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UNCONVENTIONAL WISDOM
“A Look Back on What We Learned”

NAPE Summer Forum
Houston, Texas
August 22, 2006

Legacy of Leadership in the Barnett Shale



Year	Wells Drilled	Stimulation Technique & Comments
1981	1	1 st completion, nitrogen fracture stimulation
1985	14	1 st massive hydraulic fracture
1988	13	1 st development well in Denton County
1993	37	Increased field limits, tested frac orientation & drainage patterns
1997	61	1 st light sand fracture stimulation
1999	79	Included upper Barnett in completions and re-fracturing program
2000	137	1 st infill well (27-acre spacing), 500 th well drilled
2001	312	100 refracs using light sand frac technology
2002	355	1 st horizontal program (4 wells)
2003	381	1 st horizontal well in Johnson Co., 55 horizontal wells drilled
2004	200	88 horizontal wells drilled
2005	217	144 horizontal wells drilled 1 st 20-acre horizontal infill in core area Reached 1 TCF of cumulative production

Geologic uncertainty is not the dominant risk

In-place resource is critical

Operational solutions are often the keys to success

- **Stimulation**
- **Cost control**
- **Infrastructure**
- **Capital efficiency (planning)**

Establish Commercial Production

Continuous drilling before enough understood

Develop completion plan

- Fracture stimulation likely required
- Be prepared to try a dozen completion variations

Don't underestimate the "learning curve"

- Patience and tenacity

Planning, teamwork, discipline and focus required

Integration of extensive knowledge and experience

Proprietary seismic interpretation technologies

Unique experience with 20-acre infills

Production optimization



YIELDS

Superior well performance

Greater recoveries

Barnett Core Area Recoveries Are Growing

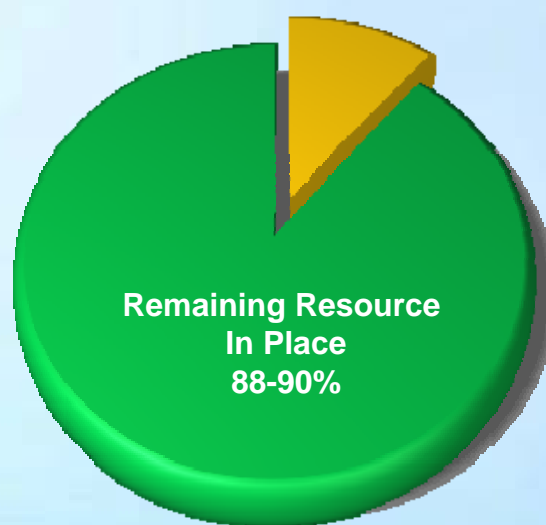


Ultimate Recovery
9-10%



2002 Estimate

Ultimate Recovery
10-12%



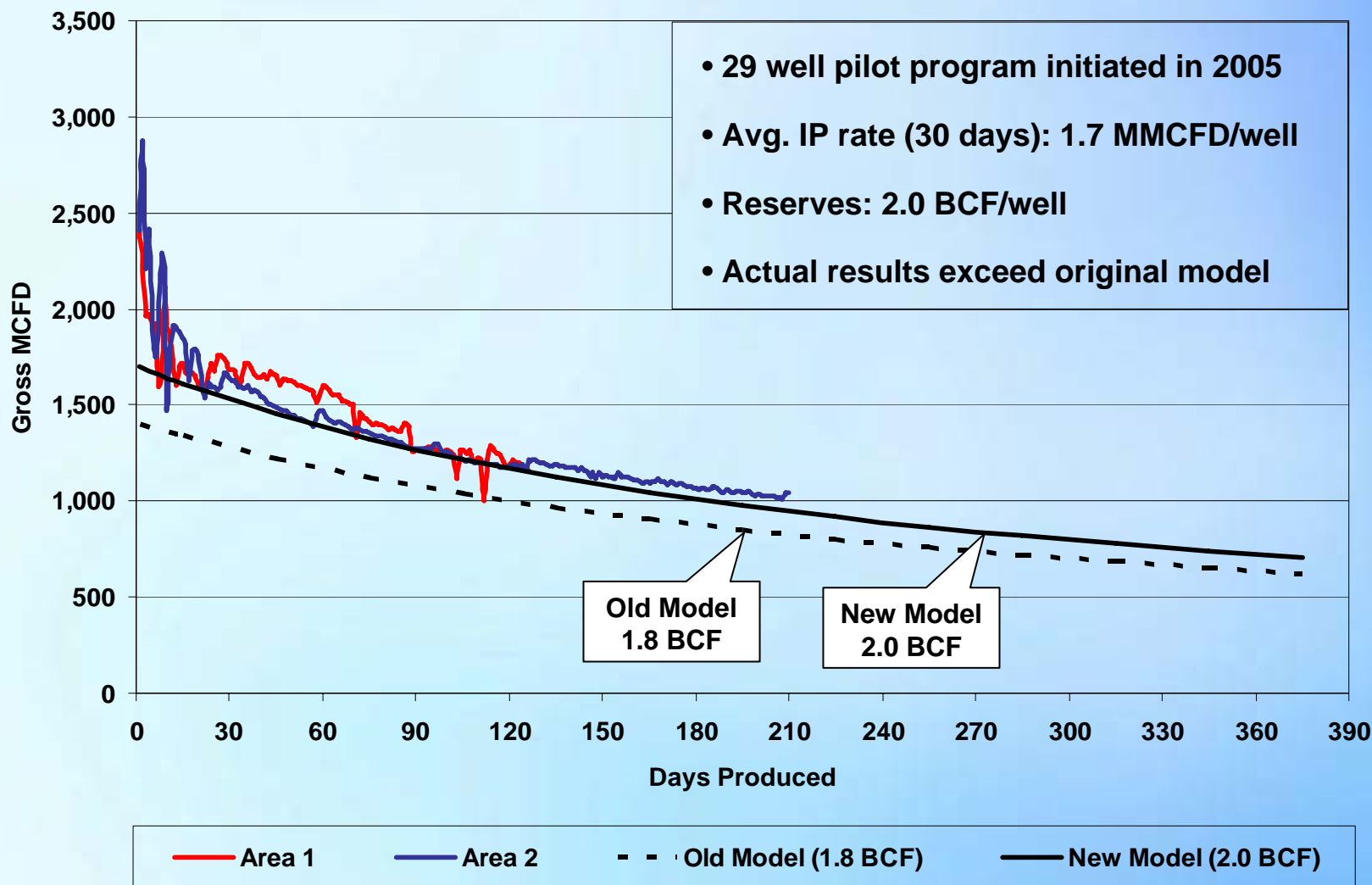
2004 Estimate

Ultimate Recovery
16%



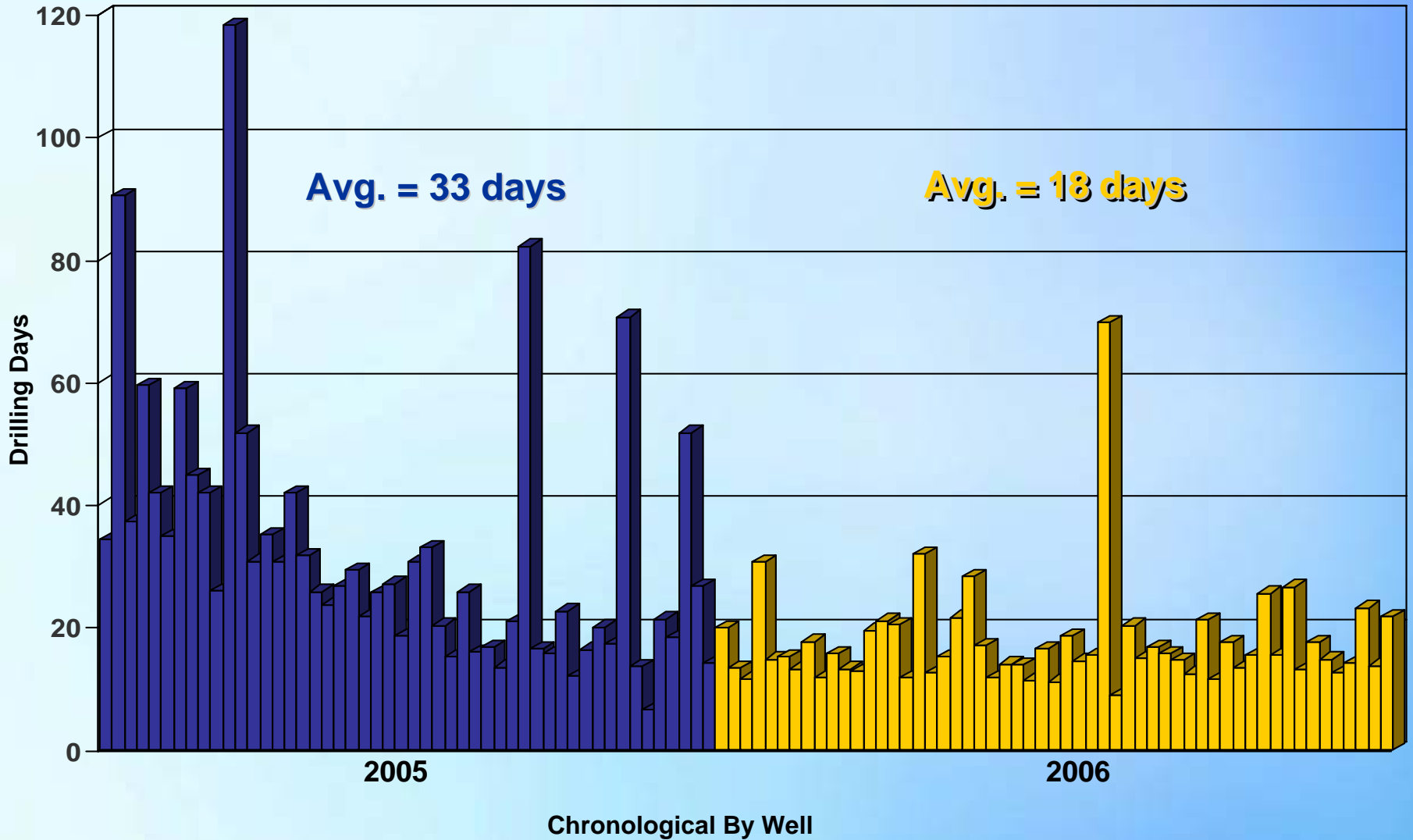
2006 Estimate

20-Acre Horizontal Barnett Infill Pilot

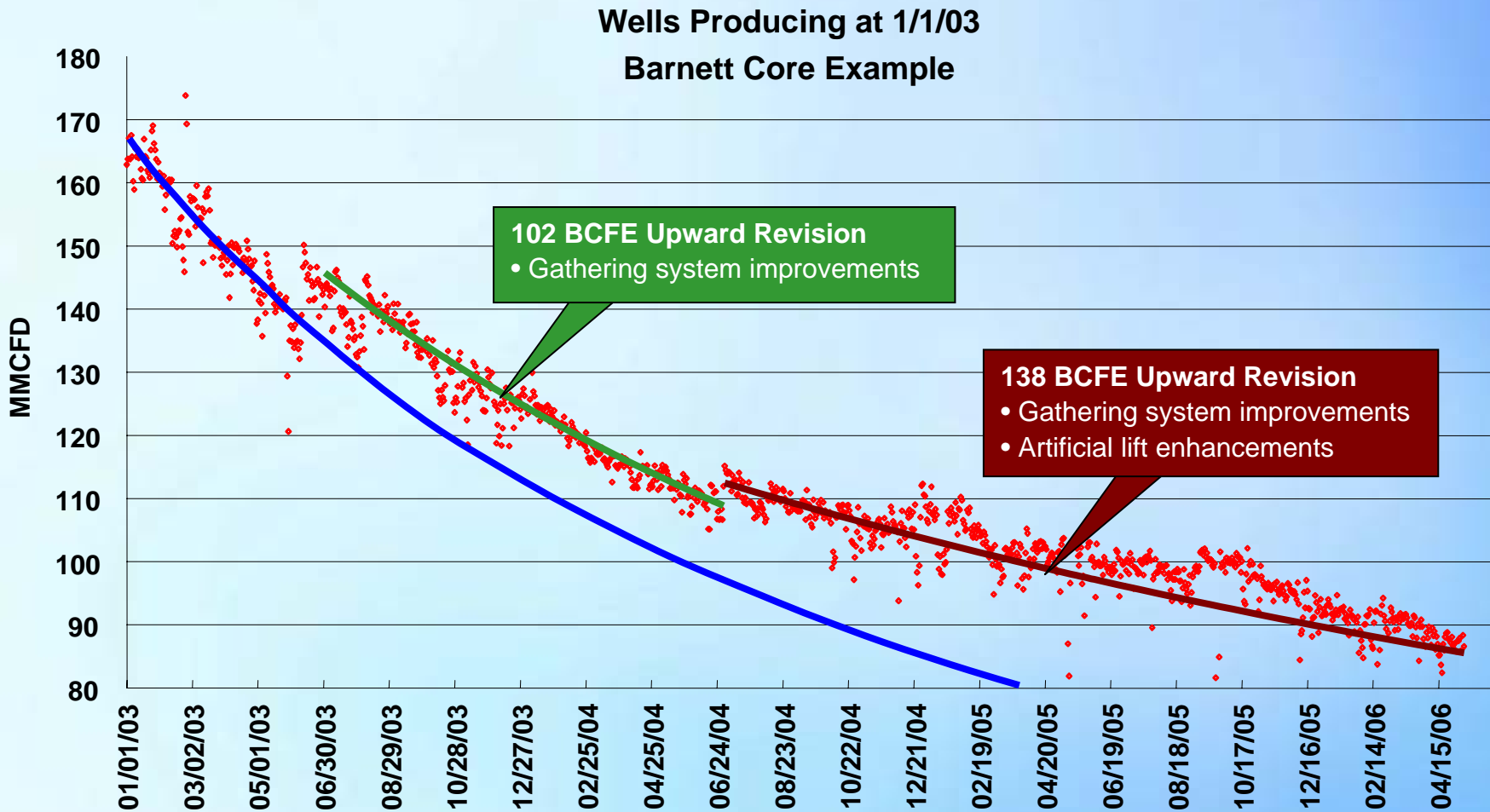


Johnson County Drilling Days in the Barnett

Horizontal Wells



Increasing Production & Reserves



Legacy of Leadership



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Thank you.