

CNOOC LTD  
Form 424B2  
March 07, 2013

## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price (2)	Amount of Registration Fee
Guarantees by CNOOC Limited of debt securities issued by Nexen Inc. (1)	\$3,928,094,000	\$535,792.02

- (1) This prospectus relates to the offer by CNOOC Limited to fully and unconditionally guarantee certain outstanding debt securities of Nexen Inc. in return for the consent of the holders of the debt securities to amendments to the indenture under which the debt securities were issued.
- (2) The registration fee has been calculated in accordance with Rule 457 of the Securities Act of 1933, as amended. For purposes of this calculation, the maximum aggregate offering price, which is estimated solely for the purpose of calculating the registration fee, is the aggregate book value of the Nexen Inc. debt securities that would receive the guarantees registered hereby.

Consent Solicitation/Prospectus Supplement Dated March 7,  
2013

(To Prospectus dated March 7, 2013)

## Solicitation of Consents by

NEXEN INC.

("Nexen")

and

Offer of Guarantees by

CNOOC Limited

(a corporation organized under the laws of Hong Kong, "CNOOC")

Title of Security	Indenture	CUSIP Numbers	Principal Amount Outstanding(1)
1998 Indenture Notes			
5.20% Notes due March 10, 2015	1998 Indenture	65334HAD4	\$125,844,000
7.40% Notes due May 1, 2028	1998 Indenture	136420AF3	\$200,000,000
7.875% Notes due March 15, 2032	1998 Indenture	65334HAA0	\$500,000,000
5.875% Notes due March 10, 2035	1998 Indenture	65334HAE2	\$790,000,000
2007 Indenture Notes			

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5.65% Notes due May 15, 2017	2007 Indenture	65334HAF9	\$62,250,000
6.20% Notes due July 30, 2019	2007 Indenture	65334HAK8	\$300,000,000
6.40% Notes due May 15, 2037	2007 Indenture	65334HAG7	\$1,250,000,000
7.50% Notes due July 30, 2039	2007 Indenture	65334HAJ1	\$700,000,000

(1) Amounts in U.S. dollars.

Nexen is soliciting consents (the “Consents”) to approve certain proposed amendments relating to each series of the notes listed above (each such series a “Series” and such notes, collectively, the “Notes”). The 1998 Indenture Notes, collectively, and each Series of the 2007 Indenture Notes, individually, are referred to herein as a “Solicited Class” or as a “Solicited Class of Notes.” Nexen is soliciting Consents with respect to each Solicited Class of Notes (each such solicitation, a “Consent Solicitation” and, together, the “Consent Solicitations”).

If the Requisite Consents (as defined herein) are obtained for a Solicited Class of Notes and the other conditions to the Consent Solicitation for such Solicited Class are satisfied or waived, then

- Nexen and CNOOC will amend the indenture governing the Notes of such Solicited Class to delete or amend certain restrictive covenants with respect to Nexen,
- CNOOC will unconditionally and irrevocably guarantee the Notes of such Solicited Class in respect of which a Consent has been validly delivered and not validly revoked (the “Guaranteed Notes”),
- Nexen will pay to Holders (as defined herein) who delivered their consent prior to the Early Consent Deadline (as defined herein) a fee (the “Early Consent Fee”) of \$1.00 per \$1,000 principal amount of the Guaranteed Notes of such Solicited Class, and
- Nexen and CNOOC will amend the indentures governing the Notes of such Solicited Class to add certain additional covenants with respect to CNOOC for the benefit only of the Guaranteed Notes of such Solicited Class.

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For a discussion of factors you should consider before you decide whether to consent, see “Risk Factors” beginning on page S-12.

Neither the Securities and Exchange Commission, nor any state or Canadian provincial or territorial securities commission has approved or disapproved of these securities, or determined if this Consent Solicitation/Prospectus Supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense. This Consent Solicitation/Prospectus Supplement and the prospectus to which it relates do not constitute an offer of securities in any jurisdiction where such offer is not permitted.

The Solicitation Agent for the Consent Solicitations is:

Citigroup

(text continued on next page)

(continued from cover page)

Each Consent Solicitation expires at 5:00 p.m., New York time, on March 20, 2013, unless extended or earlier terminated by Nexen (each such time and date, as it may be extended from time to time, an “Expiration Time”). Consents must be delivered prior to the applicable Expiration Time. Holders who deliver their Consents by 5:00 p.m., New York time, on March 18, 2013 (such time and date, with respect to each Consent Solicitation, as it may be extended, an “Early Consent Deadline”) will be eligible to receive the Early Consent Fee. Holders who deliver their Consents after the applicable Early Consent Deadline but prior to the Expiration Time will not be eligible to receive the Early Consent Fee. Consents may be revoked prior to 5:00 p.m., New York time, on March 18, 2013 (such time and date, with respect to each Consent Solicitation, as it may be extended, a “Revocation Deadline”). Nexen reserves the right to extend, amend or terminate each Consent Solicitation as described herein.

If the Proposed Amendments become effective with respect to a Series of Notes but Consents of Holders of less than 100% of the outstanding principal amount of the Notes of such Series have been validly delivered and not validly revoked, the Guaranteed Notes of such Series will trade under a new CUSIP number to reflect the CNOOC Guarantee (as defined herein) and the Notes of such Series in respect of which a Consent has not been validly delivered or was validly revoked will continue to trade under the existing CUSIP number for such Series (the “Non-Guaranteed Notes”). The CNOOC Guarantee will only apply to the Notes of such Series under the new CUSIP and Notes of such Series as to which no Consent was given or was validly revoked will trade under the existing CUSIP for such Series and will not benefit from the CNOOC Guarantee. Notwithstanding the different CUSIP numbers, the Guaranteed Notes of a particular Series and the Non-Guaranteed Notes of such Series will continue to be treated as a single Series for purposes of the 1998 Indenture or the 2007 Indenture, as applicable, except as expressly contemplated by the applicable supplemental indenture.

The CNOOC Guarantee would be an unsecured obligation and would rank *pari passu* in right of payment of principal and interest and premium, if any, with all existing and future unsubordinated, unsecured obligations of CNOOC.

In order for the Proposed Amendments to be approved with respect to the 1998 Indenture Notes valid Consents of the Holders of not less than 66 2/3% of the principal amount of all outstanding 1998 Indenture Notes must have been received (and not subsequently revoked) by the Expiration Time and accepted by Nexen. In order for the Proposed Amendments to be approved with respect to any Series of the 2007 Indenture Notes valid Consents of the Holders of a majority in aggregate principal amount of the 2007 Indenture Notes of such Series must have been received (and not subsequently revoked) by the Expiration Time and accepted by Nexen. We refer to the consents needed for the Proposed Amendments to be approved with respect to the 1998 Indenture Notes or any Series of 2007 Indenture Notes, as applicable, as the “Requisite Consents” for such Solicited Class.

The Proposed Amendments relating to each Solicited Class of the Notes are interdependent with the Proposed Amendments relating to each other Solicited Class of Notes, each Solicited Class being conditional on all others being approved by the applicable Holders; provided that we may waive such conditions in each case and proceed with the Proposed Amendments relating to any one Solicited Class of Notes without proceeding with the Proposed Amendments relating to any other Solicited Class of Notes (such condition, the “Cross-Consent Condition”). A CNOOC Guarantee will only be provided in respect of a Note as to which (i) the Requisite Consents for the Solicited Class of Notes of which such Note forms a part are obtained; (ii) a Consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived (including the Cross-Consent Condition); and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Note forms a part.



### IMPORTANT

Noteholders are requested to read and carefully consider the information contained herein and in the applicable Consent Form(s) and to give their Consent to the applicable Proposed Amendments by properly completing and executing the applicable Consent Form(s) accompanying this Consent Solicitation/Prospectus Supplement in accordance with the instructions set forth herein and therein for receipt prior to the applicable Expiration Time.

If you hold your Notes through a broker, dealer, commercial bank, trust company or other nominee, you are a beneficial holder. Any beneficial holder of the Notes who is not the holder of record of such Notes must arrange with the person who is the holder of record or such holder of record's assignee or nominee to execute and deliver the applicable Consent Form on behalf of such beneficial owner on or prior to the applicable Expiration Time.

Only Holders of Notes are eligible to Consent to the Proposed Amendments. The term "Holder" means each person shown on the records of the registrar for the Notes as a holder. For purposes of the Consent Solicitation, The Depository Trust Company ("DTC") has authorized DTC participants ("DTC Participants") set forth in the position listing of DTC to execute Consent Forms as if they were the Holders of the Notes held of record in the name of DTC or the name of its nominee. Accordingly, for purposes of the Consent Solicitation, the term "Holder" shall be deemed to include such DTC Participants.

Any Holder desiring to deliver a Consent should either (a) complete and sign the Consent Form or a facsimile copy in accordance with the instructions therein, mail or deliver it, together with the Notes specified therein and any other required documents, to Global Bondholder Services in its capacity as information and tabulation agent for the Notes (the "Information and Tabulation Agent") (b) deliver a Consent through DTC pursuant to its Automated Tender Offer Program ("ATOP") or (c) request the Holder's custodian to deliver a Consent in accordance with this Consent Solicitation/Prospectus Supplement. A Holder with Notes held through a custodian must contact that custodian if such Holder desires to deliver Consents with respect to those Notes and promptly instruct such custodian to deliver such Consents on its behalf. See "The Consent Solicitation—Consent Procedures" for more information. Please note that if Notes are held by a custodian, the custodian may have an earlier deadline for delivery of Consents pursuant to the Consent Solicitation than the Expiration Time.

Holders of Notes of a Series wishing to deliver a Consent must temporarily deposit the related Notes with the Information and Tabulation Agent in a contra-CUSIP number established by DTC until the allocation by DTC of the Early Consent Fee and a new CUSIP number with respect to such Series. Trading of deposited Notes is not permitted. All participating Holders, regardless of whether they sign a Consent Form or deliver electronic instructions to consent, should understand that the Notes as to which such Consents are delivered will be held by the Information and Tabulation Agent and transfer will be blocked until they are returned to the Holder (under a new CUSIP number, if the CNOOC Guarantee is issued with respect to such Notes) promptly after the Proposed Amendments for such Series of Notes become effective (but in no event later than 45 calendar days after the date hereof), unless such Holder revokes such Consents before the applicable Revocation Deadline or the Consent Solicitation is terminated by Nexen.

DTC participants must electronically deliver Consents by causing DTC to deliver their Consent to the Information and Tabulation Agent through ATOP in accordance with DTC's procedures for such a transfer. DTC will then send an Agent's Message (as defined herein) to the Information and Tabulation Agent. Holders desiring to deliver Consents prior to the Expiration Time should note that such Holders must allow sufficient time for completion of the delivery procedures during normal business hours of DTC.

Holders may deliver Consents only (i) in aggregate principal amounts of \$2,000 and integral multiples of \$1,000 in excess thereof with respect to the 2007 Indenture Notes and (ii) in aggregate principal amounts of \$1,000 and integral multiples of \$1,000 in excess thereof with respect to the 1998 Indenture Notes. No alternative, conditional or

contingent delivery of Consents will be accepted. Holders who do not deliver Consents with respect to all of their 2007 Indenture Notes should ensure that they retain a principal amount of such 2007 Indenture Notes amounting to at least the authorized minimum denomination equal to \$2,000 principal amount.

As noted above, although the Guaranteed Notes and the Non-Guaranteed Notes of each Series, if any, will be treated as a single Series for purposes of the 1998 Indenture or the 2007 Indenture, as applicable, except as expressly contemplated by the applicable supplemental indenture, the Non-Guaranteed Notes of a Series held by non-consenting Holders and the Guaranteed Notes of such Series held by consenting Holders will trade under different CUSIP numbers. To the extent that Holders of a large aggregate principal amount of Notes of a Series consent, the

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trading market, if any, for the outstanding Non-Guaranteed Notes of such Series held by non-consenting Holders could, after the expiration of the Consent Solicitation, be adversely affected. Conversely, to the extent Holders of Notes of a Series do not Consent and the Proposed Amendments become effective with respect to such Series, the trading market, if any, for the Guaranteed Notes of such Series could, after the expiration of the Consent Solicitation, be adversely affected.

Please handle this matter through your bank or broker where applicable. Any questions or requests for assistance concerning the terms of the Consent Solicitation may be directed to the Solicitation Agent at the address and the telephone number set forth on the back page of this Consent Solicitation/Prospectus Supplement. Any questions or requests for assistance concerning the Consent Solicitation or for additional copies of this Consent Solicitation/Prospectus Supplement or the Consent Form may be directed to the Information and Tabulation Agent at the address and telephone number set forth on the back page of this Consent Solicitation/Prospectus Supplement.

No person is authorized to give any information or to make any representations other than those contained or incorporated by reference in this Consent Solicitation/Prospectus Supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. This Consent Solicitation/Prospectus Supplement and the accompanying prospectus are not an offer to sell or solicitation of an offer to buy any securities in any jurisdiction where such offer is unlawful. None of the delivery of this Consent Solicitation/Prospectus Supplement or the accompanying Base Prospectus or the issuance of the CNOOC Guarantee will, under any circumstances, create any implication that there has been no change in our affairs since the date of this Consent Solicitation/Prospectus Supplement or the accompanying Base Prospectus or that the information contained or incorporated by reference is correct as of any time subsequent to the date of such information. Our business, financial condition, results of operation and prospects may have changed since those dates.

References in this Consent Solicitation/Prospectus Supplement to “we,” “us” and “our” are to Nexen and CNOOC, collectively, and their consolidated subsidiaries unless otherwise stated or the context so requires.

RECIPIENTS OF THIS CONSENT SOLICITATION/PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING MATERIALS SHOULD NOT CONSTRUE THE CONTENTS HEREOF OR THEREOF AS LEGAL, BUSINESS OR TAX ADVICE. EACH RECIPIENT SHOULD CONSULT ITS OWN ATTORNEY, BUSINESS ADVISOR AND TAX ADVISOR AS TO LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THIS CONSENT SOLICITATION.

These materials are being sent to both registered and non-registered holders of Notes. If you are a non-registered noteholder and Nexen or its agent has sent these materials directly to you, your name and address and information about your holdings of Notes have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Notes on your behalf.

NONE OF NEXEN, CNOOC, THE SOLICITATION AGENT, THE INFORMATION AND TABULATION AGENTS OR THE TRUSTEES MAKES ANY RECOMMENDATION AS TO WHETHER OR NOT HOLDERS SHOULD DELIVER CONSENTS PURSUANT TO THIS CONSENT SOLICITATION. EACH HOLDER MUST MAKE ITS OWN DECISION AS TO WHETHER TO DELIVER ITS CONSENT.

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# CONSENT SOLICITATION TIMETABLE

Date	Calendar Date	Event
Launch Date	March 7, 2013.	Launch of the Consent Solicitation.
Revocation Deadline	5:00 p.m., New York time, on March 18, 2013 for each Solicited Class, unless we extend the Revocation Deadline with respect to a Solicited Class.	The deadline for Holders to revoke Consents. If a Consent is validly revoked, the Holder will not be eligible to receive the CNOOC Guarantee or Early Consent Fee (unless that Holder validly re-consents at or prior to the Expiration Time and the Consents are accepted by Nexen).
Early Consent Deadline	5:00 p.m., New York time, on March 18, 2013 for each Solicited Class, unless extended by Nexen with respect to a Solicited Class.	The deadline for Holders to deliver Consents in order to be eligible to receive the Early Consent Fee.
Expiration Time	5:00 p.m., New York time, on March 20, 2013 for each Solicited Class, unless extended or earlier terminated by Nexen with respect to a Solicited Class.	The deadline for Holders to deliver Consents.
Acceptance Date and Effective Time	If the Requisite Consents for a Solicited Class are obtained and the other conditions to the Proposed Amendments are satisfied or waived (including the Cross-Consent Condition), it is expected that the Proposed Amendments for such Solicited Class will become effective promptly thereafter (but in no event prior to the applicable Expiration Time).	The time at which the applicable Supplemental Indenture (defined below) for a Solicited Class will be executed provided that Requisite Consents for such Solicited Class are obtained and the other conditions to the Proposed Amendments are satisfied or waived (including the Cross-Consent Condition).
Payment Date	The Payment Date for a Solicited Class, if any, will occur promptly after the Proposed Amendments for such Solicited Class become effective.	<p>If, among other things, the Proposed Amendments become effective with respect to a Solicited Class, the date (the "Payment Date") the CNOOC Guarantee will be issued and the Information and Tabulation Agent will pay the applicable Early Consent Fee in respect of such Solicited Class on behalf of Nexen.</p> <p>In addition, the Guaranteed Notes of each Series of such Solicited Class will trade under a new CUSIP number.</p>



## SUMMARY

This Consent Solicitation/Prospectus Supplement contains important information that should be read carefully before any decision is made with respect to either Consent Solicitation. The following summary is provided solely for the convenience of noteholders. This summary is not intended to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Consent Solicitation/Prospectus Supplement. Capitalized terms not otherwise defined in this summary have the meanings assigned to them elsewhere in this Consent Solicitation/Prospectus Supplement.

The Notes	<p>Notes (the “1998 Indenture Notes”) issued by Nexen pursuant to the Trust Indenture made as of April 28, 1998 (the “1998 Indenture”) between Nexen (formerly Canadian Occidental Petroleum Ltd.) and CIBC Mellon Trust Company (the “1998 Indenture Trustee”):</p> <ul style="list-style-type: none"> <li>· 5.20% Notes due March 10, 2015 (65334HAD4)</li> <li>· 7.40% Notes due May 1, 2028 (136420AF3)</li> <li>· 7.875% Notes due March 15, 2032 (65334HAA0)</li> <li>· 5.875% Notes due March 10, 2035 (65334HAE2)</li> </ul> <p>Notes (the “2007 Indenture Notes”) issued by Nexen pursuant to the Senior Debt Indenture dated as of May 4, 2007 (the “2007 Indenture” and, together with the 1998 Indenture, the “Indentures”) between Nexen and Deutsche Bank Trust Company Americas (the “2007 Indenture Trustee” and together with the 1998 Indenture Trustee, the “Trustees” and each, a “Trustee”):</p> <ul style="list-style-type: none"> <li>· 5.65% Notes due May 15, 2017 (65334HAF9)</li> <li>· 6.20% Notes due July 30, 2019 (65334HAK8)</li> <li>· 6.40% Notes due May 15, 2037 (65334HAG7)</li> <li>· 7.50% Notes due July 30, 2039 (65334HAJ1)</li> </ul>
CNOOC Guarantee	<p>CNOOC will provide a guarantee of Nexen’s obligations under the Indentures with respect to each Note as to which: (i) the Requisite Consents for the Solicited Class of Notes of which such Note forms a part are obtained; (ii) a Consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived (including the Cross-Consent Condition); and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Note forms a part.</p> <p>If the Proposed Amendments become effective with respect to a Series of Notes but Consents of Holders of less than 100% of the outstanding principal amount of the Notes of such Series have been validly delivered and not validly revoked, the Guaranteed Notes of such Series will trade under a new CUSIP number to reflect the CNOOC</p>

Guarantee and the Non-Guaranteed Notes will continue to trade under

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the existing CUSIP number for such Series.

In connection with the above guarantee, CNOOC and Nexen will also amend each Indenture to add (i) covenants requiring certain CNOOC reports to be delivered to the Trustee, limiting CNOOC's ability to merge into or transfer substantially all of its assets, providing that upon any merger or transfer of CNOOC's assets substantially as an entirety, the successor entity shall be substituted for CNOOC under the applicable Indenture in rights and obligations and prohibiting certain liens on CNOOC's assets or certain sale and leaseback transactions by CNOOC; and (ii) certain events of default relating to CNOOC.

We refer to the above guarantee and CNOOC restrictive covenants collectively as the "CNOOC Guarantee." All Guaranteed Notes of any one Series need not be allocated a new CUSIP number at the same time and, a Series may be reopened, without the consent of the Holders, for issuances of additional CNOOC Guarantee or additional Guaranteed Notes of such Series.

Early Consent Fee	\$1.00 per \$1,000 principal amount of Notes of a Solicited Class in respect of which a valid Consent has been validly delivered prior to the Early Consent Deadline and not validly revoked; provided that, among other things, the applicable Proposed Amendments have become effective with respect to such Solicited Class.
Early Consent Deadline	Holders who deliver their Consents with respect to Notes of a Solicited Class by 5:00 p.m., New York time, on March 18, 2013, unless extended by Nexen with respect to such Solicited Class, will be eligible to receive the Early Consent Fee. Holders who deliver their Consents after the Early Consent Deadline but prior to the Expiration Time will not be eligible to receive the Early Consent Fee.
Revocation Deadline	Holders can revoke any Consents with respect to any Solicited Class on or prior to 5:00 p.m., New York time, on March 18, 2013, unless extended by Nexen with respect to such Solicited Class.
Expiration Time	Each Consent Solicitation expires at 5:00 p.m., New York time, on March 20, 2013, unless extended or earlier terminated by Nexen.
Effective Time	If the Requisite Consents for a Solicited Class are obtained and the other conditions to the Consent Solicitation are satisfied or waived (including the Cross-Consent Condition), it is expected that the Proposed Amendments for such Solicited Class will become effective with respect to such Solicited Class promptly thereafter (but in no event prior to the applicable Expiration Time).
1998 Indenture Noteholder Meeting	Nexen has the right to require that the 1998 Indenture Trustee call a meeting of the holders of the 1998 Indenture Notes (the "1998 Noteholder Meeting") pursuant to which holders of the 1998 Indenture Notes would be asked to (i) consider and, if deemed appropriate, pass an extraordinary resolution authorizing and approving the Proposed Amendments with respect to the 1998 Indenture (the "1998 Indenture Noteholder Resolution") and (ii) transact such further or other business as may properly come before

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the 1998 Noteholder Meeting. Accordingly, requisite approval of the holders of 1998 Indenture Notes for the Proposed Amendments may be obtained if (A) valid Consents from holders of not less than 66 % in aggregate principal amount outstanding of 1998 Indenture Notes have been received (and have not been subsequently revoked) by the applicable Expiration Time, or (B) if the 1998 Indenture Noteholder Resolution is passed by the holders of outstanding 1998 Indenture Notes representing not less than 66 % of the votes cast in respect of such resolution at the 1998 Noteholder Meeting, at which holders of at least a majority in principal amount of such 1998 Indenture Notes are present in person or by proxy.

Issuance of CNOOC  
Guarantee and Payment  
Date

CNOOC will issue the CNOOC Guarantee and Nexen will cause to be paid the relevant Early Consent Fee in respect of a Note as to which (i) the Requisite Consents for the Solicited Class of Notes of which such Note forms a part are obtained; (ii) a Consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived (including the Cross-Consent Condition) and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Note forms a part.

Purpose of the Consent  
Solicitations

The Consent Solicitations are being sought to provide us with the operational flexibility to integrate more effectively Nexen's business with CNOOC's business following its acquisition by CNOOC Canada Holding Ltd. ("CNOOC Canada"). As part of such a post-closing restructuring, Nexen is considering a transfer of all, or substantially all, of its non-Canadian assets to CNOOC or other subsidiaries of CNOOC (the "Asset Transfers") and an amalgamation with a wholly-owned subsidiary of CNOOC (the "Post-Closing Amalgamation").

Proposed Amendments

The applicable Indenture will be amended with respect to each Solicited Class of Notes as to which (i) the Requisite Consents are obtained and (ii) the other conditions to the Consent Solicitation are satisfied or waived (including the Cross-Consent Condition). These amendments will include the deletion or amendment of certain restrictive covenants with respect to such Solicited Class of Notes limiting Nexen's ability to merge or transfer substantially all of its assets and prohibiting certain liens on Nexen's assets (the "Proposed Amendments"). For more detail on the Proposed Amendments, please refer to "Executive Summary of the Proposed Amendments" of this Consent Solicitation/Prospectus Supplement.

Requisite Consents

In order for the Proposed Amendments to be approved with respect to the 1998 Indenture Notes, valid Consents of the holders of not less than 66 2/3% of the principal amount of all outstanding 1998 Indenture Notes must have been received (and not subsequently revoked) by the Expiration Time and accepted by Nexen.

In order for the Proposed Amendments to be approved with respect to any Series of the 2007 Indenture Notes, valid Consents of the holders of a majority in aggregate principal amount of the 2007 Indenture Notes of such Series must have been received (and not subsequently revoked) by the Expiration Time and accepted by Nexen.

We refer to the above consents needed for the Proposed Amendments to be approved with respect to the 1998 Indenture Notes or any Series of 2007 Indenture Notes, as



applicable, as the “Requisite Consents” for such Solicited Class.

Consequences of Proposed  
Amendments not being  
implemented

If the Proposed Amendments are not implemented with respect to any or all Solicited  
Classes, Nexen may still proceed with certain of the Asset Transfers and the  
Post-Closing Amalgamation, in accordance

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with its covenants under the 1998 Indenture and the 2007 Indenture. If the Proposed Amendments are not implemented with respect to a Solicited Class of Notes, we will not accept any Consents in the Consent Solicitation, Nexen will not pay any Early Consent Fees and CNOOC will not provide the CNOOC Guarantee, in each case with respect to Notes of such Solicited Class.

Conditions to the Proposed Amendments

Consummation of the Consent Solicitation with respect to a Solicited Class is conditioned upon satisfaction or waiver of the conditions, including the Cross-Consent Condition, set forth in “Terms of the Consent Solicitation—Conditions of the Consent Solicitation.”

We reserve the right to terminate, subject to applicable law, the Consent Solicitation with respect to any or all Solicited Classes if any condition to the Consent Solicitation with respect to any or all Solicited Classes is not satisfied or otherwise in our sole discretion and to extend or amend the Consent Solicitation with respect to any or all Solicited Classes in any respect. We also reserve the right to waive any defects, irregularities or conditions of delivery as to particular Consents.

The Proposed Amendments relating to each Solicited Class of Notes are interdependent with the Proposed Amendments relating to each other Solicited Class of Notes, each being conditional on the others being approved by the applicable Holders (such condition, the “Cross-Consent Condition”); provided that we may waive such conditions in each case and proceed with the proposed amendments relating to any Solicited Class of Notes without proceeding with the proposed amendments relating to the other Solicited Classes of Notes.

Effect on Non-Consenting Holders

If the applicable Proposed Amendments become effective with respect to a Solicited Class of Notes, all Notes of such Solicited Class, irrespective of whether the Holder of such Notes delivered a Consent with respect to such Notes, will be bound by the applicable Proposed Amendments.

No CNOOC Guarantee will be issued with respect to Notes for which no Consent was validly delivered (including as a result of validly revoking a Consent) and Nexen will not pay any Consent Fees with respect to such Notes.

If the Proposed Amendments become effective, up to all of the non-Canadian assets directly held by Nexen may be transferred to CNOOC and Nexen could be dependent on the revenues and cash flows produced by CNOOC to pay interest and otherwise fund its financial obligations under the Notes. In addition, the Guaranteed Notes of a Series and the Non-Guaranteed Notes of such Series will trade under separate CUSIPs and at different prices. The market price for Non-Guaranteed Notes of a Series may be affected adversely as a result of the Proposed Amendments becoming effective. To the extent that Holders of a large aggregate principal amount of Notes of a Series consent, the trading market, if any, for the outstanding Non-Guaranteed Notes of such Series held by non-consenting Holders could, after the expiration of the Consent Solicitation, be adversely affected. There can be no assurance that an active trading market will

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exist for the Non-Guaranteed Notes of such Series following the Consent Solicitation.

Procedures for the  
Delivery and Revoking  
Consents

Any Holder desiring to deliver a Consent should either (a) complete and sign the Consent Form or a facsimile copy in accordance with the instructions therein, mail or deliver it, together with the Notes specified therein and any other required documents, to the Information and Tabulation Agent (b) deliver a Consent through DTC pursuant to its ATOP or (c) request the Holder's custodian to deliver a Consent in accordance with this Consent Solicitation/Prospectus Supplement. A Holder with Notes held through a custodian must contact that custodian if such Holder desires to deliver Consents with respect to those Notes and promptly instruct such custodian to deliver such Consents on its behalf. DTC participants must electronically deliver Consents by causing DTC to deliver their Consent to the Information and Tabulation Agent through ATOP in accordance with DTC's procedures for such a transfer.

Holders of Notes of a Series wishing to deliver a Consent must temporarily deposit the related Notes with the Information and Tabulation Agent in a contra-CUSIP number established by DTC until the allocation by DTC of the Early Consent Fee and a new CUSIP number with respect to such Series. Trading of deposited Notes is not permitted. All participating Holders, regardless of whether they sign a Consent Form or deliver electronic instructions to consent, should understand that the Notes as to which such Consents are delivered will be held by the Information and Tabulation Agent and transfer will be blocked until they are returned to the Holder (under a new CUSIP number, if the CNOOC Guarantee is issued with respect to such Notes) promptly after the Proposed Amendments for such Series of Notes become effective (but in no event later than 45 calendar days after the date hereof), unless such Holder revokes such Consents before the applicable Revocation Deadline or the Consent Solicitation is terminated by Nexen.

Consents must be received on or prior to the Expiration Time for the consenting Holder to be eligible to receive the CNOOC Guarantee and Consents must be received on or prior to the Early Consent Deadline for the consenting Holder to be eligible to receive the Early Consent Fee. Please note that if Notes are held by a custodian, the custodian may have an earlier deadline for delivery of Consents pursuant to the Consent Solicitation than the Expiration Time. See "The Consent Solicitation—Procedures for Delivering Consents" and "The Consent Solicitation—Revocation of Consents."

Certain Tax Consequences

For a discussion of certain tax considerations, see "U.S. Federal Income Tax Consequences" and "Certain Canadian Federal Income Tax Considerations."

Solicitation Agent

Citigroup Global Markets Inc.

Information and  
Tabulation Agent

Global Bondholder Services

Trustees

CIBC Mellon Trust Company for the 1998 Indenture Notes.

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Deutsche Bank Trust Company Americas for the 2007 Indenture Notes.

Further Information

For further information, call the Information and Tabulation Agent, or the Solicitation Agent or consult your broker, dealer, commercial bank or trust company for assistance.

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## FORWARD-LOOKING STATEMENTS

The information contained in this Consent Solicitation/Prospectus Supplement is accurate only as of the date hereof.

This Consent Solicitation/Prospectus Supplement and the accompanying Base Prospectus and documents incorporated herein by reference contain some forward looking statements that set forth anticipated results based on management's plans and assumptions. From time to time, we also provide forward looking statements in other materials we release to the public, as well as oral forward looking statements. Such statements give our current expectations or forecasts of future events; they do not relate strictly to historical or current facts. We have tried, wherever possible, to identify such statements by using words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "will," "target" and similar expressions in connection with any discussion of future operating or financial performance or business plans or prospects. In particular, these include statements relating to the anticipated benefits of the Arrangement (defined below), future actions, business plans and prospects, future performance or results of current and anticipated products, expenses, interest rates, foreign exchange rates, the outcome of contingencies, such as legal proceedings, and financial results.

We cannot guarantee that any forward looking statement will be realized. Achievement of future results is subject to risks, uncertainties and potentially inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could differ materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward looking statements.

You should take care not to place undue reliance on forward looking statements, which represent our views only as of the date they are made. We undertake no obligation to publicly update forward looking statements, whether as a result of new information, future events or otherwise. You are advised, however, to consult any further disclosures we make on related subjects in our Reports on Form 6-K filed with the SEC. Also note that CNOOC provides cautionary discussion of risks, uncertainties and possibly inaccurate assumptions relevant to our businesses in CNOOC's Annual Report on Form 20-F for the year ended December 31, 2011. These are factors that, individually or in the aggregate, may cause our actual results to differ materially from expected and historical results. We note these factors for investors as permitted by the Private Securities Litigation Reform Act of 1995. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider those factors to be a complete discussion of all potential risks or uncertainties.

## RISK FACTORS

The following are risk factors which holders of Notes should carefully consider before making a decision regarding the Consent Solicitation and Offer of Guarantee:

### Risks Relating to the Consent Solicitation and Proposed Amendments

#### Effect of the Asset Transfers

CNOOC has requested that Nexen complete a post-closing restructuring in order to facilitate the integration of Nexen following its acquisition by CNOOC and to allow the integrated company greater flexibility in operations. As part of such a post-closing restructuring, Nexen is considering Asset Transfers of all, or substantially all, of its non-Canadian assets to CNOOC or other subsidiaries of CNOOC and an amalgamation with a wholly owned subsidiary of CNOOC. If the Proposed Amendments become effective and the Asset Transfers are implemented, up to all of the non-Canadian assets directly held by Nexen may be transferred to CNOOC. If the Proposed Amendments do not become effective, certain Asset Transfers may still be implemented in accordance with the covenants under the Indentures, in which case Nexen would hold fewer assets directly, which may adversely impact Nexen's ability to repay the principal of the Notes at maturity.

The Early Consent Fee will be paid only to Holders that validly deliver their Consents at or prior to the applicable Early Consent Deadline and do not validly revoke.

For each Solicited Class of Notes, on the Payment Date, assuming the Requisite Consents with respect to such Solicited Class were obtained and the other conditions to the Consent Solicitation were satisfied or waived by Nexen, we will pay the Early Consent Fee to each Holder that validly delivers and does not validly revoke Consents at or prior to the applicable Early Consent Deadline. If a Holder's Consents are not validly delivered at or prior to the applicable Early Consent Deadline such Holder will not be eligible to receive the Early Consent Fee even though the applicable Proposed Amendments will be effective as to the Notes it holds.

The approval of the Proposed Amendments for a Solicited Class of Notes would be binding on Holders of Notes of such Solicited Class who do not consent to the Proposed Amendments.

If the Requisite Consents for a Solicited Class of Notes have been validly delivered and the other conditions applicable to the Consent Solicitation have been satisfied or waived by Nexen, the Proposed Amendments will take effect as to such Solicited Class of Notes. Therefore, a Holder of Notes of such Solicited Class will be subject to the Proposed Amendments even if they do not consent to the Proposed Amendments.

Notes as to which Consents are delivered need to be deposited and will be blocked from trading until they are returned to the Holder promptly after the Proposed Amendments for such Series of Notes become effective (but in no event later than 45 calendar days after the date hereof), unless such Holder revokes such Consents before the applicable Revocation Deadline or the Consent Solicitation is terminated by Nexen.

Holders of Notes of a Series wishing to deliver a Consent must temporarily deposit the related Notes with the Information and Tabulation Agent in a contra-CUSIP number established by DTC until the allocation by DTC of the Early Consent Fee and a new CUSIP number with respect to such Series. Trading of deposited Notes is not permitted. All participating Holders, regardless of whether they sign a Consent Form or deliver electronic instructions to consent, should understand that the Notes as to which such Consents are delivered will be held by the Information and Tabulation Agent and transfer will be blocked until they are returned to the Holder (under a new CUSIP number, if the CNOOC Guarantee is issued with respect to such Notes) promptly after the Proposed Amendments for such Series of



Notes become effective (but in no event later than 45 calendar days after the date hereof), unless such Holder revokes such Consents before the applicable Revocation Deadline or the Consent Solicitation is terminated by Nexen. We have the right to extend the Expiration Time with respect to any or all Solicited Classes of Notes, and, if we do so, Notes as to which Consents are delivered may be blocked for an extended period of time without any revocation right. In addition, any delay in the effectiveness of the Proposed Amendments for a Solicited Class would delay the return of the Notes of such Solicited Class to the Holder.

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### Limited Trading Market

The Notes are not listed on any securities exchange. If the Proposed Amendments become effective and the CNOOC Guarantee becomes effective with respect to a Series, the Guaranteed Notes and the Non-Guaranteed Notes of such Series will trade under separate CUSIP numbers and at different prices. The market price for Non-Guaranteed Notes may be affected adversely as a result of the Proposed Amendments becoming effective. To the extent that Holders of a large aggregate principal amount of Notes of a Series consent, the trading market, if any, for the outstanding Non-Guaranteed Notes of such Series held by non-consenting Holders could, after the expiration of the Consent Solicitation, be adversely affected. Conversely, to the extent Holders of Notes of a Series do not consent but the Proposed Amendments become effective with respect to such Series, the trading market, if any, for the Guaranteed Notes of such Series could, after the expiration of the Consent Solicitation, be adversely affected. The reduced float may also tend to make the trading price more volatile. Holders of Notes may attempt to obtain quotations for the Notes from their brokers; however, there can be no assurance that an active trading market will exist for the Notes following the Consent Solicitation.

### Risks Relating to the CNOOC Guarantee

The CNOOC Guarantee will not be provided to Holders who do not deliver Consents, even if the Proposed Amendments are adopted.

Although the Proposed Amendments with respect to a Solicited Class of Notes, if adopted, will be binding upon all Notes of such Solicited Class, the CNOOC Guarantee will only be provided in respect of Notes as to which: (i) the Requisite Consents for the Solicited Class of Notes of which such Notes form a part are obtained; (ii) a consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived (including the Cross-Consent Condition); and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Notes form a part.

The CNOOC Guarantee will be effectively subordinated to the secured debt of CNOOC and the secured and unsecured debt of CNOOC's subsidiaries.

The obligations of CNOOC under each CNOOC Guarantee will be unsecured and will be effectively subordinated to any secured indebtedness of CNOOC, and rank equally with all unsecured unsubordinated obligations of CNOOC. The CNOOC Guarantee will be structurally subordinated to the claims of all holders of debt securities and other creditors, including trade creditors, of each of CNOOC subsidiaries (other than Nexen), and to all secured creditors of each of CNOOC and their subsidiaries.

In the event of an insolvency, bankruptcy, liquidation, reorganization, dissolution or winding up of the business of any subsidiary of CNOOC, creditors of such subsidiary generally will have the right to be paid in full before any distribution is made to CNOOC.

### Risks Relating to the Enforcement of Civil Liabilities

#### U.S. Noteholders

The enforcement by noteholders of civil liabilities under U.S. securities laws may be affected adversely by the fact that Nexen is organized under the laws of Canada and that CNOOC is organized under the laws of Hong Kong, that all or substantially all of their respective officers and directors do not reside in the United States and that a significant portion of their respective assets are located outside the United States. Noteholders may not be able to sue Nexen, CNOOC or their respective affiliates, officers and directors in a non-U.S. court for violations of U.S. securities laws.

It may be difficult to compel Nexen, CNOOC or their respective affiliates, officers and directors to subject themselves to a judgment by a U.S. court.

#### Canadian Noteholders

The enforcement by noteholders of civil liabilities under Canadian securities law may be affected adversely by the fact that CNOOC is organized under the laws of Hong Kong, that a number of their respective officers and directors do not reside in Canada and that a significant portion of its assets are located outside of Canada. As a result, it may be difficult for a noteholder in Canada to effect service of process upon foreign parties or to enforce against CNOOC or other parties in foreign courts judgments obtained in Canadian courts predicated upon, among

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other things, the civil liability provisions of Canadian securities laws. Noteholders may not be able to sue CNOOC or its respective affiliates, officers and directors in a non-Canadian court for violations of Canadian securities laws.

#### Risks Relating to Nexen and its Subsidiaries

Noteholders should be aware that the business and operations of Nexen and its subsidiaries are subject to a number of risks, including, without limitation, those risks identified in Nexen's Annual Information Form for the year ended December 31, 2011 and other filings of Nexen filed with the securities regulatory authorities which have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov).

#### Risks Relating to the Business of CNOOC

Noteholders should be aware that the business and operations of CNOOC and their affiliates are subject to a number of risks, including, without limitation, those risks identified in the documents incorporated by reference herein and set out under the heading "Documents Incorporated by Reference."

## SUMMARY INFORMATION CONCERNING NEXEN

### Background of Nexen

Nexen, a wholly-owned indirect subsidiary of CNOOC, is a Canadian-based global energy company. For financial reporting purposes, Nexen reports on four main segments: Conventional Oil and Gas, Oil Sands, Unconventional Gas and Corporate and Other. Nexen's Conventional Oil and Gas operations are broken down geographically into the United Kingdom, North America (Canada and the United States) and other countries (Yemen, offshore West Africa and Colombia). Nexen's Oil Sands operations consist of its in situ activities, which are comprised of operations at Long Lake and future development phases, and its mining activities conducted through Nexen's 7.23% interest in the Syncrude joint venture. Unconventional Gas includes unconventional gas from shale formations in northeastern British Columbia. Corporate and Other consists of Nexen's energy marketing business and any other unallocated items.

### Acquisition of Nexen by CNOOC

On July 23, 2012, Nexen, CNOOC and CNOOC Canada entered into the Arrangement Agreement pursuant to which the parties agreed to effect the arrangement under which CNOOC Canada would acquire all of the outstanding common shares and preferred shares of Nexen (the "Arrangement"). The Arrangement was completed on February 25, 2013.

## SUMMARY INFORMATION CONCERNING CNOOC

The following information concerning CNOOC is a general summary only and is not intended to be comprehensive. It does not contain all the information Holders may consider important in making their investment decision and should be read and construed in conjunction with those additional materials concerning CNOOC that are incorporated by reference herein. See "Documents Incorporated by Reference."

### CNOOC

CNOOC, together with its subsidiaries, is China's largest producer of offshore crude oil and natural gas and one of the largest independent oil and gas exploration and production companies in the world. CNOOC was incorporated in Hong Kong in August 1999. CNOOC primarily engages in exploration, development, production and sales of oil and natural gas. CNOOC's core operation areas are Bohai, Western South China Sea, Eastern South China Sea and East China Sea in offshore China. As part of its overseas operations, CNOOC has oil and gas assets in Asia, Africa, North America, South America and Oceania.

CNOOC's shares are listed on the NYSE under the symbol "CEO" and on the Stock Exchange of Hong Kong Limited under the symbol "00883". CNOOC has been admitted as a constituent stock of the Hang Seng Index.

### CNOOC Guarantee

The CNOOC Guarantee of the 1998 Indenture Notes to be provided by CNOOC will be governed by the laws of the Province of Alberta and the federal laws of Canada. The CNOOC Guarantee of each Solicited Class of the 2007 Indenture Notes to be provided by CNOOC will be governed by New York law. Each CNOOC Guarantee will be incorporated directly into the Supplemental Indentures.

CNOOC will only provide the CNOOC Guarantee in respect of a Note as to which: (i) the Requisite Consents for the Solicited Class of Notes of which such Note forms a part are obtained; (ii) a Consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived

(including the Cross-Consent Condition); and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Note forms a part.

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## USE OF PROCEEDS

CNOOC will not receive any cash proceeds from the issuance of the CNOOC Guarantee.

## CANADIAN SECURITIES LAW MATTERS

Nexen has applied to the securities commission, or similar regulatory authority, in each of the Provinces of Canada for an order that Nexen cease to be a reporting issuer in each such jurisdiction. If the order is granted in the form sought, Nexen would be relieved from the requirements to file financial statements and all other continuous disclosure filings in Canada.

## CONSEQUENCES OF PROPOSED AMENDMENTS NOT BEING IMPLEMENTED

If the Proposed Amendments are not implemented with respect to any or all Solicited Classes of Notes, Nexen may still proceed with certain of the Asset Transfers and the Post-Closing Amalgamation, in accordance with its covenants under the 1998 Indenture and the 2007 Indenture. If the Proposed Amendments are not implemented with respect to a Solicited Class of Notes, we will not accept any Consents in the Consent Solicitation, Nexen will not pay any Early Consent Fees and CNOOC will not provide the CNOOC Guarantee, in each case with respect to Notes of such Solicited Class.

## EXECUTIVE SUMMARY OF THE PROPOSED AMENDMENTS

In order to facilitate the integration of Nexen following its acquisition by CNOOC and to allow the integrated company greater flexibility in operations, Nexen is proposing certain amendments to the terms of the Indentures that govern the 1998 Indenture Notes and the 2007 Indenture Notes. These amendments will be made by one or more supplemental indentures (each, a "Supplemental Indenture") to the 1998 Indenture and the 2007 Indenture.

The following statements relating to the Proposed Amendments are summaries that do not purport to be complete and are qualified in their entirety by reference to the Form of Seventh Supplemental Indenture to the 1998 Indenture and the Form of Fourth Supplemental Indenture to the 2007 Indenture, each of which is attached as an exhibit to the registration statement of which this Prospectus Supplement/Consent Solicitation forms a part and is incorporated herein by this reference.

### Summary of Proposed Amendments to the 1998 Indenture

Nexen is proposing certain amendments to the provisions in the 1998 Indenture, including relating to: (i) the limitations on Nexen's ability to incur liens; (ii) ranking of 1998 Indenture Notes; (iii) limitations on the consolidation, amalgamation or merger of Nexen or the sale of all or substantially all of Nexen's assets; (iv) reporting obligations; (v) Series of 1998 Indenture Notes; (vi) powers exercisable by Holders by extraordinary resolution; and (vii) obligations to pay PRC additional amounts. The 1998 Indenture is also being amended to remove provisions providing for guarantees to be provided in respect of 1998 Indenture Notes, including references to such guarantees in the defeasance provisions of the 1998 Indenture, and replace such with a new Article 12, which will contain the CNOOC Guarantee. The amendments will ensure consistency between the 1998 Indenture and the 2007 Indenture with respect to guarantee provisions. Finally, the 1998 Indenture is being amended to add The Bank of New York Mellon as a U.S. Trustee, being a U.S. affiliate of the Canadian Trustee (as such terms are defined in the 1998 Supplemental Indenture).

### Covenant Related to the Limitation on Liens

The 1998 Indenture provides, in Section 5.1(e), that subject to certain exceptions, (a) Nexen shall not create, incur, assume or suffer to exist, nor shall it allow or permit any restricted subsidiary of Nexen to create, incur, assume or suffer to exist, any security interest upon or with respect to any of its properties or assets or any income or profits therefrom, whether owned as of the date of the 1998 Indenture or thereafter acquired, and (b) without limitation to the provisions of clause (a) of this sentence, Nexen shall not create, incur, assume or suffer to exist, nor shall it allow or permit any subsidiary of Nexen to create, incur, assume or suffer to exist, any security interest upon or with respect to any shares of capital stock, indebtedness or other securities of, or other ownership interests in, any restricted subsidiary of Nexen, whether owned on the date of the 1998 Indenture or thereafter acquired, unless, in any case described in (a) or (b) of this sentence, Nexen or such restricted subsidiary or subsidiary of Nexen, as the case may be, shall secure or cause to be secured the 1998 Indenture Notes under the 1998 Indenture equally and rateably with the indebtedness secured by such security interest.

The Proposed Amendments will delete Section 5.1(e) from the 1998 Indenture.

### Ranking of 1998 Indenture Notes

The 1998 Indenture provides, in Section 2.11, that all 1998 Indenture Notes shall rank *pari passu* without discrimination, preference or priority. The Proposed Amendments will amend Section 2.11 of the Original Indenture to provide for the addition of the Guaranteed Securities and will read as follows:



“2.11 Debt Securities to Rank Pari Passu

“With the exception of the Guarantee of the Guaranteed Securities, all Debt Securities shall rank pari passu without discrimination, preference or priority, whatever may be the actual date or terms of the issue of the same respectively, save only as to sinking fund provisions (if any) applicable to one or more series.”

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Covenant Related to the Amalgamation, Consolidation or Merger of Nexen and the Lease of or Sale of All or Substantially All of Nexen's Assets

The 1998 Indenture, in Section 8.1, states:

“8.1 Certain Requirements in Respect to Mergers, etc.

The Corporation will not merge, amalgamate or consolidate with or into any other Person, or sell, assign, lease, convey or otherwise transfer all or substantially all of its property and assets to any other Person, or change the jurisdiction under whose laws the Corporation is organized and existing (a “Reincorporation”), unless, in any such case: (a) either (i) the Corporation shall be the surviving corporation in the case of a merger (which term, as used in this Section 8.1, shall not include an amalgamation or consolidation) and, immediately after such merger, shall remain a corporation organized and validly existing under the laws of the same jurisdiction in which it was organized and existing immediately prior to such merger or (ii) the Person formed by such amalgamation or consolidation, or into which the Corporation is merged, or to which the Corporation has sold, assigned, leased, conveyed or otherwise transferred all or substantially all of its property and assets, or resulting from such Reincorporation is a corporation (the “successor corporation”) organized and validly existing under the laws of its applicable jurisdiction and shall expressly assume, by supplemental indenture executed by such successor corporation and delivered by it to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest on, and all other amounts (including, without limitation, Additional Amounts), if any, and sinking fund payments, if any) payable in respect of, the Debt Securities and the due and punctual performance and observance of all other covenants and conditions contained in this Trust Indenture and the Debt Securities to be performed or observed by the Corporation (including, without limitation, the appointment of an agent for service of process in the United States of America); provided that no such supplemental indenture shall be required pursuant to the provisions of this clause (a) if (1) the transaction in question is an amalgamation of the Corporation with any one or more other corporations, which amalgamation is governed by the statutes of Canada or any province thereof, as applicable, (2) the successor corporation is and, immediately prior to such amalgamation, the Corporation was organized and existing under the laws of Canada or any province thereof, (3) upon the effectiveness of such amalgamation, the successor corporation shall have become or shall continue to be (as the case may be), by operation of law and as expressly provided by the statutes of Canada or any province thereof (as the case may be) applicable to such amalgamation, liable for the due and punctual payment of the principal of and premium, if any, and interest on, and all other amounts (including, without limitation, Additional Amounts, if any, and sinking fund payments, if any) payable in respect of, the Debt Securities and the due and punctual performance and observance of all other covenants and conditions contained in this Indenture and the Debt Securities to be performed or observed by the Corporation (including, without limitation, the appointment of an agent for service of process in the United States of America), and (4) the Corporation shall have delivered to the Trustee an opinion of outside counsel experienced in such matters to the effect set forth in clauses (1) through (3) above; (b) the Trustee is satisfied, and Counsel is of the opinion (which opinion shall be delivered to the Trustee), that such transaction is upon such terms as substantially to preserve and not to prejudice any of the rights and powers of the Trustee or of the holders of Debt Securities (including, in respect of any Debt Securities that may be convertible, the conversion rights of holders thereof); (c) there shall exist no condition or event either at the time of or immediately following such transaction, as to either the Corporation or the successor corporation, which constitutes or would with the passage of time or giving of notice or both constitute an Event of Default under this Indenture; (d) the Corporation shall have delivered to the Trustee an opinion of outside counsel of nationally recognized standing with respect to matters of Canadian federal income taxation to the effect that (i) the holders of the Debt Securities will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, (ii) after such transaction, any payment or credit by the Corporation or the successor corporation, as applicable, of the principal of, or premium, if any, or interest on, or any other amount payable under or in respect of, the Debt Securities to any holder thereof will be exempt from Canadian withholding tax if the holder, for purposes of the Income Tax Act (Canada) (or any

successor law) is or is deemed to be a non-resident of Canada and deals at arms-length with the Corporation at the time of such payment or credit, as applicable, and (iii) after such transaction, holders of the Debt Securities will be subject to

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Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred; and (e) the Corporation shall have delivered to the Trustee a Certificate of the Corporation and an opinion of Counsel each stating that such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Indenture and that all conditions precedent in this Indenture relating to such transaction have been complied with; provided that, if the successor corporation is not organized and validly existing under the laws of the United States of America or any State thereof or the District of Columbia or Canada or any province of Canada, such successor corporation shall expressly agree, in a supplemental indenture executed by such successor corporation, (i) to indemnify and hold harmless each holder of any Debt Securities from and against (x) any and all present and future taxes, duties, levies, imposts, fees, assessments or other governmental charges (including penalties, interest and other liabilities related thereto) (collectively "Taxes") of whatever nature which may be imposed on such holder or required to be withheld or deducted from any payment to such holder as a consequence of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and (y) any and all costs and expenses arising out of or relating to such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, and (ii) that the principal of, and premium, if any, and interest on, and any and all other amounts payable under or in respect of, the Debt Securities will be paid without withholding or deduction for or on account of any present or future Taxes of whatever nature imposed, levied, withheld, assessed or collected by or on behalf of the jurisdiction or jurisdictions in which such successor corporation is organized, is resident or is deemed for tax purposes to be resident (each such jurisdiction being hereinafter called an "Applicable Jurisdiction") or any political subdivision or taxing authority of or in any Applicable Jurisdiction unless such Taxes are required by any Applicable Jurisdiction or any political subdivision or taxing authority thereof or therein to be withheld or deducted, in which case such successor corporation will pay such additional amounts ("Additional Amounts") as may be necessary in order that the net amount paid to each holder of any Debt Securities, after such deduction or withholding, will not be less than the amount which such holder would have received in accordance with the terms of the Debt Securities and this Indenture if no such deduction or withholding had been required. Whenever there is mentioned herein or in any Debt Securities, in any context, the payment of the principal of, or premium, if any, or interest on, or in respect of, any Debt Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture, and express mention of the payment of Additional Amounts in any instance shall not be construed as excluding Additional Amounts in those instances where such express mention is not made."

Additionally, the 1998 Indenture, in Section 8.2, provides that in the event of any merger of Nexen into, consolidation or amalgamation of Nexen with, or sale, assignment, lease, conveyance or other transfer of all or substantially all of Nexen's assets to, another person, the successor corporation shall succeed to and be substituted for and may exercise every right and power of Nexen under the 1998 Indenture Notes and the 1998 Indenture as if it had been named as Nexen in such documents, and the predecessor corporation, except in the case of a consolidation, an amalgamation or a lease, shall be released from any further obligation under the 1998 Indenture Notes and the 1998 Indenture and holders of 1998 Indenture Notes will thereafter be required to look solely to such successor corporation for the payment of all amounts which may become due and payable under the 1998 Indenture Notes and the 1998 Indenture. The 1998 Indenture, in Section 8.3, includes provisions relating to, among other things, certain timing and documentary requirements in the case Nexen becomes obligated to pay Additional Amounts.

If Consents of 100% of the aggregate principal amount of the Holders of the 1998 Indenture Notes are obtained, then Section 8.1, Section 8.2 and Section 8.3 will be deleted in their entirety. If Consents of the Holders of more than 66 2/3%, but less than 100%, of the aggregate principal amount of the 1998 Indenture Notes are obtained, then Section 8.3 will remain unchanged, Section 8.2 will be deleted from the 1998 Indenture and Section 8.1 will be replaced with the following:

"8.1 Certain Requirements in Respect to Mergers, etc.

Nothing in this Indenture shall restrict the Corporation's ability to merge, amalgamate or consolidate with or into any other Person, or sell, assign, lease, convey or otherwise transfer all or substantially all of its

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property and assets to any other Person, or change the jurisdiction under whose laws the Corporation is organized and existing (a “Reincorporation”); provided that

(a) either (i) the Corporation shall be the surviving corporation in the case of a merger (which term, as used in this Section 8.1, shall not include an amalgamation or consolidation) and, immediately after such merger, shall remain a corporation organized and validly existing under the laws of the same jurisdiction in which it was organized and existing immediately prior to such merger, or (ii)

(A) in the case of an amalgamation or consolidation, or in the case of a merger, if the Corporation is not the surviving corporation as set forth in clause (a)(i) above, or in the case of a Reincorporation, the Person or Persons formed by such amalgamation or consolidation, or into which the Corporation is merged, or resulting from such Reincorporation is a corporation or are corporations (each, a “successor corporation” and together the “successor corporations”) organized and validly existing under the laws of its applicable jurisdiction and shall expressly assume, by supplemental indenture executed by such successor corporation or successor corporations and delivered by it or them to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest on, and all other amounts (including, without limitation, Additional Amounts, if any, PRC Additional Amounts (as hereinafter defined) and other amounts payable under Section 5.5, if any, and sinking fund payments, if any) payable in respect of the Debt Securities (collectively, the “Obligations”), or

(B) in the case of a sale, assignment, lease, conveyance or other transfer of all or substantially all of its property and assets to any other Person, (x) the divesting Corporation shall remain the primary obligor for the due and punctual payment of the Obligations (which for this purpose includes Additional Amounts), and (y) the Person or Persons to which the Corporation has sold, assigned, leased, conveyed or otherwise transferred all or substantially all of its property and assets (each, as “acquiror” and together the “acquirors”) shall agree, by supplemental indenture executed by such Person or Persons and delivered by it or them to the Trustee, to (1) irrevocably and unconditionally guarantee the due and punctual payment of the Obligations (which for this purpose includes Additional Amounts) and (2) be bound by the provisions of this Section 8.1 and Section 8.3 as if it were the Corporation (except, for the avoidance of doubt, any acquiror shall not be considered a primary obligor for the purposes of clause B(x) above);

provided, further, that no such supplemental indenture shall be required pursuant to the provisions of this clause (a) if (1) the transaction in question is an amalgamation of the Corporation with any one or more other corporations, which amalgamation is governed by the statutes of Canada or any province thereof, as applicable, (2) the successor corporation is and, immediately prior to such amalgamation, the Corporation was organized and existing under the laws of Canada or any province thereof; (3) upon the effectiveness of such amalgamation, the successor corporation or successor corporations shall have become or shall continue to be (as the case may be), by operation of law and as expressly provided by the statutes of Canada or any province thereof (as the case may be) applicable to such amalgamation, liable for the due and punctual payment of the Obligations, and (4) the Corporation shall have delivered to the Trustee an opinion of Counsel to the effect set forth in clauses (1) through (3) above;

(b) Intentionally omitted.

(c) Intentionally omitted.

(d) Intentionally omitted.

(e) if any successor corporation or acquiror is not organized and validly existing under the laws of the United States of America or any State thereof or the District of Columbia or Canada or any province of Canada, such successor corporation or acquiror shall expressly agree, in a supplemental indenture executed by such successor corporation or acquiror, (i) to indemnify and hold harmless each holder of any Debt Securities from and against (x) any and all

present and future taxes, duties, levies, imposts, fees, assessments or other governmental charges (including penalties, interest and other liabilities related thereto)

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(collectively “Taxes”) of whatever nature which may be imposed on such holder or required to be withheld or deducted from any payment to such holder as a consequence of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and (y) any and all costs and expenses arising out of or relating to such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, and (ii) that the principal of, and premium, if any, and interest on, and any and all other amounts payable under or in respect of, the Debt Securities will be paid without withholding or deduction for or on account of any present or future Taxes of whatever nature imposed, levied, withheld, assessed or collected by or on behalf of the jurisdiction or jurisdictions in which such successor corporation or acquiror is organized, is resident or is deemed for tax purposes to be resident (each such jurisdiction being hereinafter called an “Applicable Jurisdiction”) or any political subdivision or taxing authority of or in any Applicable Jurisdiction unless such Taxes are required by any Applicable Jurisdiction or any political subdivision or taxing authority thereof or therein to be withheld or deducted, in which case such successor corporation or acquiror will pay such additional amounts (“Additional Amounts”) as may be necessary in order that the net amount paid to each holder of any Debt Securities, after such deduction or withholding, will not be less than the amount which such holder would have received in accordance with the terms of the Debt Securities and this Indenture if no such deduction or withholding had been required. Whenever there is mentioned herein or in any Debt Securities, in any context, the payment of the principal of, or premium, if any, or interest on, or in respect of, any Debt Security, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture, and express mention of the payment of Additional Amounts in any instance shall not be construed as excluding Additional Amounts in those instances where such express mention is not made; and

(f) the Corporation shall have delivered to the Trustee a Certificate of the Corporation and an opinion of Counsel each stating that such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer of all or substantially all of the assets or Reincorporation and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Indenture and that all conditions precedent in this Indenture relating to such transaction have been complied with.”

#### Covenant Related to Reporting

The 1998 Indenture, in Section 5.1(b), provides that Nexen will file with the 1998 Indenture Trustee copies of all consolidated financial statements of Nexen furnished to its shareholders and any reports of Nexen's auditors thereon, and at all reasonable times will furnish or cause to be furnished to the 1998 Indenture Trustee or its agents or attorneys such information relating to its business or the business of any restricted subsidiary of Nexen as the 1998 Indenture Trustee may reasonably require.

The Proposed Amendments will remove the current reporting covenant of Nexen in Section 5.1(b) as described above and will add an additional reporting covenant of Nexen (which is the same reporting covenant of Nexen as contained in Section 7.04 of the 2007 Indenture), which will read as follows:

“The Corporation shall: (1) file with the Trustee, within 15 days after the Corporation is required to file the same with the Commission, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the foregoing as the Commission may from time to time by rules and regulations prescribe) which the Corporation may be required to file with the Commission pursuant to Section 13 or Section 15(d) of the Exchange Act; or, if the Corporation is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations; and (2) file with the Trustee and the Commission, in accordance with rules and regulations prescribed from time to time by the Commission, such



additional information, documents and reports with respect to compliance by the Corporation with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations.”

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In addition to the foregoing amendment, the Proposed Amendments will add a new Section 5.4 which will read as follows:

“5.4 Reports by the Guarantor.

At any time that the Guarantor's ordinary shares are not listed for trading on The Stock Exchange of Hong Kong Limited or any other securities exchange, the Guarantor will deliver to the Trustee, upon request and as soon as they are available, (i) but in any event within 120 calendar days after the end of each fiscal year (which ends on December 31), copies of its latest annual report and audited consolidated financial statements; and (ii) but in any event within 90 calendar days after the end of its first semi-annual fiscal period, copies of its latest unaudited interim consolidated financial statements. At any time that the Guarantor's ordinary shares are listed for trading on The Stock Exchange of Hong Kong Limited or any other securities exchange, the Guarantor will deliver to the Trustee, upon request and as soon as they are available, but in any event within 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any such other securities exchange on which its ordinary shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange.”

Series of 1998 Indenture Notes

The Proposed Amendments will add the following language to the end of Section 2.2 of the 1998 Indenture:

“For the avoidance of any doubt, the Debt Securities of a particular series issued under this Indenture shall, upon due execution and delivery of the Seventh Supplemental Indenture by each of the parties thereto, be deemed to be Debt Securities of the same series for all purposes of this Indenture, regardless of the fact that Article 12 and the Guarantee shall apply only to the Guaranteed Securities of such series.”

Voting Provisions

The 1998 Indenture, in Section 9.10, provides that the holders of the 1998 Indenture Notes have the power, by extraordinary resolution approved by the Holders of not less than 66 2/3% of the principal amount of the 1998 Indenture Notes then outstanding, to assent to any amendment to the 1998 Indenture agreed to by Nexen and the 1998 Indenture Trustee, with the exception of certain changes listed in Section 6.12 of the 1998 Indenture.

The Proposed Amendments would provide that any amendments that add any provisions to, or change in any manner, or eliminate any of the provisions of the proposed Article 12, which will contain the CNOOC Guarantee, or which modify in any manner the rights of Holders of Guaranteed Notes under the CNOOC Guarantee, shall require the written consent of the Holders of not less than 66 2/3% of the principal amount of the outstanding Guaranteed Notes affected by such amendments (with the Guaranteed Notes voting as a class) and not, for the avoidance of any doubt, the consent of the Holders of non-guaranteed Notes.

PRC Amounts

The Proposed Amendments will add a new Section 5.5 to the 1998 Indenture, which will read as follows:

“5.5 PRC Additional Amounts.

If at any time, the Corporation is determined to be a resident enterprise of the People's Republic of China (the “PRC”) for PRC tax purposes (a “PRC Tax Resident Enterprise”) and, as a result, (i) the Corporation is required to withhold or deduct any amounts in respect of PRC Taxes from any payment to a holder of the Debt Securities, the Corporation will pay such additional amounts (“PRC Additional Amounts”) as may be necessary in order that the net amount paid to

a holder of a Debt Security, after deduction of such withholding, will not be less than the amount which such holder would have received in accordance with the terms of such Debt Securities and the Indenture if no such withholding had been required, and (ii) the Corporation will indemnify and hold harmless each holder of the Debt Securities against any PRC Taxes which may be imposed on such holder of Debt Securities solely as a result of the Corporation being a PRC Tax Resident Enterprise, provided that no PRC Additional Amounts will be

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payable to a holder of Debt Securities under (i) above and no indemnity payment will be made to a holder of Debt Securities under (ii) above where the holder or beneficial owner of a Debt Security:

(a) is a resident, domiciliary or national of, or engaged in business or maintains a permanent establishment or other physical presence in or otherwise has or has had some connection with the PRC or any political subdivision thereof other than the mere holding of Debt Securities or the receipt of payments thereunder; or

(b) is subject to PRC Taxes by reason of its failure to comply with, or would be entitled to exemption from, reduction in, or refund of such PRC Taxes by complying with, any certification, identification, information, documentation or other reporting requirement required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in such PRC Taxes.

Nor will any amount be paid under (i) or (ii) above to any holder of a Debt Security who is a fiduciary or partnership or other than the sole beneficial owner of the Debt Security and of payments on the Debt Security to the extent that a payment on, or gain with respect to, the Debt Security would be required by the laws of the PRC to be included in the income of a beneficiary or settlor with respect to the fiduciary, a member of the partnership, or a beneficial owner who would not have been entitled to the payment under (i) or (ii) above had that beneficiary, settlor, member or beneficial owner been the holder of the Debt Securities.

At least ten (10) days prior to each date on which any payment under or with respect to the Debt Securities is due and payable, if the Corporation will be obligated to pay PRC Additional Amounts with respect to such payment, the Corporation will deliver to the Trustee Certificate of the Corporation stating the fact that such PRC Additional Amounts will be payable and specifying the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such PRC Additional Amounts to holders of Debt Securities on the payment date.

Whenever there is mentioned herein in any context, the payment of principal or interest in respect of any Debt Security, such mention shall be deemed to include the payment of PRC Additional Amounts provided for herein to the extent that, in such context, PRC Additional Amounts are, were or would be payable in respect thereof pursuant hereto.”

#### Definitions

The Proposed Amendments will insert the following definitions, among others, into Section 1.1 of the 1998 Indenture:

“Canadian Trustee” means CIBC Mellon Trust Company, a trust corporation incorporated under the laws of Canada, until a successor shall become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean such successor.

“Guarantee” means the guarantee by the Guarantor as set forth in Article 12.

“Guaranteed Securities” means (i) the Debt Securities with respect to which a valid Consent has been given (and not validly revoked) by the holder of such Debt Securities and accepted by the Corporation in the Consent Solicitation which shall have CUSIP Numbers , and (ii) any Debt Securities guaranteed pursuant to Section 12.6(c) and additional Guaranteed Securities pursuant to Section 12.6(b).

“Non-Guaranteed Securities” shall have the meaning given to such term in Section 12.6.

“Seventh Supplemental Indenture” means the Seventh Supplemental Indenture to this Indenture dated as of March , 2013 between the Corporation, the Canadian Trustee, the U.S. Trustee and CNOOC Limited, a company formed under

the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

“U.S. Trustee” means The Bank of New York Mellon, a New York banking corporation, until a successor shall become such pursuant to the applicable provisions of this Indenture, and thereafter shall mean such successor.

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The Proposed Amendments will delete the definitions of “Guarantor”, “Paying Agent” and “Trustee” in Section 1.1 of the 1998 Indenture and replace them with the following:

“Guarantor” means CNOOC Limited, a company formed under the laws of Hong Kong Special Administrative Region of the People's Republic of China, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter “Guarantor” shall mean such successor Person.

“Paying Agent” means any Person authorized by the Corporation to pay the principal of or any premium or interest on any Debt Securities on behalf of the Corporation and includes the Canadian Trustee and the Corporation acting as a Paying Agent provided that the Corporation may not act as the only Paying Agent at any time and may not act as a Paying Agent with respect to moneys deposited or paid pursuant to Sections 7.4 or 7.5 or Article 13.

“Trustee” or “Trustees” means the party or parties named as the Canadian Trustee and the U.S. Trustee in this Indenture until a successor to either or both of such Trustees shall have become such pursuant to the applicable provisions of this Indenture, and, thereafter, means each party who is then a Trustee hereunder and, unless the context otherwise requires and except as otherwise provided herein, a reference to “a Trustee” or “the Trustee” means either of the Trustees.

#### Summary of Proposed Amendments to the 2007 Indenture

Nexen is proposing certain amendments to the provisions in the 2007 Indenture, including relating to: (i) the limitations on Nexen's ability to incur liens; (ii) limitations on the consolidation, amalgamation or merger of Nexen or the sale of all or substantially all of Nexen's assets; (iii) reporting obligations; (iv) Series of notes; (v) voting by Holders; (vi) supplemental indentures without consent of Holders; and (vii) obligation to pay PRC additional amounts.

#### Covenant Related to the Limitation on Liens

Subject to certain exceptions, the 2007 Indenture, in Section 10.06, provides that (a) Nexen will not create, incur, assume or suffer to exist, nor shall it allow or permit any restricted subsidiary to create, incur, assume or suffer to exist, any security interest securing any indebtedness for borrowed money or interest thereon, upon or with respect to any of its properties or assets or any income or profits therefrom, whether owned on the date of the 2007 Indenture or hereafter acquired, and (b) without limitation to the provisions of clause (a) of this sentence, Nexen shall not create, incur, assume or suffer to exist, nor shall it allow or permit, any subsidiary to create, incur, assume or suffer to exist, any security interest securing any indebtedness for borrowed money or interest thereon, upon or with respect to any shares of capital stock, indebtedness or other securities of, or other ownership interests in, any restricted subsidiary, whether owned on the date of the 2007 Indenture or hereafter acquired, unless, in any case described in (a) or (b) of this sentence, Nexen or such restricted subsidiary or subsidiary, as the case may be, shall secure or cause to be secured the securities equally and rateably with the indebtedness for borrowed money secured by such security interest.

The Proposed Amendments will delete Section 10.06 from the 2007 Indenture.

#### Covenant Related to the Amalgamation, Consolidation or Merger of Nexen and the Lease of or Sale of All or Substantially All of Nexen's Assets

The 2007 Indenture, in Section 8.01, states:

“Section 8.01. Certain Requirements in Respect to Mergers, etc. The Issuer will not merge, amalgamate or consolidate with or into any other Person, or sell, assign, lease, convey or otherwise transfer all or substantially all of its property and assets to any other Person, or change the jurisdiction under whose laws the Issuer is organized and existing (a “Reincorporation”), unless, in any such case:

(a) either (i) the Issuer shall be the surviving corporation in the case of a merger (which term, as used in this Section 8.01, shall not include an amalgamation or consolidation) and, immediately after such merger, shall remain a corporation organized and validly existing under the laws of the same jurisdiction in which it was organized and existing immediately prior to such merger or (ii) the Person formed by such

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amalgamation or consolidation, or into which the Issuer is merged, or to which the Issuer has sold, assigned, leased, conveyed or otherwise transferred all or substantially all of its property and assets, or resulting from such Reincorporation is a corporation (the “successor corporation”) organized and validly existing under the laws of its applicable jurisdiction and shall expressly assume, by supplemental indenture executed by such successor corporation and delivered by it to the Trustee, the due and punctual payment of the principal of and premium, if any,) and interest on, and all other amounts (including, without limitation, Additional Amounts and Reorganization Additional Amounts (as hereinafter defined), if any, and sinking fund payments, if any, payable in respect of, the Securities and the due and punctual performance and observance of all other covenants and conditions contained in this Indenture and the Securities to be performed or observed by the Issuer (including, without limitation, the appointment of an agent for service of process in the United States of America); provided that no such supplemental indenture shall be required pursuant to the provisions of this clause (a) if (A) the transaction in question is an amalgamation of the Issuer with any one or more other corporations, which amalgamation is governed by the statutes of Canada or any province thereof, as applicable, (B) the successor corporation is and, immediately prior to such amalgamation, the Issuer was organized and existing under the laws of Canada or any province thereof; (C) upon the effectiveness of such amalgamation, the successor corporation shall have become or shall continue to be (as the case may be), by operation of law and as expressly provided by the statutes of Canada or any province thereof (as the case may be) applicable to such amalgamation, liable for the due and punctual payment of the principal of and premium, if any, and interest on, and all other amounts (including, without limitation, Additional Amounts, if any, and Reorganization Additional Amounts, if any, and sinking fund payments, if any,) payable in respect of, the Securities and the due and punctual performance and observance or all other covenants and conditions contained in this Indenture and the Securities to be performed or observed by the Issuer (including, without limitation, the appointment of an agent for service of process in the United States of America), and (D) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect set forth in clauses (A) through (C) above;

(b) the Trustee has received an Opinion of Counsel that such transaction is upon such terms as substantially to preserve and not to prejudice any of the rights and powers of the Trustee or of the Holders of Securities;

(c) there shall exist no condition or event either at the time of or immediately following such transaction, as to either the Issuer or the successor corporation, which constitutes or would with the passage of time or giving of notice or both constitute an Event of Default under this Indenture;

(d) the Issuer shall have delivered to the Trustee an opinion of outside counsel of nationally recognized standing with respect to matters or Canadian federal income taxation to the effect that (i) the holders of the Securities will not recognize income, gain or loss for Canadian federal income tax purposes as a result of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, (ii) after such transaction, any payment or credit by the Issuer or the successor corporation, as applicable, of the principal of, or premium, if any, or interest on, or any other amount payable under or in respect of, the Securities to any Holder thereof will be exempt from Canadian withholding tax if the Holder, for purposes of the Income Tax Act (Canada) (or any successor law) is or is deemed to be a non-resident of Canada and deals at arms-length with the Issuer at the time of such payment or credit, as applicable, and (iii) after such transaction, Holders of the Securities will be subject to Canadian federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred; and

(e) the Issuer shall have delivered to the Trustee an Officer’s Certificate of the Issuer and an Opinion of Counsel each stating that such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Indenture and that all conditions precedent in this Indenture relating to such transaction have been complied with; provided that, if the successor corporation is not organized and validly existing under the laws of the United States of America or any State thereof or the District of Columbia or Canada or any province of



Canada, such successor corporation shall expressly agree, in a supplemental indenture executed by such successor corporation, (i) to indemnify and hold harmless each Holder of any Securities from and against (x) any and all present and future taxes, duties, levies, imposts, fees, assessments or other governmental charges (including penalties, interest and other liabilities related thereto) (collectively "Taxes") of whatever nature which may be imposed on such Holder

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or required to be withheld or deducted from any payment to such Holder as a consequence of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and (y) any and all costs and expenses arising out of or relating to such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, and (ii) that the principal of, and premium, if any, and interest on, and any and all other amounts payable under or in respect of, the Securities will be paid without withholding or deduction for or on account of any present or future Taxes of whatever nature imposed, levied, withheld, assessed or collected by or on behalf of the jurisdiction or jurisdictions in which such successor corporation is organized, is resident or is deemed for tax purposes to be resident (each such jurisdiction being hereinafter called an “Applicable Jurisdiction”) or any political subdivision or taxing authority of or in any Applicable Jurisdiction unless such Taxes are required by any Applicable Jurisdiction or any political subdivision or taxing authority thereof or therein to be withheld or deducted, in which case such successor corporation will pay such additional amounts (“Reorganization Additional Amounts”) as may be necessary in order that the net amount paid to each Holder of any Securities, after such deduction or withholding, will not be less than the amount which such Holder would have received in accordance with the terms of the Securities and this Indenture if no such deduction or withholding had been required. Whenever there is mentioned herein or in any Securities, in any context, the payment of the principal of, or premium, if any, or interest on, or in respect of, any Security, such mention shall be deemed to include mention of the payment of Reorganization Additional Amounts to the extent that, in such context, Reorganization Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture, and express mention of the payment of Reorganization Additional Amounts in any instance shall not be construed as excluding Reorganization Additional Amounts in those instances where such express mention is not made.”

Additionally, the 2007 Indenture, in Section 8.02, provides that upon any consolidation by Nexen with or merger by Nexen into any other corporation or other entity or any conveyance, transfer or lease of all or substantially all of the property and assets of Nexen as an entirety or substantially as an entirety, the successor corporation or other entity formed by such consolidation or into which Nexen is merged or the successor corporation or entity or affiliated group of corporations or entities to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, Nexen under the 2007 Indenture with the same effect as if such successor corporation or corporations or entity or entities had been named as Nexen herein, and thereafter, except in the case of a lease, the predecessor corporation or corporations or entity or entities shall be relieved of all obligations and covenants under the 2007 Indenture and the 2007 Indenture Notes and in the event of such consolidation, merger, conveyance or transfer, except in the case of a lease, any such predecessor corporation may be dissolved and liquidated. The 2007 Indenture, in Section 8.03, includes, among other things, certain timing and documentary requirements in the case Nexen becomes obligated to pay Reorganization Additional Amounts and provides that Nexen or its successor corporation will indemnify and hold harmless certain Holders and, upon written request, reimburse such Holders for the amount of certain taxes levied or imposed by the Applicable Jurisdiction, as described in Section 8.01(e)(ii) and paid by such Holder as a result of payments made under or with respect to the 2007 Indenture Notes, excluding any Reorganization Additional Amounts that have previously been paid with respect thereto, and for any liability, including penalties, interest and expenses arising therefrom or with respect thereto.

If Consents of 100% of the aggregate principal amount of Holders of 2007 Indenture Notes of a Series are obtained, then Sections 8.01, 8.02 and 8.03 will be deleted in their entirety with respect to such Series. If a majority, but less than 100%, of the aggregate principal amount of Holders of 2007 Indenture Notes of a Series are obtained, then Section 8.03 will remain unchanged, Section 8.02 will be deleted from the 2007 Indenture and Section 8.01 will be replaced with the following with respect to such Series:

“Section 8.01. Certain Requirements in Respect to Mergers, etc. Nothing in this Indenture shall restrict the Issuer’s ability to merge, amalgamate or consolidate with or into any other Person, or sell, assign, lease, convey or otherwise transfer all or substantially all of its property and assets to any other Person, or change the jurisdiction under whose laws the Issuer is organized and existing (a “Reincorporation”); provided that

(a) either (i) the Issuer shall be the surviving corporation in the case of a merger (which term, as used in this Section 8.01, shall not include an amalgamation or consolidation) and, immediately after such merger, shall remain a corporation organized and validly existing under the laws of the same jurisdiction in which it was organized and existing immediately prior to such merger, or (ii)

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(A) in the case of an amalgamation or consolidation, or in the case of a merger if the Issuer is not the surviving corporation as set forth in clause (a)(i) above, or in the case of a Reincorporation, the Person or Persons formed by such amalgamation or consolidation, or into which the Issuer is merged, or resulting from such Reincorporation is a corporation or are corporations (each, a “successor corporation” and together the “successor corporations”) organized and validly existing under the laws of its applicable jurisdiction and shall expressly assume, by supplemental indenture executed by such successor corporation or successor corporations and delivered by it or them to the Trustee, the due and punctual payment of the principal of and premium, if any, and interest on, and all other amounts (including, without limitation, Additional Amounts, if any, Reorganization Additional Amounts (as hereinafter defined), if any, PRC Additional Amounts (as hereinafter defined) and other amounts payable under Section 10.10, if any, and sinking fund payments, if any) payable in respect of the Securities (collectively, the “Obligations”), or

(B) in the case of a sale, assignment, lease, conveyance or other transfer of all or substantially all of its property and assets to any other Person, (x) the divesting Issuer shall remain the primary obligor for the due and punctual payment of the Obligations, and (y) the Person or Persons to which the Issuer has sold, assigned, leased, conveyed or otherwise transferred all or substantially all of its property and assets (each, an “acquiror” and together the “acquirors”) shall agree, by supplemental indenture executed by such Person or Persons and delivered by it or them to the Trustee, to (1) irrevocably and unconditionally guarantee the due and punctual payment of the Obligations (which for this purpose includes Reorganizational Additional Amounts) and (2) be bound by the provisions of this Section 8.01 and Section 8.03 as if it were the Issuer (except, for the avoidance of doubt, any such acquiror shall not be considered a primary obligor for the purposes of clause B(x) above);

provided, further, that no such supplemental indenture shall be required pursuant to the provisions of this clause (a) if (1) the transaction in question is an amalgamation of the Issuer with any one or more other corporations, which amalgamation is governed by the statutes of Canada or any province thereof, as applicable, (2) the successor corporation is and, immediately prior to such amalgamation, the Issuer was organized and existing under the laws of Canada or any province thereof; (3) upon the effectiveness of such amalgamation, the successor corporation or successor corporations shall have become or shall continue to be (as the case may be), by operation of law and as expressly provided by the statutes of Canada or any province thereof (as the case may be) applicable to such amalgamation, liable for the due and punctual payment of the Obligations, and (4) the Issuer shall have delivered to the Trustee an Opinion of Counsel to the effect set forth in clauses (1) through (3) above;

(b) Intentionally deleted.

(c) Intentionally deleted.

(d) Intentionally deleted.

(e) if any successor corporation or acquiror is not organized and validly existing under the laws of the United States of America or any State thereof or the District of Columbia or Canada or any province of Canada, such successor corporation or acquiror shall expressly agree, in a supplemental indenture executed by such successor corporation or acquiror, (i) to indemnify and hold harmless each Holder of any Securities from and against (x) any and all present and future taxes, duties, levies, imposts, fees, assessments or other governmental charges (including penalties, interest and other liabilities related thereto) (collectively “Taxes”) of whatever nature which may be imposed on such Holder or required to be withheld or deducted from any payment to such Holder as a consequence of such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation and (y) any and all costs and expenses arising out of or relating to such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer or Reincorporation, and (ii) that the principal of, and premium, if any, and interest on, and any and all other amounts payable under or in respect of, the Securities will be paid without withholding or deduction for or on account of any present or future Taxes of whatever nature imposed, levied, withheld, assessed or collected by or

on behalf of the jurisdiction or jurisdictions in which such successor corporation or acquiror is organized, is resident or is deemed for tax purposes to be resident (each such jurisdiction

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being hereinafter called an “Applicable Jurisdiction”) or any political subdivision or taxing authority of or in any Applicable Jurisdiction unless such Taxes are required by any Applicable Jurisdiction or any political subdivision or taxing authority thereof or therein to be withheld or deducted, in which case such successor corporation or acquiror will pay such additional amounts (“Reorganization Additional Amounts”) as may be necessary in order that the net amount paid to each Holder of any Securities, after such deduction or withholding, will not be less than the amount which such Holder would have received in accordance with the terms of the Securities and this Indenture if no such deduction or withholding had been required. Whenever there is mentioned herein or in any Securities, in any context, the payment of the principal of, or premium, if any, or interest on, or in respect of, any Security, such mention shall be deemed to include mention of the payment of Reorganization Additional Amounts to the extent that, in such context, Reorganization Additional Amounts are, were or would be payable in respect thereof pursuant to this Indenture, and express mention of the payment of Reorganization Additional Amounts in any instance shall not be construed as excluding Reorganization Additional Amounts in those instances where such express mention is not made; and

(f) the Issuer shall have delivered to the Trustee an Officer’s Certificate of the Issuer and an Opinion of Counsel each stating that such merger, amalgamation, consolidation, sale, assignment, lease, conveyance, transfer of all or substantially all of the assets or Reincorporation and, if a supplemental indenture is required in connection with such transaction, such supplemental indenture comply with this Indenture and that all conditions precedent in this Indenture relating to such transaction have been complied with.”

#### Covenant Related to Reporting

The 2007 Indenture, in Section 7.04, provides that Nexen shall file with the 2007 Indenture Trustee, within 15 days after Nexen is required to file the same with the SEC, copies of the annual reports and of the information, documents and other reports (or copies of such portions of any of the forgoing as the SEC may from time to time by rules and regulations prescribe) which Nexen may be required to file with the SEC pursuant to Section 13 or Section 15(d) of the Securities and Exchange Act of 1934 (the “Exchange Act”), as amended; or, if Nexen is not required to file information, documents or reports pursuant to either of said Sections, then it shall file with the 2007 Indenture Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such of the supplementary and periodic information, documents and reports which may be required pursuant to Section 13 of the Exchange Act in respect of a security listed and registered on a national securities exchange as may be prescribed from time to time in such rules and regulations; and file with the 2007 Indenture Trustee and the SEC, in accordance with rules and regulations prescribed from time to time by the SEC, such additional information, documents and reports with respect to compliance by Nexen with the conditions and covenants of this Indenture as may be required from time to time by such rules and regulations.

The Proposed Amendments will keep Section 7.04 above but will add a new Section 7.04A which will read as follows:

“Section 7.04A. Reports by the Guarantor. At any time that the Guarantor’s ordinary shares are not listed for trading on The Stock Exchange of Hong Kong Limited or any other securities exchange, the Guarantor will deliver to the Trustee, upon request and as soon as they are available, (i) but in any event within 120 calendar days after the end of each fiscal year (which ends on December 31), copies of its latest annual report and audited consolidated financial statements; and (ii) but in any event within 90 calendar days after the end of its first semi-annual fiscal period, copies of its latest unaudited interim consolidated financial statements. At any time that the Guarantor’s ordinary shares are listed for trading on The Stock Exchange of Hong Kong Limited or any other securities exchange, the Guarantor will deliver to the Trustee, upon request and as soon as they are available, but in any event within 10 calendar days after they are filed with The Stock Exchange of Hong Kong Limited or any such other securities exchange on which its ordinary shares are at any time listed for trading, true and correct copies of any financial or other report in the English language filed with such exchange.”

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## Series of Notes

The Proposed Amendments will add the following language to the end of Section 3.01 of the 2007 Indenture:

“For the avoidance of any doubt, the Securities of a particular series issued under this Indenture shall, upon due execution and delivery of the Fourth Supplemental Indenture by each of the parties thereto, be deemed to be Securities of the same Series for all purposes of this Indenture (including for purposes of default and acceleration notices under Section 5.01 and 5.02 and voting under Section 9.01 and 9.02) regardless of the fact that Article 15 and the Guarantee shall apply only to the Guaranteed Securities of such Series.”

## Voting Provisions

The 2007 Indenture, in Section 9.02, provides that Nexen may, with the written consent of the Holders of a majority in aggregate principal amount of the outstanding 2007 Indenture Notes of each Series affected by such supplemental indenture, enter into an indenture or supplemental indenture for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the 2007 Indenture or of modifying in any manner the rights of the Holders of 2007 Indenture Notes of such Series under the 2007 Indenture, except that certain changes require the consent of the holder of each outstanding security affected, including, but not limited to changes affecting: the stated maturity; the rate of interest; any reduction in the percentage principal amount of the outstanding 2007 Indenture Notes of any Series; the consent of whose Holders is required for any supplemental indenture; and the obligation to pay additional amounts.

In addition, the Proposed Amendments will provide that any supplemental indenture that adds any provisions to or changes in any manner or eliminates any of the provisions of the proposed Article 15, which will contain the CNOOC Guarantee, or which modifies in any manner the rights of Holders of guaranteed 2007 Indenture Notes of any Series under the CNOOC Guarantee shall only require the written consent of the Holders of a majority in aggregate principal amount of the outstanding guaranteed 2007 Indenture Notes of each Series affected by such supplemental indenture (with the Guaranteed Securities of each Series voting as a class) and not, for the avoidance of any doubt, the consent of the Holders of non-guaranteed 2007 Indenture Notes of such Series.

## Supplemental Indentures Without Consent of Holders

Section 9.01 of the 2007 Indenture addresses situations in which a supplemental indenture can be entered into without the consent of any Holders. The Proposed Amendments will update this Section to allow, without notice to or the consent of any Holder, Nexen to cause to guarantee any or all of the 2007 Indenture Notes.

## PRC Additional Amounts

The Proposed Amendments will add a new Section 10.10 to the 2007 Indenture, which will read as follows:

“Section 10.10. PRC Additional Amounts. If at any time, the Issuer is determined to be a resident enterprise of the People’s Republic of China (the “PRC”) for PRC tax purposes (a “PRC Tax Resident Enterprise”) and, as a result, (i) the Issuer is required to withhold or deduct any amounts in respect of PRC Taxes from any payment to a Holder of the Securities, the Issuer will pay such additional amounts (“PRC Additional Amounts”) as may be necessary in order that the net amount paid to a Holder of a Security, after deduction of such withholding, will not be less than the amount which such Holder would have received in accordance with the terms of such Securities and the Indenture if no such withholding had been required, and (ii) the Issuer will indemnify and hold harmless each Holder of the Securities against any PRC Taxes which may be imposed on such Holder solely as a result of the Issuer being a PRC Tax Resident Enterprise, provided that no PRC Additional Amounts will be payable to a Holder under (i) above and no



indemnity payment will be made to a Holder under (ii) above where the Holder or beneficial owner of a Security:

(a) is a resident, domiciliary or national of, or engaged in business or maintains a permanent establishment or other physical presence in or otherwise has or has had some connection with the PRC or any political subdivision thereof other than the mere holding of Securities or the receipt of payments thereunder; or

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(b) is subject to PRC Taxes by reason of its failure to comply with, or would be entitled to exemption from, reduction in, or refund of such PRC Taxes by complying with, any certification, identification, information, documentation or other reporting requirement required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in such PRC Taxes.

Nor will any amount be paid under (i) or (ii) above to any Holder of a Security who is a fiduciary or partnership or other than the sole beneficial owner of the Security and of payments on the Security to the extent that a payment on, or gain with respect to, the Security would be required by the laws of the PRC to be included in the income of a beneficiary or settlor with respect to the fiduciary, a member of the partnership, or a beneficial owner who would not have been entitled to the payment under (i) or (ii) above had that beneficiary, settlor, member or beneficial owner been the Holder of the Securities.

At least ten (10) days prior to each date on which any payment under or with respect to the Securities is due and payable, if the Issuer will be obligated to pay PRC Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee an Officer's Certificate stating the fact that such PRC Additional Amounts will be payable and specifying the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such PRC Additional Amounts to Holders on the payment date.

Whenever there is mentioned herein in any context, the payment of principal or interest in respect of any Security, such mention shall be deemed to include the payment of PRC Additional Amounts provided for herein to the extent that, in such context, PRC Additional Amounts are, were or would be payable in respect thereof pursuant hereto."

#### Definitions

The Proposed Amendments will insert the following definitions into Section 1.01 of the 2007 Indenture:

"Fourth Supplemental Indenture" means the Fourth Supplemental Indenture to this Indenture dated as of March [ ], 2013 between Nexen, the Trustee and CNOOC Limited, a company formed under the laws of the Hong Kong Special Administrative Region of the People's Republic of China.

"Guarantee" means the Guarantee by the Guarantor as set forth in Article 15 hereof.

"Guaranteed Securities" means (1) the Securities with respect to which a valid Consent has been given (and not validly revoked) by the holder of such Securities and accepted by Nexen in the Consent Solicitation which shall have CUSIP Numbers [ ] and (2) any Securities guaranteed pursuant to Section 15.06(c) and additional Guaranteed Securities issued pursuant to Section 15.06(b).

"Guarantor" means CNOOC Limited, a company formed under the laws of the Hong Kong Special Administrative Region of the People's Republic of China, until a successor Person shall have become such pursuant to the applicable provisions of this Indenture, and thereafter "Guarantor" shall mean such successor Person.

"Non-Guaranteed Securities" shall have the meaning given to such term in section 15.06.

## CONDITIONS OF THE CONSENT SOLICITATION

Notwithstanding any other provision of the Consent Solicitation, and in addition to, and not in limitation of, our rights to extend or amend the Consent Solicitation with respect to any or all Solicited Classes of Notes, our obligation to accept, and to pay for, with respect to a Solicited Class of Notes, any Consents validly delivered and not validly revoked pursuant to the Consent Solicitation, is subject to the satisfaction of a number of conditions, all of which shall be deemed to have been satisfied unless any of the conditions or events set forth in paragraphs (a) through (g) below shall occur:

- (a) we have not obtained the Requisite Consents with respect to such Solicited Class of Notes at or prior to the applicable Expiration Time;
- (b) we have not satisfied the Cross-Consent Condition at or prior to the applicable Expiration Time;
- (c)(i) any general suspension of trading in, or limitation on prices for, securities or financial markets in the United States, Canada or Hong Kong, (ii) a material impairment in the trading market for debt securities in the United States, Canada or Hong Kong, (iii) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States, Canada or Hong Kong (whether or not mandatory), (iv) any limitation (whether or not mandatory) by any governmental authority on, or other event having a reasonable likelihood of affecting, the extension of credit by banks or other lending institutions in the United States, Canada or Hong Kong, (v) any attack on, outbreak or escalation of hostilities or acts of terrorism involving the United States or any country in which CNOOC or any of its subsidiaries or affiliates conducts business or declaration of emergency or war by the United States or any country in which CNOOC or any of its subsidiaries or affiliates conducts business that would reasonably be expected to have a materially disproportionate effect on our (or our subsidiaries') business, operations, condition or prospects relative to other companies in our industry (vi) any change in the tax laws in the United States, Canada or Hong Kong that, in our reasonable judgment, materially alters the expected benefits to us of purchasing the Notes or (vii) any significant adverse change in the securities or financial markets in the United States, Canada or Hong Kong generally or in the case of any of the foregoing existing on the date hereof, a material acceleration or worsening thereof;
- (d) the existence of an order, statute, rule, regulation, executive order, stay, decree, judgment or injunction that shall have been enacted, entered, issued, promulgated, enforced or deemed applicable by any court or governmental, regulatory or administrative agency or instrumentality that, in our reasonable judgment, would or would be reasonably likely to prohibit, prevent or materially restrict or delay consummation of the Consent Solicitation or that is reasonably likely to be materially adverse to CNOOC or its subsidiaries' business, operations, properties, condition (financial or otherwise), assets, liabilities or prospects;
- (e) any instituted or pending action or proceeding before or by any court or governmental, regulatory or administrative agency or instrumentality, or by any other person, that challenges the making of the Consent Solicitation or is reasonably likely to directly or indirectly prohibit, prevent, restrict or delay the consummation of the Consent Solicitation or otherwise adversely affects in any material manner the Consent Solicitation;
- (f) there exists, in our sole judgment, any other actual or threatened legal impediment to the Consent Solicitation or any other circumstances that would materially adversely affect the transactions contemplated by the Consent Solicitation; and
- (g) an event or events or the likely occurrence of an event or events that would or might reasonably be expected to prohibit, restrict or delay the consummation of the Consent Solicitation, or we shall have determined that anything could impair the contemplated benefits of the Consent Solicitation.

The conditions described above are solely for our benefit and may be asserted by Nexen regardless of the circumstances giving rise to any such condition, including any action or inaction by Nexen in our sole discretion, and may be waived by Nexen in whole or in part, with respect to any or all Solicited Classes of Notes, at any time and from time to time prior to the applicable Expiration Time. Our failure at any time to exercise any of our rights

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will not be deemed a waiver of any other right, and each right will be deemed an ongoing right which may be asserted at any time and from time to time.

We reserve the right to terminate, subject to applicable laws, the Consent Solicitation with respect to any or all Solicited Classes if any condition to the Consent Solicitation with respect to any or all Solicited Classes is not satisfied or otherwise in our sole discretion and to extend or amend the Consent Solicitation with respect to any or all Solicited Classes in any respect prior to the Proposed Amendments for such Solicited Class of Notes becoming effective. See “The Consent Solicitation–Expiration Time; Revocation Deadline; Extensions; Amendment; Termination.”

The Proposed Amendments relating to each Solicited Class of Notes are interdependent with the Proposed Amendments relating to each other Solicited Class of Notes, each being conditional on the others being approved by the applicable Holders; provided that we may waive such conditions in each case and proceed with the Proposed Amendments relating to any Solicited Class of Notes without proceeding with the Proposed Amendments relating to any other Solicited Class of Notes.

In order for the applicable Proposed Amendments to be approved with respect to a Solicited Class of 2007 Indenture Notes, valid Consents from Holders of not less than a majority in aggregate principal amount outstanding of such Solicited Class of 2007 Indenture Notes must have been received (and not subsequently revoked) by the applicable Expiration Time and accepted by Nexen and, in the case of the 1998 Indenture Notes, valid Consents from Holders of not less than 66 % in aggregate principal amount outstanding of 1998 Indenture Notes must have been received (and not subsequently revoked) by the applicable Expiration Time and accepted by Nexen. We refer to the consents needed for the Proposed Amendments to be approved with respect to the 1998 Indenture Notes or any Series of 2007 Indenture Notes, as applicable, as the “Requisite Consents” for such Solicited Class. For purposes of determining whether Requisite Consents have been received, any Notes owned by Nexen or its affiliates shall be excluded. As of the date hereof, Nexen believes that neither it nor any of its affiliates own any Notes.

## THE CONSENT SOLICITATION

The Proposed Amendments to each Indenture constitute a single proposal, and a consenting Holder must consent to the Proposed Amendments applicable to the relevant Indenture in their entirety and may not consent selectively with respect to certain of the applicable Proposed Amendments.

We are soliciting Consents to the Proposed Amendments as a single proposal. Accordingly, a Consent purporting to consent to only one or some of the Proposed Amendments applicable to the relevant Indenture will not be valid. We will not effect the applicable Proposed Amendments with respect to a Solicited Class of Notes if we do not receive the applicable Requisite Consents for such Solicited Class. For each Solicited Class of Notes for which we received the Requisite Consents, if the applicable Supplemental Indenture effecting the Proposed Amendments becomes operative, the Proposed Amendments will apply to each Note of such Solicited Class of Notes.

The Proposed Amendments will become effective with respect to a Solicited Class of Notes only upon (i) the Requisite Consents being obtained for such Solicited Class, (ii) the other conditions to the Consent Solicitation being satisfied or waived (including the Cross-Consent Condition), and (iii) the execution of the applicable Supplemental Indentures by Nexen, CNOOC and the applicable Trustees in accordance with the requirements of the applicable Indenture. Provided that the Requisite Consents are obtained with respect to a Solicited Class of Notes and the other conditions described under “Conditions of the Consent Solicitation” have been satisfied or waived (including the Cross-Consent Condition), at any time following the applicable Expiration Time, and in compliance with the provisions of the applicable Indenture, Nexen, CNOOC and the applicable Trustee are expected to execute the applicable Supplemental Indenture with respect to such Solicited Class of Notes. If a Supplemental Indenture with respect to a Solicited Class of Notes becomes effective, the Proposed Amendments will be binding on all holders and transferees of such Solicited Class of Notes, whether or not such holders’ Consent was solicited or such holders have consented to the applicable Proposed Amendments.

Each Supplemental Indenture will be effective immediately upon its execution and delivery; however, the applicable Proposed Amendments will not become operative until amounts payable by Nexen pursuant to the Consent Solicitation are deposited with the Information and Tabulation Agent on the Payment Date. Our obligation to provide the CNOOC guarantee and pay for Consents validly delivered and not validly revoked pursuant to the Consent Solicitation is conditioned on the satisfaction or waiver of certain conditions. See “Conditions of the Consent Solicitation.” Each Indenture, without giving effect to the applicable Proposed Amendments, will remain in effect with respect to a Solicited Class of Notes until the applicable Supplemental Indenture effecting the Proposed Amendments with respect to such Solicited Class becomes operative.

If the Proposed Amendments become effective with respect to a Series of Notes but Consents of Holders of less than 100% of the outstanding principal amount of the Notes of such Series have been validly delivered and not validly revoked, Notes of such Series in respect of which a Consent has been validly delivered and not validly revoked will trade under a new CUSIP number to reflect the CNOOC Guarantee and the Notes of such Series in respect of which a Consent has not been validly delivered or was validly revoked will continue to trade under the existing CUSIP number for such Series. The CNOOC Guarantee will only apply to the Notes of such Series under the new CUSIP and Notes of such Series as to which no Consent was given or was revoked will trade under the existing CUSIP for such Series and will not benefit from the CNOOC Guarantee. Notwithstanding the different CUSIP numbers, the Guaranteed Notes of a particular Series and the Non-Guaranteed Notes of such Series will continue to be treated as a single Series for purposes of the 1998 Indenture or the 2007 Indenture, as applicable, except as expressly contemplated by the applicable supplemental indenture. If the Proposed Amendments become effective with respect to a Series of Notes and Consents of Holders of 100% of the outstanding principal amount of the Notes of such Series have been validly delivered and not validly revoked, Notes of such Series in respect of which a Consent has been validly delivered and not validly revoked will continue to trade under the existing CUSIP.

The Consent Solicitation may be terminated with respect to any or all Solicited Classes of Notes by Nexen, in its sole discretion, at any time prior to the applicable Proposed Amendments becoming effective with respect to such Solicited Class. If a Consent Solicitation with respect to a Solicited Class of Notes is terminated, all Consents received with respect thereto shall be voided and we will not be obligated to pay any Early Consent Fee to any Holders of Notes of such Solicited Class in respect of such Consent Solicitation.

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No Early Consent Fee will be paid with respect to any Notes if: (i) the Consent Solicitation is terminated with respect to the Solicited Class of which such Notes form a part; (ii) Nexen determines not to accept the Consent with respect to such Notes; or (iii) any of the conditions described under “Conditions of the Consent Solicitation” is not satisfied (or waived) with respect to the Consent Solicitation for any reason.

No appraisal rights are available to Holders of Notes in connection with the Consent Solicitation.

#### Sources of Funds

Nexen will use available cash on hand to provide the total amount of funds required to purchase Consents sought pursuant to the Consent Solicitation and to pay all fees and expenses in connection therewith.

#### Expiration Time; Revocation Deadline; Extensions; Amendment; Termination

The Expiration Time with respect to each Solicited Class of Notes is 5:00 p.m., New York time, on March 20, 2013, unless extended or earlier terminated with respect to any Solicited Class, in which case the Expiration Time for such Solicited Class will be such date to which the Expiration Time is extended or earlier terminated.

Consents with respect to any Solicited Class of Notes may be validly revoked prior to the Revocation Deadline for such Solicited Class, which shall be 5:00 p.m., New York time, March 18, 2013, unless extended by Nexen with respect to such Solicited Class.

Notwithstanding anything to the contrary set forth in this Consent Solicitation/Prospectus Supplement, we expressly reserve the right, in our sole discretion and regardless of whether any of the conditions under “Conditions of the Consent Solicitation” have been satisfied, subject to applicable law, at any time prior to the Proposed Amendments for the applicable Solicited Class of Notes becoming effective (i) to waive any condition to the Consent Solicitation with respect to any or all Solicited Classes of Notes, (ii) to amend any of the terms of the Consent Solicitation with respect to any or all Solicited Classes of Notes, (iii) to terminate or extend the Consent Solicitation with respect to any or all Solicited Classes of Notes or (iv) to modify the form or amount of the consideration to be paid pursuant to any or all Consent Solicitation(s), in any respect, with respect to any or all Solicited Classes of Notes. We also reserve the right to waive any defects, irregularities or conditions of delivery as to particular Consents.

In order to extend the Expiration Time with respect to any Solicited Class of Notes, we will notify the Information and Tabulation Agent, and will make public disclosure by press release or other appropriate means of such extension to the extent required by law prior to 9:00 a.m., New York time, on the next business day after the previously scheduled Expiration Time, as applicable.

The rights reserved by Nexen in this section are in addition to our rights described under “Conditions of the Consent Solicitation.” During any extension of any Consent Solicitation, all validly delivered Consents will remain effective, unless validly revoked at or prior to the applicable Revocation Deadline. If the Requisite Consents for a Solicited Class of Notes are obtained and the other conditions to the Consent Solicitation are satisfied or waived, it is expected that the Proposed Amendments with respect to such Solicited Class will become effective promptly thereafter (but in no event prior to the applicable Expiration Time).

If a Consent Solicitation is amended or modified in a manner determined by Nexen to constitute a material change to the Holders, Nexen will promptly disclose such amendment or modification in a manner deemed appropriate and may, if appropriate, extend such Consent Solicitation for a period deemed by it to be adequate to permit the Holders to deliver and/or revoke their Consents.



Issuance of CNOOC Guarantee and Payment of Early Consent Fee

Upon the terms and subject to the conditions of the Consent Solicitation (including, if a Consent Solicitation is extended or amended, the terms and conditions of any such extension or amendment), CNOOC will issue the CNOOC Guarantee for all Consents validly delivered and not validly revoked and we expect to accept and pay for all Consents validly delivered and not validly revoked at or prior to the Early Consent Deadline.

CNOOC will issue the CNOOC Guarantee and Nexen will cause to be paid the relevant Consent Fee in respect of a Note as to which (i) the Requisite Consents for the Solicited Class of Notes of which such Note forms a part are

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obtained; (ii) a Consent for such Note is validly delivered and not validly revoked; (iii) the other conditions to the applicable Proposed Amendments are satisfied or waived (including the Cross-Consent Condition) and (iv) the Proposed Amendments become effective with respect to the Solicited Class of which such Note forms a part.

We will pay the Early Consent Fee with respect to Consents accepted in a Consent Solicitation by depositing such payment in cash with the Information and Tabulation Agent, which will act as agent for you for the purpose of receiving the Early Consent Fee and transmitting the Early Consent Fee to you on the Payment Date.

Consents received by the Information and Tabulation Agent will be deemed to have been accepted if, as and when, for each Solicited Class of Notes, Nexen gives written notice to the applicable Trustee of the receipt by the Information and Tabulation Agent of the applicable Requisite Consents, and Nexen, CNOOC and such Trustee execute the Supplemental Indenture with respect to such Solicited Class of Notes. If a Consent has been validly revoked by a Holder, the Consent will be deemed invalid and not accepted by the Information and Tabulation Agent.

If, for any reason, acceptance of, or payment for, validly delivered Consents pursuant to the Consent Solicitation is delayed, or we are unable to accept for purchase or to pay for validly delivered Consents pursuant to the Consent Solicitation, then the Information and Tabulation Agent may, nevertheless, on behalf of us, retain delivered Consents, without prejudice to our rights described under “The Consent Solicitation—Expiration Time; Revocation Deadline; Extensions; Amendment; Termination” and “Conditions of the Consent Solicitation” above and “The Consent Solicitation—Revocation of Consents” below.

You will not be obliged to pay brokerage commissions or fees to the Solicitation Agent, the Information and Tabulation Agent or us with respect to the Consent Solicitation.

#### Procedures for Consenting

For a Holder to validly deliver Consents pursuant to the Consent Solicitation, a properly completed and duly executed Consent Form (or facsimile thereof), together with the Notes specified therein and with any required signature guarantee, or, in the case of a book-entry transfer, an Agent's Message (as defined below) in lieu of the Consent Form, and any other required documents, if applicable, must be received by the Information and Tabulation Agent at its address set forth on the back cover of this Consent Solicitation/Prospectus Supplement prior to the Expiration Time. The term “Agent's Message” means a message, transmitted by DTC to and received by the Information and Tabulation Agent and forming a part of the book-entry confirmation, which states that DTC has received an express acknowledgment from the consenting participant, which acknowledgment states that such participant has received and agrees to be bound by the Consent Form and that Nexen may enforce such Consent Form against such participant.

Holders of Notes of a Series wishing to deliver a Consent must temporarily deposit the related Notes with the Information and Tabulation Agent in a contra-CUSIP number established by DTC until the allocation by DTC of the Early Consent Fee and a new CUSIP number with respect to such Series. Trading of deposited Notes is not permitted. All participating Holders, regardless of whether they sign a Consent Form or deliver electronic instructions to consent, should understand that the Notes as to which such Consents are delivered will be held by the Information and Tabulation Agent and transfer will be blocked until they are returned to the Holder (under a new CUSIP number, if the CNOOC Guarantee is issued with respect to such Notes) promptly after the Proposed Amendments for such Series of Notes become effective (but in no event later than 45 calendar days after the date hereof), unless such Holder revokes such Consents before the applicable Revocation Deadline or the Consent Solicitation is terminated by Nexen.

Holders may deliver Consents only (i) in aggregate principal amounts of \$2,000 and integral multiples of \$1,000 in excess thereof with respect to the 2007 Indenture Notes and (ii) in aggregate principal amounts of \$1,000 and integral multiples of \$1,000 in excess thereof with respect to the 1998 Indenture Notes.

Signatures on a Consent Form delivered to the Information and Tabulation Agent must be guaranteed by a recognized participant (a “Medallion Signature Guarantor”) in the Securities Transfer Agents Medallion Program, unless such Consent Form is delivered (a) by the Holder of such Notes and that Holder has not completed either of the boxes entitled "Special Payment/Delivery Instructions" on the Consent Form or (b) for the account of a firm that is a member of a registered national securities exchange or the Financial Industry Regulatory Authority or is a commercial bank or trust company in the United States (each, an “Eligible Institution”).

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Within two business days after the date of this Consent Solicitation/Prospectus Supplement, the Information and Tabulation Agent will establish one or more accounts with respect to the Notes at DTC for purposes of the Consent Solicitation. Any financial institution that is a participant in DTC must make book-entry delivery of Consents through DTC to transfer such Notes into the appropriate account of the Information and Tabulation Agent in accordance with DTC's procedure for such transfer. The Consent Form (or facsimile thereof), with any required signature guarantees, or (in the case of a book-entry transfer) an Agent's Message in lieu of the Consent Form, and any other required documents, together with the Notes to which such Consent relates, must be transmitted to and received by the Information and Tabulation Agent at its address set forth on the back cover of this Consent Solicitation/Prospectus Supplement prior to the Expiration Time, in order for the Holder of such Notes to be eligible to receive the CNOOC Guarantee and the Early Consent Fee. Delivery of such documents to DTC does not constitute delivery to the Information and Tabulation Agent.

Holders who are delivering Consents by book-entry transfer to the Information and Tabulation Agent's account at DTC may deliver through DTC's ATOP system by transmitting their acceptance to DTC in accordance with DTC's ATOP procedures; DTC will then verify the acceptance, execute a book-entry delivery to the Information and Tabulation Agent's account at DTC and send an Agent's Message to the Information and Tabulation Agent. Delivery of the Agent's Message by DTC will satisfy the terms of the Consent Solicitation in lieu of execution and delivery of a Consent Form by the participant identified in the Agent's Message. Accordingly, the Consent Form need not be completed by a Holder consenting through ATOP.

If the Notes are held of record in the name of a person other than the signer of the Consent Form, then the Consent Form must be accompanied by a completed irrevocable proxy authorizing the signatory to deliver Consents with respect to such Notes.

The method of delivery of the Consent Form and all other required documents is at the election and risk of the consenting Holder. If a Holder chooses to deliver by mail, the recommended method is by registered mail with return receipt requested, properly insured. In all cases, sufficient time should be allowed to ensure timely delivery.

Please note that if Notes are held by a custodian, the custodian may have an earlier deadline for delivery of the Consents pursuant to the Consent Solicitation than the Expiration Time. The Holder, by delivering Consents with respect to its Notes, represents and warrants that the Holder has full power and authority to deliver the related Consents in respect of the Notes. All authority conferred or agreed to be conferred by delivering Consents with respect to, the Notes through book-entry transfer shall survive the death or incapacity of the consenting Holder, and every obligation of such Holder incurred in connection with its delivery of Consents shall be binding upon such Holder's heirs, personal representatives, executors, administrators, successors, assigns, trustees in bankruptcy and other legal representatives.

**HOLDERS ARE NOT REQUIRED TO AND SHOULD NOT TENDER OR DELIVER NOTES TO NEXEN, THE**