

Edgar Filing: PURE RESOURCES INC - Form 425

PURE RESOURCES INC  
Form 425  
September 04, 2002

Filed by Unocal Corporation  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
of the Securities Exchange Act of 1934  
Subject Company: Pure Resources, Inc.  
Commission File No. 001-15899  
Dated: September 4, 2002

On September 4, 2002 Unocal Corporation made the following presentation:

2002

LEHMAN BROTHERS

CEO ENERGY/POWER

CONFERENCE

UNOCAL CORPORATION

CHARLES R. WILLIAMSON  
CHAIRMAN & CHIEF EXECUTIVE OFFICER

New York

September 4, 2002

[UNOCAL (76) LOGO]

UNOCAL

A STRONG PORTFOLIO OF E&P ASSETS

---

- >> ESTABLISHED LEGACY ASSETS  
North America, Thailand, Indonesia, Azerbaijan
- >> NEW DEEPWATER OIL DEVELOPMENTS  
Indonesia, Gulf of Mexico
- >> LARGE ASIAN GAS DISCOVERIES  
Deepwater Indonesia  
Thailand, Bangladesh, Vietnam
- >> LEVERAGED EXPLORATION PROGRAMS  
Deep shelf Gulf of Mexico  
Deepwater Indonesia, Gulf of Mexico

UNOCAL

OUR STRENGTHS

---

- >> Builder of SUCCESSFUL INTERNATIONAL BUSINESSES

Edgar Filing: PURE RESOURCES INC - Form 425

- >> Huge discovered / unbooked ASIAN GAS RESOURCES
- >> Major player in U.S. NATURAL GAS market
- >> OPERATIONS EXCELLENCE - costs, drilling, safety
- >> SHAREHOLDER FOCUSED - committed to performance

UNOCAL RESOURCE BASE

RESERVES (MMBOE)  
12/31/2001

PRODUCTION (MBOE/D)  
2001 AVERAGE

[PIE CHART]

[PIE CHART]

Far East - 47% [854]  
Other Intl. - 15% [267]  
Lower 48 - 27% [489]  
Alaska - 6% [109]  
Canada - 5% [99]

Far East - 38% [189]  
Other Intl. - 6% [30]  
Lower 48 - 41% [209]  
Alaska - 8% [43]  
Canada - 7% [33]

TOTAL: 1,818 MILLION  
BARRELS OF OIL EQUIVALENT  
62% gas  
38% oil

TOTAL: 504,000 BARRELS  
OF OIL EQUIVALENT PER DAY  
66% gas  
34% oil

NORTH AMERICAN E&P COMPANIES

WORLDWIDE OIL & GAS PRODUCTION

MMBOE (12/31/01)

[BAR GRAPH]

ENCANA - 2,350  
ANADARKO - 2,305  
BURLINGTON - 1,968  
UNOCAL - 1,818  
DEVON - 1,620  
KERR-MCGEE - 1,509  
APACHE - 1,267  
TALISMAN - 1,181  
EOG - 705  
PIONEER - 672  
OCEAN - 601

Source: JP Morgan

NORTH AMERICAN E&P COMPANIES

WORLDWIDE OIL & GAS PRODUCTION

## Edgar Filing: PURE RESOURCES INC - Form 425

---

MBOE/D (2001)

[BAR GRAPH]

|            |       |
|------------|-------|
| ENCANA     | - 646 |
| ANADARKO   | - 544 |
| UNOCAL     | - 504 |
| TALISMAN   | - 419 |
| BURLINGTON | - 397 |
| DEVON      | - 369 |
| APACHE     | - 344 |
| KERR-MCGEE | - 298 |
| EOG        | - 183 |

Source: Bloomberg

### 2002 OPERATIONAL RECAP

- 
- >> 5 MAJOR NEW DEVELOPMENTS ON SCHEDULE / ON BUDGET  
(AIOC, West Seno, Mad Dog, Pailin II, Thai oil)
  - >> SUCCESSFUL APPRAISAL PROGRAMS UNDER WAY  
(Trident, Ranggas, South Kenai gas)
  - >> HIGH-SCOPE EXPLORATION ONGOING  
(DW Indonesia, GOM Deep Shelf, DW GOM)
  - >> ASIAN GAS PROGRESS  
(Indonesia, Thailand, Vietnam, Bangladesh, China)

### 2002 FINANCIAL PROJECTIONS

- 
- >> Earnings per share: \$1.70 - \$1.90
  - >> DCF per share: \$7.25 - \$7.40
  - >> ROE: 13% - 14.5%
  - >> Debt/Market Cap: <45%

UNOCAL

### INTERNATIONAL OPERATIONS

---

[MAP OF COUNTRIES: NETHERLANDS, AZERBAIJAN, CHINA, BANGLADESH, CONGO,  
BRAZIL, MAYANMAR, THAILAND, VIETNAM, INDONESIA, AUSTRALIA]

PRODUCTION (2001):

- >> 895 MMCFD

Edgar Filing: PURE RESOURCES INC - Form 425

>> 70,000 BOPD

RESERVES (12/31/01):

>> 1,121 MMBOE

UNOCAL INDONESIA - E. KALIMANTAN

---

- UNOCAL PSC AREAS
- UNOCAL DEEPWATER DISCOVERIES

[SMALL MAP OF BRUNEI,  
MALAYSIA, KALIMANTAN]

[LARGE MAP OF COAST]

DEEPWATER INDONESIA

CONTINUED SUCCESS

---

- >> West Seno production expected April 2003
- >> Ranggas oil / gas discovery nearly appraised
- >> 2003 exploration focused on deeper target oil plays and new outboard acreage
- >> Big gas (> 10 TCF) and condensate discoveries partly appraised; scoping for acceleration underway

INDONESIA -- W. SENO FIELD DEVELOPMENT

---

|                   |                   |                                       |
|-------------------|-------------------|---------------------------------------|
| PHASE 1           | PHASE 2           | - 60 MBOPD/150 MMCFD CAPACITY         |
|                   |                   | - 48-52 WELLS                         |
|                   |                   | - 2 TLPS                              |
| [PICTURE OF WELL] | [PICTURE OF WELL] | - 1 SPREAD-MOORED FPU BARGE           |
|                   |                   | - OIL AND GAS PIPELINE TO SANTAN      |
|                   |                   | - EXISTING OIL STORAGE AND OFFLOADING |
|                   |                   | - GAS TIE-IN TO BONTANG NETWORK       |
|                   |                   | - PHASE I: \$415 MM NET UNOCAL        |
|                   |                   | - PHASE II: \$200 MM NET UNOCAL       |
| 2003 - 2005       |                   |                                       |

[UNOCAL LOGO]

SOUTHERN AREA DEEPWATER:  
BIG GAS & CONDENSATE

---

- UNOCAL PSCS
- OTHER OPEATORS' PSCS

[MAP OF BONTANG LNG PLANT, SANTAN TERMINAL, BALIKPAPAN [2 - 2.5 TCF GAS; 50-150 MM BBL. COND.], GULA [1-8 TCF\* - A SUPER GIANT], GANAL BLOCK, GANDANG AND GENDALE [GANDANG-GENDALO- 1.5 - 3.8 TCF\* PLUS CONDENSATE]

Edgar Filing: PURE RESOURCES INC - Form 425

\* P10-P90 GROSS DISCOVERY VOLUMES  
UCL WORKING INTEREST 80%

INDONESIA DEEPWATER: "BIG GAS" IS GOOD!

---

- >> Bontang LNG plant market share is allocated in proportion to each company's share of certified Kutei Basin gas reserves
- >> Bontang plant input:
  - Existing LNG trains: 3450 MMCFD
  - Train I [plait expansion]: 525 MMCFD
- >> Large DW gas reserves would put Unocal in position to supply 30-to-50% of plant's future consumption
- >> Unocal's deepwater gas potential reserves on current acreage: 5 - 10 TCF (net)

INDONESIA -- BONTANG LNG PLANT

ADDITIONAL GAS MARKET POTENTIAL

---

[MMCF/D]

[BAR GRAPH]

AIOC DEVELOPMENT PROJECT

---

[MAP OF TBILISI, BAKU AND CEYHAN]

PROPOSED MAIN EXPORT PIPELINE

---

- >> Route: Baku - Tbilisi - Ceyhan
- >> Cost: - \$3 billion
- >> 70/30 debt/equity project finance
- >> Capacity: 1 MM BOPD
- >> First oil delivery planned 1Q 2005
- >> Unocal working interest: 8.9%

AIOC CONTRACT AREA (in Baku)

---

- >> 4.3 TO 7.3 BILLION BARRELS OF OIL RECOVERABLE BY 2024
- >> Successful "early oil" project now producing ~130,000 BOPD
- >> Unocal has 10.28% interest
- >> Phase I adds 375,000 BOPD at peak

Edgar Filing: PURE RESOURCES INC - Form 425

>> Phase II adds 400,000 BOPD at peak

[AIOC logo]

CASPIAN SEA  
AIOC - A WORLD CLASS

[AIOC logo]

OIL DEVELOPMENT

- 
- >> Unocal is second-largest owner after BP
  - >> 4.3 to 7.3 billion barrels of oil recoverable by 2024
  - >> Full field development now under way
  - >> B-T-C pipeline approved, financed and ready to begin construction

UNOCAL NET PRODUCTION WILL INCREASE FROM  
13,000 BOPD TODAY TO >80,000 BOPD BY 2008

AOIC PRODUCTION  
800,000 BOPD BY 2008

---

[BAR GRAPH]

AIOC: INCREASINGLY MATERIAL TO UNOCAL

- 
- >> Over 140 MMBO of reserve adds expected over next five years at ~ \$5.00 F&D
  - >> Net production from approved developments expected to reach >60,000 BOPD in 2007 & >80,000 BOPD in 2008 (equivalent to 16% of Unocal's current production)
  - >> CURRENT EARNINGS MARGIN OF \$7.50 PER BARREL CLIMBS TO ~ \$10.00 BY 2007

THAILAND - MYANMAR - VIETNAM

---

[MAP OF THAILAND]

LEASE AREAS

-----  
MYANMAR  
THAILAND  
VIETNAM

PIPELINES

-----  
EXISTING  
PROPOSED

XX POWER PLANTS  
XX INDUSTRIAL

# Edgar Filing: PURE RESOURCES INC - Form 425

## UNOCAL IN THAILAND

---

- >> Over 3 decades of successful energy development
- >> ~ 1 BCFD gross production from 13 fields in the Gulf of Thailand (Unocal net ~ 600 MMCFD)
- >> Unocal production supports ~ 1/3 of Thailand's electricity generation and ~ 1/4 of total energy supply
- >> Large resource base and extensive infrastructure in place
- >> Innovative, low-cost drilling and development techniques successfully employed

## THAILAND / MYANMAR CONTINUED MARKET GROWTH, NEW OIL PRODUCTION

---

### UNOCAL NET PRODUCTION

[BAR GRAPH]

### UNOCAL THAILAND WHERE OUR GROWTH WILL COME FROM

---

- >> Continued strong market growth for natural gas
- >> Yala / Plamuk oil facilities upgrade and reservoir performance improvement
- >> Proposed third pipeline from Gulf of Thailand contract areas to shore
- >> Development of Arthit discovery

### THAILAND POWER CONSUMPTION 1999 -- 2002

---

[GRAPH]

### Vietnam -- An Emerging Gas Market

---

[MAP OF DISCOVERIES]

### BANGLADESH

### WORLD CLASS GAS RESOURCES

---

[MAP OF BANGLADESH - DISCOVERIES  
including bibiyana, Jalalabad, Moulavi Bazar]

- >> Producing > 80 MMCFD [gross] from Jalalabad; recent peak as high as 130 MMCFD

## Edgar Filing: PURE RESOURCES INC - Form 425

- >> Potential for significant additional domestic deliveries beginning late 2002/early 2003
- >> Export rhetoric continues, but productive dialogue is occurring
- >> Giant discoveries in place, waiting to serve domestic or export markets

### CHINA: XIHU TROUGH NATURAL GAS

---

- >> Xihu area is 21 sq. miles;
  - ~ 300 ft. water depth;
  - ~ 200 mi. offshore
- >> 21 exploration wells drilled since 1980

### [MAP OF SOUTH CHINA]

- >> 12 hydrocarbon discoveries (underdeveloped natural gas)
- >> Resource potential: ~ 4 TCF
- >> Attractive East China Market
- >> Unocal negotiating for a 20% interest

### UNBOOKED ASIAN OIL & GAS DISCOVERIES (POTENTIAL RESERVES)

---

|                  |                                |
|------------------|--------------------------------|
| THAILAND/MYANMAR | 2-3 TCFE                       |
| VIETNAM          | 1-3 TCF                        |
| BANGLADESH       | 2-5 TCF                        |
| INDONESIA        | 5-10 TCFE                      |
| TOTAL:           | 10-21 TCFE<br>(1.7 - 3.5 BBOE) |

### UNOCAL NORTH AMERICAN OPERATIONS

---

### [MAP OF NORTH AMERICA]

#### PRODUCTION (2001):

- >> 1,110 MMCFD
- >> 100,000 BOPD

#### RESERVES (12/31/01):

- >> ~ 700 MMBOE

### IMPROVING NORTH AMERICAN MARGINS

---

### KEY ACTIVITIES

---



Edgar Filing: PURE RESOURCES INC - Form 425

- >> Aggressively pursuing deep shelf and deepwater exploration in the Gulf of Mexico
- >> Reducing emphasis and capital for near-term, small-scale exploitation & exploration projects
- >> Offering to acquire 100% interest in Pure Resources
- >> Building on Canadian business performance improvements
- >> Restructuring Gulf of Mexico and Alaska operations to significantly improve cost structure
- >> Re-engineering shared services for greater efficiencies

BUILDING A SUSTAINABLE BUSINESS  
IN THE GULF REGION WILL REQUIRE...

---

- >> Deep shelf exploration success
- >> Paced and focused deepwater exploration program
- >> Relentless optimization of asset portfolio
- >> Continued improvement in drilling and completion efficiency
- >> Reduced direct and indirect cost structure

TARGETING DEEP SHELF OPPORTUNITIES  
KEY GOM PROSPECTS

---

[MAP OF COASTAL TEXAS, LOUISIANA AND ALABAMA]

2002 DEEP SHELF DRILLING PROGRAM

---

- 12 GROSS EXPLORATION WELLS
- TARGETS: 50 - 400 BCF
- UCL W.I. (RANGE): 33% - 75%

.... September 2002 inventory update

GULF OF MEXICO DEEPWATER  
2002-2003 PROGRAM

---

- >> Continue appraisal of Trident discovery, including assessment of co-development options
- >> Appraise K2 discovery (currently drilling)
- >> Proceed with Mad Dog development
- >> Push for commercialization of Mirage discovery
- >> Drill 3 - 4 Central Gulf prospects in 2003

## Edgar Filing: PURE RESOURCES INC - Form 425

- Prospect sizes: 200 - 1,000 MMBOE (gross)
- Expected UCL net capex: \$ 45-75 MM
- Focus on areas near major discoveries

### MAD DOG FIELD

---

[MAP OF DRILLING AREAS]

FIRST PRODUCTION: 2004

#### RISKED FULL-FIELD RECOVERY POTENTIAL

- 4 exploration/appraisal wells
- 200 - 450 MMBOE (P10-P90)

#### PRODUCTION CAPACITY

- 80,000 BOPD
- 50 MMCFD

#### MAD DOG OWNERSHIP

- BP 60.5% (operator)
- BHP 23.9%
- Unocal 15.6% (13.275% net)

### TRIDENT DISCOVERY PERDIDO FOLDBELT/ALAMINOS CANYON AREA

---

[MAP OF WELL AREAS]

### TRIDENT DISCOVERY PERDIDO FOLDBELT/ALAMINOS CANYON AREA

---

- >> Trident #1 discovery well (8/01) encountered 300+ feet of pay
- >> Trident #2 appraisal well (1/02) confirmed lateral continuity of reservoir
- >> High-quality oil (40+ API gravity)
- >> 200-400 MMBOE gross resource potential
- >> Unocal has 59.5% working interest

### UNOCAL DEEPWATER GOM NEAR-TERM PROSPECT INVENTORY

---

[MAP OF COASTAL TEXAS, LOUISIANA, MISSISSIPPI AND ALABAMA - DISCOVERIES]

UNOCAL (W.I.) DISCOVERIES  
OTHER DISCOVERIES  
UNOCAL PROSPECTS

### CANADA/NORTHROCK SUMMARY

---

## Edgar Filing: PURE RESOURCES INC - Form 425

- >> Annual production: 33,000 BOE/D (~ 2/3 gas & NGL)
- >> Annual spend of \$140 MM, 2/3 of which is for exploitation and development (E&D) activities
- >> E&D activities concentrated in Southeast and Southwest Saskatchewan, plus Alberta
- >> Performance has been improving on core E&D over last two years
- >> Frontier exploration plays in Northwest Territories, British Columbia and Foothills in Alberta
- >> Two key discoveries in 2002 (still tight) & aggressive addition of surrounding acreage have created significant trend upside

### UNOCAL NORTH AMERICAN OPERATIONS

---

[MAP] UNOCAL CURRENTLY OWNS 65% OF PURE RESOURCES

>> PRODUCTION: ~ 65,000 MBOED  
(~ 2/3 GAS)

>> RESERVES: ~ 245 MMBOE  
(~ 2/3 GAS)

>> ACTIVITIES MAINLY FOCUSED ONSHORE IN PERMIAN &  
SAN JUAN BASINS

UNOCAL - PURE RESOURCES  
EXCHANGE OFFER

[PURE RESOURCES LOGO]

---

#### BASIC TERMS:

- Pure stockholders to be offered 0.6527 shares of Unocal common stock for each share of Pure not currently owned (35%)
- Offer expected to commence on or about 9/5; will remain open for 20 business days
- Unocal would issue approximately 12 MM shares to cover exchange

#### FINANCIAL IMPACT TO UNOCAL:

- Neutral to earnings; provides access to Pure's operating cash flow (~ \$200 MM / year)
- Slight improvement in debt-to-cap & cash flow ratios

UNOCAL - PURE RESOURCES  
EXCHANGE OFFER

[PURE RESOURCES LOGO]

---

#### BENEFITS TO UNOCAL:

- Cash flow from Pure's assets can be directed to highest-return opportunities in UCL's global portfolio

## Edgar Filing: PURE RESOURCES INC - Form 425

- Potential for \$15 MM in pre-tax cost reductions
- Would give Unocal a direct foothold in several significant emerging Permian Basin deep gas plays
- Would provide asset portfolio rationalization opportunities

### WHERE WILL OUR PRODUCTION GROWTH COME FROM?

---

- >> INDONESIA DEEPWATER (West Seno, Ranggas, Bangka, M. Besar)
- >> AIOC (Phases 1 & 2)
- >> GULF OF MEXICO DEEPWATER (Mad Dog, Trident, K2, Mirage)
- >> GULF OF MEXICO DEEP SHELF (exploration success)
- >> THAILAND (market development, possible third pipeline, Arthit)
- >> CHINA (Xihu Trough)

### MAJOR E&P OPERATIONS WHAT TO WATCH FOR IN 2003

---

- >> Gulf of Mexico
  - Deepwater exploration program focused around significant industry discoveries
  - Full-year deep shelf exploration program
- >> Indonesia
  - West Seno on track to begin production in April
  - Ranggas development initiated
  - Deeper target oil exploration; gas & condensate appraisal programs continue

### MAJOR E&P OPERATIONS WHAT TO WATCH FOR IN 2003

---

- >> Thailand
  - Moderate production growth to meet growing market
- >> Azerbaijan
  - AIOC Phases 1 & 2 development
  - Construction begins on B-T-C export pipeline
- >> Long-term Asia gas projects
  - Continued progress in accelerating development (Thailand, Indonesia, Vietnam, Bangladesh, China)

## Edgar Filing: PURE RESOURCES INC - Form 425

### ADDITIONAL INFORMATION AND WHERE TO FIND IT

In connection with the proposed transaction, Unocal expects to file an exchange offer prospectus and related materials with the Securities and Exchange Commission. These materials will contain important information. Investors and security holders are advised to carefully review this document and related materials when they become available. Investors and security holders may obtain a free copy of the exchange offer prospectus and other documents filed by Unocal with the commission at the commission's web site, [www.sec.gov](http://www.sec.gov). Copies of the exchange offer prospectus, as well as Unocal's related filings made with the Commission, may also be obtained from Unocal's Investor Relations Department at 310-726-7667.

This presentation contains certain forward-looking statements about future business transactions involving Unocal and Pure. These statements are not guarantees of future performance and involve certain risks and uncertainties that are difficult to predict. The statements are based upon Unocal's current expectations and beliefs and are subject to a number of known and unknown risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Actual results could differ materially from what is expressed or forecasted in this news release. Those risk factors are discussed in the Unocal and Pure Annual Reports on Form 10-K and subsequent reports that have been filed by the companies with the U.S. Securities and Exchange Commission.

#####