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Noble Energy's 2006 Capital Expenditures to Total $1.26 Billion; Operational Outlook for 2006 Announced

Feb 22, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Noble Energy, Inc. (NYSE: NBL) today announced budgeted capital expenditures of $1.26 billion for 2006, an increase of 40 percent compared to 2005 capital expenditures of $890 million. Estimated capital expenditures for 2006 do not include capital investments related to the pending acquisition of United States Exploration, Inc. announced February 9, 2006.

Approximately 23 percent of the 2006 capital budget has been allocated for exploration opportunities, and 77 percent has been dedicated to production, development and other projects. Domestic spending is budgeted for $860 million, or 69 percent of the 2006 capital budget, and international expenditures are budgeted for $380 million, or 30 percent. Corporate expenditures are budgeted for $20 million, or two percent.

Charles D. Davidson, the company's Chairman, President and CEO, said, "Our investment program for 2006 is focused on a broad range of opportunities. In North America, we have a balanced program of exploitation of our long-lived resources in the Rockies and Mid-continent, combined with exposure to significant upside in deepwater exploration. Internationally, we are beginning a significant development in the North Sea, we're appraising our recent discovery on Block 'O' in Equatorial Guinea while expanding our exploration program on Blocks 'O' and 'I.' These investments provide a strong foundation for the future growth of Noble Energy."

Of Noble Energy's 2006 domestic capital budget, approximately 30 percent is allocated to the Southern Region, which includes the Gulf Coast and the Gulf of Mexico. The Rocky Mountain and Mid-continent regions capital budgets total 40 percent and 30 percent, respectively. Of the total domestic capital budget, approximately 23 percent is allocated to exploration, and 77 percent is for production and development.

Of the international capital budget, approximately 85 percent is dedicated to production and development projects. Planned expenditures have been allocated to the regions where Noble Energy is most active as follows:

* Europe and the Middle East, $240 million,
* West Africa, $105 million; and
* Far East and Latin America, $35 million.

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Average production in 2006 is expected to range between 190,000 barrels of oil equivalent (Boepd) and 205,000 Boepd, an increase of 31 percent to 41 percent compared to the full year 2005. This estimate excludes production attributable to the previously announced agreement to acquire U.S. Exploration Holdings, LLC. Assuming first production April 1, U.S. Exploration is expected to add 3,750 Boepd of production on a full-year basis in 2006.

Production for 2006 is expected to be approximately 65 percent from North America operations and 35 percent from international operations. In North America, approximately 62 percent of production is expected to be natural gas and 38 percent crude oil, condensate and LPG. Approximately 47 percent of international production is expected to be natural gas, with the remainder being crude oil, condensate and LPG.

The strong expected increase in year-over-year production is due to several factors:

* A full year of production from the acquisition of Patina Oil & Gas, which closed May 16, 2005.
* The contribution of the Swordfish deepwater Gulf of Mexico development, which commenced production in October 2005.
* Production from the Ticonderoga and Lorien deepwater Gulf of Mexico developments, which are expected to begin producing early this year.
* Growing natural gas sales in Israel.

* A full year of production from the Phase 2B expansion project in Equatorial Guinea.

In preparing production guidance for 2006, the following adjustments to prior guidance have been included:

* A reduction of 2,700 Boepd to account for lost production attributable to 2005 Gulf of Mexico hurricanes. This estimate assumes a full year of lost production at the deepwater Boris field, as well as anticipated downtime for additional infrastructure repairs.
* A reduction of 2,000 Boepd to account for anticipated downtime due to 2006 tropical storm activity.
* A reduction of 2,900 Boepd to account for a turnaround of the Ampco methanol plant in Equatorial Guinea during the second quarter, 70 percent of which is natural gas.
* A reduction of 1,000 Boepd (all natural gas) to account for downtime in Israel associated with the drilling of an additional well designed to enhance deliverability from the Mari-B field.

For the full year 2006, costs and expenses are expected to range as follows:

* Exploration expense is expected to range from $180 million to $210 million.
* Selling, general and administrative expenses are expected to range from $1.90 per barrel of oil equivalent (BOE) to $2.20 per BOE, including $10 million to $15 million for the expensing of stock options.
* Oil and gas operations expense is expected to range from $4.00 per BOE to $4.30 per BOE.
* Depreciation, depletion and amortization is expected to range from $9.25 per BOE to $9.85 per BOE.
* An effective tax rate of 30 percent to 40 percent is expected. Of the total book taxes planned for 2006, 45 percent to 55 percent are expected to be deferred.

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

Noble Energy is one of the nation's leading independent energy companies and operates throughout major basins in the United States including Colorado's Wattenberg field, the Mid-continent region of western Oklahoma and the Texas Panhandle, the San Juan Basin in New Mexico and the Gulf of Mexico. In addition, Noble Energy operates internationally in Argentina, China, Ecuador, Equatorial Guinea, the Mediterranean Sea, the North Sea and Suriname. Noble Energy markets natural gas and crude oil through its subsidiary, Noble Energy Marketing, Inc. Visit Noble Energy online at http://www.nobleenergyinc.com .

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