Stockpile

Founded in 1979 with the aim to stabilize the national supply of oil resources in time of an oil crisis, KNOC has been leading Korea's oil stockpiling operations for the past 35 years. As of December 2013, the company held 135 million barrels of oil (with a total capacity of 146 MMbbl) at 9 oil stockpiling facilities nationwide.

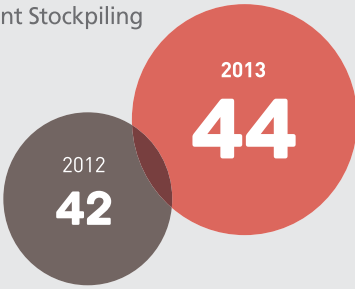
While maintaining its stockpiled assets at an appropriate level that does not depart from its original purpose, KNOC is also pursuing dynamic stockpiling that focuses on both oil security and economic feasibility, which enhances the competitiveness of its oil stockpiling business. As of 2013, the trading volume of stockpiled assets and crude oil increased 3 percent over the previous year, reaching 90 million barrels, with joint stockpiling surging to a record-high 44 million barrels.

Furthermore, KNOC has been pushing forward with the Northeast Asian Oil Hub project since 2008, which aims at making Korea the Northeast Asian hub of oil trading. As part of the initiative, the company plans on completing a vast oil and equivalent commercial storage facility (8.2 million barrels in Yeosu and 28.4 million barrels in Ulsan). The Yeosu Tank Terminal went into commercial operation as of April 2013 and the Ulsan storage facility is currently under construction, and scheduled to be completed by 2020.

KNOC's Oil Stockpiling
(Unit: million barrels)



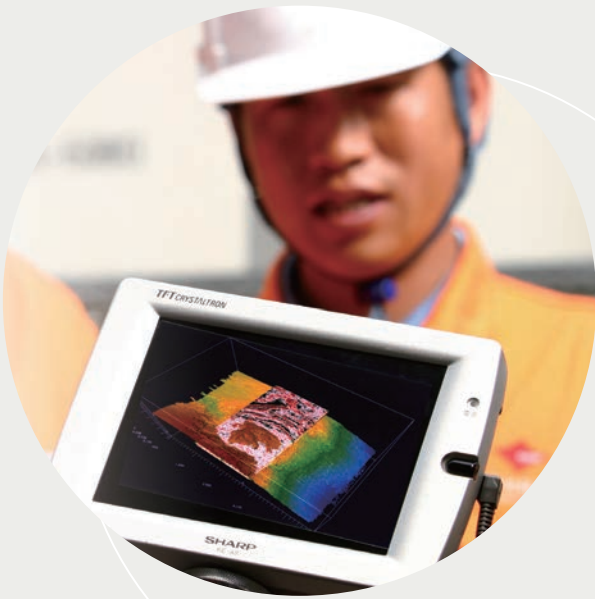
International Joint Stockpiling
(Unit: million barrels)



Oil Information Service

KNOC introduced the world's first oil price disclosure service (OPINET, www.opinet.co.kr), contributing to stabilizing oil prices in Korea. Thanks to consistent efforts toward higher quality of services and content offered by OPINET, subscription expanded 15 percent over the previous year, reaching 52.13 million users annually. This can be translated into 143,000 users per day, making it a popular oil information service.

In addition, KNOC provides corporate and individual customers with more specialized information on domestic and international petroleum market developments and oil development trends through Petronet, www.petronet.co.kr.



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Economical Gas Stations

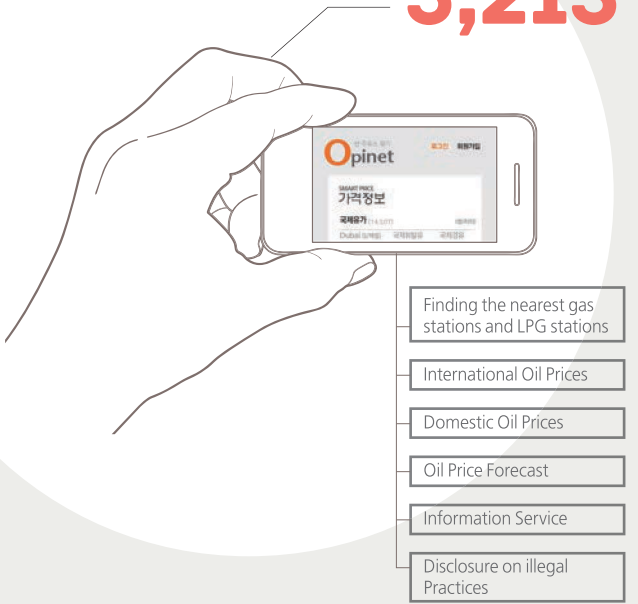
In promotion of fair competition and stable pricing in the domestic oil distribution market, KNOC introduced the Economical Gas Station project in December 2011. By the end of 2013, the number of member stations had grown to 1,031 stations.

KNOC plans on increasing the number of stations to 1,300, or 10 percent of gas stations nationwide, by 2015. Through this project, the company is helping revamp the domestic oil distribution network and establish fair competition in the market.

Number of Annual Opinet Users
(Unit: 10,000 persons)

Approximately

5,213



Research & Development

KNOC launched the KNOC Petroleum Academy (KPA) in April 2013 to foster petroleum experts. Also, the company implemented its 'Technology Autonomy 3-Year Master Plan' in order to advance its E&P technologies and exploration success. It is also working to become self-sufficient in 43 selective E&P technologies by 2016, while carrying through with its mid-to-long-term technical training programs at the KPA.

At the same time, the company is developing independent technological competencies in the 7 strategic technologies in line with the industrial trends and the corporate goals. We are striving to advance our E&P competencies by establishing a systematic R&D infrastructure.

Strategic Base Subsidiaries

HQC

Suite 2010, 330-5th Ave. SW, Calgary, Alberta,
Canada T2P 0L4

TEL 1-403-268-6596 FAX 1-403-265-3490

ANKOR E&P Holdings

1615 Poydras St., Suite 2000, New Orleans, LA
70112

TEL 1-504-587-6508 FAX 1-504-587-6510

OIG

Av. Rivera Navarrete No.501 Piso 11 San Isidro,
Lima 27, Peru

TEL 51-9-4310-5153 FAX 51-1-222-5947

Dana Petroleum plc (UK)

King's Close, 62 Huntly St., Aberdeen, AB10 1UR,
United Kingdom

TEL 44-122-461-6000 FAX 44-122-461-6001

KCLLP/Altius

5th FL, Block 3B, Nurly-Tau Business Centre, 19/1, Al-
Farabi Ave., 050013, Almaty, Republic of Kazakhstan

TEL 7-727-311-1521 FAX 7-727-311-1503

Overseas Office

Canada Office

Suite 2010, 330-5th Ave. SW, Calgary, Alberta,
Canada T2P 0L4

TEL 1-403-268-6596 FAX 1-403-265-3490

USA Office

5555 San Felipe Rd., Suite 1175, Houston, TX
77056, USA

TEL 1-713-552-9306 FAX 1-713-552-1898

United Kingdom Office

10th FL., New Zealand House, 80 Haymarket,
London, SW1Y 4TE

TEL 44-207-747-3011 FAX 44-208-399-9929

Kazakhstan Office

5th fl., Block 3B, B/C "Nurly-Tau" Business Centre, 19/1,
Al-Farabi Ave., 050013, Almaty, Republic of Kazakhstan

TEL 7-727-311-1521 FAX 7-727-311-1503

Iraq Office

515, 5th FL., 4A West Wing Building, Dubai Airport
Free Zone, Dubai, UAE

TEL 971-4-213-4010 FAX 971-4-214-9501

Abudhabi Office

P.O. Box 63414, Etihad Tower 3-12th FL.
#012.02-03, Abu Dhabi, UAE

TEL 971-2-699-3999

Vietnam Office

10th FL., Diamond Plaza, 34 Le Duan St., Dist.1, Ho
Chi Minh, Socialist Rep. of Vietnam

TEL 84-8-3825-7709 FAX 84-8-3825-7711

Offshore Rig Area Office

KNOC 1&2nd FL., Lot 604, Pelita Commercial Centre,
Miri, Sarawak, East Malaysia 98000

TEL 870-7646-71765 FAX 870-7646-71767

Domestic Offices

Ulsan Office

147, Onsan-ro, Onsan-eup, Ulju-gun,
Ulsan-si, Korea

TEL 82-52-270-4400 FAX 82-52-270-4571

Geoje Office

97, Seoimal-gil, Irun-myeon, Geoje-si,
Gyeongsangnam-do, Korea

TEL 82-55-680-1789 FAX 82-55-680-1862

Yeosu Office

450, Nakpodanji-gil, Nakpo-dong, Yeosu-si,
Jeollanam-do, Korea

TEL 82-61-688-8700 FAX 82-61-688-8719

Seosan Office

119, Pyeonsin 2-ro, Daesan-eup, Seosan-si,
Choongcheongnam-do, Korea

TEL 82-41-660-4114 FAX 82-41-660-4165

Pyeongtaek Office

175-108, Namyangman-ro, Poseung-eup,
Pyeongtaek-si, Gyeonggi-do, Korea

TEL 82-31-680-1414 FAX 82-31-680-1486

Guri Office

67, Ahasan-ro, Guri-si, Gyeonggi-do, Korea

TEL 82-2-2204-7700 FAX 82-2-2204-7707

Yongin Office

159, Ho-dong, Haesil-ro, Cheoin-gu, Yongin-si,
Gyeonggi-do, Korea

TEL 82-31-329-4900 FAX 82-31-339-2274

Gokseong Office

1538, Goksun-ro, Gyeom-myeon, Gokseong-gun,
Jeollanam-do, Korea

TEL 82-61-360-2114 FAX 82-61-360-2080

Donghae Office

77, Gongdan 12-ro, Donghae-si, Gangwon-do,
Korea

TEL 82-33-520-7800 FAX 82-33-522-3219

Ulsan Gas Production Office

147, Onsan-ro, Onsan-eup, Ulju-gun, Ulsan-si,
Korea

TEL 82-52-240-4700 FAX 82-52-239-8049



KNOC's new office building in Ulsan is under construction for the completion in October 2014.

Task Force for the Construction of Ulsan New Office Building

10-1BL, Wujeong Hyeoksin Dosi,
Jung-gu, Ulsan, 681-250, Korea



57, Gwanpyeong-ro 212beon-gil, Dongan-gu, Anyang-si,
Gyeonggi-do, 431-711, Korea

TEL 82-31-380-2114 FAX 82-31-387-9321

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