

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 1991

Board of Directors:

Jerry W. Box
James E. Roberts
William P. Stokes

REPORT OF THE DIRECTORS

The directors submit their report and the audited consolidated financial statements for the year ended 31 December 1991.

Oryx U.K. (Indonesian Holdings) Limited (Company) is the parent company of Oryx U.K. (Kakap) Limited, Oryx U.K. (Malacca Strait) Limited, and Oryx U.K. (Southeast Sumatra) Limited. These wholly owned subsidiaries own interests in certain Indonesian production sharing contracts under which they are entitled to participate in oil and gas exploration and production projects.

Production increased significantly in 1991 due to the completion of planned development in the Kakap KF Field, Malacca Strait Selatan Field and Southeast Sumatra Intan, Northeast Intan and Widuri Fields, all of which came onstream in the latter portion of 1990. During 1991, the Company participated in the discovery of the Kakap KRA Field with the successful completion of the KRA-1X and KRA-2X discovery wells. Furthermore, the Southeast Sumatra consortium and Indonesian government negotiated a 20 year extension of that production sharing agreement. Seven fields are under development or planned for long-term production testing. These are the Kakap KG and KRA Fields, Southeast Sumatra Indri, Kartini, Nurbani and South Zelda Fields and the Malacca Strait TA Field.

On 3 January 1990, the outstanding stock of the Company was acquired by Oryx Energy Company. Effective with the 1990 financial statements, the Company has consolidated its wholly owned subsidiaries. The consolidated profit for 1991 was \$14,967 thousand. In connection with the acquisition of the Company by Oryx Energy Company, together with other interests of British Petroleum Company p.l.c. (BP), the net amounts due to and due from BP immediately prior to the acquisition were waived. These have been either treated as additional paid in capital or have been written off within the Company's consolidated financial statements. The amount taken to the profit and loss account in 1990 was \$18,144 thousand and the additional paid in capital was \$33,158 thousand. The retained profit carried forward is \$33,742 thousand. The directors do not recommend the payment of a dividend.

The movements in fixed assets during the year are set out in note 10 to the consolidated financial statements.

On 3 January 1990, R. L. Keiser, J. S. Wagner, Jr. and G. H. Wehrmaker were appointed as directors of the Company in succession to M. T. Bentley and R. C. Grayson. At a meeting of the Board of Directors held on 8 June 1990, J. S. Wagner, Jr. and G. H. Wehrmaker resigned from their offices as directors, and it was resolved to appoint J. W. Box and J. E. Roberts to replace them. At a meeting of the Board of Directors held on 5 November 1991, R. L. Keiser resigned as director and it was resolved to appoint W. P. Stokes to replace him.

None of the directors had any interest in the shares of subsidiary companies of Oryx Energy Company at 31 December 1991.

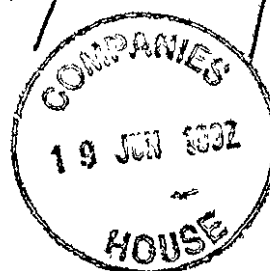
From 1st of June 1992 the auditor, Coopers & Lybrand Deloitte, will practice under the name of Coopers & Lybrand. A resolution to reappoint the auditor will be proposed at the annual general meeting.

Charter Place
 Vine Street
 Uxbridge
 Middlesex UB8 1EZ
 26 May 1992

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By order of the Board

Director



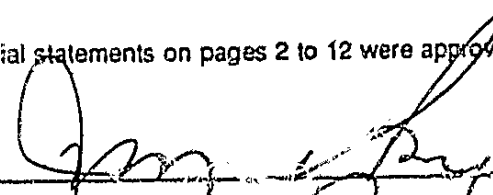
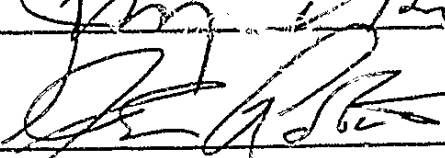
GRYX U.K. (INDONESIAN HOLDINGS) LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER

	<u>NOTES</u>	<u>1991</u> <u>US\$'000</u>	<u>1990</u> <u>US\$'000</u>
Turnover	3	114,308	111,216
Cost of sales	4	<u>(87,594)</u>	<u>(67,547)</u>
Gross profit		26,714	43,669
Administrative expenses		(43)	(39)
Dry hole costs		(3,483)	(1,057)
Other expenses	7	<u>(10)</u>	<u>(18,144)</u>
Interest received		<u>23,178</u> <u>454</u>	<u>24,429</u> <u>476</u>
Profit on ordinary activities before taxation	8	23,632	24,905
Tax on profit on ordinary activities	9	<u>(8,665)</u>	<u>(28,283)</u>
Profit (loss) for the year		<u>14,967</u>	<u>(3,7)</u>
Statement of retained reserves			
Retained profits at the beginning of the year		18,775	22,153
Profit (loss) for the year		<u>14,967</u>	<u>(3,378)</u>
Retained profits at the end of the year		<u>33,742</u>	<u>18,775</u>

CRYX U.K. (INDONESIAN HOLDINGS) LIMITED
CONSOLIDATED BALANCE SHEET
31 DECEMBER

	NOTES	1991 US\$ '000	1990 US\$ '000
Fixed Assets:			
Tangible assets	10	<u>56,732</u>	<u>61,741</u>
Current Assets:			
Cash and short-term investments		332	19,350
Debtors	11	<u>38,566</u>	<u>14,492</u>
		<u>38,898</u>	<u>33,842</u>
Creditors - amounts due within one year	12	<u>(12,550)</u>	<u>(27,754)</u>
Net Current Assets		<u>26,348</u>	<u>6,088</u>
Total Assets Less Current Liabilities		<u>83,080</u>	<u>67,829</u>
Provisions for liabilities and charges	13	<u>(16,009)</u>	<u>(15,725)</u>
		<u>67,071</u>	<u>52,104</u>
Capital and Reserves			
Called up share capital	14	171	171
Paid in capital	15	33,158	33,158
Profit and loss account		<u>33,742</u>	<u>18,775</u>
		<u>67,071</u>	<u>52,104</u>

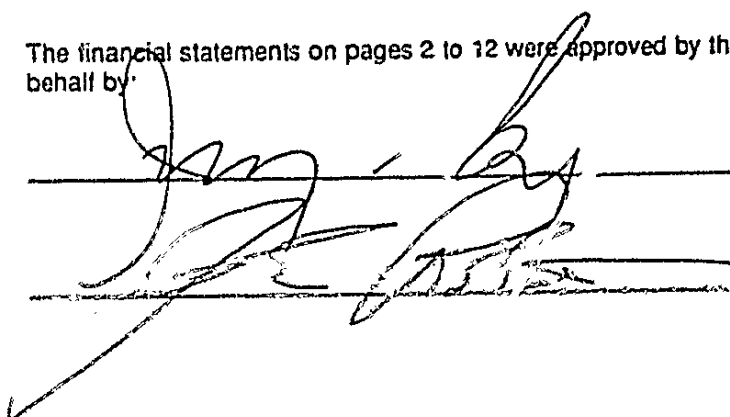
The financial statements on pages 2 to 12 were approved by the board of directors on 26 May 1992 and signed on its behalf by:



 _____ Directors

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
PARENT BALANCE SHEET
31 DECEMBER

	<u>NOTES</u>	<u>1991</u> <u>US\$'000</u>	<u>1990</u> <u>US\$'000</u>
Fixed Assets:			
Investment in Subsidiaries	18	<u>33,168</u>	<u>33,168</u>
Current Assets:			
Cash		332	2,412
Debtors - amounts due within one year	11	<u>7,234</u>	<u>2,035</u>
		<u>7,566</u>	<u>4,447</u>
Creditors - amounts due within one year	12	<u>(7,566)</u>	<u>(4,447)</u>
Net current assets		<u>-</u>	<u>-</u>
		<u>33,168</u>	<u>33,168</u>
Capital and Reserves			
Called up share capital	14	171	171
Paid in capital	15	33,158	33,158
Profit and loss account	16	<u>(161)</u>	<u>(161)</u>
		<u>33,168</u>	<u>33,168</u>

The financial statements on pages 2 to 12 were approved by the board of directors on 26 May 1992 and signed on its behalf by



 Directors

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31 DECEMBER

	1991 <u>US\$'000</u>	1990 <u>US\$'000</u>
SOURCE (USE) OF FUNDS		
Profit (loss) for the year	14,967	(3,378)
Items not involving the movement of funds		
Provision for liabilities and charges	284	5,739
Depreciation, depletion and amortization	16,851	8,138
Dry hole costs	3,483	1,057
Capitalization by parent	<u>-</u>	<u>33,158</u>
	35,585	45,714
APPLICATION OF FUNDS		
Capital expenditures	<u>(15,325)</u>	<u>(29,394)</u>
Increase in Working Capital	<u>20,260</u>	<u>16,320</u>
Represented by Working Capital Movements:		
Cash and short-term investments	(19,018)	19,350
Debtors due within one year	24,074	(15,368)
Creditors due within one year	<u>15,204</u>	<u>12,338</u>
	<u>20,260</u>	<u>16,320</u>

ORyx U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1) Summary of Significant Accounting Policies

Organization and Control

Oryx U.K. (Indonesian Holdings) Limited (formerly BP Petroleum Development (Indonesian Holdings) Limited, formerly BP (Ceylon) Limited and hereinafter referred to as the Parent and together with its consolidated subsidiaries referred to as the Company) is incorporated in the United Kingdom and prior to 3 January 1990 was a wholly owned subsidiary of The British Petroleum Company p.l.c. (referred to herein together with its subsidiaries as BP). On 3 January 1990, the Company was acquired by Oryx Energy Company (referred to herein as Oryx). Oryx contributed the stock of the Company to its wholly owned subsidiary Oryx U.K. Energy Company (referred to herein as Oryx U.K.).

In September 1989, the Company issued 6,100 shares of capital stock to BP in consideration for the acquisition of BP Petroleum Development (Kakap) Limited, BP Petroleum Development (Malacca Strait) Limited and BP Petroleum Development (Southeast Sumatra) Limited. The Parent's subsidiaries (Oryx U.K. (Kakap) Limited, Oryx U.K. (Malacca Strait) Limited and Oryx U.K. (Southeast Sumatra) Limited and referred to herein as Kakap, Malacca Strait and Southeast Sumatra, respectively) own interests in certain Indonesian production sharing contracts under which they are entitled to participate in oil exploration and production projects. All of the subsidiaries are incorporated in the U.K.

Basis of Presentation

The accompanying financial statements are stated in U.S. dollars and have been prepared in accordance with the applicable accounting standards in the United Kingdom. The consolidated financial statements contain the accounts of the Company after elimination of intercompany balances. The Parent's interests in its wholly owned subsidiaries are fully consolidated.

As permitted by Section 230 of Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The amount of the parent company profit (loss) for the financial years 1991 and 1990 included in the accounts of the consolidated profit (loss) is \$0 thousand and \$(161) thousand respectively.

Accounting Convention

The accounts are prepared under the historical cost convention.

Properties, Plants and Equipment

The successful efforts method of accounting is followed for costs incurred in oil and gas exploration and production operations.

Capitalization Policy - Acquisition costs are capitalized when incurred. Costs of unproved properties are transferred to proved properties when proved reserves are found. Exploration costs, including geological and geophysical costs and costs of carrying and retaining unproved properties, are charged to the profit and loss account as incurred. Exploratory drilling costs are capitalized initially; however, if it is determined that an exploratory well does not contain proved reserves, such capitalized costs are charged to expense, as dry hole costs, at that time. Development costs are capitalized. Costs incurred to operate and maintain wells and equipment and to lift oil and gas to the surface are generally expensed.

Leasehold Impairment - Costs of unproved properties which are determined to be impaired are charged to the profit and loss account in the current period.

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

1) Summary of Significant Accounting Policies - continued

Depreciation, Depletion, and Amortization - The acquisition costs of proved properties are depleted by the unit-of-production method based on proved reserves. Other capitalized costs of proved properties are depreciated by the unit-of-production method on proved developed reserves.

Retirements - Gains and losses on disposals of fixed assets are taken to the profit and loss account in the year in which they arise.

Termination - Costs incurred by the joint venture for exploration, development, and production are generally recoverable from production of reserves under the terms of the respective Production Sharing Contracts. At the termination of the contract, possession of the equipment and facilities reverts to the Indonesian government. Therefore, no provision is made for dismantlement, restoration, abandonment or salvage values.

Deferred Taxation

Deferred tax is calculated by applying the liability method. Provisions are made where timing differences are expected to reverse in the foreseeable future.

2) Related Party Transactions

Prior to 1990, an affiliate of BP provided financial services for the Company, including the collection of cash receipts and the payment of cash expenditure requirements. In addition, the Company incurred receivables from and payables to certain other affiliates of BP. The receivables from and payables to BP and its affiliates at 31 December 1989 were discharged prior to the acquisition of the Holding Company by Oryx. (See Notes 7 and 15.)

Beginning in February 1990, the Parent has maintained a cash account for the benefit of its subsidiaries. All costs related to and interest earned from this cash account have been transferred to the subsidiaries. During 1991, Oryx has advanced funds on behalf of the Company.

3) Turnover

Sales of crude oil are recorded on the entitlement method. Differences between actual production and entitlements result in a receivable when underproduction occurs and a payable when overproduction occurs.

Under the terms of the production sharing contracts, the Company is required to sell certain amounts of crude to the government of Indonesia at prices provided for in the contract. The Company has recorded revenue from such sales based on latest realized prices from sales of crude to third parties. The resulting difference is treated as a royalty expense which is included in cost of sales.

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

4) Cost of Sales

Cost of sales consisted of the following (none for the Parent):

	1991 <u>US\$'000</u>	1990 <u>US\$'000</u>
Operating costs	18,344	15,568
Royalty expense	51,952	43,582
Depreciation, depletion and amortization	16,851	8,138
Other	<u>447</u>	<u>259</u>
	<u><u>87,594</u></u>	<u><u>67,547</u></u>

5) Employee Information

The Company had no employees during 1991 and 1990. Certain services were provided by the ultimate parent company, Oryx Energy Company, on behalf of the Company. A service charge has not been included in the accounts to reflect the services provided by Oryx.

6) Directors Remuneration

The directors who served during the year ended 31 December 1991 received no fees or remuneration from the Company and were senior executives of Oryx Energy Company.

7) Other Expenses

	Parent		Consolidated	
	1991 <u>US\$'000</u>	1990 <u>US\$'000</u>	1991 <u>US\$'000</u>	1990 <u>US\$'000</u>
Interest expense	-	-	10	-
Exceptional item - waiver of group loan*	<u>-</u>	<u>161</u>	<u>-</u>	<u>18,144</u>
	<u><u>-</u></u>	<u><u>161</u></u>	<u><u>10</u></u>	<u><u>18,144</u></u>

- * The exceptional item represents the write off of net amounts due to the company from BP and its affiliates as at 31 December 1989 as part of the purchase agreement by Oryx to acquire the company together with other BP interests.

8) Profit on Ordinary Activities Before Taxation is Stated After Charging:
 (None for the Parent)

	1991 <u>US\$'000</u>	1990 <u>US\$'000</u>
Auditors remuneration	<u><u>30</u></u>	<u><u>30</u></u>

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

9) Taxation

The components of the provision/(benefit) for income taxes were as follows (none for the Parent):

	1991 <u>US\$ '000</u>	1990 <u>US\$ '000</u>
United Kingdom		
Current	(222)	5,176
Deferred	-	-
Indonesia		
Current	8,603	7,382
Deferred	284	15,725
	<u>8,665</u>	<u>28,283</u>

Deferred taxation for 1991 and 1990 is calculated on temporary differences of \$507 and \$28,080 thousand, respectively, arising principally from differences between tax and accounting bases of properties, plants and equipment.

The effective rates for the 1991 and 1990 provisions vary from the Indonesian statutory rate due to difference between crude sales prices recorded and prices required to be used for Indonesian tax purposes, United Kingdom sourced income taxed at 35 percent, waiver of the group loan not subject to taxation and benefit of the provisions of branch profit distribution tax relief under the U.K. tax treaty.

10) Fixed Assets - Tangible Assets
 (None for Parent)

	1991 <u>US\$ '000</u>	1990 <u>US\$ '000</u>
Properties, plants and equipment		
At 1 January	155,012	126,675
Additions	15,325	29,394
Dry hole costs	(3,483)	(1,057)
At 31 December	<u>166,854</u>	<u>155,012</u>
Accumulated depreciation, depletion and amortization		
At 1 January	93,271	85,133
Charged during the year	16,851	8,138
At 31 December	<u>110,122</u>	<u>93,271</u>
Net Book Value At 31 December	<u>56,732</u>	<u>61,741</u>

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

11) Debtors - Amounts Falling Due Within One Year

	Parent		Consolidated	
	1991 US\$'000	1990 US\$'000	1991 US\$'000	1990 US\$'000
Oryx	-	-	30,350	-
Trade debtors	-	-	4,769	8,695
Other	-	-	3,447	5,797
Group	<u>7,234</u>	<u>2,035</u>	<u>-</u>	<u>-</u>
	<u>7,234</u>	<u>2,035</u>	<u>38,566</u>	<u>14,492</u>

12) Creditors - Amounts Falling Due Within One Year

	Parent		Consolidated	
	1991 US\$'000	1990 US\$'000	1991 US\$'000	1990 US\$'000
Oryx	-	-	-	11,977
Taxation	-	-	6,638	6,574
Other	-	-	5,912	9,203
Group	<u>7,566</u>	<u>4,447</u>	<u>-</u>	<u>-</u>
	<u>7,566</u>	<u>4,447</u>	<u>12,550</u>	<u>27,754</u>

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

13) Provisions for Liabilities and Charges
(None for Parent)

	Deferred Taxation (see below)	
	1991 US\$ '000	1990 US\$ '000
At 1 January	15,725	8,986
Transferred from profit and loss account	284	15,725
Utilised in year	<u>-</u>	<u>(8,986)</u>
At 31 December	<u>16,009</u>	<u>15,725</u>

Deferred taxation, all of which has been provided in the financial statements, is as follows (none for Parent):

	1991 US\$ '000	1990 US\$ '000
Tax effect of timing differences because of:		
Excess of tax allowances over related expenses for financial reporting purposes	<u>16,009</u>	<u>15,725</u>
	<u>16,009</u>	<u>15,725</u>

14) Called Up Share Capital

	1991 US\$ '000	1990 US\$ '000
Authorized 110,000 shares, allotted and fully paid		
106,100 ordinary shares of £1 translated at the		
3 January 1990 rate of exchange of US\$1.6105/£1	<u>171</u>	<u>171</u>

15) Paid In Capital

Amounts payable to BP and its affiliates at 31 December 1989 amounting to \$33,158 thousand were waived immediately prior to the acquisition. They have been treated as additional paid in capital.

16) Profit and Loss Account

As permitted by Section 230 of the Companies Act 1985, the Parent's profit and loss account has not been included in these financial statements.

17) Ultimate Holding Company

The directors regard Oryx Energy Company of Dallas, Texas, a company incorporated in the United States of America, as the ultimate parent undertaking as of 31 December 1991. For information about company related business matters, reports can be obtained from Shareholder Relations at 13155 Noel Road, Dallas, Texas USA 75240.

ORYX U.K. (INDONESIAN HOLDINGS) LIMITED
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - continued

10. Investment in Subsidiaries

The subsidiaries of Oryx U.K. (Indonesian Holdings) Limited at 31 December 1991 and the percentage ownership of each are as follows.

	<u>Country of Incorporation</u>	<u>Type of Shares</u>	<u>Percentage Held</u>
Oryx U.K. (Kakap) Limited	England	Ordinary shares of £1	100
Oryx U.K. (Malacca Strait) Limited	England	Ordinary shares of £1	100
Oryx U.K. (Southeast Sumatra) Limited	England	Ordinary shares of £1	100

In the opinion of the directors, the value of the shares in the subsidiaries is not less than the amount at which they are shown in the balance sheet.

Report of the auditor to the members of
CRYX U.K. (INDONESIAN HOLDINGS) LIMITED

We have audited the financial statements on pages 2 to 12 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 1991 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Coopers & Lybrand Deloitte
Chartered Accountants and Registered Auditor
London
20 May 1992