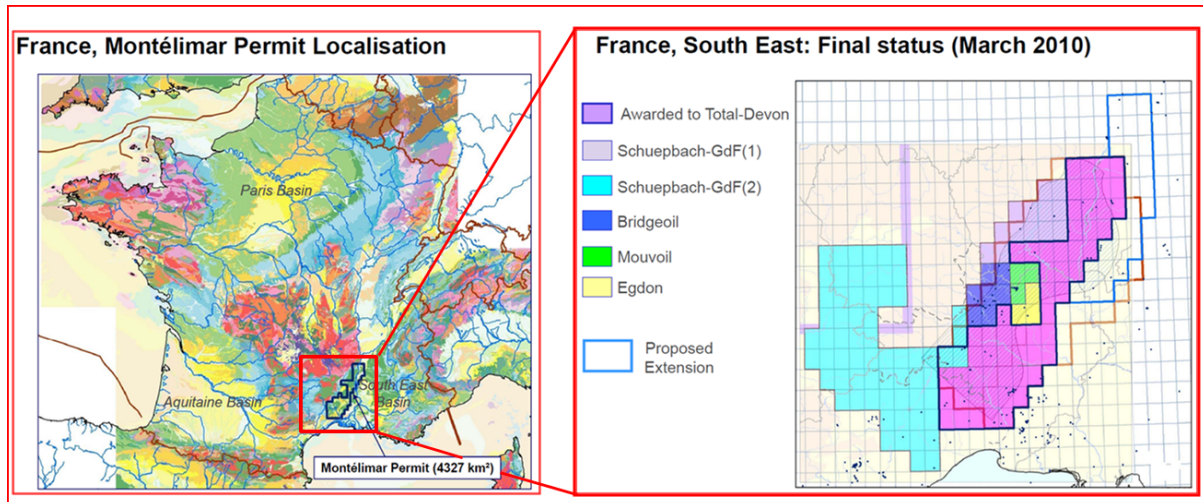




## Opportunity to acquire significant equity in a Liassic Gas Shale Play onshore South East France with a potential up to 85 TCF of IGIP



### Montelimar Permit

Total is planning to farm-out up to 50% interest in their 100% operated South East Basin, Montelimar Permit acreage in the south east of France.

Total is seeking qualified partners to join them in evaluating this large & very significant shale gas opportunity that could hold up to 85 TCF of IGIP, in return for a carry on the exploration period work program.

The Montelimar permit is located in a rural setting to the northeast of Montpellier, conveniently located to access nearby infrastructure and the European gas market.



The permit area covers 4327 sq km (> 1 million acres) and spans nearly the entire geographic extent of the play area. Total is also in the process of acquiring an additional 1850 sq km to cover the remaining extension of the play to the north.

## **Ownership and work commitments**

The Montelimar permit is held 100% by Total for a three phase, exploration period lasting up to 5 years duration. The first phase is a firm phase lasting 2 years. The work commitments involve a technical study in the first exploration phase and two wells in the second & third phases. Total proposes, by moving faster to the second and potentially third phase, to implement a more aggressive work program that will endeavor to do a very detailed characterization of the Liassic gas shales. This study will aid in high grading a vertical well location to be drilled and fracture stimulated in the first phase. Contingent upon the success of the first well, a second well will be drilled that will be horizontal in the shale section & have a multi stage frac (in second or third phase).

## **Success and development**

The proximity of major gas infrastructure that has access to the French & European gas Markets (gas pipeline traverses northeast part of the permit), will enable rapid development & easy monetization of a successful gas shale project. Natural gas demand in France is currently ~45 Bcm/year (4.3 bcfd). The majority of French domestic supply is imported; a low cost onshore domestic gas source with attractive fiscal terms would be very competitive. The fiscal terms in France are amongst the most attractive in the entire world, with a total tax take of ~35%.

## **Technical Summary**

The exploration for unconventional plays & particularly shale gas plays in Europe has progressed rapidly following the success of shale gas plays in North America. Total believes that it has identified a high potential shale gas play in SE France; the Liassic Shale Gas Play in the South East Basin.

Total determines that the Gas Shale resource could be up to IGIP of 85 TCF.

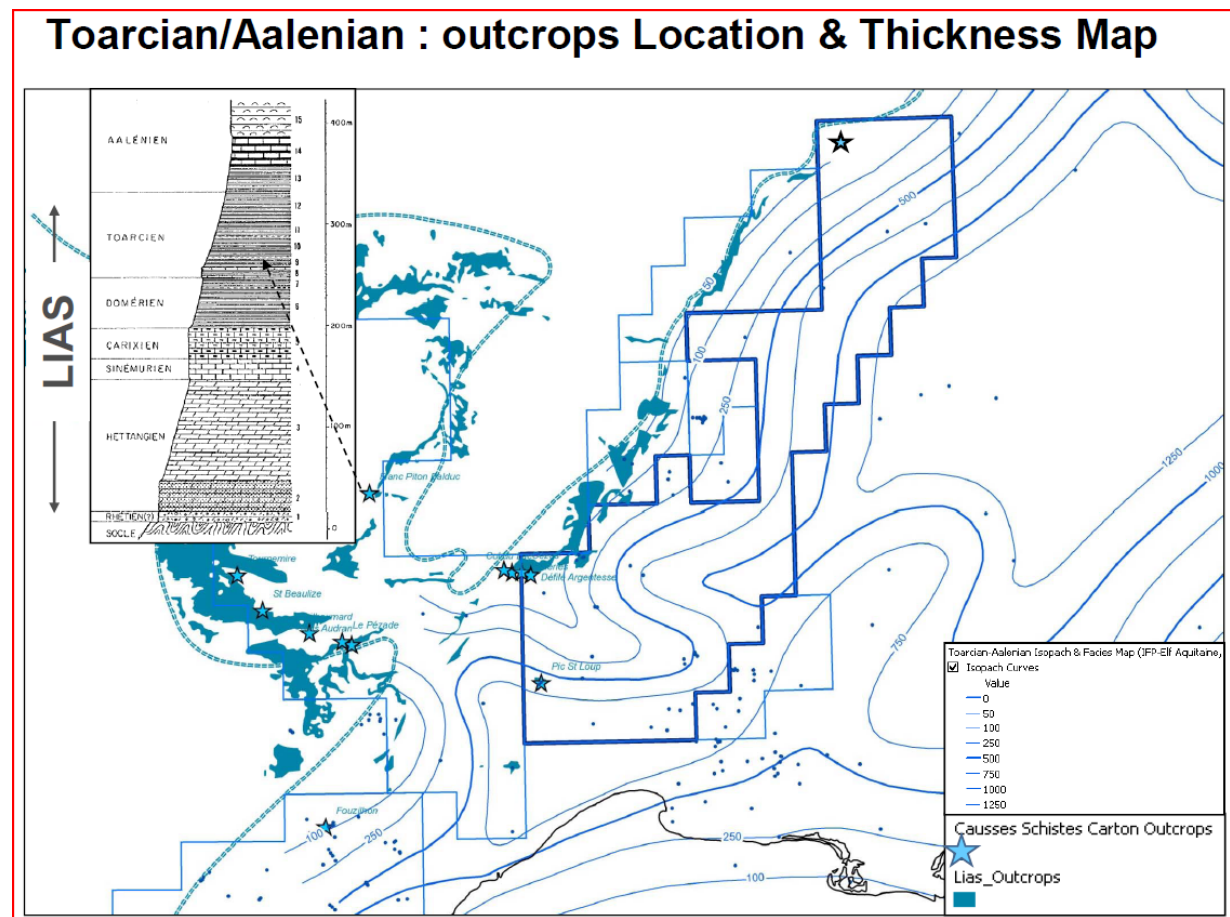
The South East Basin Liassic shale gas play is directly comparable to the Posidonia, Liassic shale play of SW Germany & also has strong similarities to the North American Fayetteville & Woodford Shale Gas Plays.

The objective Liassic section is composed of organic rich shales interbedded with carbonates. Source rock maturity data from wells on the permit area show that the Liassic gas shales are a type II SR with high TOC's & gas mature; and a total Liassic gross thickness varying between 100 to 700m.

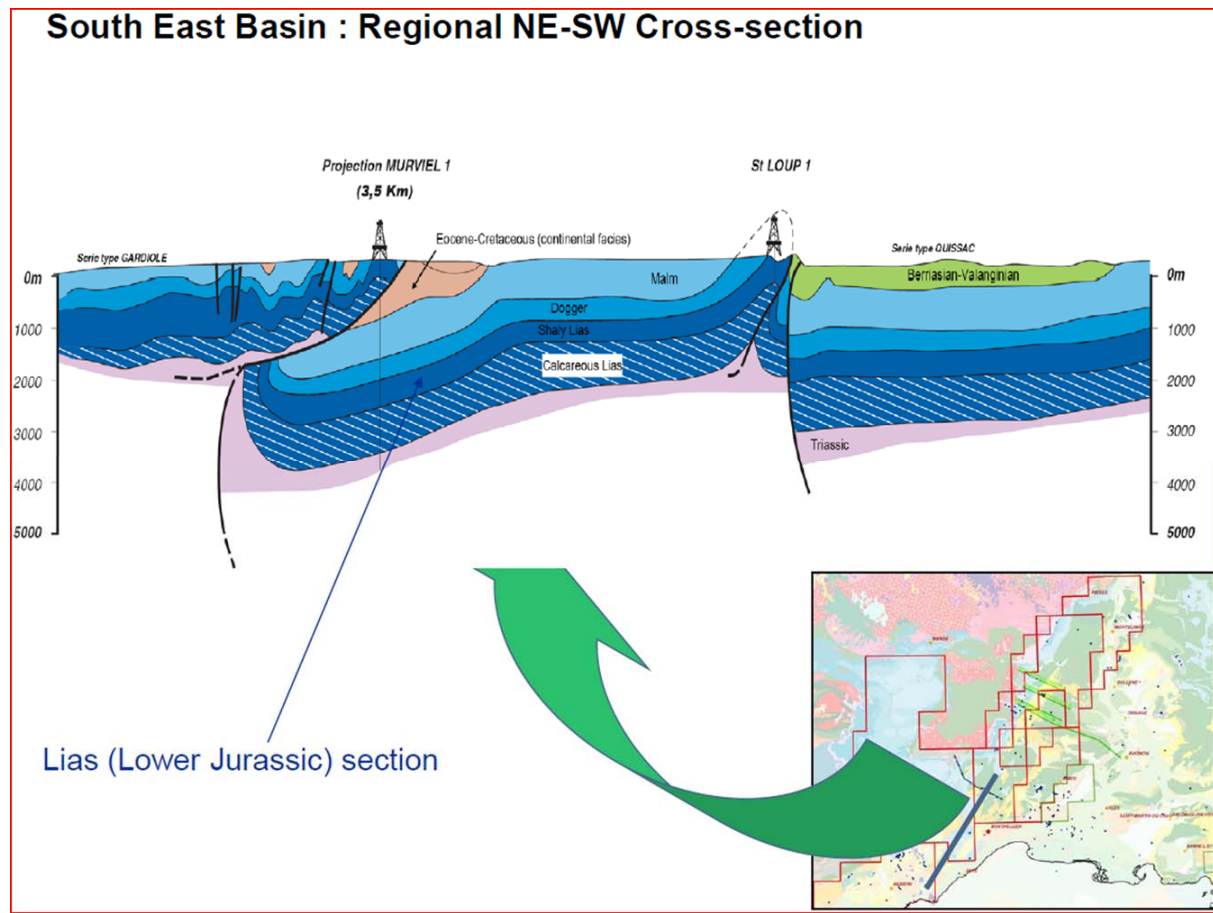
The success of producing gas from North American shales can be attributed to the successful application of horizontal drilling & low cost multi stage fracture stimulation techniques. Total believes these same techniques can be employed to unlock the gas at commercial rates in the Liassic shales.

There is also a secondary Carboniferous tight gas sand play on the permit, with one well which encountered 700m of alternating sand & shales with gas shows.

### Gross Liassic Section Isopach Map over the Montelimar Permit



## Regional Geological section illustrating the Prospective Liassic section in SE Basin



## Work Program

As described above, Total acquired its Montelimar Permit in March, 2010, with a duration period of up to 5 years. The program comprises of three exploration phases, the first phase lasts two years and is firm. The first phase commitment work program involves a geological study period. The second phase includes a vertical well. The third phase work program will involve drilling a horizontal well into the Liassic gas shales that will undergo a multi stage frac.

The contractual work commitment is less onerous than the Total planned program. If the proof of concept is realized a pilot program of several horizontal wells can be envisaged, followed by full development of the play.

Total has a dedicated European Shale Gas team that is fully staffed and has assembled a significant database of existing data.

## **Farm-out Process & Timeline**

To assist you in reviewing this project in more detail an online data room (ODR) has been established.

The confidentiality agreement can be downloaded from the Data Room Entry Page at

Once two completed CA's are returned to the undersigned, access codes will be provided to the ODR. The ODR will be live from 1<sup>st</sup> February 2011 and will be accessible for 60 days. Proposals must be received no later than 31<sup>st</sup> March 2011.

## **Contact Details to Dispatch the signed CA**

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