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Social 5:30 p.m., Dinner 6:30 p.m.

Cost: \$28 Preregistered members; \$35 non-members & walk-ups

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by Robert G. Clarke
Wood Mackenzie

Independents Drive Gulf Coast Growth through Barnett Shale, Cotton Valley, Deep Bossier and Wilcox Activity

In the onshore Gulf Coast region supermajors are working hand in hand with independents, juniors and even private individuals. There are literally thousands of players in the region, but the most successful group in recent years has been the US independent producers.

These companies have been focused on the development of unconventional plays including tight gas, shale gas, coal bed methane, and even CO₂-enhanced EOR projects. Of the corporate portfolios Wood Mackenzie analyzes in the ArkLaTex, Black Warrior, Fort Worth, Gulf Coast and Mississippi Salt Dome basins, 71% of proven and probable (2P) commercial reserves are held in unconventional reservoirs.

Production Growth

From 2002 to 2005, the onshore Gulf Coast exhibited flat production of about 20 bcfe/d. Recent growth starting in 2006 should continue

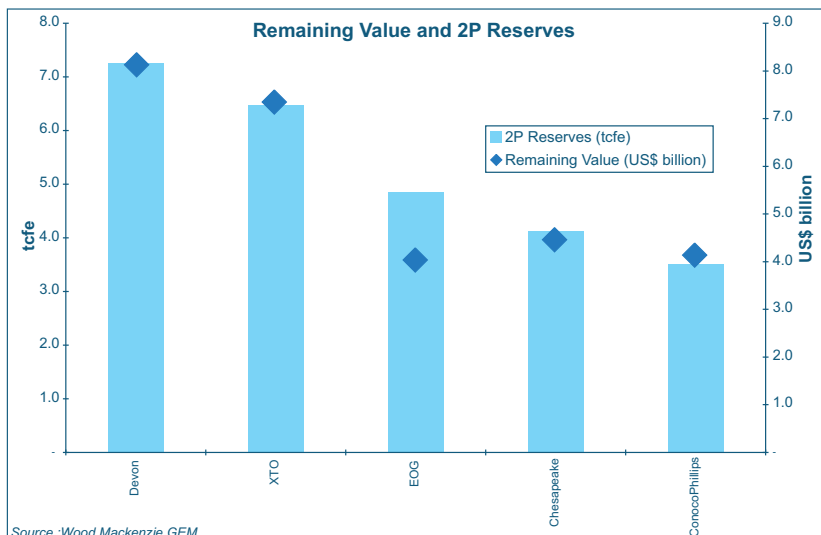
Tight gas and shale gas in the Fort Worth and ArkLaTex basins are predicted to account for 74% of future capital spent in the region.

with the region poised to produce over 22 bcfe/d by 2010. Although this mature region was once dominated by supermajors, four of the current top five producers are independent operators.

Devon is the largest producer so far in 2007, with its massive position in the Barnett Shale and strong growth in East Texas. Chesapeake should achieve the highest level of growth in the medium term with an anticipated regional production increase of 65% between 2007 and 2010. Chesapeake's growth is driven by aggressive development in the Barnett Shale, Wilcox Trend and Deep Bossier plays. XTO and EOG are also chasing many of the same plays and their commitment to the region is exhibited by each firm projecting to grow its regional production by over 20% by 2010.

Capital Expenditures and Drilling

Tight gas and shale gas in the Fort Worth and ArkLaTex basins are predicted to account for 74% of future capital spent in the region. Specific plays absorbing most of this capital include the Cotton Valley, Travis Peak, Cotton Valley horizontal, Deep Bossier and Barnett Shale.



Source: Wood Mackenzie GEM

New completions are closely tied to increases in capital spending. The number of new producing wells in the Gulf Coast has rapidly increased since 2002 at a rate not seen in the past 25 years. Average annual rig count for the region increased over 20% from 2005 to 2006 and continues to build.

In his presentation, Mr. Clarke will review the performance of the top Gulf Coast producers, plays and fields in 2007. He will also provide an

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outlook for company production, reserves and value. Furthermore, the presentation will highlight the strategies that support the growth of these leading companies. ■

Biographical Sketch

ROBERT G. CLARKE has been an analyst with Wood Mackenzie since 2005 as a member of the company's US Lower 48 Upstream Research team. His focus is on the onshore Gulf Coast region, where he specializes in geologic play description, decline analysis and economic modeling. Prior to joining Wood Mackenzie, he worked as a field geologist for HMI, a private engineering and consulting firm in Houston.

Mr. Clarke graduated Cum Laude from Texas A&M University in 2001 with a bachelor's degree in geology, and received an MBA in 2005 from the Eller College of Management at the University of Arizona.



Wood Mackenzie is a leading provider of commercial research and consulting services to the energy industry. The company expanded its global upstream offerings in 2004 to include the Onshore US Lower 48 where Wood Mackenzie now provides commercial analysis for the Rocky Mountains, Gulf Coast and Mid-continent regions.