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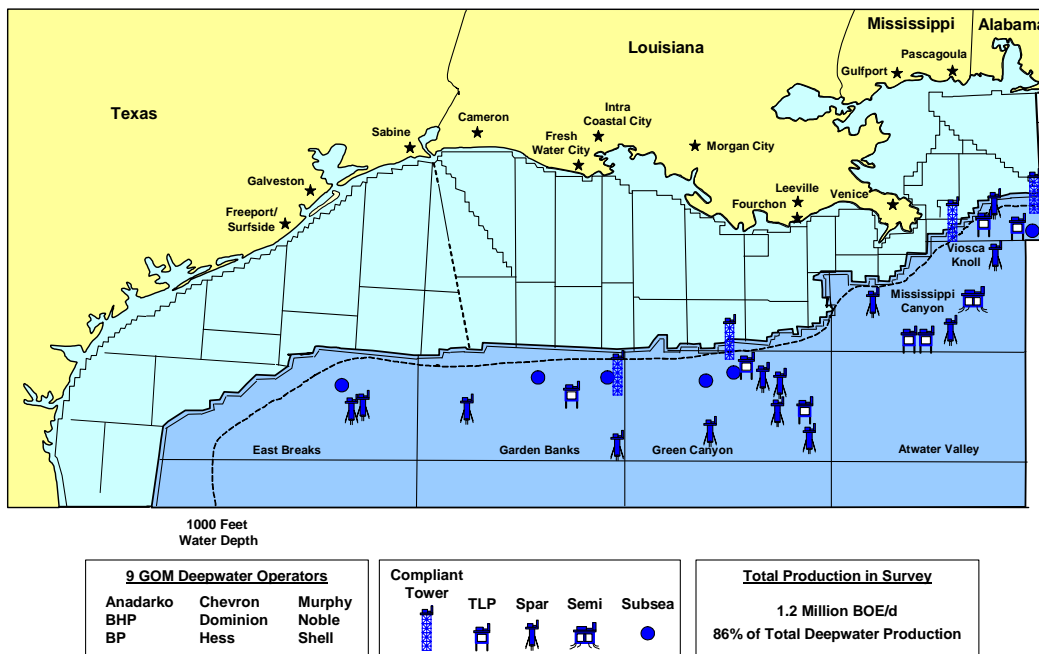
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Houston, January 5, 2009

Ziff Energy Initiates Large Deepwater Operations Study to Help Gulf of Mexico Operators Enhance Production Efficiency & Manage Cost Challenges

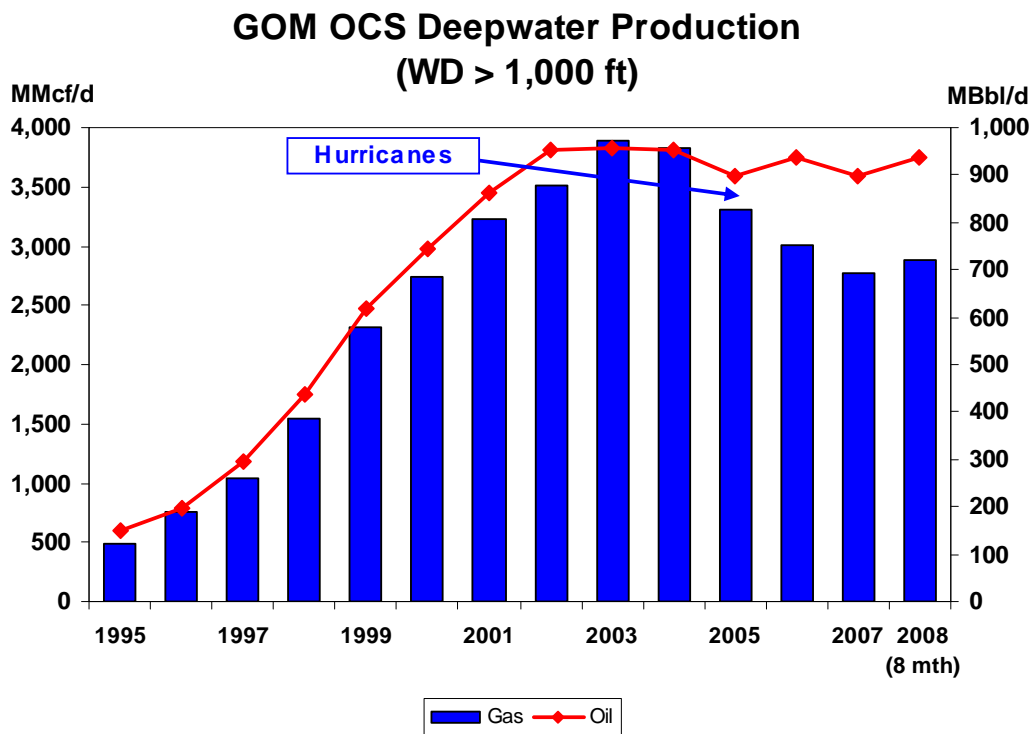
Ziff Energy Group (ZEG), a leading North American energy consulting firm, with offices in Houston and Calgary, has launched the 7th edition of its **Gulf of Mexico Deepwater Improving Field Performance (IFP)** study, which will evaluate pre-hurricane 2008 & 2007 operating costs for more than 2 dozen producing Deepwater assets. Participation includes Deepwater operators who collectively account for over 75% of the 1.3 million barrels of oil equivalent per day (MMBOE/d) produced in the Deepwater region of the Gulf of Mexico (the map below displays the floating production assets assessed in the 6th edition – most of these and several new ones will be assessed in the 7th edition; which will also include fixed and subsea assets).

Gulf of Mexico Floating Production Assets Assessed in 7th Edition



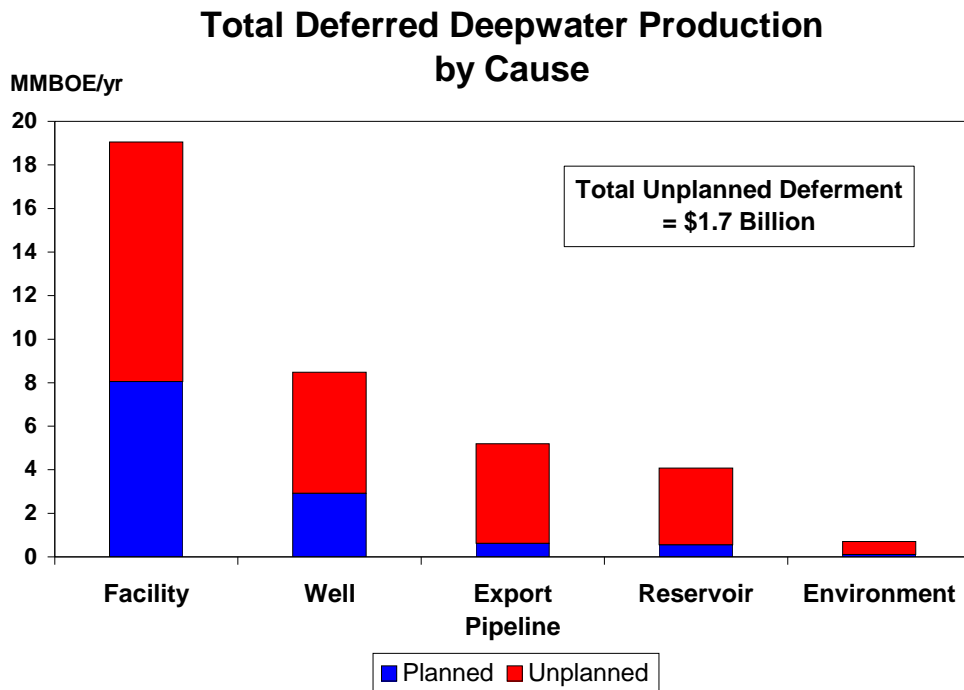
Ziff Energy’s last Deepwater study, conducted 2 years ago, assessed 2006 data. Many changes have occurred since then, including production from new Deepwater assets, especially semi-submersible production hosts (e.g. Atlantis, Thunderhorse, Blind Faith and the Independence Hub), and many new subsea wells. Offshore Brazil is another major Deepwater area, operated primarily by Petrobras, and West Africa (Nigeria and Angola) is an important emerging Deepwater region. The U.S. Deepwater has both the broadest range of operating systems, and diversity of operators, and therefore is the leading ‘incubator’ for the worldwide Deepwater industry.

The Gulf of Mexico Deepwater is the most important domestic oil supply area for the U.S. (along with Alaska and the Permian Basin for onshore oil), although the impact of the hurricanes led to significant declines for both oil and gas production in late 2005 and 2006 (see the graph below). The Gulf of Mexico Deepwater has continued to have new ‘world class’ discoveries and significant new field developments. *The pace of new field developments has been strong the past several years*, with both Independents and Super-Majors making significant contributions to the growth of Deepwater production and reserves (Independence Hub alone is responsible for about 2% of North American gas production). A majority of Deepwater gas production is associated, and growth in Deepwater oil production will be essential to offset gas production decline in the Gulf of Mexico Shelf this decade.



Compared to the 1990s, the ranks of leading players has expanded beyond the original Super Majors (Shell & BP) to include leading Independents such as Anadarko and Murphy Oil, both operator of spars. The world-class potential has also attracted foreign headquartered companies such as Petrobras, the world’s largest Deepwater producer with extensive heavy oil reserves in Brazil, and European companies like Eni of Italy (who acquired Dominion’s offshore assets) and the Norwegian national oil company StatoilHydro, who has also positioned itself for future growth in the Gulf of Mexico Deepwater.

With the growth of production and facilities in the Deepwater has come increased emphasis by industry on *system reliability to optimize production* along with its continued emphasis on *safety, health and environmental stewardship*, which is important for government and citizen shareholders. The 6th Edition provided *innovative new Operating Efficiency and Reliability Metrics*, including peer analysis of daily production and “deferred production” data, mean time between downtime incidents (MTBI), and mean time to recover production. The study found a surprisingly wide range of Reliability, which can add to tens of millions of dollars of annual revenue. Indicative of the size of the incentive to improve reliability, the graph below shows the study assets’ deferred production in 2006 associated with planned and unplanned downtime by cause: facility (on the platform), well (subsurface), export (pipeline), reservoir and environment (weather). ***The value of unplanned deferment (\$1.7 billion) was almost double the total OpEx (\$856 million) of the study!*** The 7th edition will update these reliability metrics.



Ziff Energy’s study will focus on operations in offshore fields located in greater than 1,000 feet of water depth and encompass the various development systems being used currently in the Deepwater Gulf of Mexico: floating production systems (spars, TLP’s and semi-submersibles), fixed platforms and subsea wells. While the 7th Edition study will analyze operating cost data for the 18 months leading up to this summer’s hurricanes, the results will also feature *extensive trend analysis* both on a field and company level. There will be individual Client “Kick-off” meetings in January with data collection to begin thereafter, so **there is still time for additional Deepwater operators to participate in the initiative.**

Ziff Energy’s database of historical costs in the Deepwater, which goes back to the early fields operating in 1998, allows companies to examine cost trends over nearly a decade, covering the life cycle of a number of fields. The study will also analyze *effectiveness of programs* such as chemical use, boats vs. helicopter strategies, well servicing, and production optimization. “The study will identify *key opportunities to lower unit operating cost* in these areas, as well as from improved reliability and production optimization.” said Richard M. Tucker, Ziff Energy’s Vice President. Historically, Ziff Energy’s IFP studies have helped producers pinpoint areas to achieve significant savings on operating costs.



“Study participants will receive a detailed *diagnostic report for each asset*, compared on a ‘like kind’ basis with peer assets and identifying potential savings in each of 15 cost categories,” said Tucker. *Delivery of the field level diagnostics* is scheduled for April 2009, *in time for action during the second half of the year*. After the study is completed, Ziff Energy meets privately with each client regarding developing future action plans to assist them achieve these savings, as well as applying best practices to gain production.

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

Ziff Energy is the *leading benchmarker of offshore operating costs and practices for the Gulf of Mexico, North America*, and South America, with extensive benchmarking programs for both the Deepwater and Shelf. Their offshore database includes extensive cost data for 60+ Deepwater assets and 600 Shallow depth fields operated by 20 operators, and encompassing a wide variety of production systems, field vintages, water depths, and levels of technology.

Ziff Energy first brought their innovative and unique operations performance benchmarking study approach to the Gulf of Mexico Deepwater in 1998, completing the first study for 12 operators. The second, third, fourth and fifth editions of the Deepwater study were released in 1999, 2000, 2001, 2003, 2004 and 2007 respectively to update the operating cost benchmarks.

Further information about the Deepwater initiative is available from the Ziff Energy Group Houston Office at (713) 985-5183. Please call or e-mail Richard Tucker, VP Marketing, richard.tucker@ziffenergy.com.

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Ziff Energy Group, founded in 1982, is a leading North American gas consulting firm. On an international basis, Ziff Energy provides sophisticated industry and operational business analysis and custom consulting to the world wide energy industry. We have offices in Calgary and Houston, the primary oil and gas centers in North America. Our growing staff of 55+ includes **many industry specialists**, with **15 to 30 years of domestic and international experience**.

