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Noble Energy's 2003 Capital Expenditures to Total $510 Million; Operational Outlook for 2003 Announced

HOUSTON, Jan. 29 /PRNewswire-FirstCall/ -- Noble Energy, Inc. (NYSE: NBL) today announced budgeted capital expenditures of $510 million during 2003, compared to 2002 capital expenditures of $605 million. Acquisitions totaled $8 million in 2002. Acquisitions are not included in the 2003 budget, but may occur.

Approximately 30 percent of the 2003 capital budget has been allocated for exploration opportunities, and 70 percent has been dedicated to production and development projects. Domestic spending is budgeted for $235 million, or 46 percent of the 2003 capital budget, and international expenditures are budgeted for $275 million, or 54 percent. The reduction in planned 2003 capital spending compared to 2002 takes into account expenditures for international projects originally scheduled for 2003 but incurred in 2002.

Our 2003 capital budget reflects the company's strategy of creating value through a combination of investments in our core U.S. properties as well as our high-impact international projects," stated Charles D. Davidson, Noble Energy's Chairman, President and CEO. "In 2002, we made significant progress with the start-up of our gas-to-power project in Ecuador and the completion of the decks and facilities for our natural gas project in Israel. In early January 2003, we commenced crude oil production in China and installed our platform in Israel. During the remainder of 2003, we expect to start natural gas production in Israel and complete the Phase 2A development project in Equatorial Guinea."

Noble Energy's 2003 domestic capital budget is $235 million, with approximately two-thirds earmarked for the offshore division and one-third for the onshore division. The offshore division's spending calls for a split between exploration, at 56 percent of the division's budget, and production and development, at 44 percent. For the onshore division, exploration expenditures are expected to represent 80 percent of the division's budget, primarily on properties in the Gulf Coast area.

Of the $275 million international capital budget for 2003, 87 percent is dedicated to production and development projects. Planned expenditures have been allocated to the four regions where Noble Energy is most active as follows:

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-- Equatorial Guinea, $180 million;
-- Israel, $60 million;
-- North Sea, $22 million; and
-- Latin America and Far East, $13 million.
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In Equatorial Guinea, Noble Energy expects to spend approximately $180 million, primarily to complete the Phase 2A Alba field development project. Phase 2A is scheduled to be completed by the end of 2003. Upon completion of Phase 2A, gross condensate production from the Alba field will increase to approximately 46,000 barrels of oil equivalent per day (Boepd) from current production of nearly 18,000 Boepd. A second development phase, Phase 2B, is scheduled to be completed by the end of 2004 and will increase gross condensate and liquefied petroleum gas production by approximately 6,000 Boepd and 14,000 Boepd, respectively.

Capital expenditures in Israel are budgeted to be approximately $60 million for 2003, with 70 percent of spending set aside for production facilities and platforms. Natural gas production is expected to commence at 40 million cubic feet per day (MMcfpd), net to Noble Energy, during the fourth quarter of 2003. Net incremental production is projected to increase another 30 to 50 MMcfpd through 2004.

OUTLOOK

Average barrels of oil equivalent production in 2003 is expected to increase in a range from four percent to 12 percent compared to the full year 2002. The company expects its 2003 exit rate for production to be 15 percent to 20 percent higher than its 2002 exit rate. Noble Energy's production profile will be impacted by several factors, including:

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-- The timing of the start-up for several major international projects
   during 2003;
-- Seasonal variations in rainfall in Ecuador that affect the company's
   natural gas-to-power project;
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-- Second quarter 2003 planned maintenance on the company's methanol plant in Equatorial Guinea; and
-- Potential weather-related shut-ins in the U.S. Gulf of Mexico and Gulf Coast areas.

Major international projects scheduled to start production this year include:

-- Oil production from Bohai Bay in China, which commenced in January 2003 and is scheduled to reach peak production of approximately 4,500 barrels of oil per day, net to Noble Energy, by the end of February;
-- Initial natural gas production offshore Israel, which is scheduled to commence in the fourth quarter of 2003 and is expected to reach 40 MMcfpd, net to Noble Energy, by year-end. Production is projected to continue to increase throughout 2004, adding another 30 to 50 MMcfpd, net to Noble Energy; and
-- Phase 2A condensate expansion in Equatorial Guinea, which is expected to start-up during the fourth quarter and add nearly 10,000 Boepd, net to Noble Energy, by year-end. Phase 2B is scheduled for completion by year-end 2004 and will add another 6,000 Boepd to Noble Energy's production.

Compared to the full year 2002, costs and expenses may vary as follows:

-- Exploration expense is expected to decline by a range of seven percent to 13 percent.
-- Aggregate selling, general and administrative expenses are expected to increase marginally by two percent to five percent.
-- Aggregate lease operating expense is expected to increase by 22 percent to 26 percent. New operations in the U.S. Gulf of Mexico, China and Israel will contribute to the expected increase to lease operating expense.
-- Aggregate depreciation, depletion and amortization is expected to increase by seven percent to 13 percent, reflecting new production from the start-up of international projects.
-- An effective tax rate of 40 percent to 60 percent is expected, with deferred taxes ranging from 10 percent to 30 percent.

Noble Energy has begun a process of reviewing and rationalizing its asset portfolio to allow future focus on high-quality, core properties with significant upside potential. Once the asset reviews are complete, properties identified as non-core may be packaged for sale. Noble Energy expects any non-core property sales to be completed in the second half of 2003.

The above estimates do not include the impact of Noble Energy's asset rationalization program, or the impact of any associated asset purchases or sales.

Noble Energy is one of the nation's leading independent energy companies and operates throughout major basins in the United States including the Gulf of Mexico, as well as internationally, in Argentina, China, Ecuador, Equatorial Guinea, the Mediterranean Sea, the North Sea and Vietnam. Noble Energy markets natural gas and crude oil through its subsidiary, Noble Energy Marketing, Inc.

This news release may include projections and other "forward-looking statements" within the meaning of the federal securities laws. Any such projections or statements reflect Noble Energy's current views about future events and financial performance. No assurances can be given that such events or performance will occur as projected and actual results may differ materially from those projected. Important factors that could cause the actual results to differ materially from those projected include, without limitation, the volatility in commodity prices for oil and gas, the presence or recoverability of estimated reserves, the ability to replace reserves, environmental risks, drilling and operating risks, exploration and development risks, competition, government regulation or other action, the ability of management to execute its plans to meet its goals and other risks inherent in Noble Energy's business that are detailed in its Securities and Exchange Commission filings.

SOURCE Noble Energy, Inc.