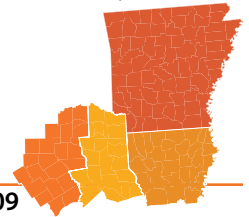




ARK-LA-TEX SCOUT



Serving the local market with drilling activity, permits & deals for sale

Volume 03, No. 09

Regional Activity (State Data)

(06/29/15 to 07/24/15)

	Compls	Permits
Arkansas	33	28
North Louisiana	-	47
East Texas (RRC 5)	5	17
East Texas (RRC 6)	12	25

Most Active Operators by Permits

1	SEECO	21
2	Husqvarna Forestry	12
3	XTO Energy	8

Permits by Formation (by Last Scout)

Formation	07/30	07/09	06/18
Fayetteville	18	10	34
Haynesville	15	20	23
Cotton Valley	13	8	11
Pettit	4	7	1
Barnett	3	12	6
Goodland Lime	3	-	-
Moorefield	3	-	4
Travis Peak	3	5	4
Bacon Lime	2	2	-
Other Formations	53	28	54
TOTAL	117	92	137

Source: TXRRC, SONRIS & AOGC

Active Rigs Running (Baker Hughes) **58**

Memorial & Tanos test huge Cotton Valley wells

Two horizontal Cotton Valley gas wells operated by **Memorial Production Partners** and **Tanos Exploration** tested above 8.5 MMcf/d, according to state data. Memorial's Dulany A Gas Unit-1H was drilled with a 6,335-ft lateral and fracked using 9.6 million lb of proppant and 48,000 gallons of acid. The Rusk County, Texas, well had an IP rate of 8,819 Mcf/d on a 54/64-in. choke. Memorial is most active in the East Texas/North Louisiana area,



which is responsible for up to 39% of the company's estimated proved reserves.

In Smith County, Texas, Tanos' Guthrie-Wilson GU 1 Alloc-1H tested at 8,551 Mcf/d with a 38/64-in. choke. The well, which was completed in mid-July, has a lateral of 4,709 ft. Tanos is a privately held company founded in 2013 with a focus on the Ark-La-Tex region. The company's plans for this year include running one rig to drill six wells in Gilmer field and four in Overton field in the county.

EXCO reports EUR increases from enhanced completions

Dallas-headquartered **EXCO Resources** reports an 11% drop in Haynesville and Bossier production but EUR increases for some wells with enhanced completions. The company's East Texas production was 40 MMcf/d, down from 45 MMcf/d in Q1, but EXCO noted that its 2015 development plan favor 2H15 completions.



In 2014, EXCO increased proppant from 900 lb/ft to 1,400 lb/ft, resulting in an EUR increase from 1.0 Bcf to 1.5 Bcf per 1,000 ft of lateral. Because of these results, the company is increasing

proppant up to 2,700 lb/ft in its new completions, an increase of more than 90% from the previous year. The enhanced wells also benefit from greater restrictions on rate, which lead to a higher level of pressure and greater total production over time.

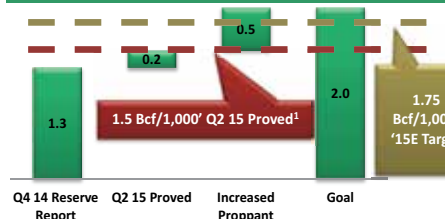
During the quarter, EXCO drilled six (48% WI) operated horizontal wells in the Shelby area of the Haynesville and Bossier and turned two (50% WI) to sales. It plans to run three rigs for the remainder of the year and drill 11 (45% WI) wells and turn 10 (49% WI) to sale.

EXCO Improves Well East Texas Well Economics

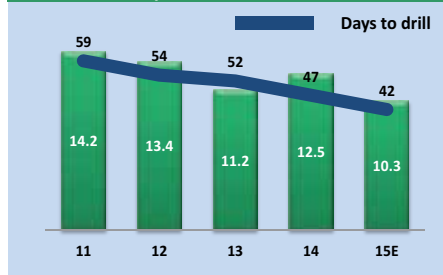
Improvement Potential Highlights

- Q2 '15 proved reserves of 1.5 Bcf per 1,000 feet of lateral represents a 15% increase in EUR for undeveloped Haynesville locations from year-end '14
- Target EUR of 1.75 Bcf per 1,000 feet of lateral observed from producing wells with 1,400 lbs of proppant per lateral foot
- Increasing completion design to 2,700 lbs of proppant per lateral foot for remaining '15 plan
- Reducing well cost to \$10.3 million from \$12.5 million in 1Q14 and increasing proppant more than 90%

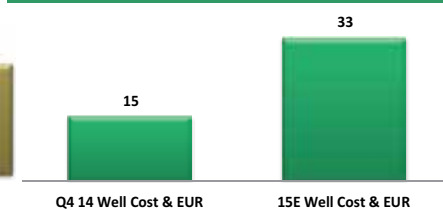
East Texas Well EUR Improvement Potential



East Texas Well Cost And Days To Drill



Improve East Texas Wellhead IRR By 2.2x



Source: EXCO Resources July 27, 2015 via PLS docFinder (www.plsx.com/finder)

Deals For Sale

EAST TEXAS DRILLING PROJECT

23,685-Gross Acres. 19,158-Net Acres.

TRINITY COUNTY

Carrizo, Eaglebine, Buda, Glen Rose – Pettet, Travis Peak & Deep Bossier.

G&G Data Available. Drill Ready Status.

100% OPERATED WI; Average 81% NRI

Test Wells Drilled in Carrizo and Bossier.

DV 3218L

MADISON CO., TX PROSPECTS

14,000-Gross Acres.

WOODBINE / EAGLEBINE / BUDA

Lower Woodbine. 7,500-8,000 Ft.

Buda. 8,000-8,500 Ft.

11-Laterals to HBP Core Leases

100% OPERATED WI; ~75% Lease NRI

Est. 30-Day IP (Eaglebine): 600 BOPD

Est. 30-Day IP (Buda): 300 BOPD

Well Reserves: 250 MBO/Well

Completion Cost: \$6,500,000 per Well

DV 3169L

PLS

DV

DV

BINE