

**NEWFIELD**



[www.newfield.com](http://www.newfield.com)

**NFX**



## **Newfield's Perspective on Recent Trends in Exploration & Production**

*US-China Fossil Energy Protocol Celebration  
San Francisco 25 August, 2010*

NEWFIELD EXPLORATION COMPANY

NYSE:NPX

# Agenda

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- **Introduction to Newfield**
- **Newfield's Experience in China**
- **Unconventional Resource Plays**
  - *Gas from Shales*
  - *Oil from Shales*

# Introduction to Newfield

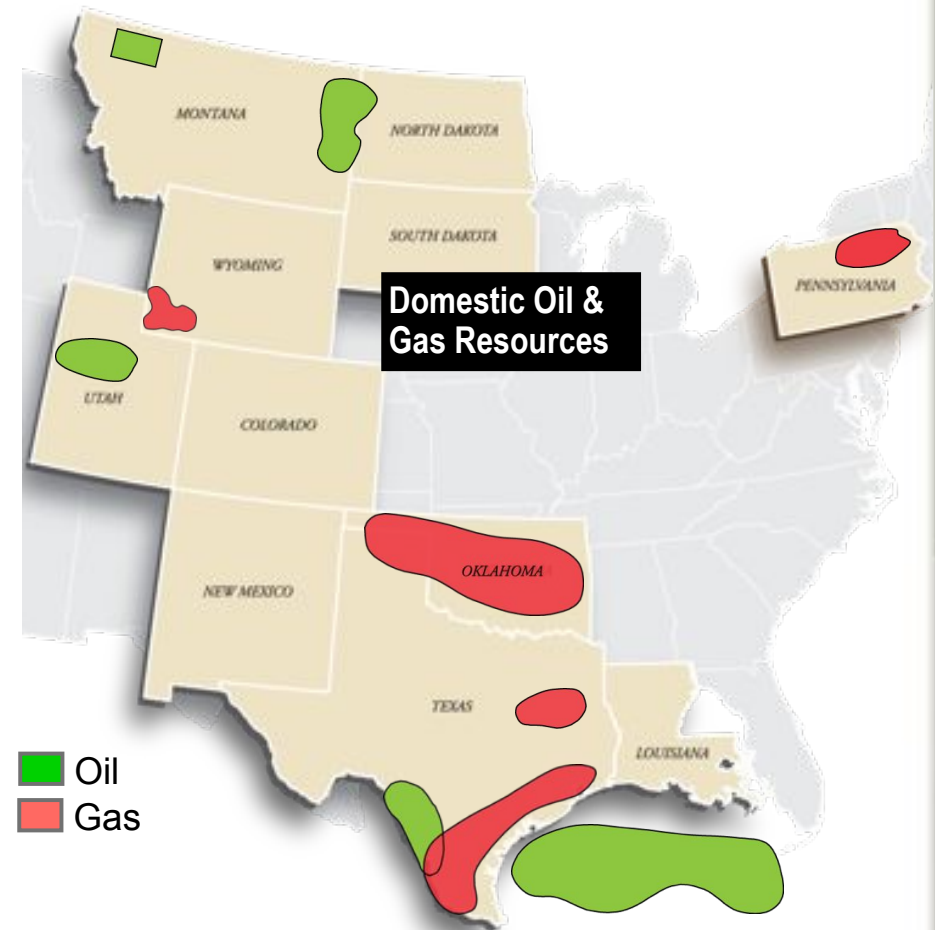
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- **1989**                      **Company was founded**
- **1993**                      **Initial Public Offering**
- **1997 – 2004**              **International Expansion**
- **1998 – 2004**              **Onshore U.S. Expansion**
- **2003 – 2007**              **Resource Play Development/  
Company Repositioning**



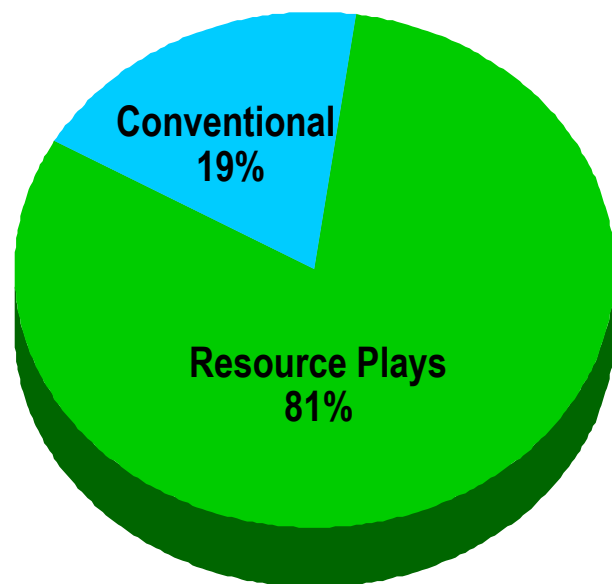
# Newfield Exploration Today

- **Established Resource Plays**
  - Arkoma Basin – gas
  - Anadarko Basin – gas condensate
  - Uinta Basin – oil
  - Williston Basin – oil and gas
- **Developing Resource Plays**
  - Maverick Basin – oil and gas
  - Haynesville (E. TX) – gas
  - Marcellus (Penn.) – gas
  - South Alberta Basin – oil
- **Tite Gas Sand Plays**
  - South Texas
  - Green River Basin
- **Conventional Exploration**
  - Deepwater Gulf Of Mexico
  - South China Sea



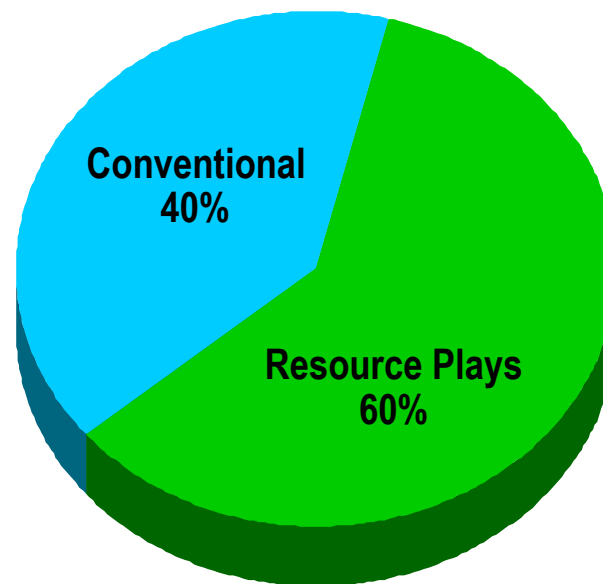
# Newfield Exploration Today

**2009 Reserves**



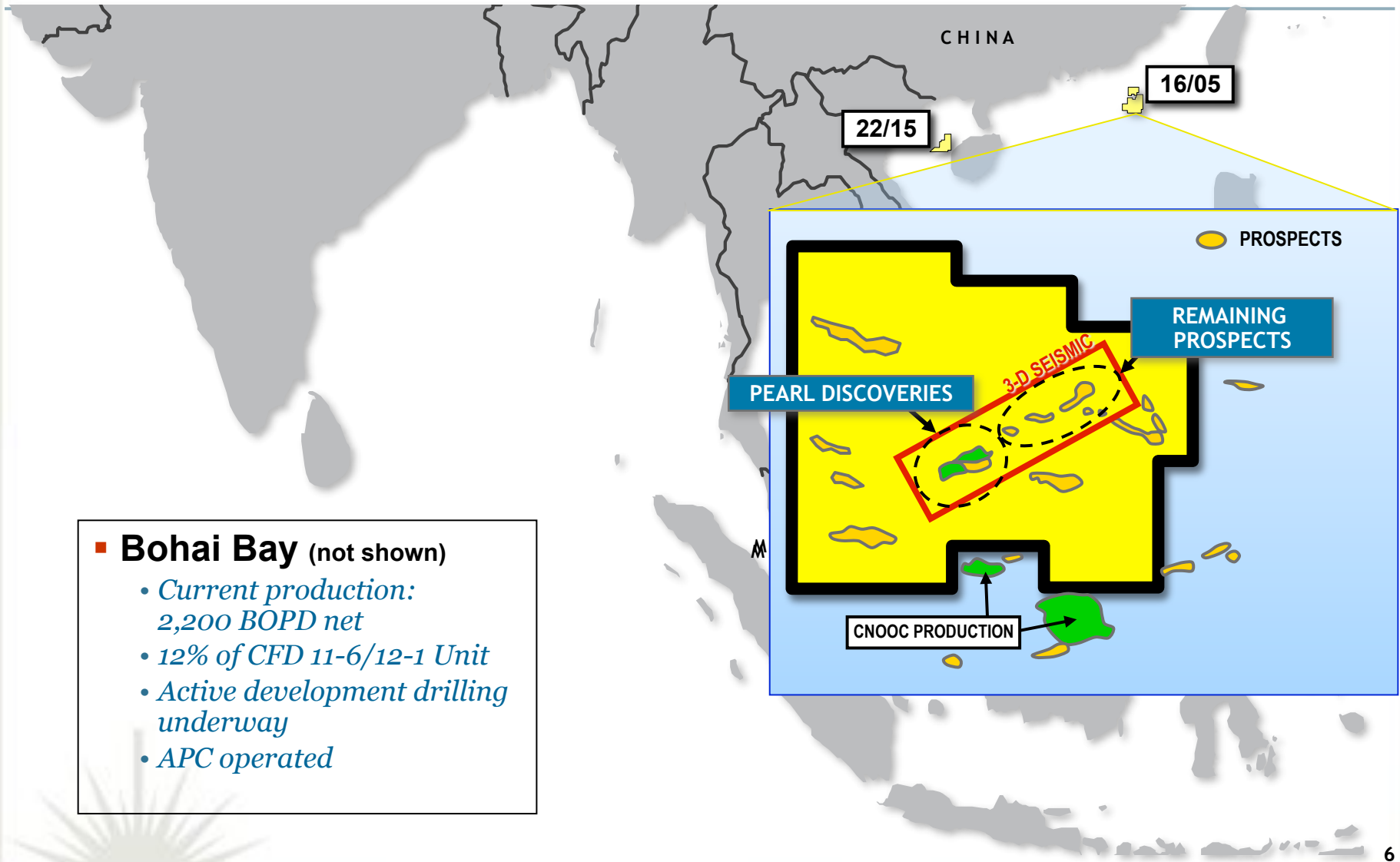
**3.6 Tcfe**

**2010e Production**



**283 – 288 Bcfe**

# Newfield in China



# Newfield in China

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- **1997** Bohai Bay Exploration PSC
- **1997 – 2003** Exploration & Appraisal Drilling
- **2006** 1<sup>st</sup> Oil in Bohai  
1<sup>st</sup> Operated PSC's – South China Sea
- **2008 – 2011** Exploration / Discoveries
- **2010 – 2013** Development to 1<sup>st</sup> Oil

# Unconventional Resource Plays

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- **Successful development of shale gas has dramatically changed the market dynamics for natural gas in North America**
- **The technology and operating practices to produce gas from shales was developed by Independent Oil & Gas producers**
- **The next frontier – producing liquid hydrocarbons from shale – is being aggressively pursued by those same Independents**



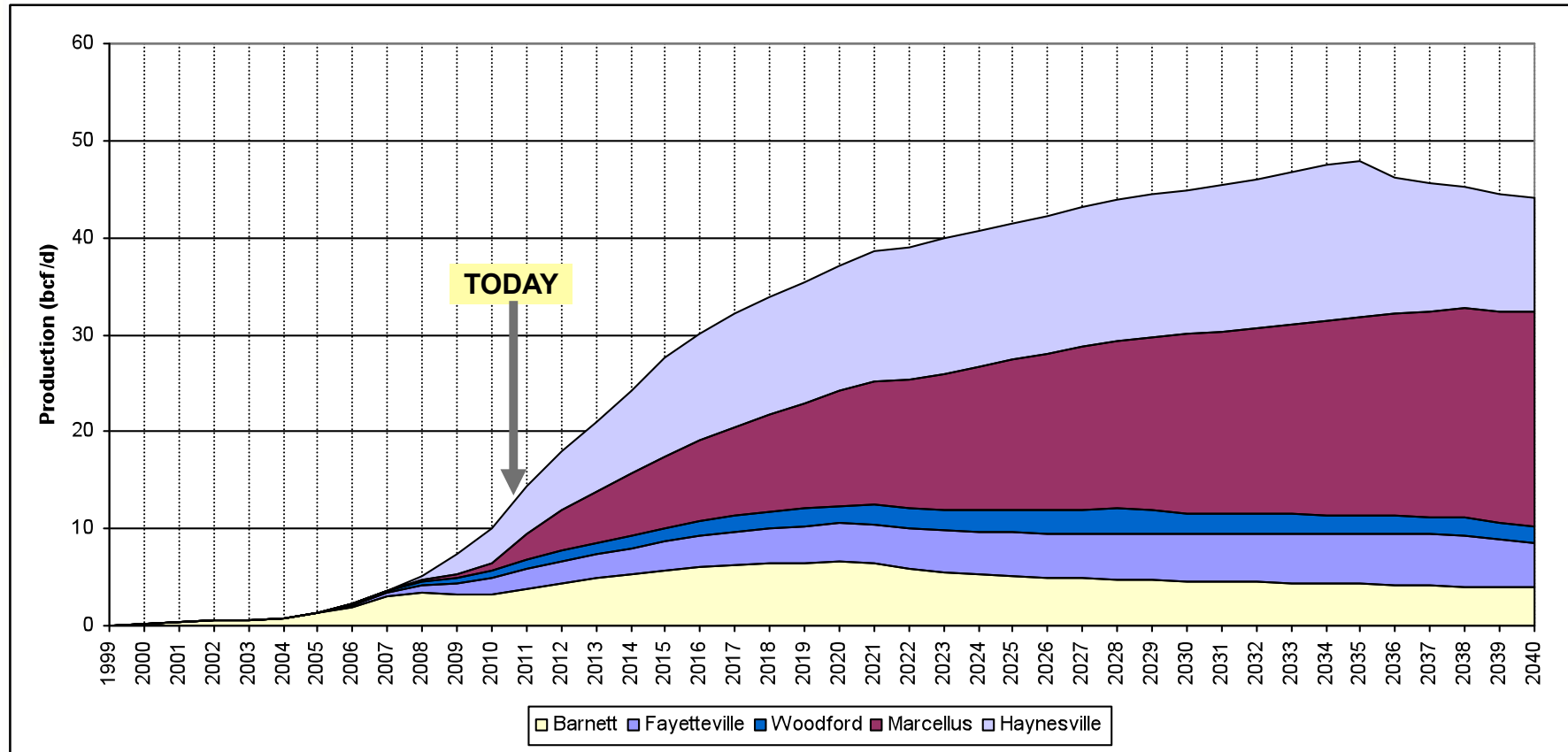
## **Development of Unconventional Gas Resource Plays**

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- **Initial significant production from Barnett Shale (early 2000's)**
- **Rapid expansion into other basins (2005 – 2010)**
- **Shale gas reserves have reversed decline in the U.S.**
- **Major impact on need for LNG imports and natural gas prices in North America**



# Unconventional Natural Gas: Production Projection



# Independent Oil & Gas Producers

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- **An Independent is involved only in the upstream sector – no refining or retail/marketing operations**
- **Independents drill the majority of wells in North America each year**
- **Independents produce most of the oil & natural gas in the continental U.S. (excluding Alaska)**
- **Independents unlocked the secrets to producing shale gas and are currently focusing on producing oil & condensate from shales**



# Unconventional Resource Plays: Technology & Operating Practices

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- **Assessment & Development of an Unconventional Resource Play requires new skill sets**
  - *Lithology and rock properties*
  - *Drilling and Completion techniques*
  - *Reserve calculations / well spacing*
  
- **Plays of Scale**
  - *Opportunity to develop a learning curve to drive down costs and increase profit margin*
  - *Material impact on investment and production profile*

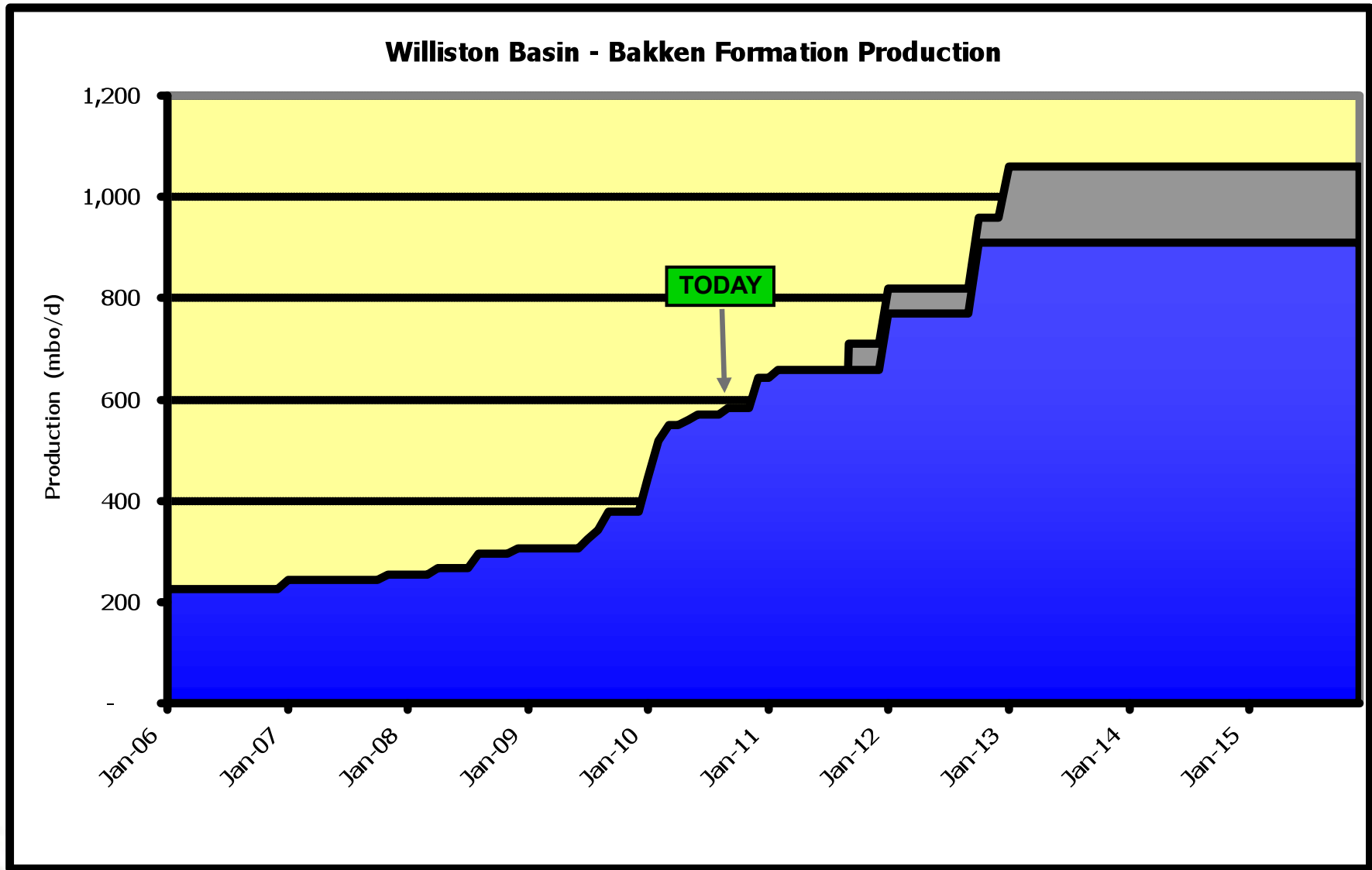


## Recent Transactions: Unconventional Resource Plays

<u>Date</u>	<u>Buyer</u>	<u>Seller</u>	<u>Deal Value (\$)</u>	<u>Region</u>
Jun '10	Reliance	Pioneer	1,315 mm	Eagle Ford
May '10	BG	Exco	950 mm	Marcellus
April '10	Reliance	Atlas En.	1,700 mm	Marcellus
Dec '09	Total	Chesapeake	2,250 mm	Barnett
Nov '08	Statoil	Chesapeake	3,375 mm	Marcellus



# Unconventional Resource Plays: The Next Frontier



# Summary - Oil Resource Plays

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- **Unconventional Oil Resource Plays are commercially viable and with time could:**
  - *Reverse the decline in North America reserve additions*
  - *Replace declining production in existing fields*
  - *Replace some volume of imported oil in the U.S.*
- **This play concept could be equally effective in certain non-US basins:**
  - *Systematic evaluation to catalogue possible opportunities*
  - *Technology transfer from North America independents offers the most effective manner to accelerate the learning process*