

Newfield Exploration Announces 2012 Capital Investment Program

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2012 Oil Focus Expected to Yield >20% Oil and Liquids Growth

Company Assessing New 125,000 Net-Acre Position in the Anadarko Cana Woodford Play

THE WOODLANDS, Texas, Feb. 21, 2012 /PRNewswire/ -- **Newfield Exploration Company**

today announced a \$1.5 - \$1.7 billion capital investment program for 2012. The investments will be almost entirely 'oil-focused' and are expected to generate more than 20% year-over-year production growth in oil and liquids. Approximately \$300 million of the budget will be allocated to an aggressive assessment of a new 125,000 net-acre position in the 'liquids-rich' Cana Woodford play, located in Oklahoma's Anadarko Basin.

2012 Capital Investment Highlights

- Total planned 2012 capital investments of \$1.5 - \$1.7 billion, or approximately \$400 million less than 2011 investments of \$2.0 billion. Totals exclude acquisitions and capitalized overhead and interest of \$210 million and \$194 million, respectively;
- Oil and liquids production is expected to grow more than 20%, natural gas production expected to decline as much as 15%;
- Approximately \$500 million, or nearly one-third of total budget, will be allocated to Uinta Basin oil plays. Multiple horizontal targets are planned to be tested in the Central Basin region and area production is expected to grow more than 20% in 2012;
- One-third of total budget, more than \$500 million, will be allocated to the Mid-Continent. Up to seven operated rigs will be dedicated to the assessment of a new 125,000 net acre position in the Cana Woodford play;
- Acceleration of development drilling in Malaysia to yield approximately 35% growth in area oil production. Approximately 40% of the \$235 million international budget will be allocated to development of the Pearl oil field in China;
- The budget will be funded through the Company's 2012 cash flows from operations, proceeds from non-strategic asset sales and borrowings as needed under its existing credit facility;
- Approximately 62% of the Company's expected 2012 gas production and approximately 95% of the Company's expected 2012 domestic oil production is hedged. Complete details on Newfield's hedge positions can be found on the Company's website in the @NFX publication.

2012 Production Guidance

'We are transitioning to an oil company in 2012 and by the second half of the year we expect that more than 50% of our production will be from oil and liquids fields,' said Lee K. Boothby, Chairman, President and CEO. 'With the continuing gap between oil and natural gas prices, we are voluntarily electing to defer natural gas

activity in favor of more profitable oil and liquids opportunities. Because we took proactive steps over the last several years to build our oil assets, we have favorable areas to invest in today and expect that our oil and liquids volumes will grow more than 20% in 2012 from plays in the Uinta and Williston basins, the Anadarko Basin and from our international developments.'

Boothby continued, 'Our natural gas production is expected to fall by approximately 15% in 2012 due to natural field declines. We are refusing to fund low margin natural gas projects simply for the sake of absolute production growth. I am confident that we are making the right long-term decisions for our shareholders. Overall, we expect that our production in 2012 will range from 290 - 300 Bcfe, or flat to slightly higher than our 290 Bcfe produced in 2011 (pro forma for asset sales). Year to date, we have already deferred about 2 Bcfe associated with curtailments and deferred completions in the Mid-Continent. Should prices further deteriorate, we may elect to curtail, shut-in and/or defer additional natural gas production.'

The following tables detail Newfield's production by area and, in addition, the impact of non-strategic asset sales, as well as planned 2012 investments and production by region.

2011 Production and Ongoing Non-Strategic Asset Sales

| AREA | Liquids Production (MMBbl) | Gas Production (Bcf) | Production (Bcfe) | Proceeds from Divestitures (\$MM) | 2011 Production from Assets Divested (Bcfe) | Pro I Produ (Bcfe) |
|--------------------|----------------------------------|-------------------------|-------------------|---|--|--------------------------|
| --- | | | | | ---- | --- |
| Rocky Mountains | | 7.4 | 16.1 | 60.6 | 415 | 1.8 |
| Mid-Continent | | 2.4 | 113.8 | 128.4 | 107 | 3.0 |
| International | | 6.7 | 0.1 | 40.4 | - | - |
| Onshore Gulf Coast | | 1.4 | 31.9 | 40.4 | 159 | 3.1 |
| GOM | | 1.7 | 20.0 | 30.1 | 47 | 2.1 |
| TOTAL | | 19.7 | 181.9 | 299.9 | \$728* | 10.0 |

*Includes approximately \$18 million in proceeds from asset sales expected to close in the first quarter of 2012.

2012 Planned Capital Investments and Expected Production by Area

| AREA | Capital Investments (\$MM) | Liquids Production (MMBbl) | Gas Production (Bcf) | Production (Bcfe) |
|--------------------|----------------------------------|----------------------------------|-------------------------|-------------------|
| --- | ---- | ----- | ---- | |
| Rocky Mountains | 700-800 | | 9.3 | 15.3 70.9 |
| Mid-Continent | 480-525 | | 2.8 | 103.2 120.2 |
| International | 220-265 | | 8.4 | 0.5 50.7 |
| Onshore Gulf Coast | 100-110 | | 1.3 | 20.6 28.4 |
| GOM | - | | 1.5 | 15.6 24.8 |
| TOTAL | | \$1,500-1,700 | 23.3 | 155.2 295 |

Full-Year 2012 Guidance

The following table provides production and certain cost guidance for the full year 2012. For the first quarter of 2012, Newfield expects that its production will be approximately 72 Bcfe (comprised of 39 Bcfe of natural gas, 3.2 MMBbls of domestic oil and 2.3 MMBbls of international oil). Early in the first quarter of 2012, Newfield deferred production of approximately 2 Bcfe associated with well shut-ins and deferred completions in the Mid-Continent. Our cost structure per Mcfe during the first quarter of 2012 is expected to be within 5% of the amounts listed below.

| | 2012 Estimates | | Total |
|--|--|--------|----------|
| | Domestic | Int'l | |
| Production/Liftings (Note 1) | | | |
| Natural gas - Bcf | 155 | - | 155 |
| Oil and condensate - MMBbls | 14.9 | 8.4 | 23.3 |
| Total Bcfe | 244 | 51 | 295 |
| Operating Expenses | | | |
| Lease operating (per Mcfe) | | | |
| Recurring | | \$0.95 | \$1.80 |
| Major (workovers, etc.) (Note 2) | | \$0.25 | \$0.30 |
| Transportation | | \$0.45 | \$ - |
| Production and other taxes (per Mcfe) (Note 3) | | \$0.35 | \$6.45 |
| DD&A expense (per Mcfe) (Note 4) | | \$2.80 | \$4.25 |
| General and administrative (G&A), net (per Mcfe) | | | \$0.70 |
| Capitalized internal costs (per Mcfe) | | | \$(0.45) |
| Interest expense (per Mcfe) | | | \$0.45 |
| Capitalized interest (per Mcfe) | | | \$(0.30) |
| Note 1: | Production/liftings is subject to timing and can vary by quarter. | | |
| Note 2: | The timing of 'major expense' items varies and includes well workovers and repairs and related expenses. | | |
| Note 3: | Production and other taxes are dependent on commodity prices as well as the terms of our international PSC's. Guidance for production taxes was determined using \$100 Bbl WTI NYMEX and \$3.25/MMBtu NYMEX gas prices. | | |
| Note 4: | The DD&A rate per Mcfe is reflective of the composition of the investments and reserves associated with our existing asset base and the assumed cost to add new reserves during the year. The timing and impact of our activities on this rate will vary by quarter. | | |

Cananda Woodford Assessment

In 2011, Newfield invested approximately \$100 million to build a 125,000 net-acre position in the Cananda Woodford, located in the Anadarko Basin of Oklahoma. This acreage is a southeast extension of the prolific Cananda Woodford play. Newfield plans to invest approximately \$300 million in the new area in 2012 and expects to operate up to seven drilling rigs. The Company believes that the acreage lies in both oil and 'liquids-rich' gas areas of the play. Newfield will provide an update on its drilling results around mid-year 2012. Today, Newfield has more than 300,000 net acres in Oklahoma's Woodford play.

Newfield Exploration Company is an independent energy company engaged in the exploration, development and production of crude oil, natural gas and natural gas liquids. Our domestic areas of operation include the Mid-Continent, the Rocky Mountains and onshore Texas. Internationally, we focus on offshore oil

