

THEO BERGERS

as a project manager helped to build a radio control system for gas production platforms.

* through radio control and monitoring of North Sea platforms



VALUE FOR BASF

Economic production of natural gas



In one of the most modern control centers in the world, the BASF subsidiary Wintershall operates gas production platforms in the Dutch North Sea.

Natural gas production by satellite

The Center for Remote Controlled Operations (RCO) in Den Helder, the Netherlands, contributes to the economic use of small and medium-sized deposits. The remote controlled operations result in savings of €2.6 million annually, among other things, in helicopter logistics. In this way, the RCO team contributes to the economically effective development of offshore reserves, while at the same time significantly improving BASF's competitiveness as a natural gas operator. The project won BASF's Innovation Award 2008.

VALUE FOR SOCIETY

Conserving resources



The F16 is one of 18 offshore platforms that Wintershall monitors by radio.

Safeguarding supplies through RCO

The radio monitoring system RCO supports our Gas for Europe strategy, with which we are helping to meet Europe's increasing natural gas needs. Our strategy makes a contribution to ensuring energy supplies for the future. Natural gas is the fossil fuel with the least amount of specific CO₂ emissions.

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SUPPLEMENTARY INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES

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SUPPLEMENTARY INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES

(unaudited)

The following tables provide supplemental information on the exploration and production business sector of the Oil & Gas segment. In the absence of detailed disclosure rules in this area under IFRS, the Group has elected to voluntarily disclose the data that would have been required under SFAS No. 69 (Disclosure of Oil and Gas Producing Activities). In order to present an economically meaningful reporting of the cooperation with Gazprom in the Yuzhno Russkoye project, several modifications have been made to SFAS 69. BASF has an interest of 35% in the economic rewards of this field through Severneftegazprom (SNG), the company which holds the production license. SNG is accounted for using the equity method. A consolidated project company was established for these operations.

In the following, the stake in the Yuzhno Russkoye project is reported under Russia/Caspian Sea region. In addition, the values for SNG, which is accounted for using the equity method, are presented separately.

All consolidated subsidiaries are included with 100%. To the extent that other investors have a stake in these companies, their share is presented separately. This relates to a stake in a German Wintershall subsidiary which was part of the asset swap with Gazprom. This company holds the production and exploration rights to the Libyan onshore concession 96 and 97. Due to contractual rules, the following does not include any volumes or values from the Achimgaz project.

The regions include the following countries with operational activities:

- **Russia/Caspian Sea region:**
Russia, Turkmenistan
- **Rest of Europe:**
Denmark, the United Kingdom, the Netherlands, Norway, Romania
- **North Africa/Middle East:**
Dubai (until 2007), Qatar, Libya, Mauritania, Oman (since 2008)
- **South America:**
Argentina, Chile (since 2008)

Statistical information on the concession areas or the number of wells is not given due to its limited economic value.

Oil and gas reserves

Proved oil and gas reserves are the estimated volumes of crude oil, natural gas and natural gas liquids that are shown by geological and engineering data with reasonable certainty to be recoverable in future years from known reserves under existing economic and operating conditions. Accordingly, reserve estimates could be materially different from the quantities of oil and natural gas that are ultimately recovered. To reduce uncertainties, Wintershall has used independent, internationally recognized reserve auditors for some years to perform reserves audits of its major oil and gas fields.

The tables below show the estimated net quantities as of December 31, 2008 and 2007, of the Company's proved oil and gas reserves and proved developed oil and gas reserves as well as changes in estimated proved reserves as a result of production and other factors.

2008

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved developed and undeveloped oil reserves as of January 1, millions of barrels (MMbbl)	63	1	11	270	45	390
Revisions und other changes	-	-	2	60	(1)	61
Extensions and discoveries	-	-	-	-	-	-
Purchase/ sale of reserves	-	12	-	-	-	12
Production	8	1	1	44	5	59
Proved reserves as of December 31	55	12	12	286	39	404
Minority interests	-	-	-	133	-	133
Proved reserves after minority interests	55	12	12	153	39	271
Thereof at equity companies	-	-	12	-	-	12
Proved reserves after minority interests and at equity companies	55	12	-	153	39	259
<i>Minority interests in production</i>	-	-	-	21	-	21
<i>Proved developed reserves as of December 31</i>	<i>40</i>	<i>7</i>	<i>12</i>	<i>282</i>	<i>32</i>	<i>373</i>

2008

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved developed and undeveloped gas reserves as of January 1, Billion Standard Cubic Feet (BSCF) ¹	365	170	3,239	194	1,337	5,305
Revisions und other changes	(11)	16	375	25	63	468
Extensions and discoveries	-	24	-	-	-	24
Purchase/ sale of reserves	-	(4)	-	-	-	(4)
Production	41	62	182	27	119	431
Proved reserves as of December 31	313	144	3,432	192	1,281	5,362
Minority interests	-	-	-	94	-	94
Proved reserves after minority interests	313	144	3,432	98	1,281	5,268
Thereof at equity companies	-	-	3,432	-	-	3,432
Proved reserves after minority interests and at equity companies	313	144	-	98	1,281	1,836
<i>Minority interests in production</i>	-	-	-	13	-	13
<i>Proved developed reserves as of December 31</i>	<i>308</i>	<i>126</i>	<i>2,512</i>	<i>190</i>	<i>1,007</i>	<i>4,143</i>

¹ The natural gas volumes can be converted with the factor 6 BSCF per MMBOE (Million Barrel Oil Equivalent).

2007

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved developed and undeveloped oil reserves as of January 1, millions of barrels (MMbbl)	68	2	12	306	54	442
Revisions und other changes	4	–	1	8	(4)	9
Extensions and discoveries	–	–	–	3	–	3
Purchase/ sale of reserves	–	–	–	–	–	–
Production	9	1	2	47	5	64
Proved reserves as of December 31	63	1	11	270	45	390
Minority interests	–	–	–	126	–	126
Proved reserves after minority interests	63	1	11	144	45	264
Thereof at equity companies	–	–	11	–	–	11
Proved reserves after minority interests and at equity companies	63	1	–	144	45	253
<i>Minority interests in production</i>	–	–	–	2	–	2
<i>Proved developed reserves as of December 31</i>	<i>44</i>	<i>1</i>	<i>11</i>	<i>265</i>	<i>37</i>	<i>358</i>

2007

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved developed and undeveloped gas reserves as of January 1, Billion Standard Cubic Feet (BSCF) ¹	376	214	–	232	1,408	2,230
Revisions und other changes	34	32	–	(14)	55	107
Extensions and discoveries	–	2	–	4	–	6
Purchase/ sale of reserves	–	(1)	3,254	–	–	3,253
Production	45	77	15	28	126	291
Proved reserves as of December 31	365	170	3,239	194	1,337	5,305
Minority interests	–	–	–	95	–	95
Proved reserves after minority interests	365	170	3,239	99	1,337	5,210
Thereof at equity companies	–	–	3,239	–	–	3,239
Proved reserves after minority interests and at equity companies	365	170	–	99	1,337	1,971
<i>Minority interests in production</i>	–	–	–	1	–	1
<i>Proved developed reserves as of December 31</i>	<i>332</i>	<i>170</i>	<i>1,275</i>	<i>190</i>	<i>956</i>	<i>2,923</i>

¹ The natural gas volumes can be converted with the factor 6 BSCF per MMBOE (Million Barrel Oil Equivalent).

Operating results of operations from oil and gas producing activities

This represents only those revenues and expenses directly associated with Wintershall's oil and gas production. These amounts do not include financing costs (such as interest expenses) or corporate overheads and do not correspond

to the contributions to the Oil & Gas segment. The differences in sales compared to the segment reporting results from sales for merchandise and services. Estimated income taxes were computed by applying the statutory income tax rates to the pretax income from producing activities.

2008 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Sales crude oil (incl. condensate and LPG)	460	39	62	2,753	145	3,459
Sales natural gas	300	452	456	8	147	1,363
Local duties (royalties, export etc.)	129	5	53	136	80	403
Total sales (net of duties)	631	486	465	2,625	212	4,419
Production costs	97	82	25	158	63	425
Exploration expenses	12	134	27	44	12	229
Depreciation, amortization and impairment	59	111	55	57	37	319
Other	(4)	9	20	19	4	48
Operating income before taxes	467	150	338	2,347	96	3,398
Income taxes	136	51	92	2,203	23	2,505
Operating income after taxes	331	99	246	144	73	893
Minority interests	-	-	-	87	-	87
Operating income after taxes and minority interests	331	99	246	57	73	806
Thereof at equity companies	-	-	78	-	-	78
Operating income after taxes, minority interests and at equity companies	331	99	168	57	73	728

2007 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Sales crude oil (incl. condensate and LPG)	400	28	60	2,365	142	2,995
Sales natural gas	265	419	26	9	128	847
Local duties (royalties, export etc.)	102	6	27	152	54	341
Total sales (net of duties)	563	441	59	2,222	216	3,501
Production costs	94	88	15	171	65	433
Exploration expenses	13	150	42	62	9	276
Depreciation, amortization and impairment	67	126	5	56	39	293
Other	23	(1)	2	(6)	(33)	(15)
Operating income before taxes	366	78	(5)	1,939	136	2,514
Income taxes	131	15	(3)	1,759	31	1,933
Operating income after taxes	235	63	(2)	180	105	581
Minority interests	-	-	-	6	-	6
Operating income after taxes and minority interests	235	63	(2)	174	105	575
Thereof at equity companies	-	-	12	-	-	12
Operating income after taxes, minority interests and at equity companies	235	63	(14)	174	105	563

Costs incurred in oil and gas property acquisition, exploration and development activities

Costs incurred represent amounts capitalized or charged against income as incurred in connection with oil and gas property acquisition, exploration and development activities.

2008 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Acquisitions	–	559	–	–	–	559
Exploration	15	113	24	75	12	239
Development	75	33	50	89	40	287
Total net costs	90	705	74	164	52	1,085

2007 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Acquisitions	–	–	1,448	–	–	1,448
Exploration	17	115	22	70	6	230
Development	57	57	532 ¹	73	41	760
Total net costs	74	172	2,002	143	47	2,438

¹ Includes BASF shares in the financing of the investments made by SNG

Capitalized costs relating to oil and gas producing activities

Capitalized costs represent total expenditures on proved and unproved oil and gas properties with related accumulated depreciation, depletion and amortization.

2008 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved properties	575	689	2,082	1,247	891	5,484
Unproved properties	19	748	7	5	–	779
Other equipment	602	559	4	39	–	1,204
Total gross costs	1,196	1,996	2,093	1,291	891	7,467
Accumulated depreciation	865	1,087	64	795	573	3,384
Total net costs	331	909	2,029	496	318	4,083

2007 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Proved properties	534	430	1,993	1,120	849	4,926
Unproved properties	10	288	5	3	–	306
Other equipment	582	547	11	49	–	1,189
Total gross costs	1,126	1,265	2,009	1,172	849	6,421
Accumulated depreciation	817	928	74	744	534	3,097
Total net costs	309	337	1,935	428	315	3,324

Capitalized exploration well-drilling costs: suspended well costs

Exploratory drilling costs are capitalized until the drilling of the well is complete. If hydrocarbons are found, and, subject to further appraisal activity which may include the drilling of further wells, are likely to be capable of commercial development, the costs continue to be carried as an asset. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off. When proved reserves of oil or natural gas are determined and development is sanctioned, the relevant expenditure is transferred to property, plant and equipment. Unsuccessful exploration wells are impaired in exploration expenses.

The following table indicates the changes to the company's capitalized exploration well-drilling costs.

Capitalized exploration well-drilling costs (million €) ¹

	2008	2007
At January 1	75.3	86.3
Additions pending determination of proved reserves	118.4	71.6
Capitalized exploratory well costs charged to expense	(60.1)	(51.0)
Reclassifications to wells, facilities and equipment	(42.5)	(31.6)
Ending balance at December 31	91.1	75.3

¹ Only consolidated companies

The following table provides an aging of capitalized well costs (million €) and, on the last line, the number of suspend exploration wells.

Capitalized exploration well-drilling costs (million €) ¹

	2008	2007
Wells for which drilling is not complete	25.8	13.8
Wells capitalized less than one year	30.6	36.8
Wells capitalized more than one year	34.7	24.8
Total	91.1	75.3
Number of wells	13	15

¹ Only consolidated companies

Standardized measure of discounted future net cash flows relating to proved oil and gas reserves (SMOG)

The following information has been prepared in accordance with SFAS No. 69, which requires the standardized measure of discounted future net cash flows to be based on year-end sales prices, costs and statutory income tax rates and a 10% annual discount rate. Because prices used in the calculation are as of December 31, the standardized measure could vary significantly from year to year depending on market conditions at that specific date.

The projection should not be viewed as realistic estimates of future cash flows nor should the "standardized measure" be interpreted as representing current value to the company.

Material revisions of estimates of proved reserves may occur in the future, development and production of the reserves may not occur in the period assumed, actual prices realized are expected to vary significantly from those used and actual costs may also vary.

The company's investment and operating decisions are not based on the information presented below, but on a wide range of reserves, and on different price and cost assumptions from those reflected in this information.

Beyond the above considerations, the "standardized measure" is also not directly comparable with asset balances appearing elsewhere in the Consolidated Financial Statements because any such comparison would require a reconciling adjustment.

2008 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Future revenues	2,919	1,480	8,594	6,394	2,539	21,926
Future production/development costs	1,649	762	862	2,441	1,254	6,968
Future income taxes	273	379	1,489	3,161	166	5,468
Future net cash flows	997	339	6,243	792	1,119	9,490
Discounted to present value at a 10 % annual rate	371	22	2,449	290	505	3,637
Standardized measures of discounted future cash flows	626	317	3,794	502	614	5,853
Minority interests	–	–	–	193	–	193
Standardized measures of discounted future cash flows after minority interests	626	317	3,794	309	614	5,660
Thereof at equity companies	–	–	652	–	–	652
Standardized measures of discounted future cash flows after minority interests and at equity companies	626	317	3,142	309	614	5,008

2007 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Future revenues	4,776	1,062	8,120	16,547	2,629	33,134
Future production/development costs	1,577	496	913	2,204	936	6,126
Future income taxes	850	263	1,644	12,445	222	15,424
Future net cash flows	2,349	303	5,563	1,898	1,471	11,584
Discounted to present value at a 10 % annual rate	960	8	2,248	663	655	4,534
Standardized measures of discounted future cash flows	1,389	295	3,315	1,235	816	7,050
Minority interests	–	–	–	410	–	410
Standardized measures of discounted future cash flows after minority interests	1,389	295	3,315	825	816	6,640
Thereof at equity companies	–	–	531	–	–	531
Standardized measures of discounted future cash flows after minority interests and at equity companies	1,389	295	2,784	825	816	6,109

Summary of changes in standardized measure of discounted future net cash flows 2008 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Balance as of January 1	1,389	295	3,315	1,235	816	7,050
Sales and transfers of oil and gas produced, net of production costs	(534)	(404)	(440)	(2,467)	(149)	(3,994)
Net changes in price and in development and production costs	(746)	268	162	(5,669)	(306)	(6,291)
Extension, discoveries and improved recovery, less related costs	–	105	–	–	–	105
Revisions of previous quantity estimates	50	91	98	625	131	995
Development costs incurred during the period	75	23	170	80	32	380
Changes in estimated future development costs	(96)	(7)	(3)	(254)	(63)	(423)
Purchase/sale reserves	–	6	–	–	–	6
Net change in income taxes	320	(86)	76	6,118	64	6,492
Accretion of discounts	170	26	416	832	91	1,535
Other	(2)	–	–	2	(2)	(2)
Balance as of December 31	626	317	3,794	502	614	5,853
Minority interests	–	–	–	193	–	193
Standardized measures of discounted future cash flows (SMOG) after minority interests	626	317	3,794	309	614	5,660
Thereof at equity companies	–	–	652	–	–	652
Standardized measure of discounted future cash flows after minority interests and at equity companies	626	317	3,142	309	614	5,008

Summary of changes in standardized measure of discounted future net cash flows 2007 (million €)

	Germany	Rest of Europe	Russia, Caspian Sea region	North Africa, Middle East	South America	Total
Balance as of January 1	1,011	400	59	866	697	3,033
Sales and transfers of oil and gas produced, net of production costs	(470)	(354)	(44)	(2,050)	(151)	(3,069)
Net changes in price and in development and production costs	547	(39)	95	3,890	122	4,615
Extension, discoveries and improved recovery, less related costs	–	10	–	94	–	104
Revisions of previous quantity estimates	113	145	18	172	(3)	445
Development costs incurred during the period	47	21	–	68	40	176
Changes in estimated future development costs	(21)	(3)	(2)	(39)	22	(43)
Purchase/sale reserves	–	–	3,196	–	–	3,196
Net change in income taxes	27	54	(20)	(2,375)	7	(2,307)
Accretion of discounts	136	79	8	591	80	894
Other	(1)	(18)	5	18	2	6
Balance as of December 31	1,389	295	3,315	1,235	816	7,050
Minority interests	–	–	–	410	–	410
Standardized measures of discounted future cash flows (SMOG) after minority interests	1,389	295	3,315	825	816	6,640
Thereof at equity companies	–	–	531	–	–	531
Standardized measure of discounted future cash flows after minority interests and at equity companies	1,389	295	2,784	825	816	6,109