

- **LA's Austin Chalk returns from lengthy hiatus as EOG assumes first mover advantage in an overlooked play.** EOG's Eagles Ranch well at Avoyelles Parish, LA, targeting the Austin Chalk, posted an IP-24 of 1,632 Boe/d (87% oil), and after 90 days the well has cum'd ~80,000bbls. This well received some air time on 1Q18 conference calls as both companies have been leasing acreage within state, with the latter acknowledging an entry cost of less than \$900/acre. COP also has announced ~245,000 net acre position within LA's Austin Chalk window. Now, based on a presentation we came across from PQ, the company cites an estimated fracked horizontal well EUR in the LA chalk to be ~732mboe based on a sample of 22 EOG wells in Karnes County, and the company currently targets an expected well cost of ~\$9.5mm produces an IRR of 60% at \$50/bbl and \$3.00/mcf which compares to the EOG exploratory well at ~\$12.5mm. All that said, although the EOG Eagles Ranch well marks an encouraging sign for future prospectivity in the play, moving forward we will continue to keep a sharp eye on declines / productivity and D&C costs to gauge overall economics and if ultimately this can compete for capital against other plays in the L48.