

"the Heartland of US Domestic Oil"

Improve Your Operations Efficiency: Assess and Lower Costs
by Participating in the 7th Edition of Ziff Energy Group's Permian Basin

OPEX & PRODUCTION RELIABILITY BENCHMARKING STUDY

NEW FEATURE: PRODUCTION RELIABILITY/"UPTIME ANALYSIS"

2008 - 2009 Data

What Clients Say:

“Participating in the study allowed us access to impact knowledge, industry knowledge. Ziff Energy did a tremendous job of normalizing the data by identifying and removing the natural advantages and disadvantages of a field. Your study saved my company \$750,000 annually.”

Operations Leader,
Independent Producer

...

“The value for changes we implemented was estimated at \$5,000,000 per year, a very good return on investment.”

Senior Engineer,
U.S. Major

...

“Our company participated in the third Gulf of Mexico (Shelf) Reducing Operating Costs Study. The scope and format of the study assisted us in focusing on specific areas of improvement. The presentation of the results of the study by your consultant was concise and informative and reflected considerable knowledge of operations in the Gulf of Mexico. As a result, we have been able to dramatically improve our operational efficiencies and lower our costs.”

Vice President,
Gulf of Mexico, Super-Major

PERMIAN BASIN OPERATIONS

The Permian Basin is the largest & oldest onshore oil production area in the U.S., the “heartland” of domestic onshore oil operations.

The range of operations is diverse --- from primary production, waterfloods, & large tertiary CO₂ projects --- each stage with its own operating challenges. Tertiary field operators in the Permian Basin are the **world’s leaders in CO₂ flood technology.**

While noted for its traditional oil development and operations, the Permian Basin also has areas that produce **substantial gas**, including the deep Ellenburger fields (southern part of the Delaware Basin and Devonian platform), shelf carbonate fields, and Strawn production in the southern Midland and Val Delaware Basin.

With the huge drop in oil & gas prices, after several years of **high service cost inflation**, margins are squeezed! **Now is the time to get costs under control.**

Margins Squeezed!

As in any mature basin, **unit costs increase as volumes drop.** Managing operating costs is a critical, daily exercise. Massive asset sales and restructuring by major players create *opportunities.*

Our Permian OpEx database consists of over 600 fields submitted by 33 companies, with multi-year data for many fields. This study is a **powerful diagnostic tool** to examine your production efficiency & identify cost savings opportunities... this study will tell you what costs, and how much.

This study examines . . .

- *field level* operating costs, comparing similar assets based upon production and geologic characteristics
- “Cost Drivers” for the various types of Permian Basin production
- a detailed evaluation of your *Severance and Ad Valorem* taxes compared to similar fields; past clients have realized large savings (millions!) in this area.
- Multi-year *trend analysis.*

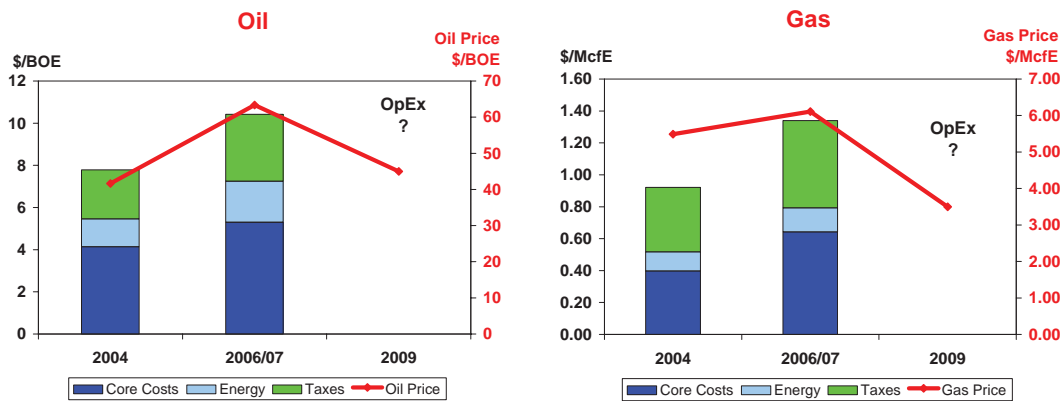
You should subscribe to this study if you . . .

- want to **reduce your operating costs** and **increase your production volumes**
- want comparative *benchmarks* for your Permian oil or gas operations
- want reliable information to set specific achievable objectives for asset teams to increase production and reduce operating expense
- are considering expanding your assets in the Permian Basin, especially through acquisitions.

Past Operators in Ziff Energy’s Permian Operations Study:

❖ Abraxas Petroleum Corporation	❖ Energen Oil & Gas	❖ OXY Permian
❖ Altura Energy Ltd.	❖ EOG Resources Inc.	❖ Pioneer Natural Resources USA
❖ BP	❖ ExxonMobil	❖ Range Resources
❖ Burlington Resources	❖ Faskin Oil & Ranch	❖ Southwestern Energy Production
❖ Chevron/Unocal (Pure Resources)	❖ Great Western Drilling Company	❖ Texland
❖ Coastal Management Corporation	❖ Hanley Petroleum, Inc.	❖ Torch Energy Advisors
❖ ConocoPhillips	❖ Hess Corporation	❖ Total (Fina Oil & Chemical Co.)
❖ Costilla Petroleum Corporation	❖ Kinder Morgan CO ₂	❖ Whiting Petroleum
❖ Devon Energy	❖ Marathon Oil Company	❖ Wiser Oil Company
❖ Endeavor Energy Resources (Autry J. Stephens)	❖ Mariner Energy, Inc.	
	❖ Newfield	

Trend Analysis - Today's Cost Squeeze



Our deliverables to you . . .

Customized Field Analysis

- **NEW: your 'Uptime Reliability' Performance relative to peer fields & operators**
- Cost Analysis for each field; **identifies potential cost savings by cost category for each field**
- **Trend Analysis** for fields analyzed in prior studies
- analysis of Operating **Cost Drivers**; highlighting ideas for reducing cost
- identifies tendencies within your organization towards high or low cost bias for each cost category
- compares your fields and company vs. peer fields/companies and industry.

Comprehensive Report

- organized by **multiple peer asset categories or groupings of similar fields** based on operational and geologic considerations
- a proven study **designed with considerable input from clients**; Ziff Energy's analysis highlights findings **unavailable from traditional corporate-level or broad regional comparisons**.

Automated Data Collection is Much Easier

- For 3 years, we have used Electronic Data Gathering to transfer data from your accounting system to Ziff Energy. Clients no longer complete cost spreadsheets. We cross reference your cost accounting codes to our standardized detailed set. The download of your cost data is loaded into the benchmarking categories using the code mapping. Transparency is enhanced, client effort dramatically reduced, and you can drill down into your own cost data to better understand your performance gaps.

Private Debriefing

- to help focus your team on *immediate solutions*.

Experienced Team

- Operations Professionals with 20+ years experience have the knowledge and background to provide specific and actionable solutions
- Our **'Centre for Benchmarking Excellence'** was established in 2007 to ensure that Ziff Energy studies for upstream operations are the best executed, through Automated Data Gathering and centralized control of data integrity, review & analysis.

"We got more than what we paid for, which is a pleasure to say. I would recommend this process to any company wanting to move from the 'also ran class' to 'best in class.'"

Operations Manager,
Independent Producer

"The Ziff Energy personnel were very helpful in gathering and analyzing the data necessary for this study, and the application of the things that could be learned from the data.."

Senior Staff Production Engineer,
Independent

"This is to let you know that we are pleased with your work. The best practices information is useful in our forward project planning. Ziff Energy's industry workshop was an excellent opportunity to learn from and network with the experts."

Ziff Energy delivers the full package - a statistically rigorous analysis coupled with real suggestions that can be used to improve operating performance. It is refreshing to work with Ziff Energy's staff, which consists of industry professionals who are knowledgeable and experienced."

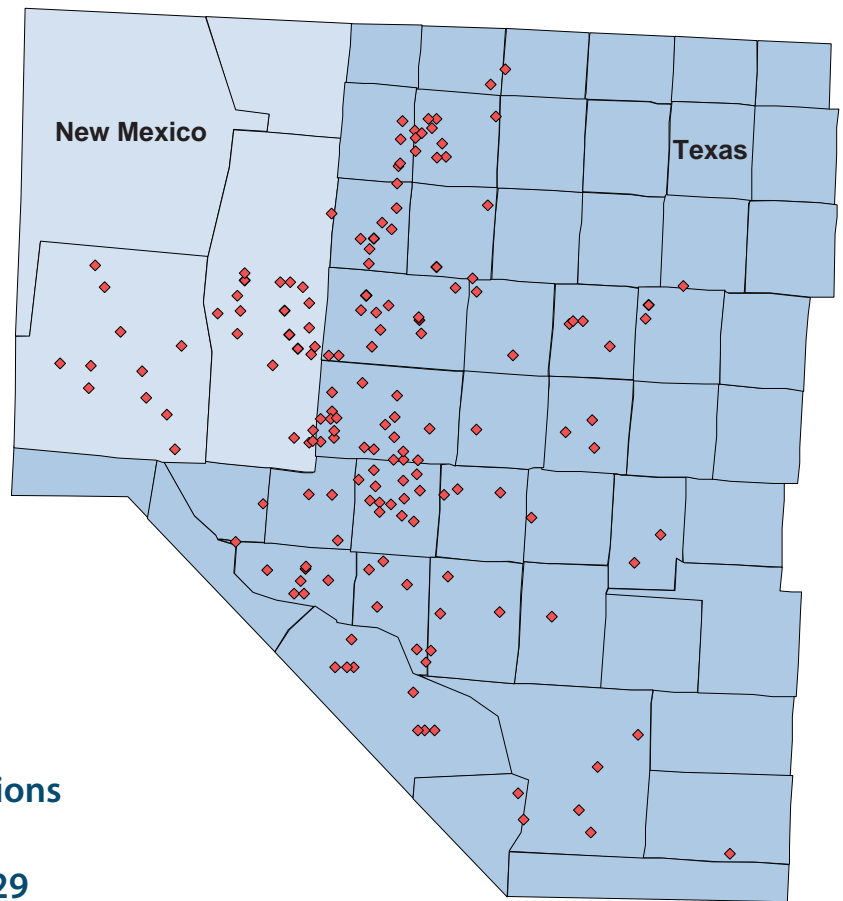
Development Manager,
Large Independent Producer

A Wealth of Data ...

2006 Permian Fields in Study

Permian #1	Permian #2	Permian #3
111 fields	137 fields	134 fields
12 participants	14 participants	12 participants
'95 data	'96 - '97 data	'99 data

Permian #4	Permian #5	Permian #6
285 fields	207 fields	134 fields
16 participants	9 participants	6 participants
'02 data	'04 data	'06 - '07 data



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Why Ziff Energy?

Since 1996, Ziff Energy has completed over 160 multi-client studies, including 6 Permian Basin studies. Ziff Energy studies have now assisted 100+ E&P companies in over 20 countries to lower operating costs and increase production by comparing their field operating cost performance against similar gas or oil fields. To date 3,600 oil and gas fields, representing over \$19 billion in operating costs, have been analyzed in our field operations studies.

Optional Services Available Post-Study:

- focusing on opportunity areas identified in the study, and with client support, Ziff Energy will program and conduct a Best Practices Workshop for the benefit of study participants
- individual client consulting to develop Operations Solutions focused on specific best practices where performance gaps exist in your field productivity performance
- assistance to develop and implement 'change plans' to harvest cost savings with production efficiency gains.

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