Newfield Petroleum UK Limited

Directors' Report and Financial Statements
Year ended 31 December 2006

Registered number. 4487586

Directors' report
For the period ended 31 December 2006

The directors present their annual report on the affairs of the company, together with the financial statements and auditors' report for the year to 31 December 2006

Principal activities and business review

On 27 December 2005, the company, as operator, spudded the 49/10a-5 Grove appraisal well which was suspended as a producer on 7 April 2006. The 49/10a-6 well at the West Grove location was spudded on 9 June 2006 and was completed in August The Ensco 85 rig returned to the number 5 well before spudding the 49/10a-7 well on 7 November, this well being completed on 25 January 2007 The development plan for the Grove gas field was approved by the Board on 17 March and a production platform was installed during July 2006 First production was achieved in April 2007

In September 2006, the company agreed to sell 15% of its Grove field interests to Sojitz Energy Project Limited and the consideration has been deducted from the carrying value of the pool of tangible assets. Agreement was also reached with Sojitz to farm-in to up to four exploration wells in order to acquire a 20% interest in each well The first of these, the West Cutter well 49/9a-8 spudded on 3 February 2007 but was plugged and abandoned as a dry well on 1 March This was immediately followed by the 48/6-42 (Auburn) well which was also plugged and abandoned, on 23 March The Ensco 85 then moved to 48/7c to spud the Seven Seas appraisal well on 1 April

In January 2007, it was announced that the company had been awarded licences for blocks 47/9d, 48/12e and 48/30b as a result of a successful application in the 24th Licensing Round

Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, credit risk, liquidity risk and interest rate risk The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring levels of debt finance and the related finance costs Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board.

Price risk

The company is exposed to commodity price risk as a result of its operations However, given the size of the company's operations, the costs of managing exposure to commodity price risk exceed any potential benefits. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made Where debt finance is utilised, this is subject to pre-approval by the board of directors and such approval is limited to financial institutions with an AA rating or better The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Liquidity risk

The company finances its operations mainly though obtaining funds from headquarters in Houston. This is based on plans approved by the board of directors of capital expenditures required to develop the properties acquired in the UK and purchase additional properties where opportunities are identified. Overall, the company actively aims to maintain a mixture of long-term and short-term debt finance that is designed to ensure the company has sufficient available funds for operations and planned expansions

Interest rate cash flow risk

The company has both interest bearing assets and interest bearing liabilities Interest bearing assets include only cash balances which earn interest at current market rates The directors will revisit the appropriateness of this policy should the company's operations change in size or nature

Future developments

The company is pursuing various acquisition and farm-in opportunities, in order to acquire a portfolio of interests and to find and develop significant new reserves.

Results and dividends

The company made a loss after taxation of £4,930,142 (2005 £1,743,137) for the year to 31 December 2006 The directors do not recommend the payment of a dividend

Policy and practice on payment of creditors

It is company policy to agree settlement terms with suppliers of payment within thirty days of date of invoice The average number of creditor days for the company was 25 days

Employment policies

The company is committed to pursuing an equal opportunities policy covering recruitment and selection, training and development, appraisal and promotion. The company recognises the diversity of its employees, its customers and the community at large and seeks to use employees' talents and abilities to the full This approach extends to the fair treatment of people with disabilities, in relation to their recruitment, training and development Full consideration is given to the retention of staff who become disabled during employment.

Employee communications

The company is committed to effective communications, which it maintains through regular information releases and staff briefings Formal communications with employees take place through these channels

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and of the profit or loss for that year The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors confirm that suitable accounting policies have been used and applied consistently They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that accounting standards have been followed

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at the time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Changes in accounting policy

The company has adopted FRS20, "Share-based payment" in these financial statements The adoption of this standard represents a change in accounting policy and comparative periods have been restated The adoption of each of these standards represents a change in accounting policy, and accordingly the comparative figures have been restated where required The impact of the restatement on the results was to record an additional expense of £537,699, £369,323 for 2006 and 2005, respectively The cumulative charge for periods prior to 2005 was £381,308, In addition, the balance sheet impact of the restatement was to increase fixed assets reported in 2006 and 2005 by £684,344 and £470,048, respectively

Directors and their interests

The directors who served during the period were as follows

P R F Gunn (appointed 6 November 2006)
D R Phillips
W D Schneider
D A Trice

None of the directors who held office at 31 December 2006 had any beneficial interests in the shares, options to acquire shares, debentures or loan stock of the company requiring disclosure under Schedule 7 Companies Act 1985

Statement of disclosure of information to auditors

As of the date of this report the directors confirm that so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and they have taken all steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and not having to be re-elected, will therefore do so for the ensuing year.

17 Hanover Square
London
W1S 1HU

On behalf of the Board

P. R F Gunn
Director

26 June 2007

INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF NEWFIELD PETROLEUM UK LIMITED

We have audited the financial statements of Newfield Petroleum UK Ltd for the year ended 31 December 2006 which comprise the Profit and Loss account, the Balance Sheet and the related notes These financial statements have been prepared under the accounting policies set out therein

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it

Basis of audit opinion
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its loss for the year then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and

- the information given in the Directors' Report is consistent with the financial statements

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors, London
28 June 2007

Profit and loss account

For the period ended 31 December 2006

	Notes	2006 £	Restated 2005 £
Turnover	2	-	367,411
Cost of sales	3	(388,511)	(346,248)
Gross profit/(loss)		(388,511)	21,163
Administrative expenses	4	(2,555,490)	(1,844,419)
Operating (loss)	5	(2,944,001)	(1,823,256)
Interest receivable and similar income	6	280,303	224,295
Interest payable and similar charges	7	(2,301,783)	(62,878)
(Loss) on ordinary activities before taxation		(4,965,481)	(1,661,839)
Tax on (loss) on ordinary activities	8	35,339	(81,298)
(Loss) for the financial year	16	(4,930,142)	(1,743,137)
Retained (loss) at the beginning of the financial year		(13,690,528)	(11,947,391)
Retained (loss) at the end of the financial year		(18,620,670)	(13,690,528)

All results for the year ended 31 December 2006 are derived from continuing operations There were no recognised gains or losses during 2006 other than those included in the profit and loss account for the period. The notes on pages 9 to 16 form part of these financial statements.

Balance Sheet
31 December 2006

	Notes	2006 £	Restated 2005 £
Fixed assets			
Intangible assets	9	33,861,561	10,058,488
Tangible assets	9	69,307,809	18,050,903
		103,169,370	28,109,391
Current assets			
Debtors	10	2,431,525	519,203
Cash at bank and in hand		14,617,307	879,090
		17,048,832	1,398,293
Creditors			
Amounts falling due within one year	11	(15,580,253)	(1,272,337)
Net current assets		1,468,579	125,956
Total assets less current liabilities		104,637,949	28,235,347
Creditors			
Amounts falling due after more than one year	12	(79,665,158)	(1,375,720)
Provisions for liabilities and charges	14	(3,837,461)	(794,155)
Net assets		21,135,330	26,065,472
Capital and reserves – equity interests			
Equity			
Called-up share capital	15	39,756,000	39,756,000
Profit and loss account	16	(18,620,670)	(13,690,528)
Total shareholder's funds	17	21,135,330	26,065,472

The notes on pages 9 to 16 form part of these financial statements

Signed on behalf of the Board

P R. F. Gunn Director

26 June 2007

Notes to financial statements
31 December 2006

1. Statement of principal accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention in accordance with applicable financial reporting and accounting standards. The financial statements are prepared on a going concern basis, which the directors believe to be appropriate, as the parent company has confirmed that it will continue to provide financial support to the company for the foreseeable future The directors have placed reliance upon the letter of continuing financial support described in note 20

(b) Joint Venture Accounting

The company's exploration, development and production activities are generally conducted in joint ventures with other companies and are accounted for as joint arrangements that are not entities under Financial Reporting Standard 9 ("FRS 9") such that the company accounts directly for its share of transactions conducted through the joint arrangement

(c) Intangible oil and gas assets

Intangible oil and gas assets comprise the pre-licence, licence acquisition, exploration and appraisal costs relating either to unevaluated properties or properties waiting further evaluation When a decision to develop these properties has been taken, or there is evidence of impairment, the costs are transferred to the tangible oil and gas assets cost pool

(d) Exploration and development expenditure

The company follows the full-cost method of accounting for oil and gas properties as set out in the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities" published by the UK Oil Industry Accounting Committee Proceeds from the disposal of interests are deducted from the cost pool

(e) Depreciation

All capitalised costs within the pool of tangible oil and gas assets together with estimated future development costs are depreciated using the unit of production method based on commercial reserves Other tangible fixed assets are depreciated on a straight-line basis over 3 years

(f) Ceiling test

Each year management assesses the recoverability of the oil and gas asset pool by comparison with the estimated discounted future net revenues of proven reserves within the pool in accordance with Financial Reporting Standard 11 A provision is made where there has been impairment in the capitalised value of the cost pool.

(g) Commercial reserves

Commercial reserves are proved and probable developed and undeveloped oil and gas reserves, as defined in the Statement of Recommended Practice "Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities" published by the Oil Industry Accounting Committee.

(h) Abandonment
Provision is made for the present value of the future cost of abandonment of production platforms, pipelines and terminal facilities This provision is recognised when the asset is installed. The estimated costs, based on engineering cost levels prevailing at the balance sheet date, are computed on the basis of the latest assumptions as to the scope and method of abandonment The corresponding amount is capitalised as part of tangible fixed assets and is amortised on a unit-of-production basis as part of the depreciation, depletion and amortisation charge Any adjustment arising from the reassessment of estimated cost of decommissioning is capitalised, whilst the charge arising from the unwinding of the discount applied to the abandonment provision is treated as a component of the interest charge

(i) Deferred taxation
Provision is made for deferred corporation tax at current rates of tax on timing differences between results stated in the financial statements and results computed for corporation tax purposes, only where it is expected that a taxation liability will arise in the foreseeable future when the timing differences reverse Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not, there will be suitable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted No deferred tax assets have been recognised as of 31 December 2006 or 31 December 2005

(j) Foreign currency
Foreign currency transactions are translated at the average monthly exchange rate Foreign currency balances at year-end are translated at the exchange rates ruling at the balance sheet date, except those covered by foreign exchange contracts in which case the forward exchange rate is used Exchange gains and losses are recognised in the profit and loss account Year-end exchange rates used were $1 96 (2006) and $1.72 (2005)

(k) Effect of changing estimates
Changes in reserve and throughput estimates, anticipated future development costs, future abandonment costs and other variables used in unit of production calculations are accounted for prospectively over the estimated remaining life of the relevant field, with effect from the beginning of the period in which they arise

(l) Operating leases
Costs in respect of operating leases are charged on a straight-line basis over the lease term

(m) Turnover
Turnover represents the invoiced value for the sale of oil, gas and condensate and is recognised upon delivery of the product

(n) Cash flow statement and related party disclosures
The company is a wholly-owned subsidiary of Newfield Exploration Company and is included within the consolidated statements of Newfield Exploration Company, which are publicly available at the address set out in Note 20 Consequently, the company has taken advantage of the exemption from preparing a cashflow statement under the terms of FRS 1 The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Newfield Exploration Company group or investees of the Newfield Exploration Company

(o) Changes in accounting policy

The company has adopted FRS20 "Share-based payment" and FRS21 "Events after the balance sheet date" in the period The adoption of each of these standards represents a change in accounting policy, and accordingly the comparative figures have been restated where required The impact of the restatement on the results was to record an additional expense of £537,699, £369,323 for 2006 and 2005, respectively The cumulative charge for periods prior to 2005 was £381,308, In addition, the balance sheet impact of the restatement was to increase fixed assets reported in 2006 and 2005 by £684,344 and £470,048, respectively

(p) Employee Share Schemes

Cash-settled share-based payments are measured at fair value at the date of grant (excluding the effect of non market-based vesting conditions) The fair value determined at the grant date is expensed on a straight line basis together with the corresponding increase in liability over the vesting period, based on the company's estimate of the number of shares that will vest

2. Turnover

Turnover relates to principal activities of the business and arises wholly in the North West Europe Sales during the year amounted to, 2006 £Nil (2005 £367,411)

3. Cost of Sales

Cost of sales relates to charges incurred for the use of pipelines adjacent to the company's fields in the North Sea This reservation fee is paid on monthly basis whether or not throughtput is achieved as planned

4. Administrative Expenses

	2006	2005
	£	£
Overhead costs	(2,489,869)	(1,776,877)
Depreciation of other fixed assets	(65,621)	(67,542)
	(2,555,490)	(1,844,419)

5. Operating loss

	2006	2005
	£	£
Operating loss for the period is stated after charging		
Auditors' remuneration – audit fee	23,000	12,000
Employee costs	976,967	526,603
Depreciation of tangible assets	65,621	127,427
Depreciation of abandonment asset	-	70,201
Foreign currency loss	455,747	7,369
Operating lease costs – office rent	194,308	140,741

The average number of employees (excluding non-executive directors) during the period was	8	6

Employee costs in the period amounted to

	£	£
Staff costs, excluding executive director	558,830	290,564
Social security costs	97,260	43,534
Directors' emoluments	320,877	192,505

6. Interest receivable and similar income

	2006	2005
	£	£
Bank interest	209,662	78,757
Other interest	70,391	145,288
Other income	250	250
	280,303	224,295

7. Interest payable and similar charges

	2006	2005
	£	£
Interest payable and similar charges	(2,228,850)	(46,948)
Unwinding of discount on decommissioning provision	(72,933)	(15,930)
	(2,301,783)	(62,878)

8. Tax on profit on ordinary activities

The charge for the year is made up as follows.

	2006	2005
	£	£
UK corporation tax (30%)	35,339	(81,298)

The tax credit/charge relates to a repayment/payment of tax arising from interest received

Factors affecting the tax charge for the financial year

The tax assessed for the period is lower than the standard rate of corporation tax in the UK The differences are explained below

	2006	2005
	£	£
(Loss) on ordinary activities before taxation	(4,965,481)	(1,661,839)
(Loss) on ordinary activities multiplied by aggregate standard corporation tax rates in the UK – 50% (2005 – 40%)	(2,482,741)	(664,736)
Effects of:		
Expenses not deductible for tax purposes	1,303,216	59,020
Accelerated capital allowances and other timing differences	(44,094,781)	(7,354,007)
Losses not utilised	45,274,306	7,959,723
Current year current tax charge	-	-

No entry has been made in these accounts for a potential net deferred tax asset of £21,154,251 (2005. £8,764,382) resulting from carry forward trading losses and accelerated capital allowances A deferred tax asset would only be recognised where there is reasonable certainty that suitable taxable profits will be generated in the future.

9. Fixed Assets

	Intangible Assets	Tangible Assets		Total
	Exploration and Appraisal Costs	Oil & Gas	Office Equipment	
	£	£	£	£
Cost				
At 1 January 2006	10,058,488	28,154,944	364,392	38,577,824
Additions	23,803,073	67,033,127	73,059	90,909,259
Disposals	-	(15,783,659)	-	(15,783,659)
At 31 December 2006	33,861,561	79,404,412	437,451	113,703,424
Depreciation				
At 1 January 2006	-	10,217,461	250,972	10,468,433
Charge for year	-	-	65,621	65,621
At 31 December 2006	-	10,217,461	316,593	10,534,054
Net book value				
At 31 December 2006	33,861,561	69,186,951	120,858	103,169,370
At 31 December 2005	10,058,488	17,937,483	113,420	28,109,391

Oil and gas tangible assets relate to the development and evaluated property costs capitalised in the UK full cost pool and include abandonment costs capitalised, the net book amount of which at 31 December 2006 is £3,837,461 (2005 £794,155)

The disposal of tangible assets relates to the sale of 15% of the Grove field to Sojitz Energy Project Limited on 8 September 2006

10. Debtors: due within one year

	2006	2005
	£	£
Other debtors	1,992,474	236,228
Prepayments	439,051	282,975
	2,431,525	519,203

Other debtors mostly relate to refundable value added tax and JV receivables

11. Creditors: Amounts falling due within one year

	2006	2005
	£	£
Trade creditors	12,529,480	885,078
Other creditors	2,911,422	208,501
Taxation and social security	139,351	178,758
	15,580,253	1,272,337

Other creditors mostly relate to interest payable on an Intercompany loan

12. Creditors: Amounts falling due after more than one year

	2006	2005
	£	£
Amount due to parent company	77,493,664	360
Accrued lıabılıtıes	2,171,494	1,375,360
	79,665,158	1,375,720

Amount due to parent company ıs a loan from Newfield UK Holdıngs Lımıted and ıs unsecured and payable on demand The parent company has confirmed that ıt wıll not demand repayment of the amounts due wıthın one year As of 1 January 2006, the loan due to parent company became ınterest bearıng Interest for the year of £2,135,387 has been ıncluded ın other credıtors fallıng due wıthın one year (see Note 11)

Accrued lıabılıtıes comprıse the faır value of the Phantom Share Scheme ıncentıve payments (see Note 13) whıch wıll be made wıthın one to three years

13. Phantom Share Scheme

The company ıntroduced a cash bonus ıncentıve scheme ın March 2004 based on "phantom" shares Under the program, phantom shares are granted to all employees wıshıng to joın the scheme on the basıs of a monthly salary sacrıfice decıded by the employee The shares are revalued at the end of each quarter All employees who joıned the company between March 2004 and December 2006 were elıgıble to partıcıpate ın the scheme The scheme was modıfied ın June 2007 (see Note 21)

Phantom shares granted are settled ın cash subject to contınued employment and one thırd of the shares vest after the thırd, fourth and fifth years of ownershıp

Shares granted under the program are valued based upon a determınatıon by the Board of the ultımate parent company, whıch takes ınto account, ınter alıa, the reserves and estımated future cashflows, prospects, other ınventory of the company, workıng capıtal and tax posıtıons

The total lıabılıty accrued from ınceptıon to the end of 2006 ıs £2,615,348 (2005 £1,375,360) The total lıabılıty over one year as at 31 December 2006 ıs £2,171,949 (2005 £1,375,360) and the total lıabılıty that stands at less than one year as at 31 December 2006 ıs £443,399 (2005 £Nıl)

	Number of Shares
Phantom shares granted at begınnıng of year	14,214
Granted durıng year	3,781
Exercısed durıng year	-
Total phantom shares at end of year	17,995

The weıghed average prıce per share granted durıng the year was £328 Of the total granted, 2,200 vested ın 2007 and were exercısed

14. Provisions for liabilities and charges

	Abandonment provision
	£
At beginning of year	794,155
Accretion	72,933
Additions	2,970,373
At end of year	3,837,461

The abandonment provision at the beginning of the year related to the cost of the Grove wells The amount provided at the year end, was revised to include a provision for the Grove platform facility and pipelines that were constructed during the year

15. Called-up share capital

	2006	2005
	£	£
Equity share capital		
Authorised		
1,000,000 ordinary shares of £100 each	100,000,000	100,000,000
Allotted, called-up and fully paid.		
327,250 (2005 327,250) Ordinary shares of £100 each	32,725,000	32,725,000
52,733 (2005 52,733) Ordinary shares of £133 33 each	7,031,000	7,031,000
	39,756,000	39,756,000

16. Movements on reserves

The movement on reserves for the period is as follows

	Restated Profit and Loss Account
	£
At 1 January 2006	(12,939,897)
Prior period adjustment	(750,631)
Loss for the year	(4,930,142)
At 31 December 2006	(18,620,670)

17. Reconciliation of movement in shareholder's funds

	2006	Restated 2005
	£	£
Opening shareholder's funds	26,065,472	8,758,917
Prior period adjustment	-	(381,308)
Loss for the period	(4,930,142)	(1,743,137)
Net proceeds of issue of equity share capital	-	19,431,000
Closing shareholder's funds	21,135,330	26,065,472

18. Guarántees and other financial commitments

The company rented office space for which the commitment at 31 December for the period to 31 May 2007 was £50,000 The company entered in to a lease for new offices in January 2007

19. Contingent liability

On the acquisition of the Chiswick interest, the company agreed that, depending on the success of the development programme, further payments would be made to the seller of the field These payments could be up to a maximum of £1.4 million. In addition, as part of the agreement of the sale of Chiswick in 2005, the company agreed to receive further consideration from its buyer for an amount of £0 5million, dependant on the achievement of production targets. Management believes a provision for the total exposure of £0 9 million is not necessary, given that the achievement of these targets is uncertain

As part of the Cleaver Bank High acquisition, the sector in which the Grove development has been made, the company also agreed to pay deferred compensation to the sellers of this interest of up to $10million This is dependant on the field achieving certain production targets Since the achievement of these targets is uncertain, management believes a provision is not necessary in this respect.

20. Ultimate parent company

The company is a subsidiary undertaking of Newfield Exploration Company, a company incorporated in the United States of America, which has agreed to provide continuing financial support to enable the company to continue its operations

The largest group in which the results of Newfield Petroleum UK Limited are consolidated is that headed by Newfield Exploration Company, whose principal place of business is the United States of America The consolidated accounts of this group are available to the public and may be obtained from 363 N Sam Houston Pkwy E, Suite 2020, Houston, Texas 77060, USA

21. Post Balance Sheet Event

In May 2007 it was announced that the company and its immediate parent would be sold As part of the preparation for the sale, the Phantom Share Scheme (see Note 13) was modified As a result, part of the provision will be released in 2007, with the amount remaining being equal to the employees' salary sacrifice