

East Texas HZ: Growing Liquids

▪ 300+ MMBOE Net Resources

- ~450 Identified Drill Sites
- ~1 MMBOE EUR per Well

▪ Outstanding Economics

- 35+% Liquids
- 50 - 90+% ROR

▪ HBP Liquids-Rich Opportunity

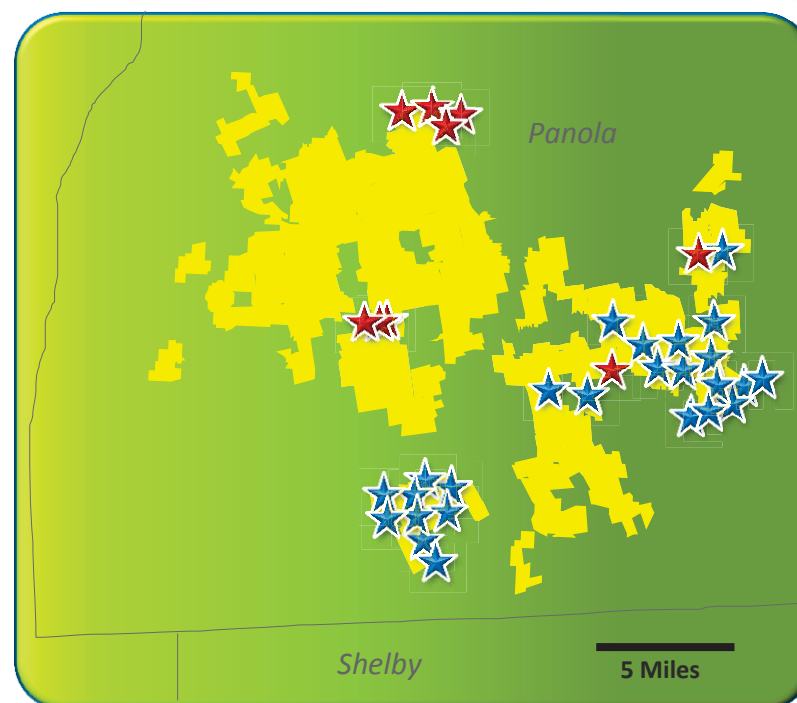
- Established Operations Base
- Existing Midstream Infrastructure

▪ Strong Cash Generation

- Carthage Area Producing ~35 MBOE/d Net
- <\$2 LOE/BOE



~116,000 Net Acres



- APC Acreage
- ★ Cotton Valley HZ
- ★ Haynesville HZ

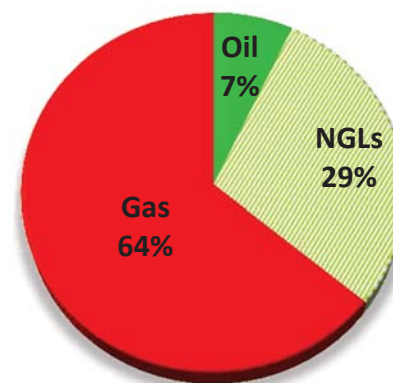


Based on Unescalated NYMEX Prices of \$100/Bbl and \$3.25/Mcf

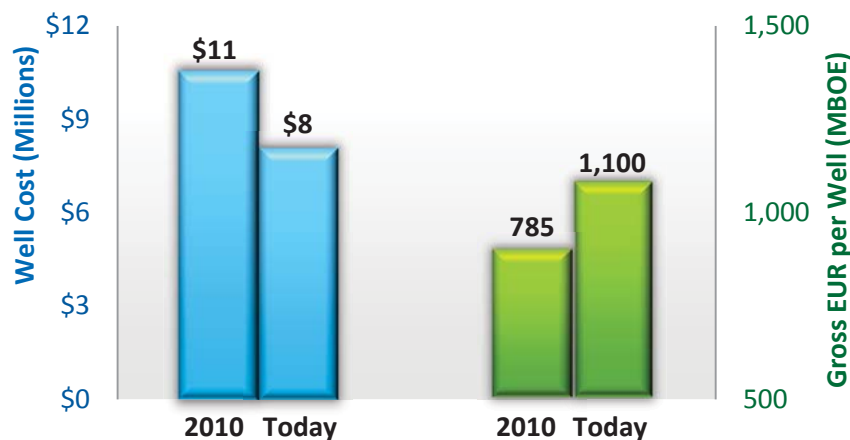
East Texas HZ: Reducing Costs and Improving Recoveries

- **35+% Liquids Composition**
- **~40% Improvement in Well Recoveries**
- **~30% Well-Cost Reduction**
 - *Improved Drilling Cycle Times*
 - *Completion Efficiency Gains*

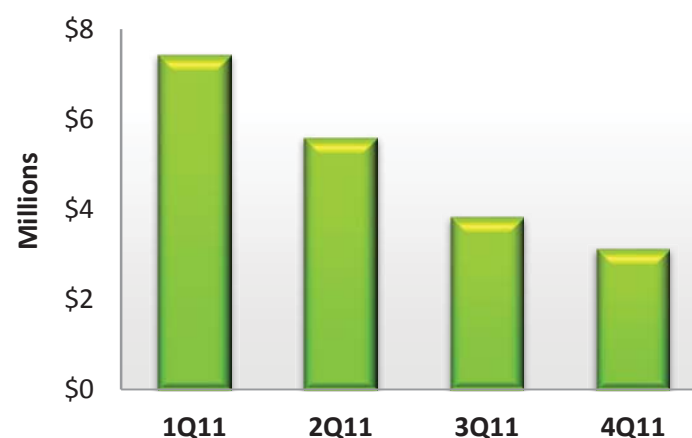
Sales-Volume Mix



Reducing Costs, Improving Recoveries



Avg. Completions Cost

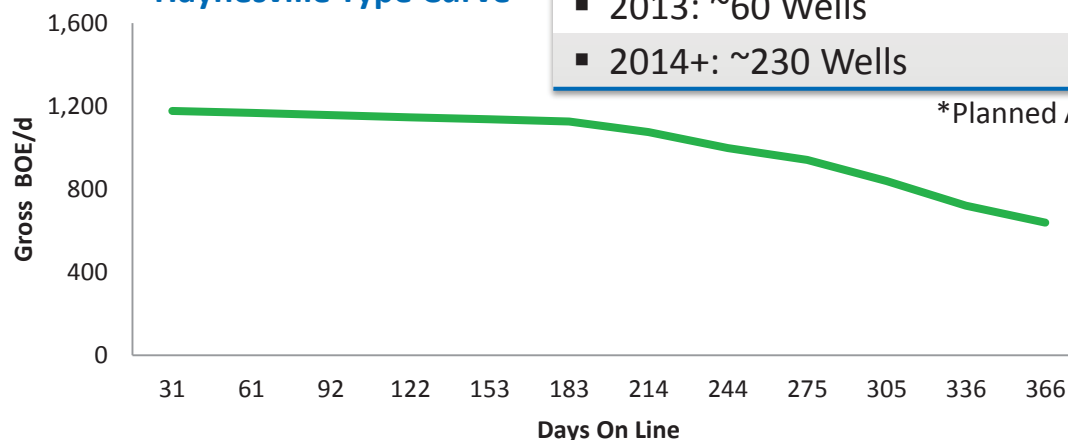


East Texas HZ: Roadmap to Value in Current Price Environment

Haynesville Type Well (76% WI, 66% NRI)

- 1,100 MBOE EUR
- 7% Oil, 29% NGL, 64% Gas
- \$8 Million Well Cost
- Net: \$6.1 Million BTAX NPV
- 95% BTAX ROR
- 350 Drill Sites

Haynesville Type Curve



Haynesville Drilling Program*

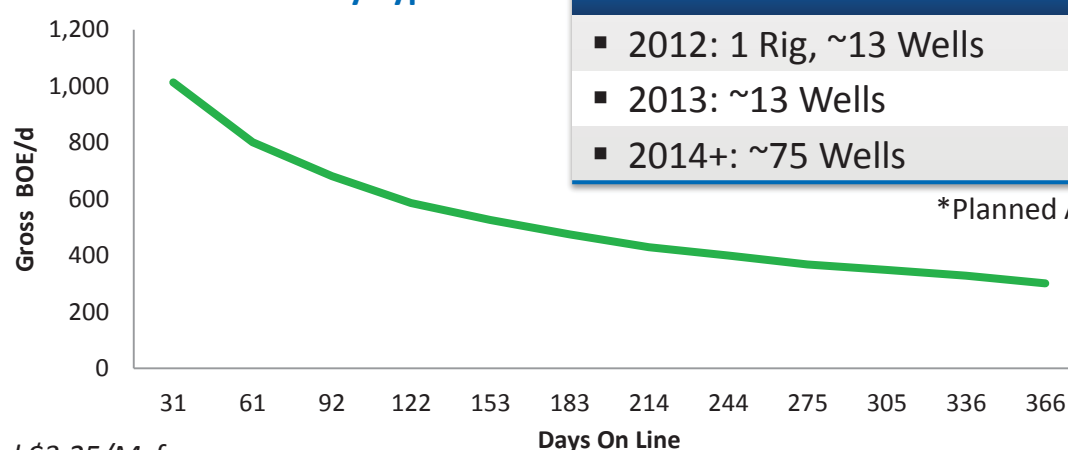
- 2012: 5 Rigs, ~60 Wells
- 2013: ~60 Wells
- 2014+: ~230 Wells

*Planned Activity

Cotton Valley Type Well (78% WI, 65% NRI)

- 800 MBOE EUR
- 5% Oil, 30% NGLs, 65% Gas
- \$5.1 Million Well Cost
- Net: \$2.9 Million BTAX NPV
- 51% BTAX ROR
- 100 Drill Sites

Cotton Valley Type Curve



Cotton Valley Drilling Program*

- 2012: 1 Rig, ~13 Wells
- 2013: ~13 Wells
- 2014+: ~75 Wells

*Planned Activity

Based on Unescalated NYMEX Prices of \$100/Bbl and \$3.25/Mcf

