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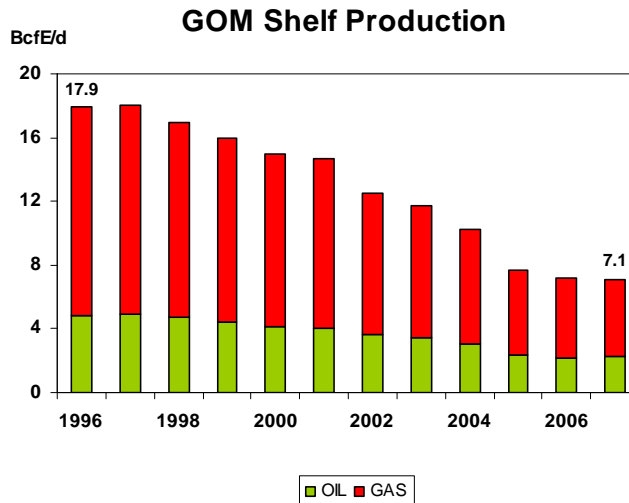
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**ZIFF ENERGY INITIATES OPERATING COST STUDY
 TO ASSIST GULF OF MEXICO SHELF OPERATORS ENHANCE PRODUCTION
 OPERATING EFFICIENCY AND MANAGE RISING COSTS**

HOUSTON, December 16, 2008 – Ziff Energy Group (ZEG), a leading North American energy consulting firm, with offices in Houston and Calgary, has launched the 5th edition of its **Gulf of Mexico Shelf Operations Efficiency/Improving Field Performance** study evaluating 2007 and 2008 year-to-date uptime reliability and operating costs for producing fields in the Gulf of Mexico. Participation includes Majors and Independents, who collectively account for about 30% of Shelf production.

The purpose of the study is to help producers cope with the impact of the dramatic price decline on cash flow, to counter the effects of *rapid production decline* and *service cost inflation* on the Shelf, which have a big impact on unit operating costs. The last Operations project was conducted 6 years ago; many changes have occurred since then. Shelf production has declined significantly (see the graph below). The Shelf was, but is no longer, the *largest gas supply area* in the U.S. The study will also assess the moderate quantity of oil production on the Shelf. During the past decade, GOM Shelf production has declined by 60%, from 17.3 BcfE/d to **7.1 BcfE/d**. Recently Shelf production stabilized, but with low commodity prices, may drop again in 2009.



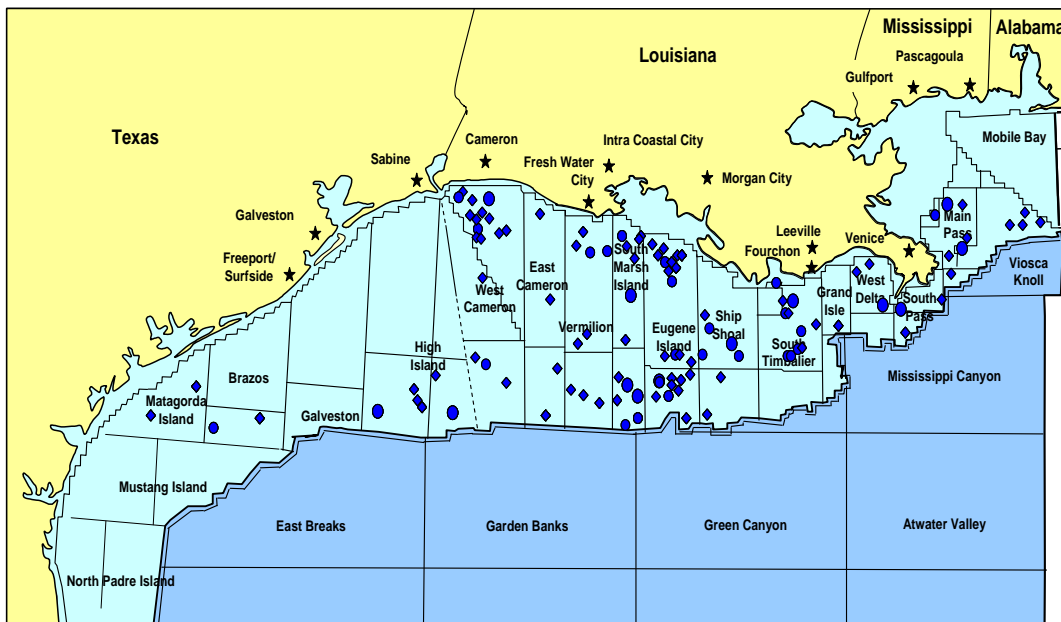
Majors and large Independents have reduced or eliminated their presence in the region. For example, Hunt Petroleum recently sold their operations, including their Shelf assets, to XTO. Even Newfield Exploration, founded by legendary oilman Joe Foster to focus on opportunities on the Shelf, sold its assets last year to McMoran.

Other operators, meanwhile, have entered the Shelf or increased their presence by acquiring assets and/or entire offshore companies. Most recently, Stone Energy acquired Bois D’Arc, and the Korean National Oil Company formed a joint venture named Ankor Energy to acquire the assets (and management team) of New Orleans based Taylor Energy. In the last several years, commodity prices have increased significantly, leading to an increased focus on maximizing production. With the rise of the Deepwater, and the multi-billion dollar projects, the Shelf is the poor cousin whose operating costs for services have soared, due to storms in recent years and the call on marine services for Deepwater activity. Shelf plays, which are predominantly gas compared to Deepwater oil plays, and which are increasingly smaller and less attractive, are also being squeezed by the much lower relative price of gas versus oil.

This study edition will be the first to focus on *Production Uptime Reliability and Operating Efficiency*, with new metrics that were developed as part of Ziff Energy’s 6th Offshore Deepwater study, completed last year. These new metrics include the value of lost production, the mean time between incidents (MTBI) and the mean time to recover (MTTR). In the Deepwater study, the value of the unplanned deferment of 47.3 MBOE/d exceeded the total OpEx (\$850 million) of the participants! Uptime is a prime driver of upstream ‘value add’. Ziff Energy will identify *“best in class” production uptime targets* and will help validate the value associated with specific investments in improved reliability.

Data collection for this project will begin later this month, and there is still time for additional operators to participate. Ziff Energy’s Shelf study will focus on operations in more than 125 fields (see the map below) located in less than 1,000 feet of water depth.

Gulf of Mexico Fields to be Assessed



The 5th Edition study will feature *trend analysis* both on a field and company level. “Ziff Energy’s large database of historical costs allows companies to examine cost trends and analyze *effectiveness of programs* such as chemical use, boats and helicopter strategies, and production optimization.” said Tom Gray, Ziff Energy’s Offshore Operations specialist, “*Key opportunities exist to increase production and to lower unit operating cost* in areas such as well servicing, transportation, and energy consumption.” Mr. Gray joined Ziff Energy after a long career at a Major where he was Director of Gulf of Mexico Operations.

Participants will receive confidential, blinded, asset-level cost comparisons versus comparable assets, as well as detailed *cost driver analysis*. “Study participants receive a detailed *diagnostic report on each asset*, compared on a ‘like kind’ basis with peer assets and identifying potential savings in each cost category.” *Delivery of preliminary diagnostic results is scheduled for April, in time for action during 2009*. Historically, Ziff Energy’s studies have helped producers pinpoint areas to achieve significant savings on operating costs. After the study is completed, Ziff Energy meets with each client regarding areas for future action plans to assist them achieve these efficiency savings, as well as for best practices to gain production.

After completion of the study, Ziff Energy intends to offer a **Best Practices Workshop** for the benefit of study participants. The full-day workshop will feature presentations by clients chosen specifically for their strong performance in a specific area of Shelf operations. There is much “give and take” among the participants, discussing common challenges, and also generous networking time. The field operations professionals that attend Ziff Energy workshops have always highly rated the opportunity to network with their peers.

Ziff Energy is the *leading benchmarker of operating costs and practices for the Gulf of Mexico, and around the world* in 2 dozen countries. Our offshore database includes 600 Shelf fields worldwide and 50+ U.S. Deepwater assets (representing some 85% of U.S. Deepwater production). This offshore database includes extensive cost data, encompassing a wide variety of production systems, field vintages, water depths, and levels of technology. Last year, Ziff Energy established a *Center for Benchmarking Excellence* in Calgary, staffed with full-time experienced engineers to ensure the highest quality and efficiency in conducting benchmarking analysis.

For more information about the Shelf study, or to discuss participation, please call or e-mail **Richard M. Tucker, VP Marketing** at (888) 736-5780 or richard.tucker@ziffenergy.com.

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Ziff Energy, one of the leading North American energy consulting firms, focuses on upstream oil and gas operating performance and natural gas industry issues. Since 1982, the firm has conducted over 150 multi-client studies analyzing upstream and E&P performance, advised more than 100 U.S. and Canadian natural gas companies and government agencies, and produced dozens of reports on North American gas supply and transportation issues. Ziff Energy first introduced their innovative and unique Gulf of Mexico Shelf study in 1998. Second, third and fourth editions of the Shelf study, which updated operating cost benchmarks, were released in late 1999, 2000, and 2003.

