

NEWFIELD



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The Woodford Shale

Presenter Name: Sam Langford

Woodford Agenda

- **Background & History**
- **Development Plan Summary**
- **Pilots Results**
 - *Reserves*
 - *CAPEX*
 - *Type Well Economics*
- **NAV Model Results**
- **Looking Forward**

Background & History

Key Points

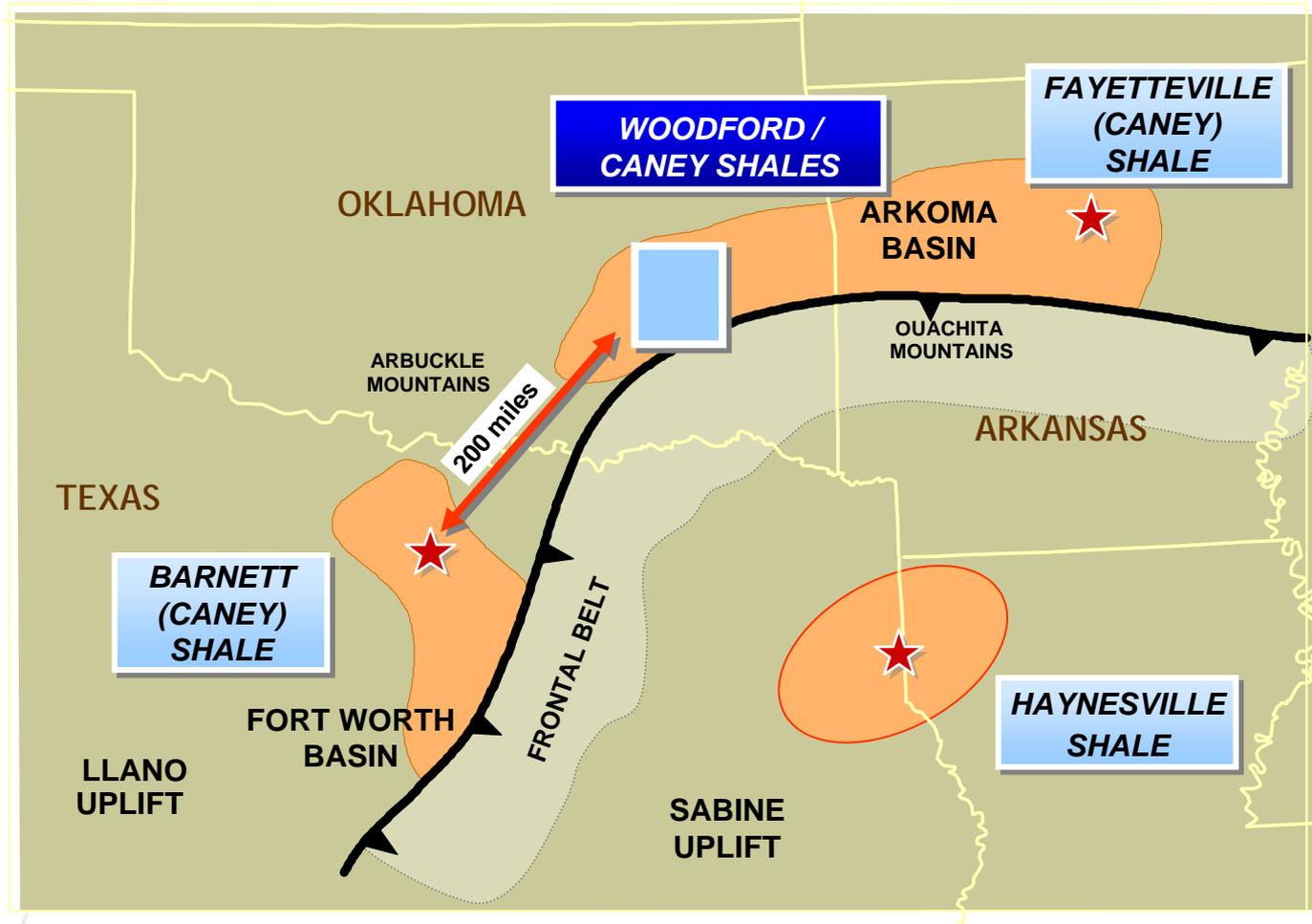
- **Statistically Predictable – Low Uncertainty of Outcomes**
 - *1 horizontal well/every 2 square miles (excluding 100+ verticals)*
 - ◆ >650 horizontal wells to date
 - ◆ Wells drilled from N to S and shallowest to deepest

- **Industry Activity – Increasing not Decreasing**
 - *Drilling & Production rapidly increasing*

- **Benchmark Transaction – BP/CHK**
 - *Purchase Price >\$20,000/acre or \$35,000/flowing Mcfe/d*
 - *NFX acreage ~ \$1,000 total sunk cost*
 - ◆ ~\$800/acre land cost
 - ◆ ~\$200/acre for seismic + G&G/Frac Mapping/testing

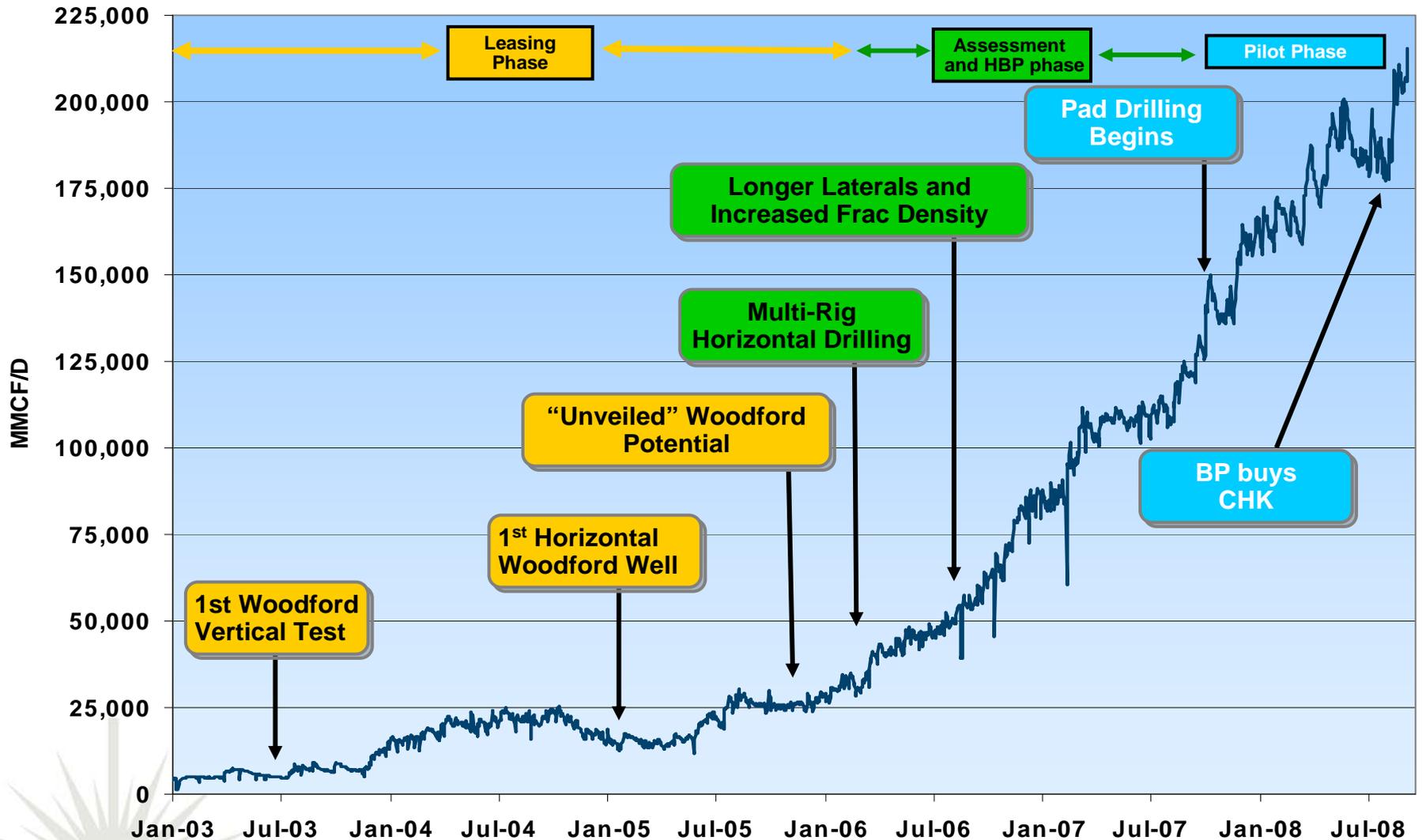
- **“Pilot” phase ending – Development phase Underway**
 - *Resource play efficiencies evident*

Woodford Shale Play Location



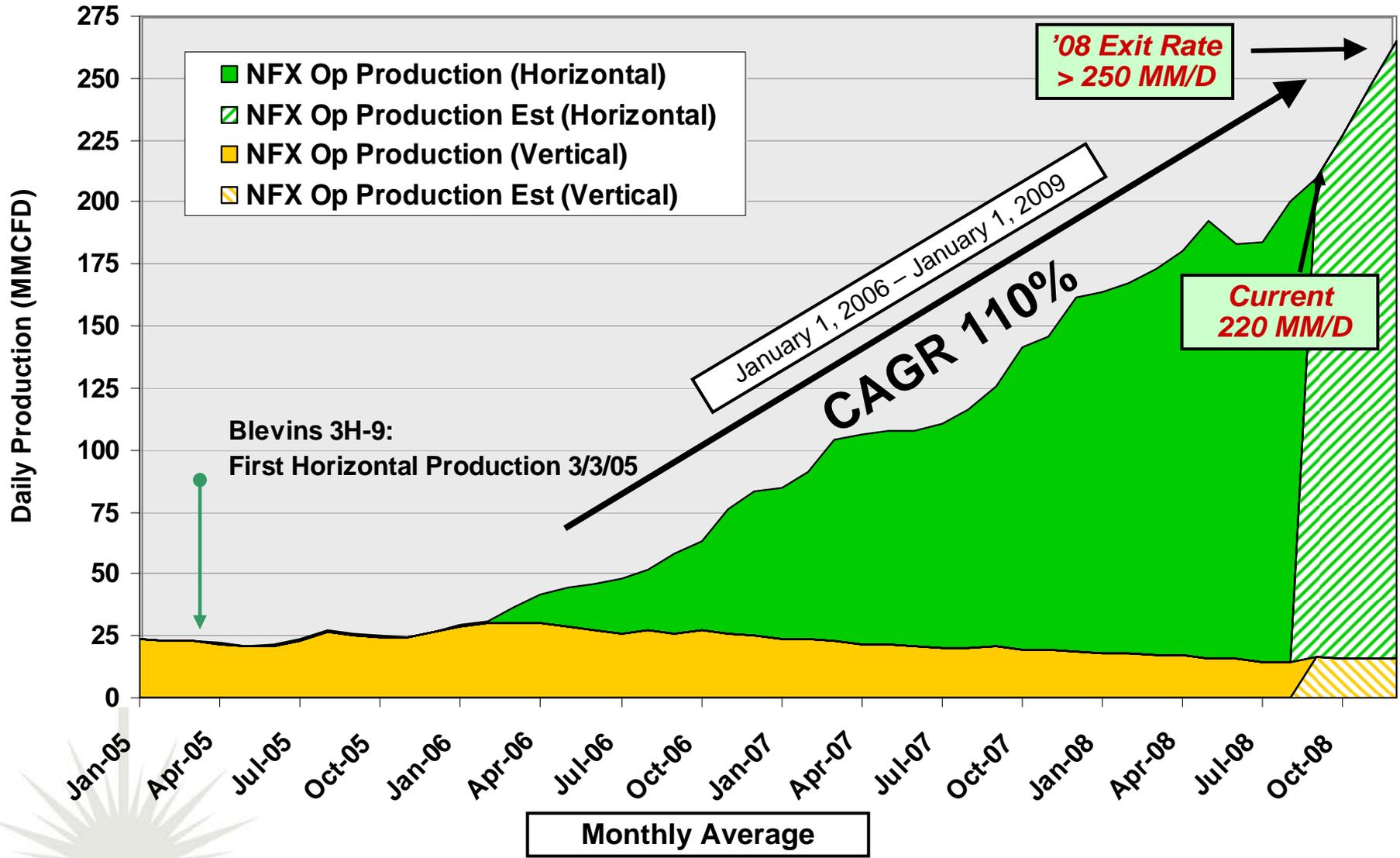
Woodford Shale History

Milestones



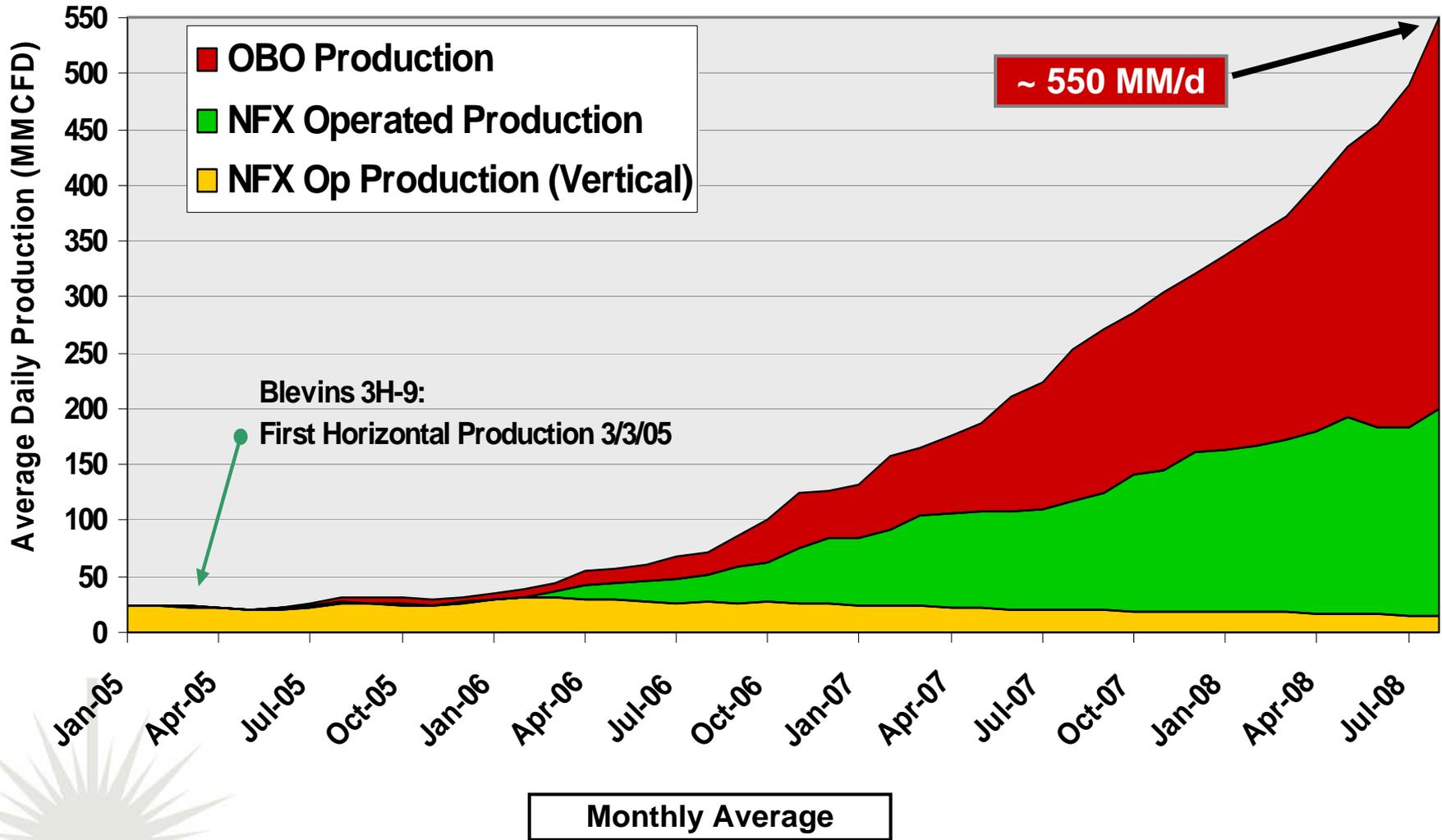
Woodford – NFX Gross Op Production

Projection through YE 2008



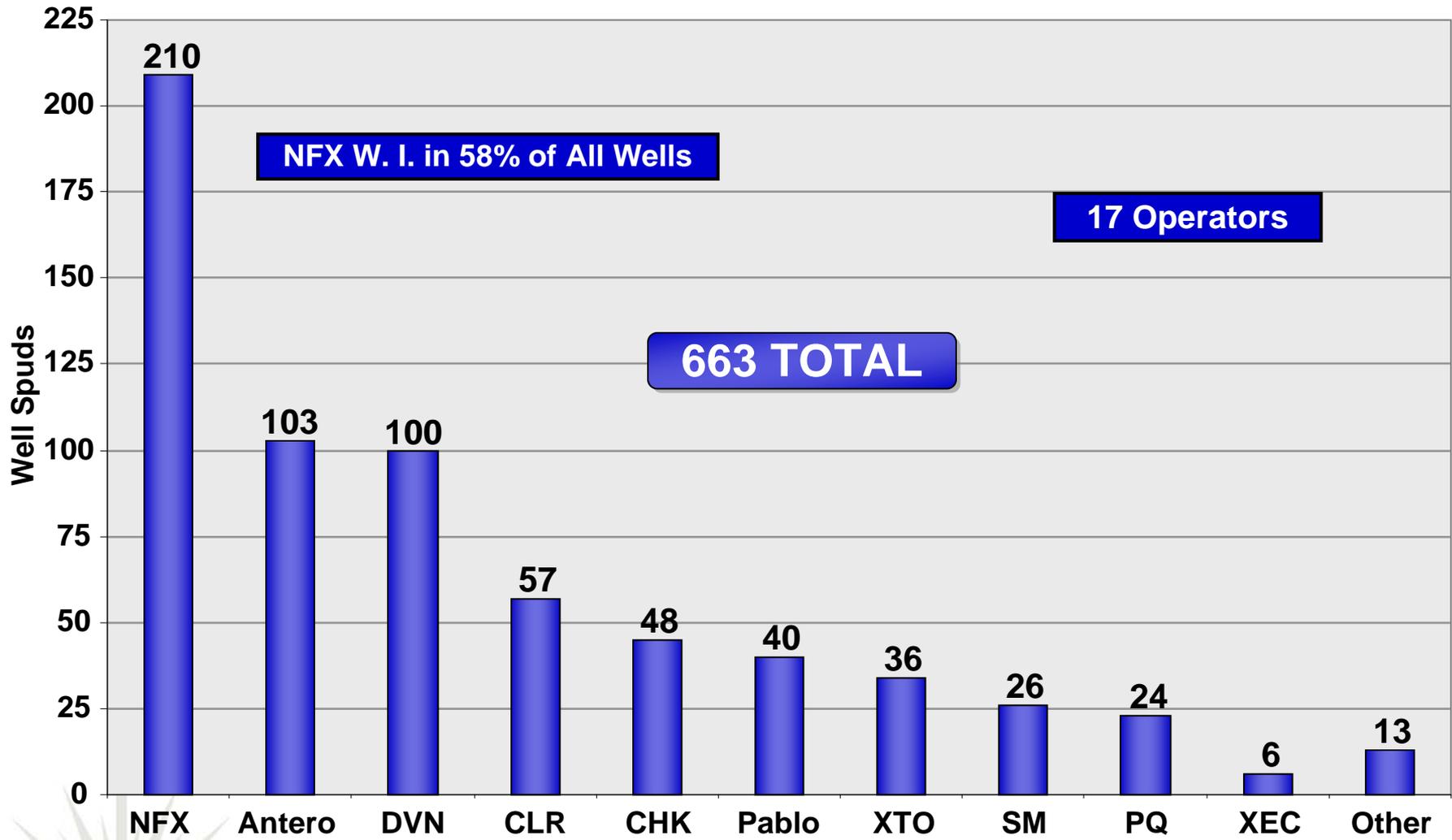
Woodford History – Industry Production

August Estimate



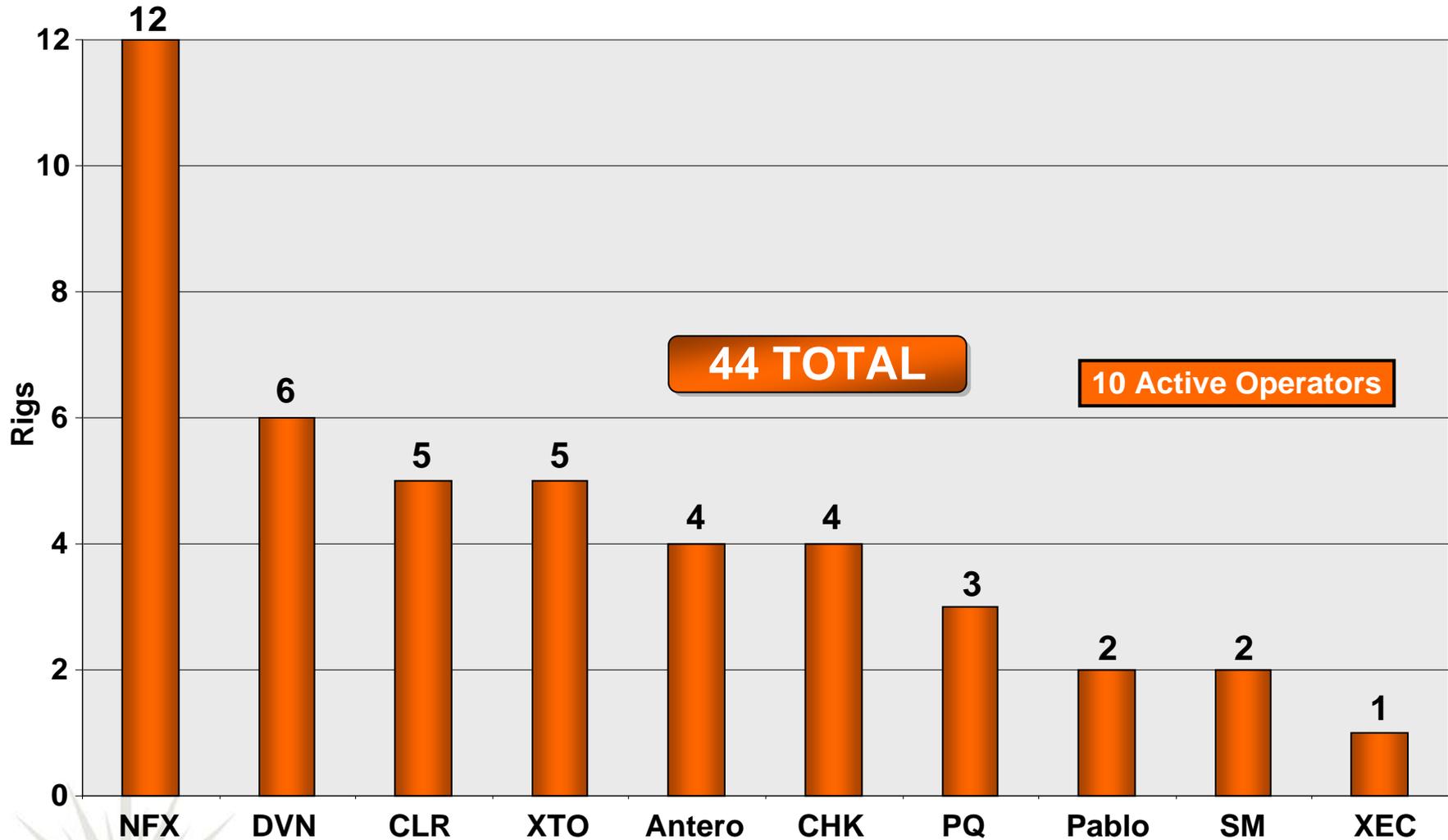
Industry Horizontal Well Spuds

August 2008

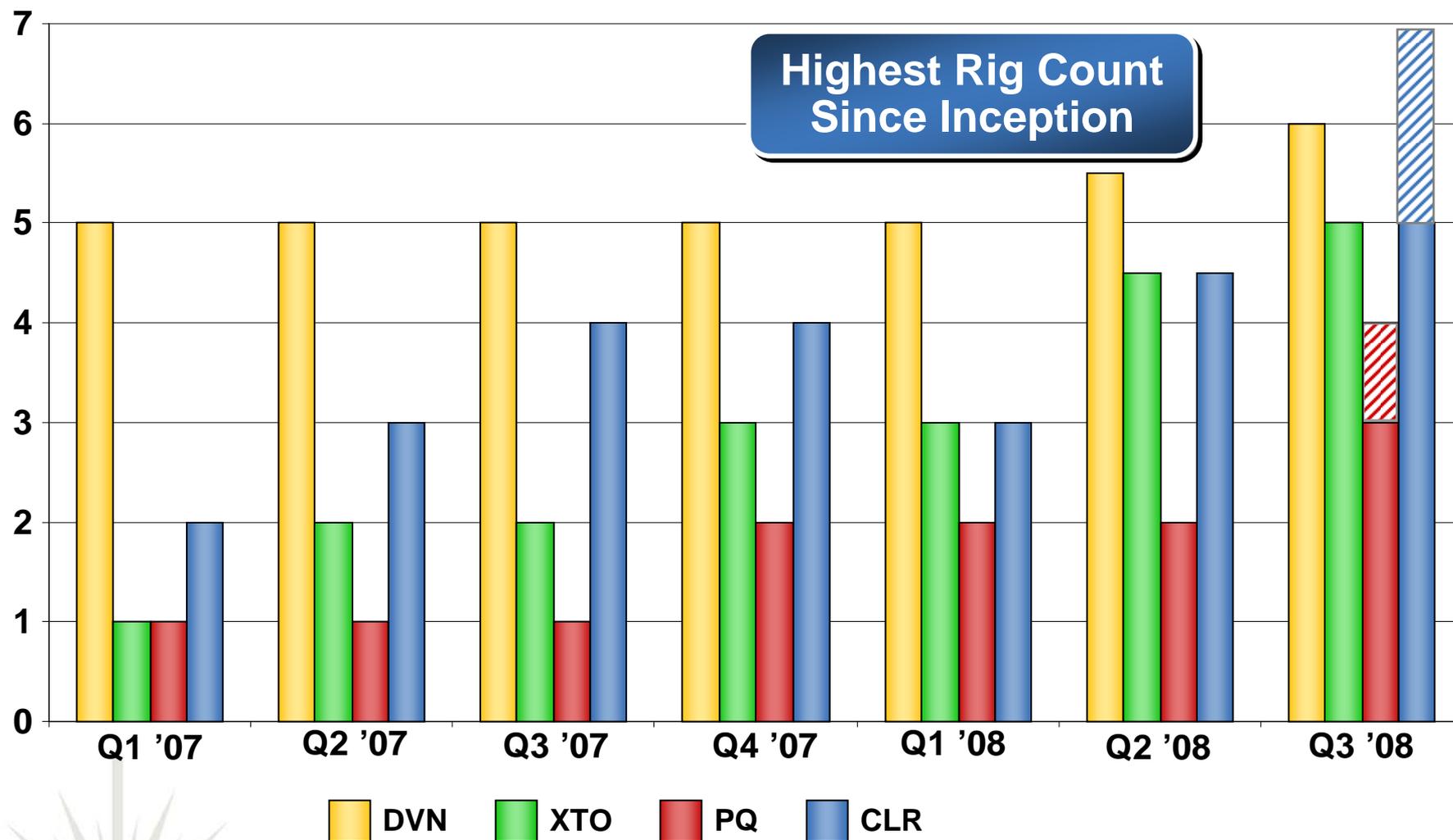


Industry Horizontal Rigs Operating

August 2008

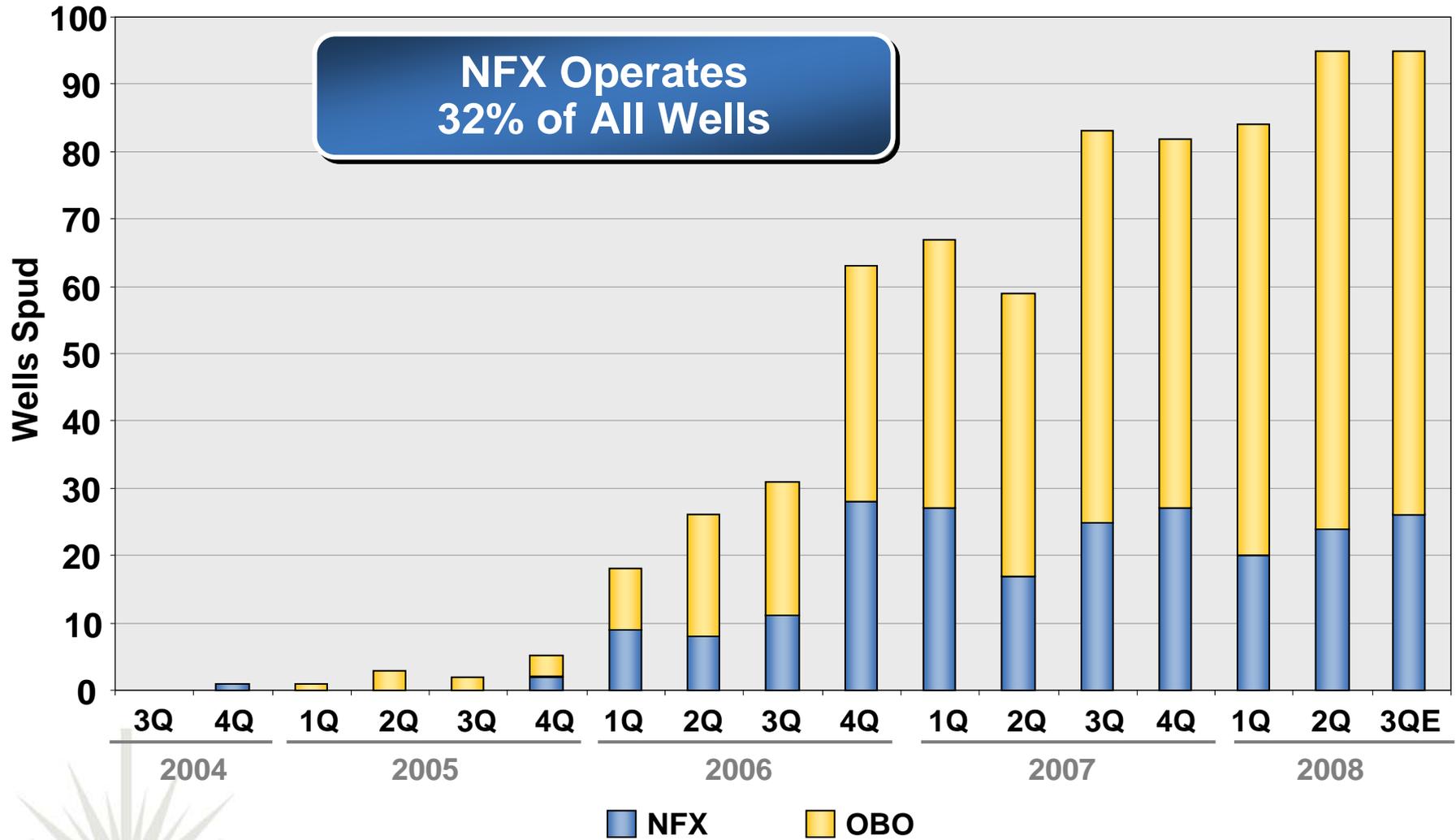


Rig Count By Operator



Woodford Horizontal Spuds by Quarter

August 2008



NFX Development Plan

Summary

- **40-acre spacing**
 - *Wells approx. 660' apart*
- **8 wells per section**
 - *Avg. Lateral Length >4100'*
- **~ 4.0 Bcf per well (average)**
- **\$5.6 - \$6.0MM per well (average)**
- **F&D Metric \$1.75 - \$2.00/mcf**
- **NFX Net Estimated Reserves:**
 - *Booked PDP at YE '07* – *300 Bcf (excl. 300 Bcf PUD)*
 - *Estimated Future Reserves* – *5.6 - 6.2 Tcf*
- **Total NFX Net Reserves 5.9 – 6.5 Tcf**
- **NFX Net Future CAPEX \$9.6 - \$10.3B**

Pilot Results

Key Points

■ Spacing

- *Downspacing*
- *Recovery Efficiency*

*EUR Reduction Similar to Barnett
Approx. 50% R.E. on 40 acre spacing*

■ Costs

- *Pad Drilling*

Significant Cost Reductions

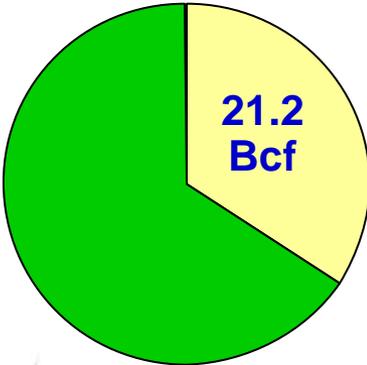
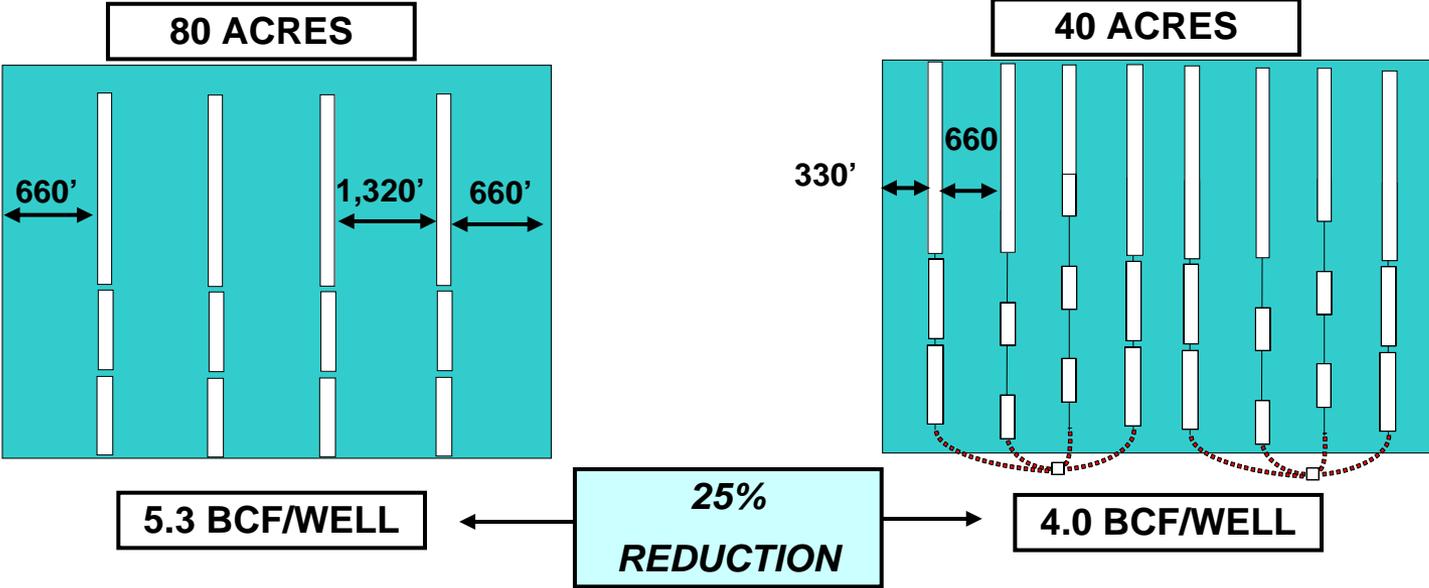
■ Optimal Development

- *40 acre*

Optimizes Reserves, NPV & Metrics

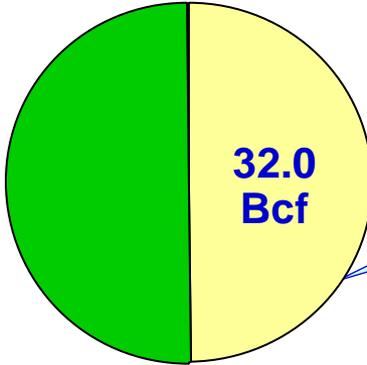
Effect of Downspacing

80 to 40 acre



4 WELLS
5.3 BCF/WELL
~35% R.E.

60+ BCF OGIP



8 WELLS
4.0 BCF/WELL
~50% R.E.

60+ BCF OGIP

Shale Characteristics – Comparison

Silica = Brittleness

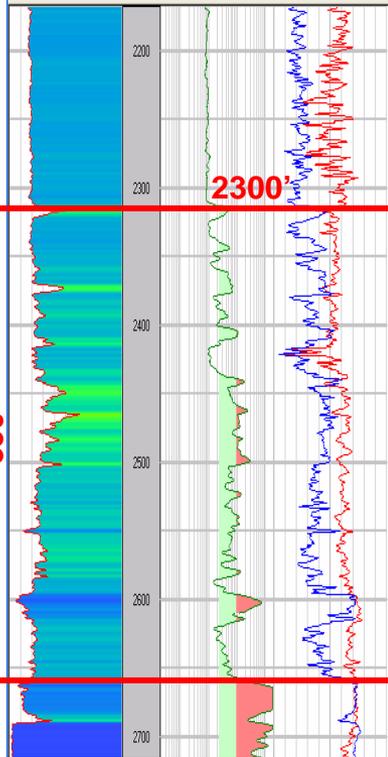
PARAMETER	TARGET RANGE	Western Arkoma WOODFORD	Fort Worth CANEY/ BARNETT	Eastern Arkoma CANEY/ FAYETTEVILLE	North Louisiana HAYNESVILLE/ BOSSIER
Total Organic Carbon	2 – 10%	3 – 10%	3 – 8%	3 – 8%	3 – 5%
Thermal Maturity Vitrinite % Ro	1.1 – 3.0%	1.1 – 3.0%	1.2 – 2.0%	1.2 – 4.0%	?
Mineralogy/ Silica Content	30 – 80%	60 – 80%	40 – 60%	40 – 60%	<40%?
Gas Filled Porosity	2 – 8%	3 – 6.5%	3 – 5.5%	3 – 5.5%	6–10%
Depth (feet)	NA	6,000 – 14,000	6,000 – 9,000	1,500 – 6,500	10,500 – 13,500
Thickness (feet)	NA	100 – 220	300 – 500	50 – 325	200– 240

LOG COMPARISONS

- COMPACT (Hi Net/Gross) INTERVAL
- HIGH SILICA / LOW CLAY
- NATURAL FRAC BOUNDARIES

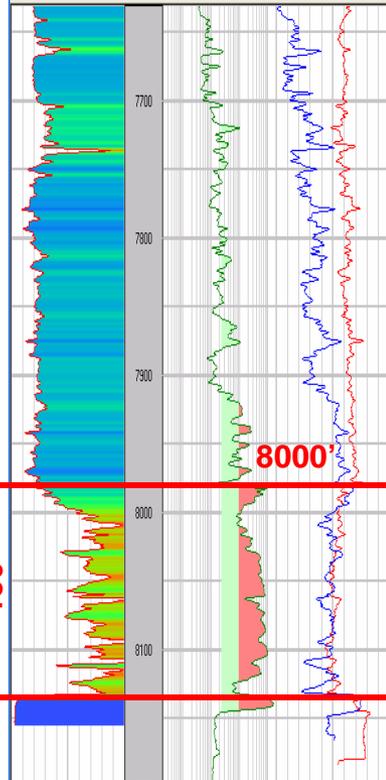
FAYETTEVILLE

Correlation	Depth	Resistivity	Porosity
GR	MD	AFRO	NPOR
0.000	GAPI 600	0.2 CHMM 2000	0.45 DEC -0.15
			DPHZ
			0.45 DEC -0.15



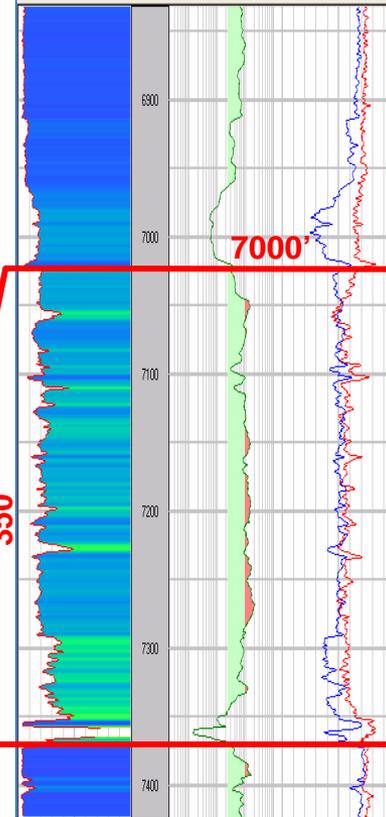
WOODFORD

Correlation	Depth	Resistivity	Porosity
GR	MD	MCR9	CNC
0.000	GAPI 600	0.2 CHMM 2000	0.45 VV -0.15
			PORZ
			0.45 VV -0.15



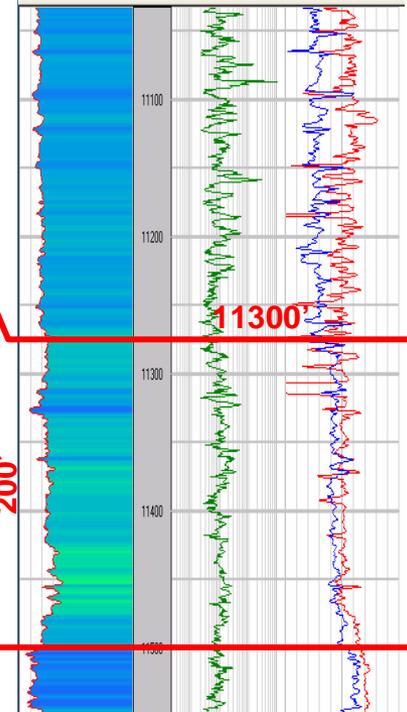
BARNETT

Correlation	Depth	Resistivity	Porosity
GR	MD	ILD	NPH
0.000	GAPI 600	0.2 CHMM 2000	0.45 DEC -0.15
			DPH
			0.45 DEC -0.15



HAYNESVILLE

Correlation	Depth	Resistivity	Porosity
GR	MD	AQ90	NPH
0.000	GAPI 600	0.2 CHMM 2000	0.45 DEC -0.15
			DPHZ
			0.45 DEC -0.15



350'

150'

350'

200'

2300'

8000'

7000'

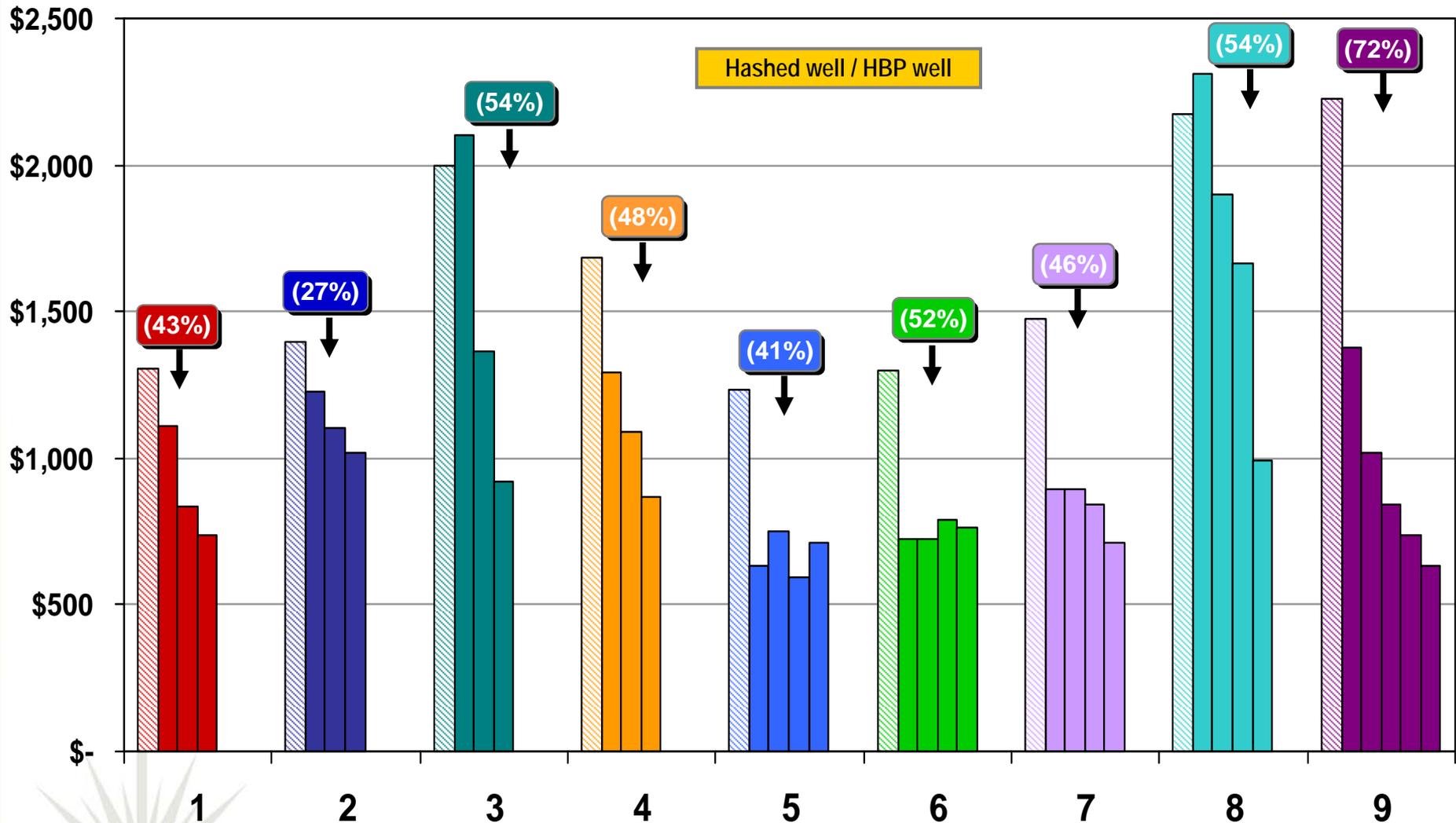
11300'

Cattle Pilot Frac Mapping

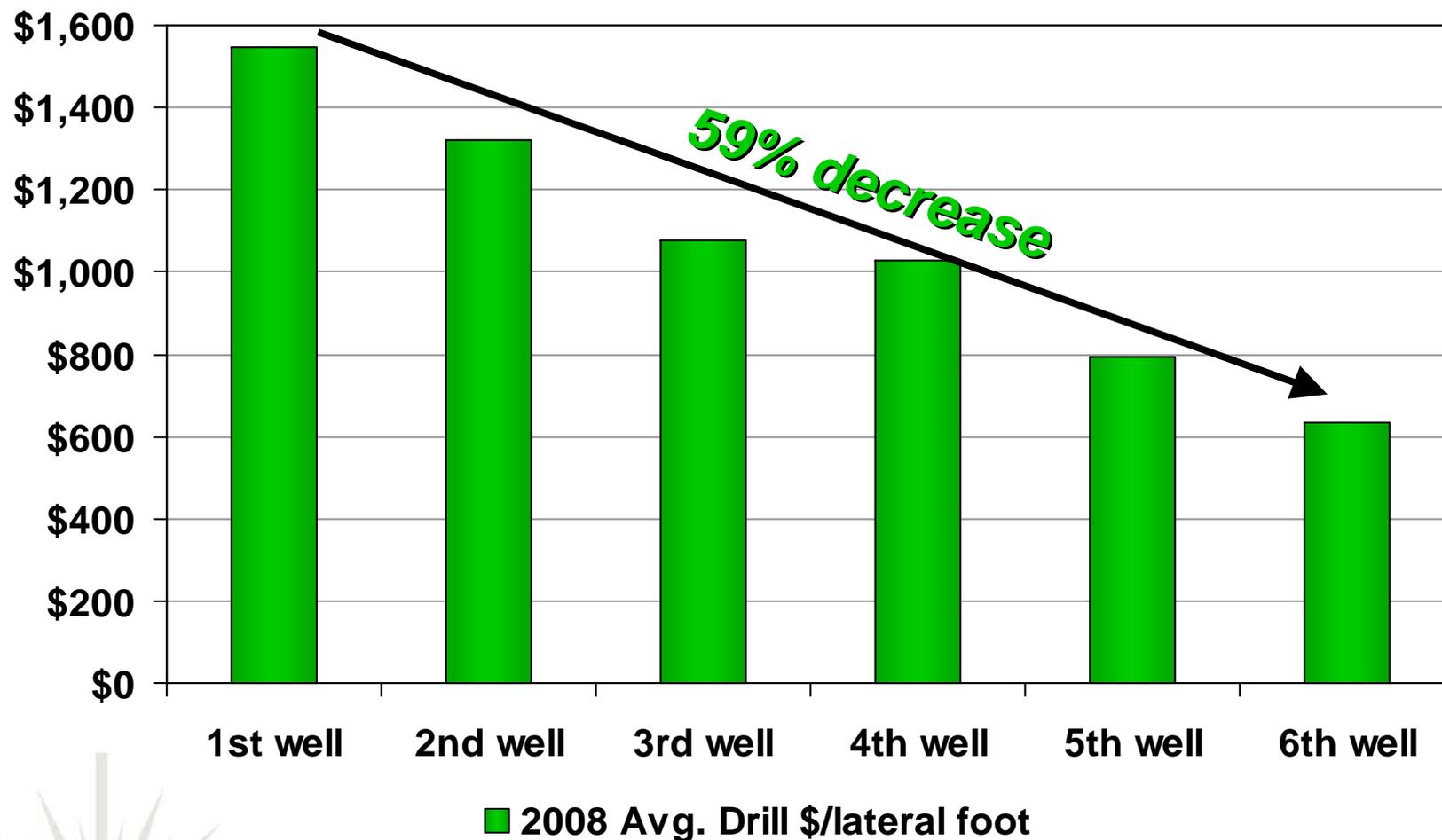


Pad Wells – Dramatic Improvements

Drilling Cost / Lateral Foot



YTD Increased Density Drilling Pilot Cost



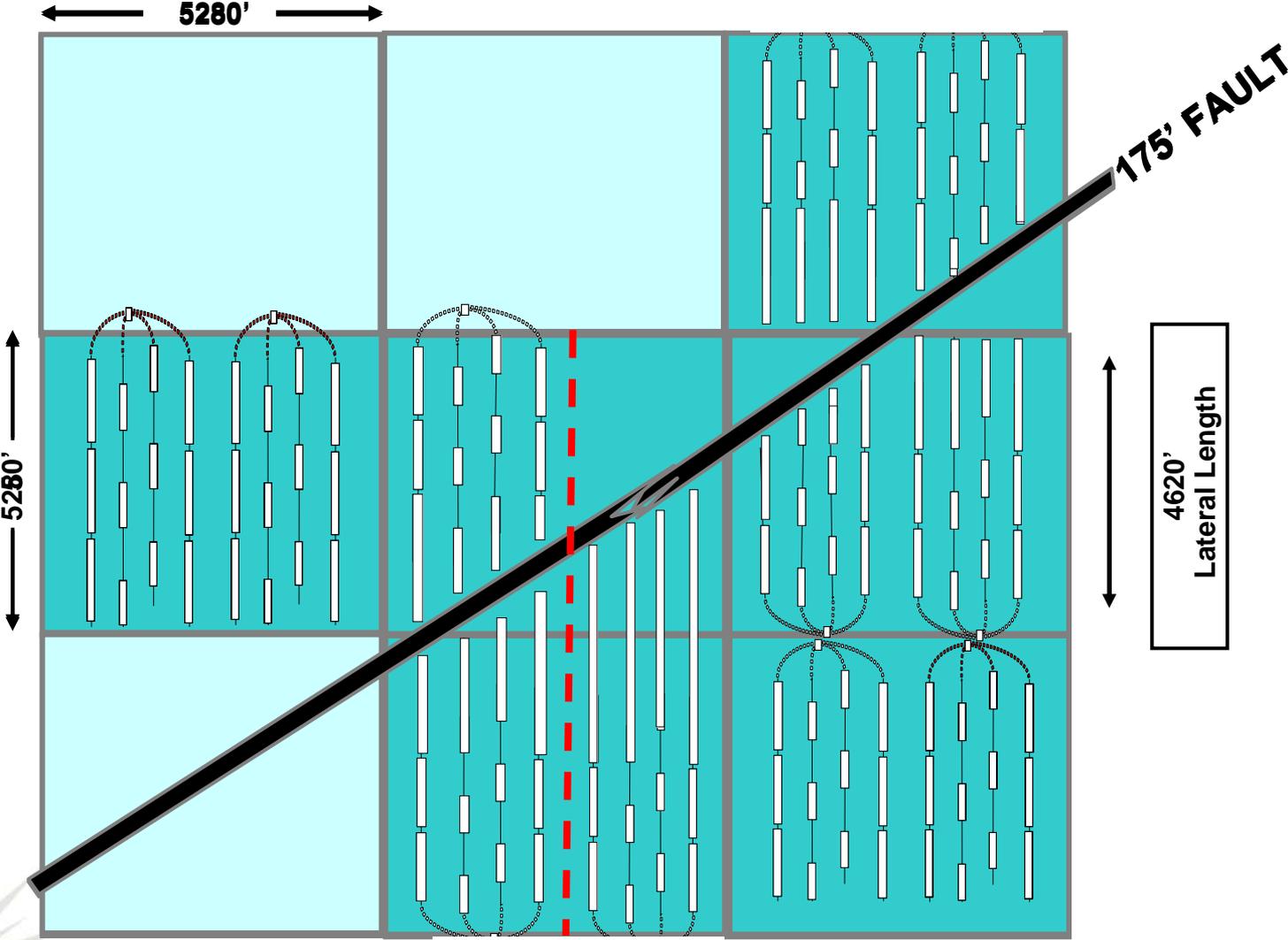
Development Plan – Methodology

Key Points

- **10% Acreage – Assumed Non-commercial for development**
- **150,000 Net Acres – Developed**
- **90% of Development Acreage – 3-D Seismic in Hand**
- **Reserves - Based on 50 Pilot Wells**
- **Costs - Based on 17 Multi-Well Pads**
- **Breakeven (10% IRR) Gas Price – F&D @ \$1.75 = \$5.00/Mcf**
@ \$2.00 = \$5.50/Mcf

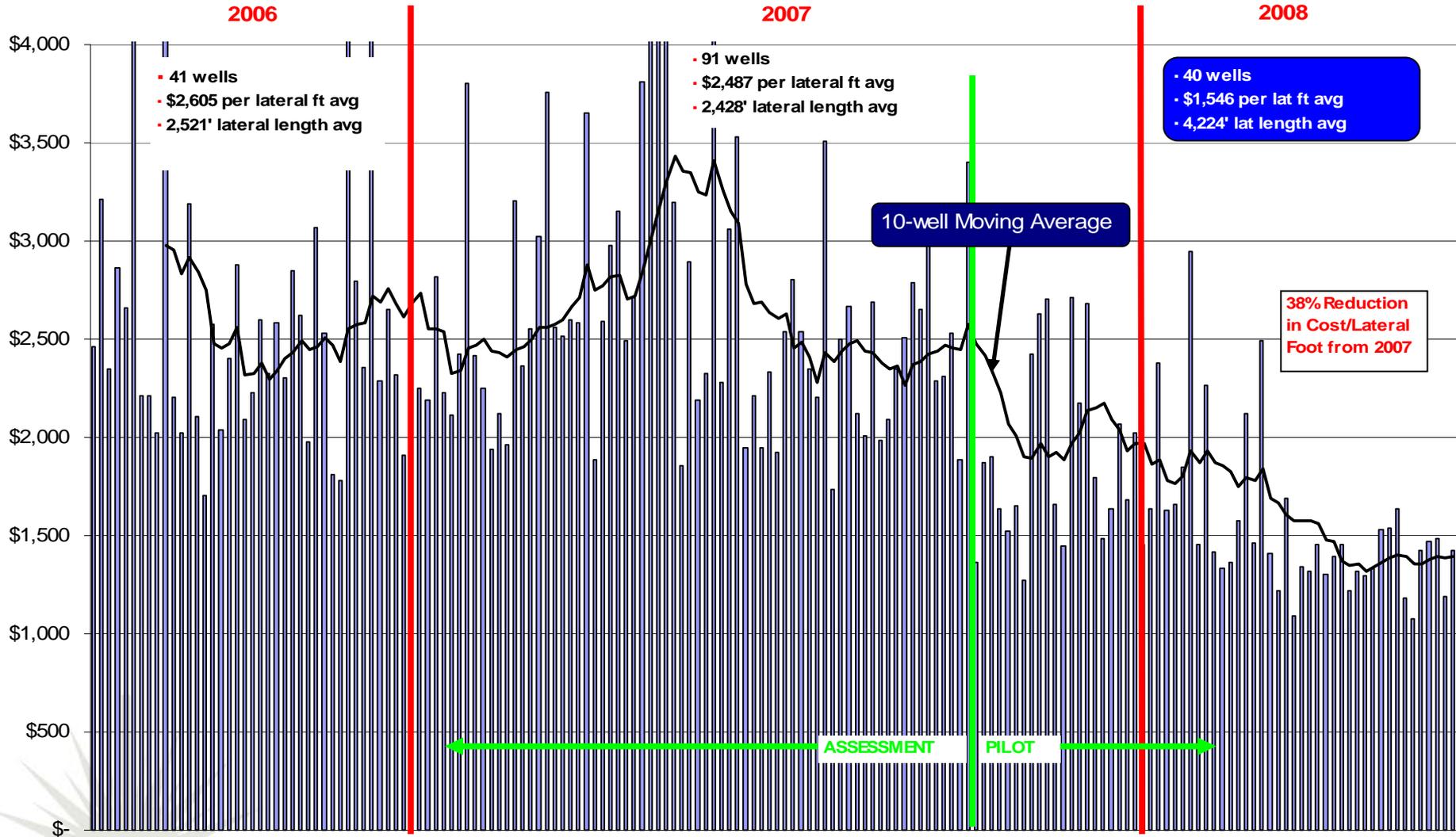
Development Plan - Methodology

Lateral Length Scenarios



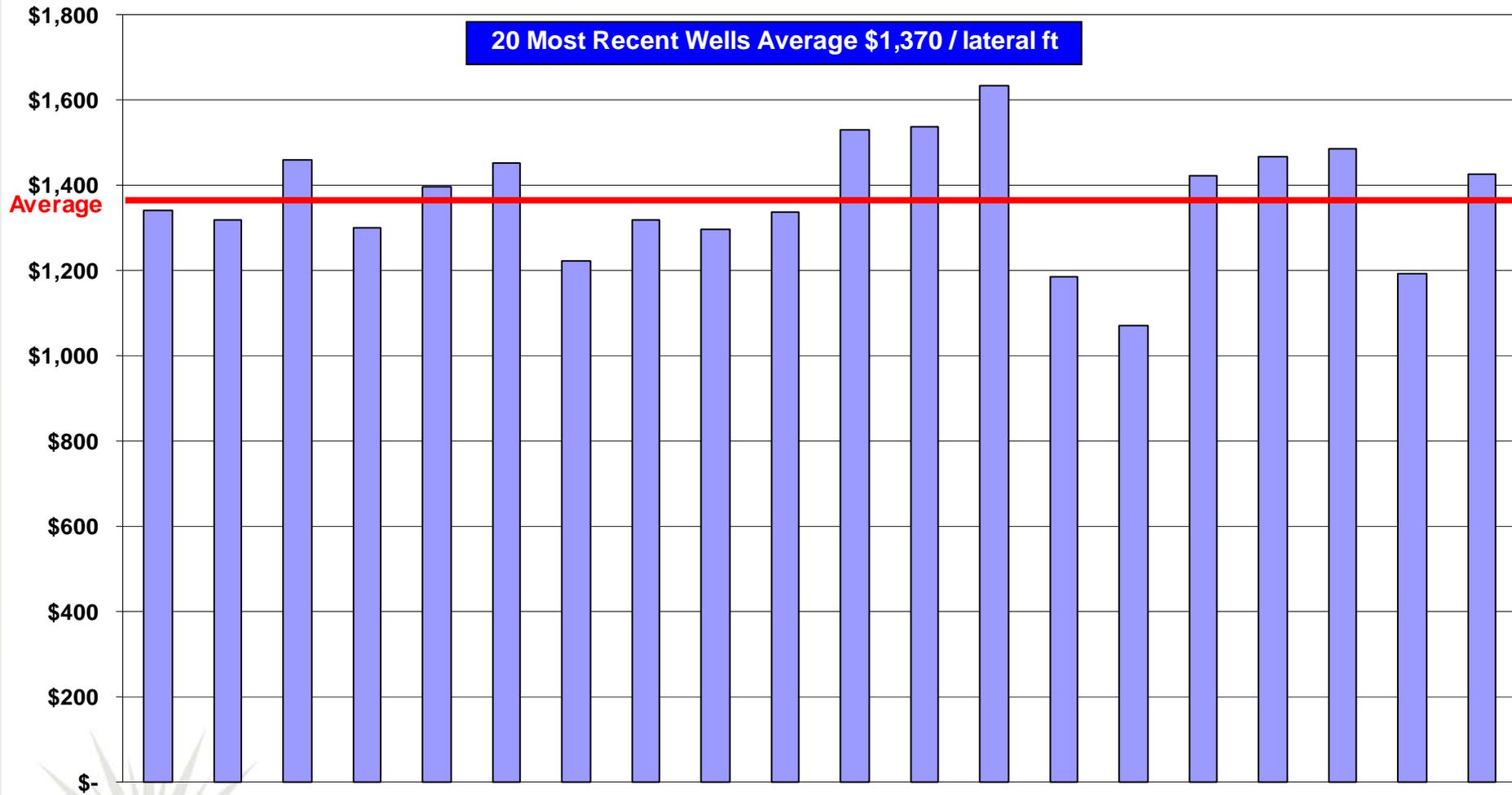
Horizontal Well Cost per Lateral Foot

Total Drill & Complete



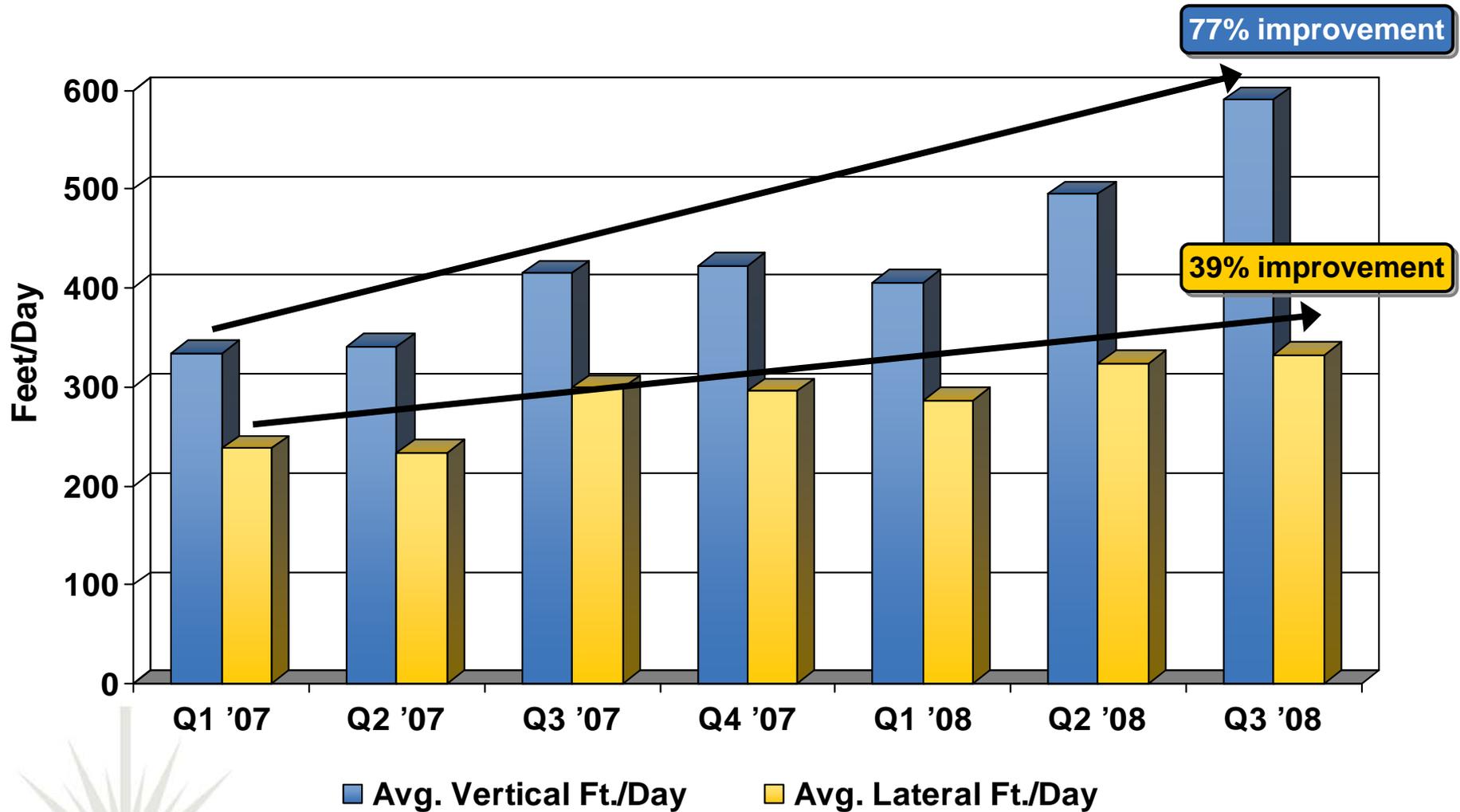
Horizontal Well Cost per Lateral Foot

Total Drill & Complete – Last 20 wells



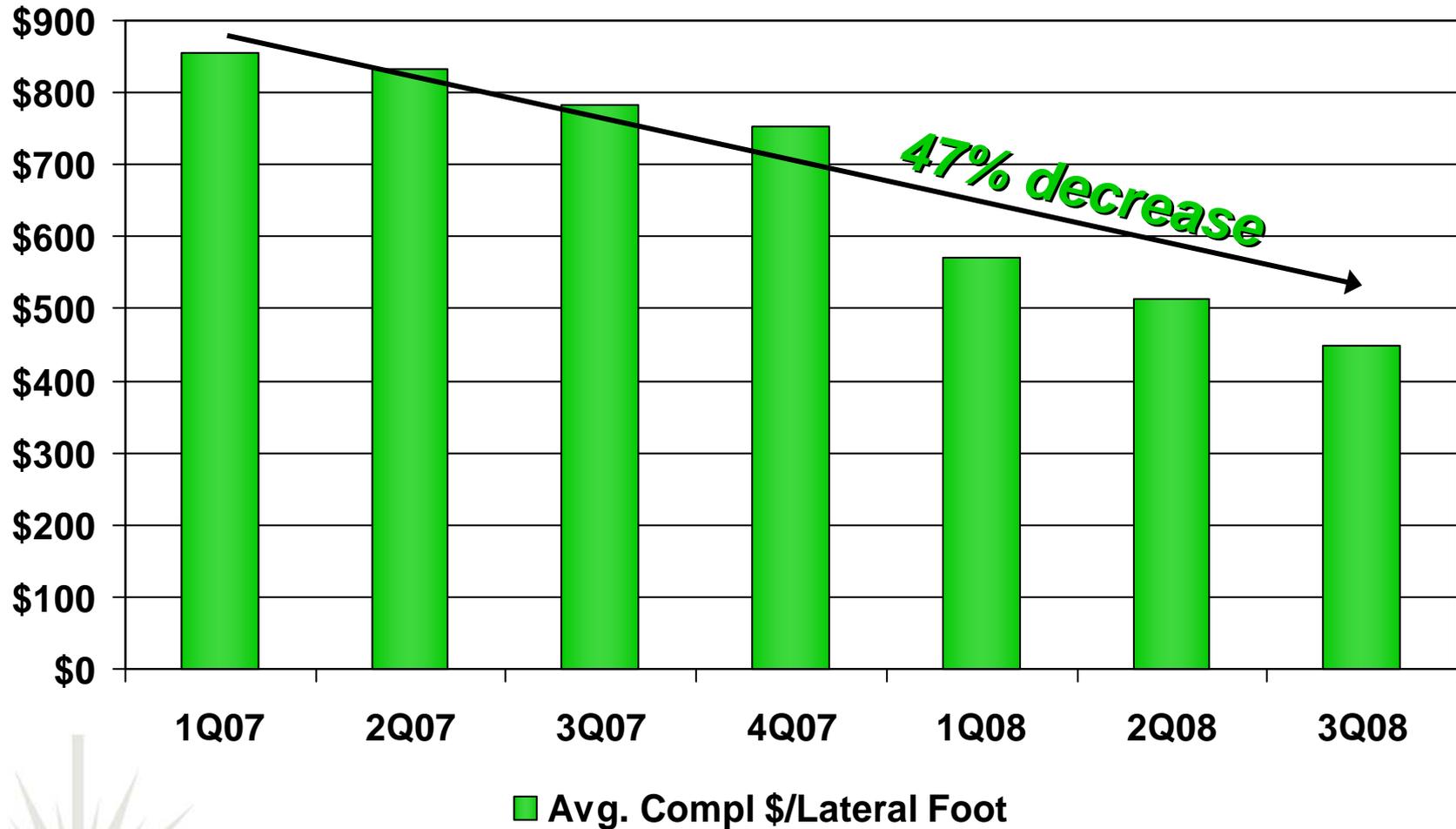
Development Plan - Methodology

Drilling Performance Improvements



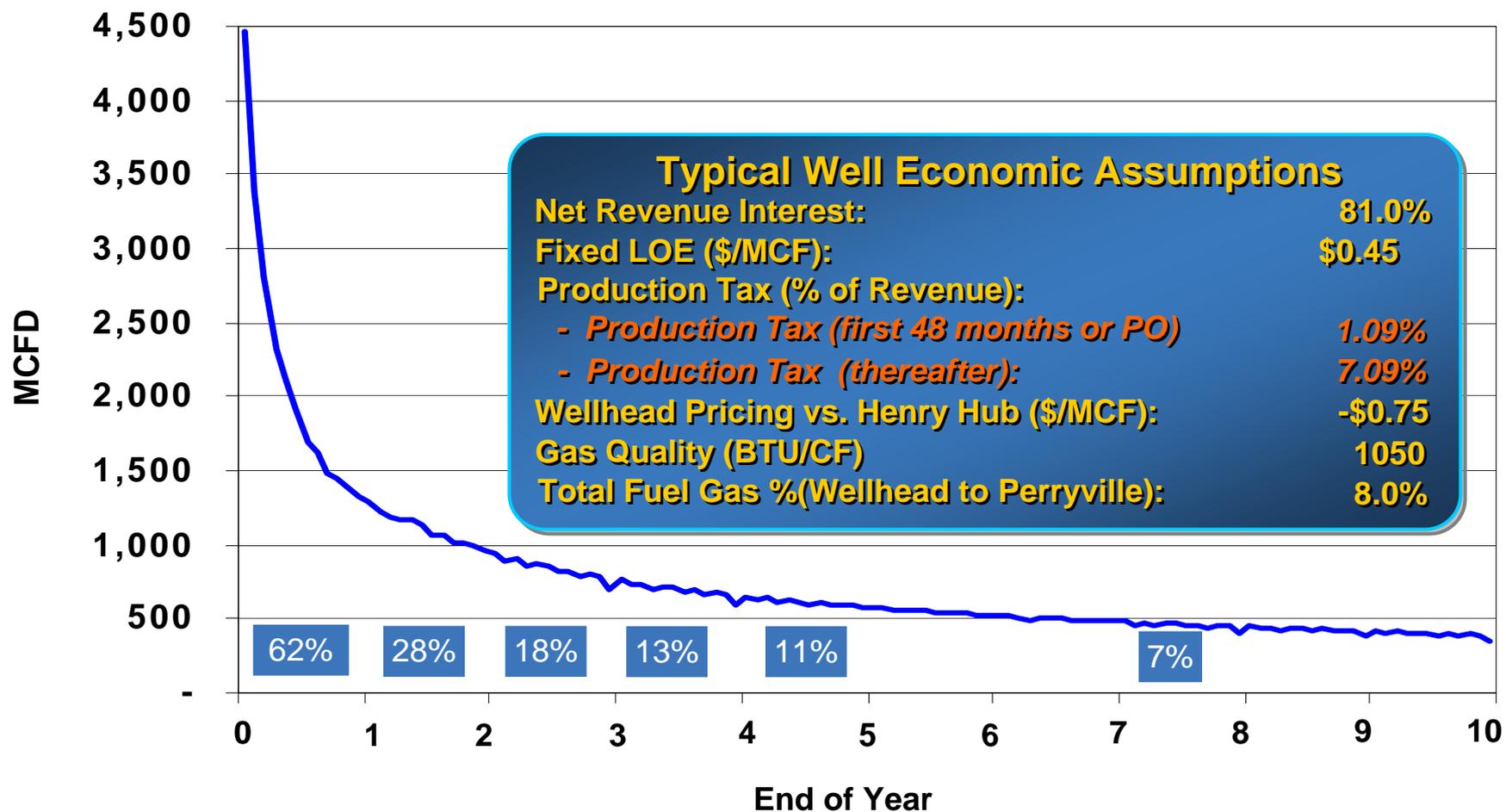
Development Plan - Methodology

Completion Cost Improvement



Horizontal Woodford Type Curve

4 Bcfe Typical Well



Type Well Economics

Flat HH Gas Prices

Henry Hub Price \$/MMBTU (Flat)

<u>F&D = \$1.75</u>	\$5	\$7	\$9
NPV @ 10% (\$M)	150	3550	6700
ROR (%)	11	30	50
PAYOUT (Months)	80	32	20

<u>F&D = \$2.00</u>			
NPV @ 10% (\$M)	(500)	2850	5850
ROR (%)	9	23	39
PAYOUT (Months)	95	37	23

NAV Model Results

Key Points

- **Model assumes 4 Bcf EUR & \$5.8 MM type well**
 - *2250 Operated wells drilled beginning MY 2008*
 - *Projected results smoother than actual*

- **Rig Fleet – Increasing from 12 to 30 over 4 years**

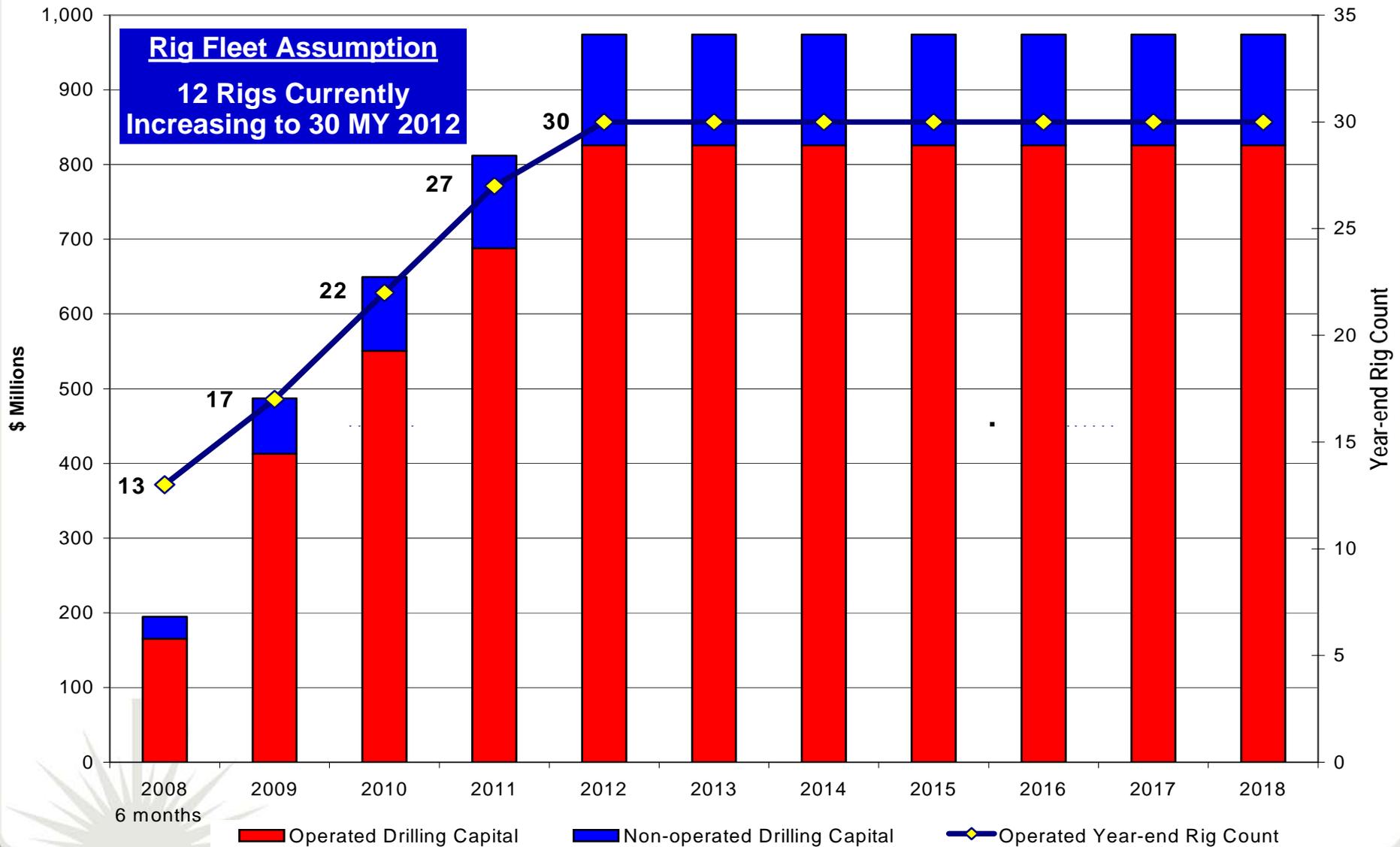
- **Production Growth**
 - *NFX Gross Operated Production Projected to reach 1.5 Bcf/d*
 - *10 Year CAGR 20%*

- **Gathering infrastructure in place, expanding**
 - *No production delays or curtailments*

- **Firm Transportation Secured – Differentials to HH Fixed**

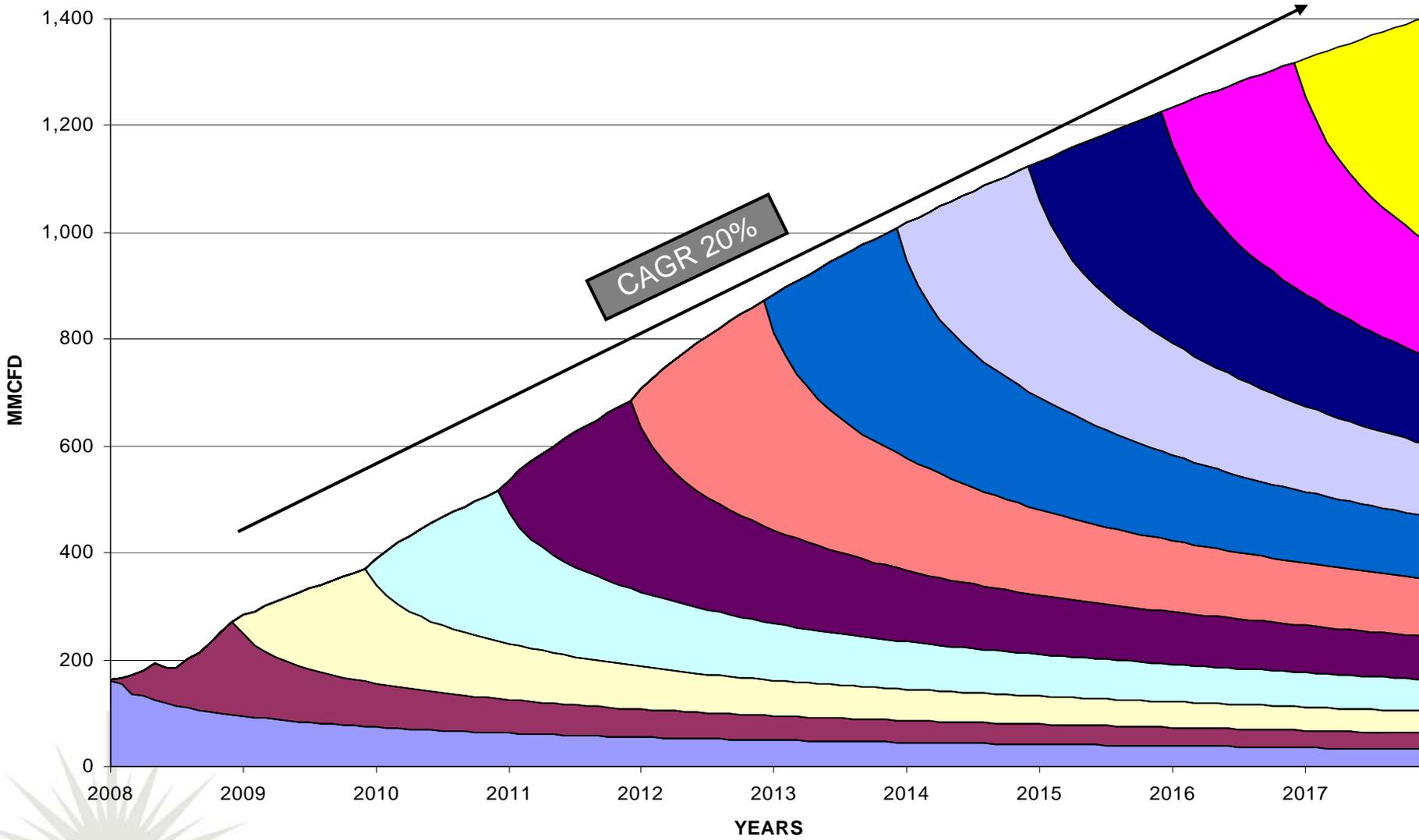
NAV Model Results

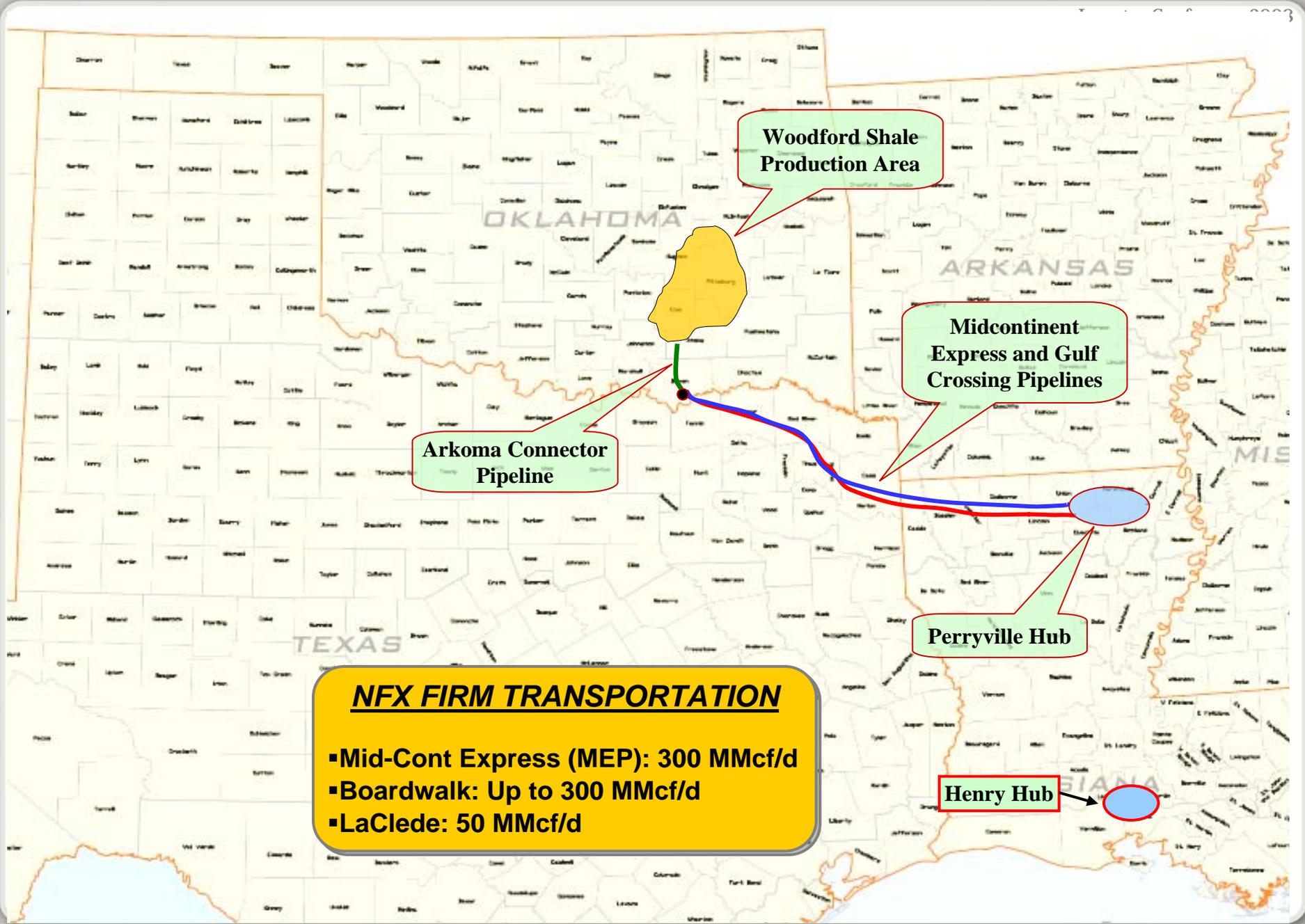
NFX W.I. D&C Capex Projection



NAV Model Results

Gross Operated Production Projection - 10-Year Horizon





**Woodford Shale
Production Area**

**Midcontinent
Express and Gulf
Crossing Pipelines**

**Arkoma Connector
Pipeline**

Perryville Hub

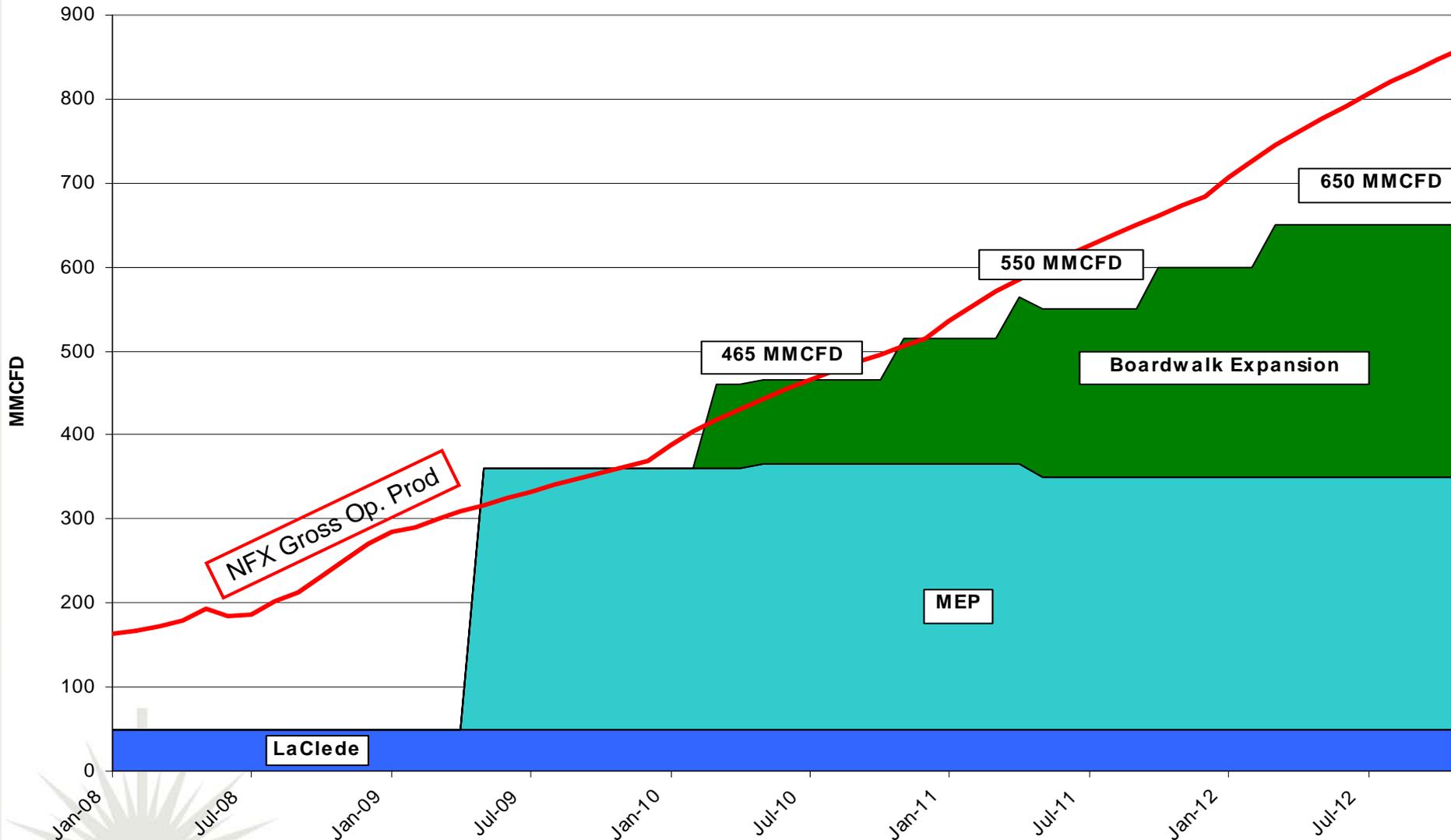
Henry Hub

NFX FIRM TRANSPORTATION

- Mid-Cont Express (MEP): 300 MMcf/d
- Boardwalk: Up to 300 MMcf/d
- LaClede: 50 MMcf/d

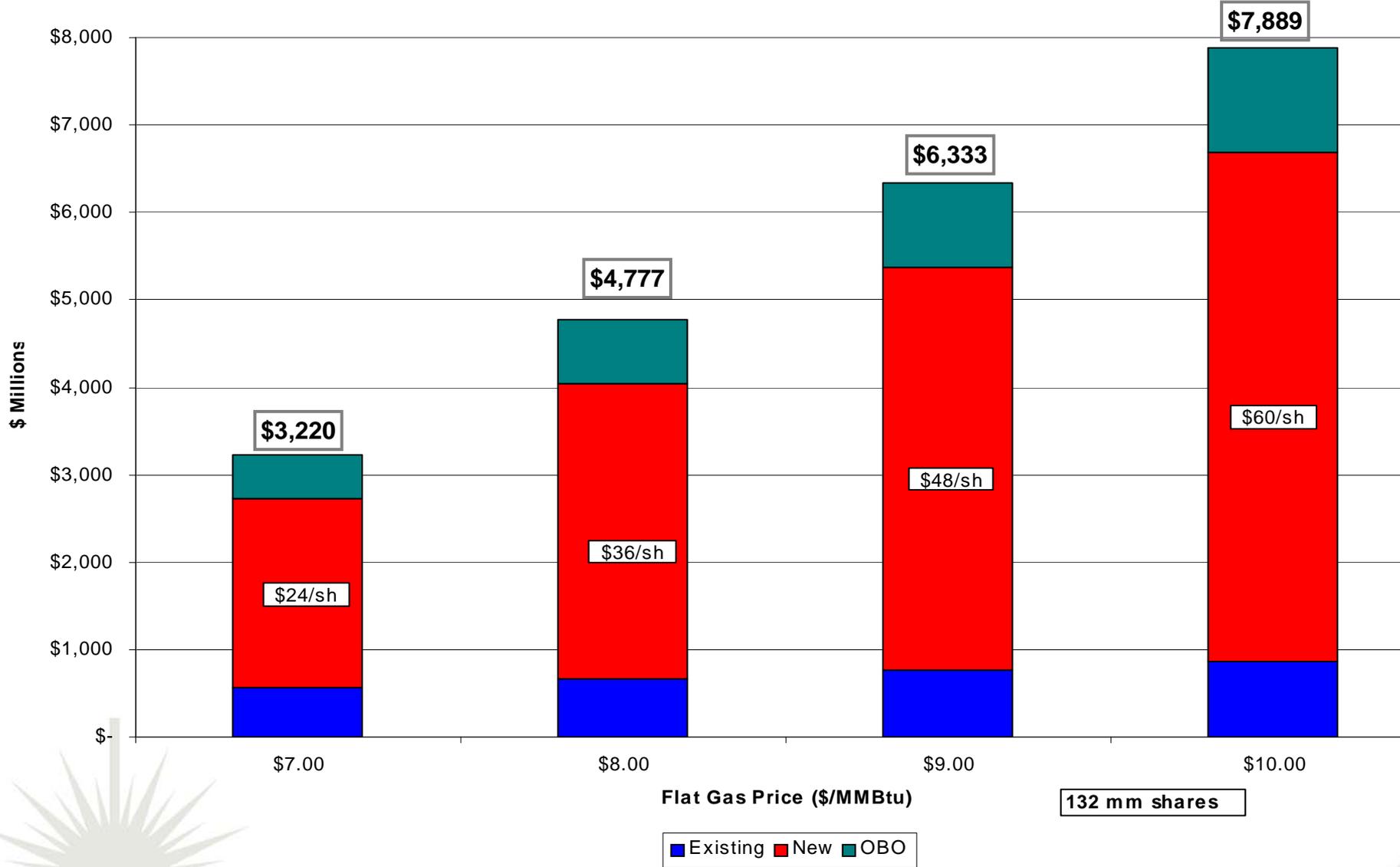
NFX GROSS OPERATED PRODUCTION

Firm Transportation Capacity



NAV Model Results

NFX NPV @ 10%

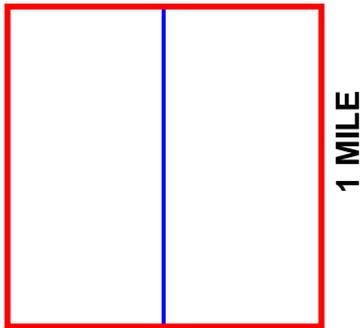


Future Well Designs

Goal: Lower Cost per Foot

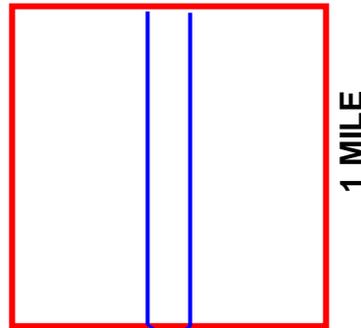
STANDARD EXTENDED LATERAL

1 MILE



DUAL LATERAL

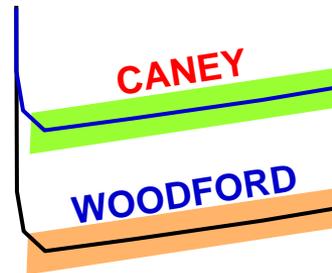
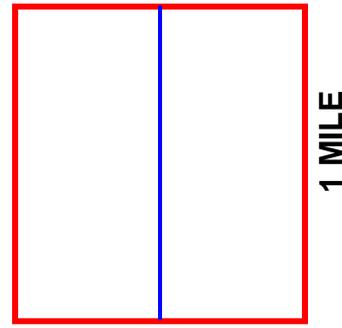
1 MILE



In Progress

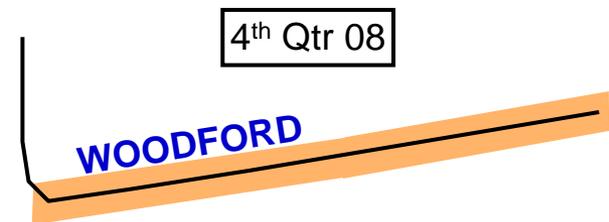
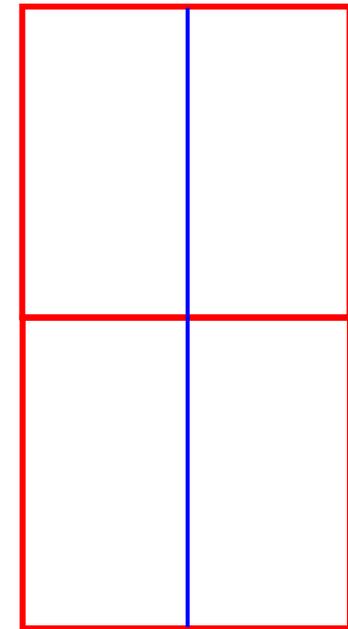
STACKED LATERAL

1 MILE



SUPER EXTENDED LATERAL

1 MILE



4th Qtr 08

NFX Development Plan

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Investor Conference 2008

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