

# Newfield Reports First Quarter 2011 Financial and Operating Results

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HOUSTON, April 20, 2011 /PRNewswire/ -- Newfield Exploration Company

today reported its unaudited first quarter 2011 financial and operating results. Newfield will be hosting a conference call at 8:30 a.m. CT on April 21, 2011. To participate in the call, dial 719-325-4804 or listen through the investor relations section of our website at <http://www.newfield.com/>.

For the first quarter of 2011, Newfield recorded a net loss of \$17 million, or \$0.13 per diluted share (all per share amounts are on a diluted basis). The net loss for the first quarter includes a net unrealized loss on commodity derivatives of \$237 million (\$150 million after-tax), or \$1.11 per share. Without the effect of this item, net income for the first quarter of 2011, rather than net loss, would have been \$133 million, or \$0.98 per share.

Revenues in the first quarter of 2011 were \$545 million. Net cash provided by operating activities before changes in operating assets and liabilities was \$361 million. See 'Explanation and Reconciliation of Non-GAAP Financial Measures' found after the financial statements in this release.

Newfield's production in the first quarter of 2011 was 72 Bcfe. Natural gas production in the first quarter of 2011 was 45 Bcf, an average of 503 MMcf/d. Newfield's oil liftings and liquids production in the first quarter of 2011 were 4.4 MMBbls, or an average of approximately 49,000 BOPD. Capital expenditures in the first quarter of 2011 were approximately \$434 million.

## 2011 Production

Newfield's production guidance for 2011 remains 312 - 323 Bcfe, an estimated increase of 8 - 12% over 2010 volumes. Second quarter 2011 production will be negatively impacted due to deferred production from Newfield's non-operated Abu field, located on PM 318 offshore Malaysia. The field is currently off-line due to a mechanical failure associated with FPSO operations. Repairs to the system are expected to take 60-90 days. Newfield estimates that the impact to its second quarter net oil production will be a reduction of approximately 0.2 MMBbls, which is included in its second quarter guidance (found in this release) as well as within the Company's unchanged production forecast for the full year.

## 2011 Capital Investments, Asset Sales

Newfield today increased its 2011 capital budget to \$1.9 billion from its original budget of \$1.7 billion. The budget excludes capitalized interest and overhead and the planned second quarter closing of the Company's previously announced \$308 million acquisition in the Uinta Basin. The increase in expenditures is substantially offset by increased cash flow from operations as a result of higher oil price realizations. The increase in planned investments is primarily related to the following:

- New and ongoing leasing of acreage in an undisclosed resource play;
- Increased service and labor costs throughout the Company's areas of operation;
- Efficiency gains in drilling; and
- Capital investments in the Uinta Basin associated with the previously announced Uinta Basin acquisition.

Newfield is in the process of selling certain non-strategic domestic assets. The planned sales are expected to be completed in the second half of 2011. The Company expects that proceeds will exceed \$200 million.

Year-to-Date 2011 Operating Highlights:  
Rocky Mountains

The largest contributor to Newfield's 2011 estimated increase in domestic oil production is its Rocky Mountain focus area. Production in the first quarter of 2011 increased 27% over the same period of 2010. During the first quarter of 2011, Newfield's sales were approximately 2.3 MMBOE, or 25,000 BOEPD. For the full year 2011, Newfield expects that its Rocky Mountain production will grow more than 25% over 2010 annual volumes and exit 2011 at a rate of approximately 33,000 BOEPD. Approximately two-thirds of the region's production is oil.

Greater Monument Butte Field Area - Newfield continues to run five operated rigs in the Uinta Basin. Sales in the region averaged approximately 18,200 BOPD (net) during the first quarter as field inventory levels were drawn down to near-normal operating levels. The Company expects to grow 2011 production from the area by about 15% over 2010 levels.

During the first quarter, Newfield announced the signing of two separate purchase and sale agreements to acquire assets in the Uinta Basin from Harvest Natural Resources and an unnamed private company for \$308 million. The transactions will add approximately 70,000 net acres in the Uinta Basin. The acreage is largely undeveloped and located adjacent and north of Monument Butte. The transactions are expected to close in the second quarter of 2011, pending customary closing processes.

In addition, Newfield and partner, Ute Energy, recently executed a third Exploration and Development Agreement. As a result, Newfield added approximately 11,000 net Tribal acres. Inclusive of these recent transactions, Newfield will own interest in approximately 250,000 net acres in the Uinta Basin.

Williston Basin - Newfield is running five operated drilling rigs in the Williston Basin. Current net production is about 5,000 BOEPD and the Company has 10 wells in various stages of completion (average lateral length approximately 8,600'). Dedicated fracture stimulation services arrived in the field in April and completions are underway with initial volumes from the new wells expected late in the second quarter of 2011.

Substantially all of the Company's planned wells in 2011 are super extended lateral (SXLs) wells. Three horizontal wells were recently completed with an average initial gross production rate (24-hour) of approximately 3,900 BOEPD. This average includes a recent record completion which had an initial gross production rate (24-hour average) of 4,468 BOEPD.

Newfield has approximately 161,000 net acres in the Williston Basin.

Southern Alberta Basin - To date, Newfield has drilled seven vertical wells, completed and placed on production two horizontal wells, and is preparing to drill an eighth vertical well. All of the wells to date have encountered oil. Newfield has 280,000 net acres in the play, located in Glacier County, Montana. Multiple prospective geologic formations throughout the acreage are planned for evaluation.

#### Mid-Continent

Granite Wash - Newfield continues to run a four-rig program in the Granite Wash play, located primarily in Wheeler County, Texas. To date, the Company has completed 39 wells in the play with gross initial production averaging approximately 16 MMcfe/d (24-hour rate). Newfield has successfully assessed 10 geologic intervals and additional prospective horizons remain. For 2011, the Company plans to drill 28 - 33 wells and grow production more than 20% over 2010. Current net production from the area is approximately 110 MMcfe/d.

The 2011 Granite Wash program is focused on the 'liquids-rich' geologic intervals within the play. Since

## 2009, Newfield has completed 21 well

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