Key Points

- The Eagle Ford in the Maverick Basin is dominated by carbonates.
- The East Texas Basin is dominated by siliciclastic deposition from the Ouachita complex to the north.
- The siliciclastic formations include the Woodbine sands, Sub-Clarksville and the Harris Delta.
- The influx of siliciclastic rocks are interlaced throughout the entire Eaglebine section.
- Siliciclastic influx is also pervasive throughout the Tuscaloosa Marine Shale.

Source: ZaZa Energy DUG 2012 Presentation.
The Turonian / Cenomanian-Aged Shale Plays Are Expanding Beyond the Eagle Ford Core

Western Eagle Ford
First Hz. Production: 2008
Current Production: 1+ MMBoepd
Number of Wells: 6,500+

Eastern Eagle Ford (Eaglebine)
First Hz. Production: 2008
Current Production: 13+ MBoepd
Number of Wells: 100+

Tuscaloosa Marine Shale
First Hz. Production: 2008
Current Production: 2.5+ MBoepd
Number of Wells: 20+

Turonian / Cenomanian Shale Plays

**Key Points**

- The thickness from the base of the Austin Chalk to the top of the Buda increases to nearly 1,000' in the thickest part of the Eaglebine play.
- The eastern Eagle Ford target is a 100' to 250' thick “hot” shale that is analogous to the mature Eagle Ford area beginning at the San Marcos Arch.
- The core of the Eaglebine activity has been west of the Woodbine sand play, but ongoing activity is pushing the limits of the play further east.

Eagle Ford to Eaglebine Cross Section

Maverick Basin Eagle Ford
- ~120’ Shale Section
- Resistivity > 100 ohm

San Marcos Arch Eagle Ford
- ~40’ Shale Section
- Resistivity > 5 ohm

Houston Embayment Eaglebine
- ~700’ Shale Section
- Low Resistivity < 5 ohm

Eagle Ford Type Curve Areas

Key Points

- Jefferies has analyzed approximately 2,000 wells in the Eagle Ford and created 65 unique type curve areas.
- The more mature western Eagle Ford covers 4.9 million acres and has 63 type curve areas:
  - Single well returns range up to 150%+
- The less mature eastern Eagle Ford (Eablebine) covers 1.4 million acres and has two type curve areas:
  - Single well returns range up to 50%+
  - Will become more defined as drilling expands the knowledge base
  - This area is expanding to the east and could grow beyond the currently defined type curve areas
East Eagle Ford Activity Map

Key Points

- 100+ wells have been drilled in the eastern Eagle Ford since 2008
  - 95% of the wells have been drilled in the past 18 months
  - 90%+ wells drilled to date have been oil wells
- Crimson Energy type curve(3)
  - IP: 608 Bbl/d
  - EUR: 330 MMBbl
  - D&C: $5.4 million
  - IRR: 120%
  - OOIP: 29.6 MMBbl / section (Lower Eagle Ford)
- Halcon Resources type curve(2)
  - EUR: 371 MBoe
  - D&C: $7.5 million
  - IRR: ~50%
- Sanchez Marquis Area(6)
  - EUR: 450 – 550 MBoe
  - D&C: $9.0 million
  - IRR: 30% - 53%
- Venado (7)
  - EUR: 370+ MBoe
  - D&C: $6.0 million
  - IRR: 50%+

(1) Jefferies Type Curve.
(2) Based on Halcon Resources IPAA OGIS Conference presentation, April 15, 2013, and Jefferies internal analysis. IRR based on $90.00 / Bbl, $4.00 / MMBtu and 40% of NYMEX WTI for NGLs.
(3) Crimson Energy DUG Conference, April 2013. IRR assumes pricing of $95.00 / Bbl & $3.50 / MMBtu for natural gas.
(4) Business Wire, 24-Hour Woodbine Test.
(5) 24-Hour Rate.
(7) Information communicated from Venado Oil & Gas.
Key Points

- The Jefferies Area 65 curve represents the core of the Eaglebine, defined by 12 of the most mature, modern completions in Brazos County
  - EUR: 373 MBoe
  - 30-Day IP: 494 Bopd
  - Di: 77%
  - B: 1.25
  - GOR: 300
- Optimization of completions has already begun
  - Longer laterals have shown strong correlation to higher EURs
  - Proppant concentration per lateral ft. has been trending down, indicating sufficient frac conductivity can be achieved between 1,000 and 1,500 # / ft. in the core

Eaglebine Type Curve

Trend Plot

EUR vs. Lateral Length Correlation

Proppant # / ft. vs. First Production Date
Operating Assumptions
- 5,000' Treated Lateral Length
- EUR: 373 Mboe
- Operating expenses:
  - Fixed opex of $4,000 / month
  - Variable oil opex ($ / gross Bbl) of $4.00
  - Gathering and transportation fee ($ / gross sales Mcf) of $2.00
  - NGL transport fee ($ / gross Bbl) of $6.00
- Production taxes:
  - Oil severance tax of 4.60%
  - Gas / NGL severance tax of 7.50%
  - Ad valorem tax of 4.25%
- Capital expenditures:
  - Drilling capex of $2.4 MM / well
  - Completion capex of $4.0 MM / well
  - Facility capex of $100 M / well
- Processing and differentials:
  - Gas shrink factor of 40%
  - NGL yield (Bbl / MMcf) of 200
  - NGL differential of 40%
  - Gas differential of 95.00%
- Spud-to-sales of 30 days

Daily Oil Production Profile

Single Well Sensitivity Analysis

IRR

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<td>100%</td>
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<tr>
<td>120%</td>
<td>$1,658</td>
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PV-10

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Key Points

- The Area 65 Eagle Ford type curve is one of the higher-performing type curves of the 15 Jefferies type curve areas with similar GORs.
- Drivers to improved performance of Area 65 could be higher permeability and/or pressure gradient.