

Appalachia



Appalachia Overview



- **Magnum Hunter's Appalachia assets are a combination of multiple acquisitions Magnum Hunter has completed over the past year and a half including Triad, NGAS, PostRock, and Windsor.**

Proved Reserves⁽¹⁾	<ul style="list-style-type: none">➤ Total proved reserves of 30.5 MMBoe as of March 31, 2012➤ Proved producing reserves of 17.0 MMBoe as of March 31, 2012
Production	<ul style="list-style-type: none">➤ 25% oil/liquids
Acreage	<ul style="list-style-type: none">➤ ~400,000 net acres in the Appalachia Basin<ul style="list-style-type: none">- 58,426 net acres located in the Marcellus shale- 61,151 net acres located in the Utica shale
Drilling Opportunities	<ul style="list-style-type: none">➤ Over 775 net locations identified in the Appalachia region<ul style="list-style-type: none">- Over 290 net locations identified in the Marcellus Shale➤ Net Unrisked Possible Reserves of ~ 265 MMBoe➤ Net Unrisked Contingent Resources of ~ 44 MMBoe

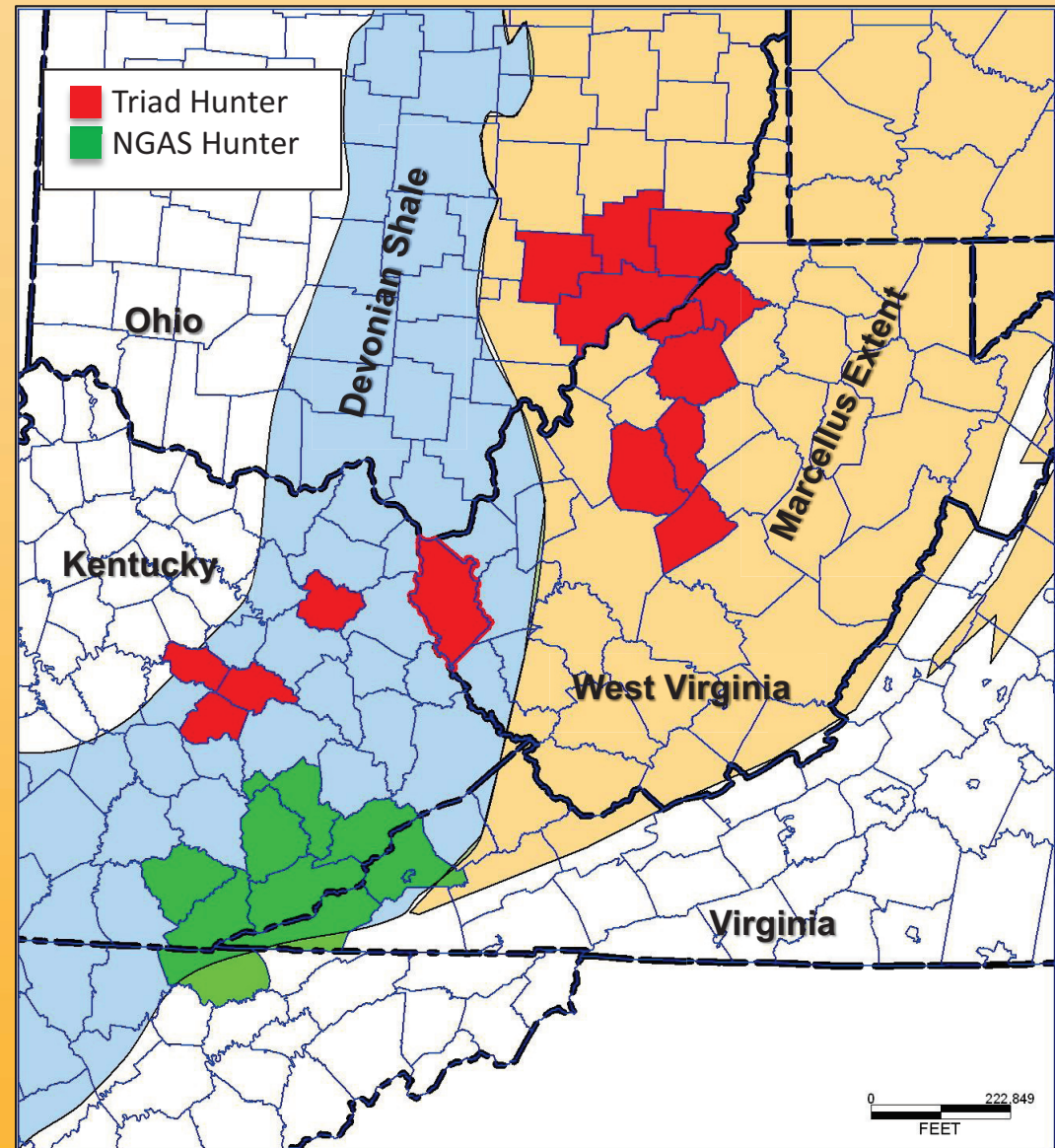
(1) Proved reserves as of March 31, 2012 based on SEC pricing



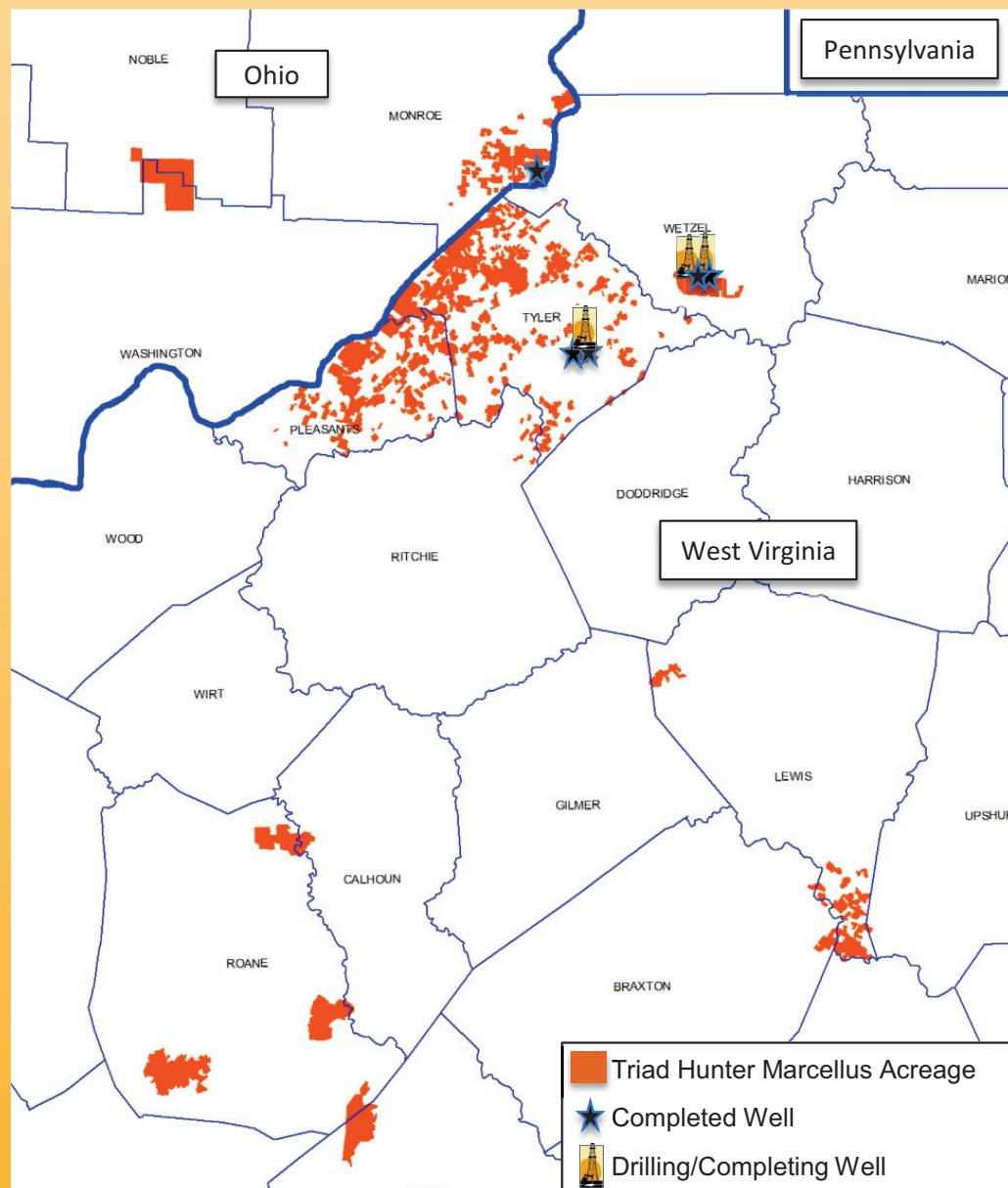
Appalachia – Areas of Operation



- Primary focus on liquids rich Marcellus gas in northwest West Virginia
- The Marcellus is one of the most attractive shale plays in the United States
- The Marcellus has one of the lowest break-even price levels of all the shale plays and will remain attractive throughout the commodity cycle
- EUR's are improving from longer laterals and new fracing methods
- The Marcellus is in close proximity to U.S. population centers and has access to significant interstate pipelines, thus natural gas pricing typically trades at a premium to Henry Hub
- Deeper potential is emerging in the Utica Shale where Triad Hunter operates



Triad Hunter – Liquids Rich Marcellus Shale



Marcellus Properties / Operations:

- **58,426 Net Marcellus Acres**
- **To-date fourteen wells have been drilled and completed**
 - Eight wells in Tyler County, WV
 - Five wells in Wetzel County, WV
 - One well in Monroe County, Ohio
- **Current Drilling/Completing Operations:**
 - Three wells in the Middlebourne area in Tyler County, WV waiting on frac – 100% WI



Marcellus Operations



Well	County	Operator	MHR Interest	Lateral Length	Frac Stages	IP Rate (mcfe/d)			First Production
						24 Hour	7-day Avg	30-day Avg	
Weese #1H	Tyler	MHR	100%	3,550	12	7,210	4,559	4,205	12/31/2010
Weese #3H	Tyler	MHR	100%	3,030	12	5,431	4,352	4,836	1/20/2011
Ormet #1H ⁽¹⁾	Monroe (Ohio)	MHR	50%	3,700	12	Tight Hole			2/25/2011
Lance Mills Unit 2 #5H	Wetzel	Stone	50%	5,350	13	3,360 ⁽²⁾	3,114 ⁽³⁾	2,789	6/5/2011
Lance Mills Unit 2 #2H	Wetzel	Stone	50%	5,600	11	3,875 ⁽²⁾	2,987 ⁽³⁾	2,620	6/6/2011
WVDNR #1102	Wetzel	MHR	100%	4,950	16	10,000 ⁽²⁾	6,184 ⁽³⁾	5,800	9/19/2011
WVDNR #1103	Wetzel	MHR	100%	5,000	16	10,500	7,164	7,078	9/22/2011
WVDNR #1104	Wetzel	MHR	100%	5,000	16	10,400	6,139	5,618	9/26/2011
Roger Weese #1002	Tyler	MHR	100%	Vertical		400	252	235	10/25/2011
Roger Weese #1110	Tyler	MHR	100%	4,350	16	9,700	6,183	5,040	10/25/2011
Everett Weese #1107	Tyler	MHR	100%	5,300	18	9,600	6,618	6,450	12/20/2011
Everett Weese # 1108	Tyler	MHR	100%	5,200	16	9,400	6,913	6,273	12/20/2011
Everett Weese #1109	Tyler	MHR	100%	5,550	18	9,500	7,239	6,689	12/20/2011
Spencer Unit #1115	Tyler	MHR	100%	3,900	16	7,028			4/11/2012
Spencer Unit #1112	Tyler	MHR	100%	4,599	16	Waiting on Frac			
Spencer Unit #1113	Tyler	MHR	100%	4,000	14	Waiting on Frac			
Spencer Unit #1114	Tyler	MHR	100%	4,330	16	Waiting on Frac			



(1) Information not released for competitive reasons

(2) Tested rate; currently producing on a capacity constrained rate basis due to volume limitations of the existing midstream infrastructure

(3) Producing on a capacity constrained rate basis due to volume limitations of the existing midstream infrastructure

Historical Production vs. Type Curve



* Type Curve and historical production data does not include NGLs



Economic Sensitivity of Marcellus



Economic Sensitivity of Marcellus Completed Well Cost - \$6.5 MM

High Case - Type Curve

IP: 7 Mmc/D
Initial Decline: 98%
Hyberbolic Factor: 1.8
EUR: 10.5 Bcf

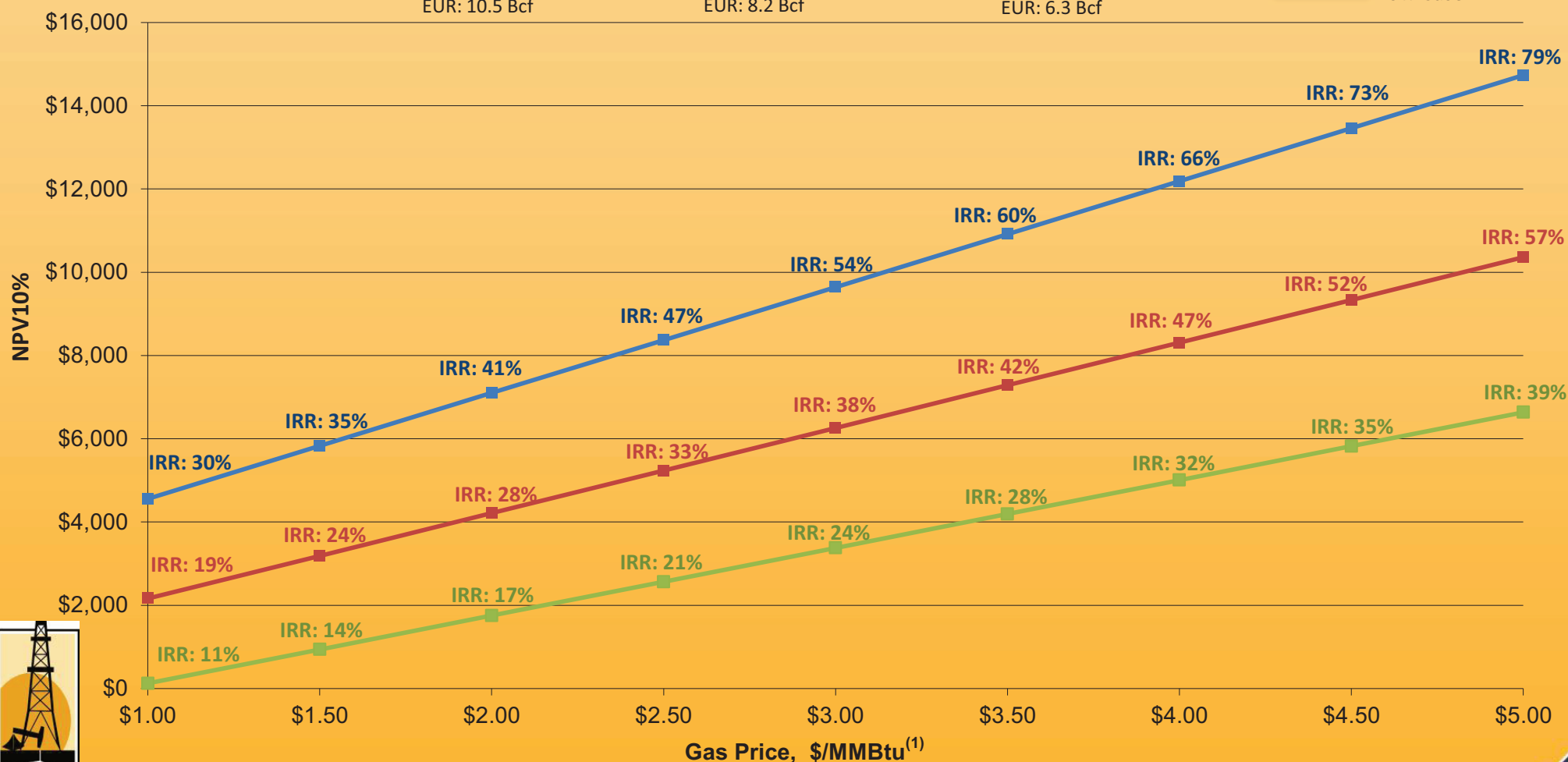
Middle Case -Type Curve

IP: 5 MMcf/D
Initial Decline: 98%
Hyberbolic Factor b: 1.8
EUR: 8.2 Bcf

Low Case - Type Curve

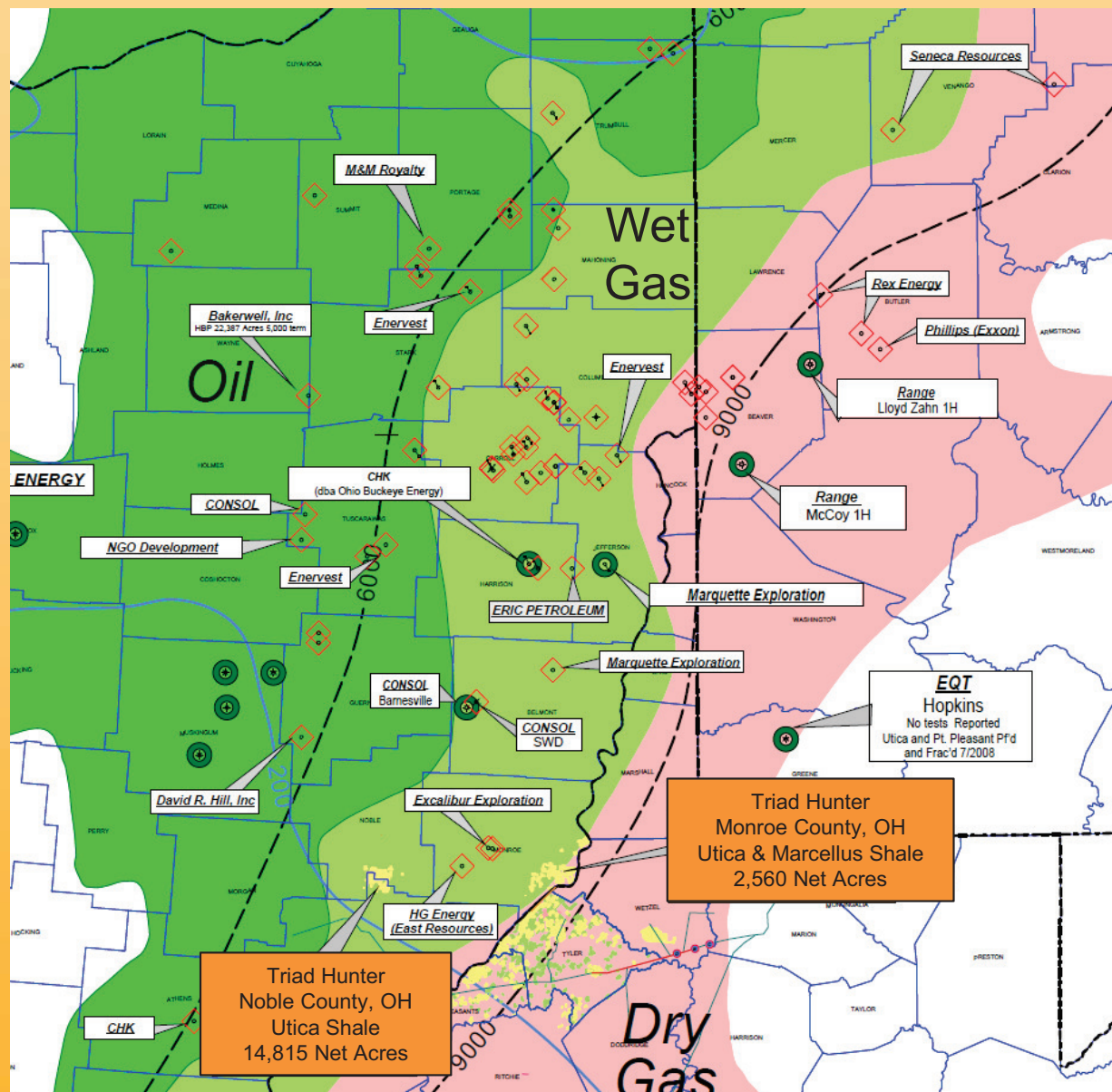
IP: 4 MMcf/D
Initial Decline: 98%
Hyberbolic Factor b: 1.8
EUR: 6.3 Bcf

High Case
Mid Case
Low Case



(1) Assumes \$85.00/Bbl for oil and NGL pricing of \$53.29/Bbl (63% of oil)

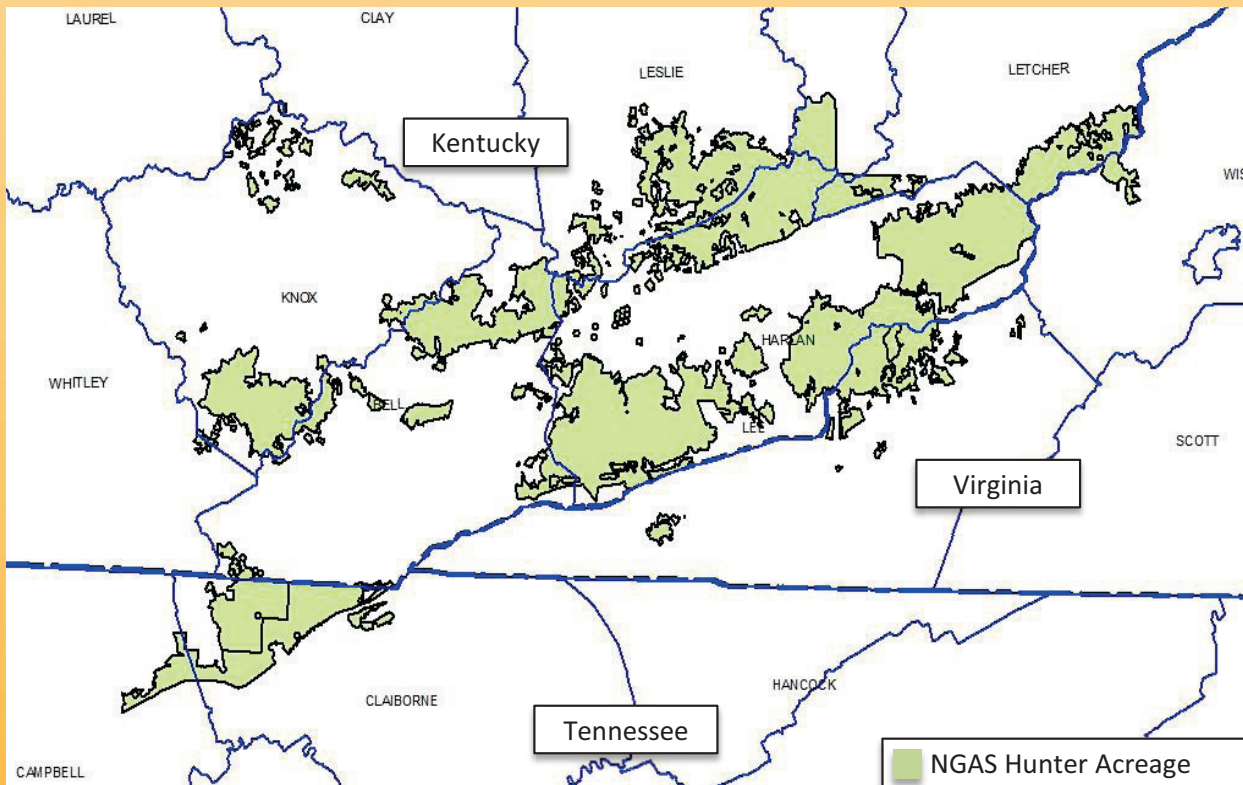
Utica Shale Overview



- On February 17, 2012, MHR closed on the acquisition of 12,186 net Utica Shale acres for approximately \$25 million (\$2,037/acre)
 - The acreage is predominantly located in Noble County, OH
 - The majority of the leasehold acreage is held by shallower production (the purchase includes all depths of 300 feet below the top of the Queenston Formation down to all further depths – there is no associated shallow production included with the acquisition)
- With the acquisition, MHR now has 61,151 net acres that are prospective for the Utica Shale
- MHR has Utica potential in:
 - Monroe County, OH
 - Noble County, OH
 - Washington County, OH
 - Tyler County, WV
 - Pleasants County, WV
- Utica Shale Characteristics:
 - 200' – 300' in thickness
 - 6% - 10% porosity
 - 6,000 – 9,000 TVD
 - TOC 2% - 6%



Southern Appalachia Overview



Operations:

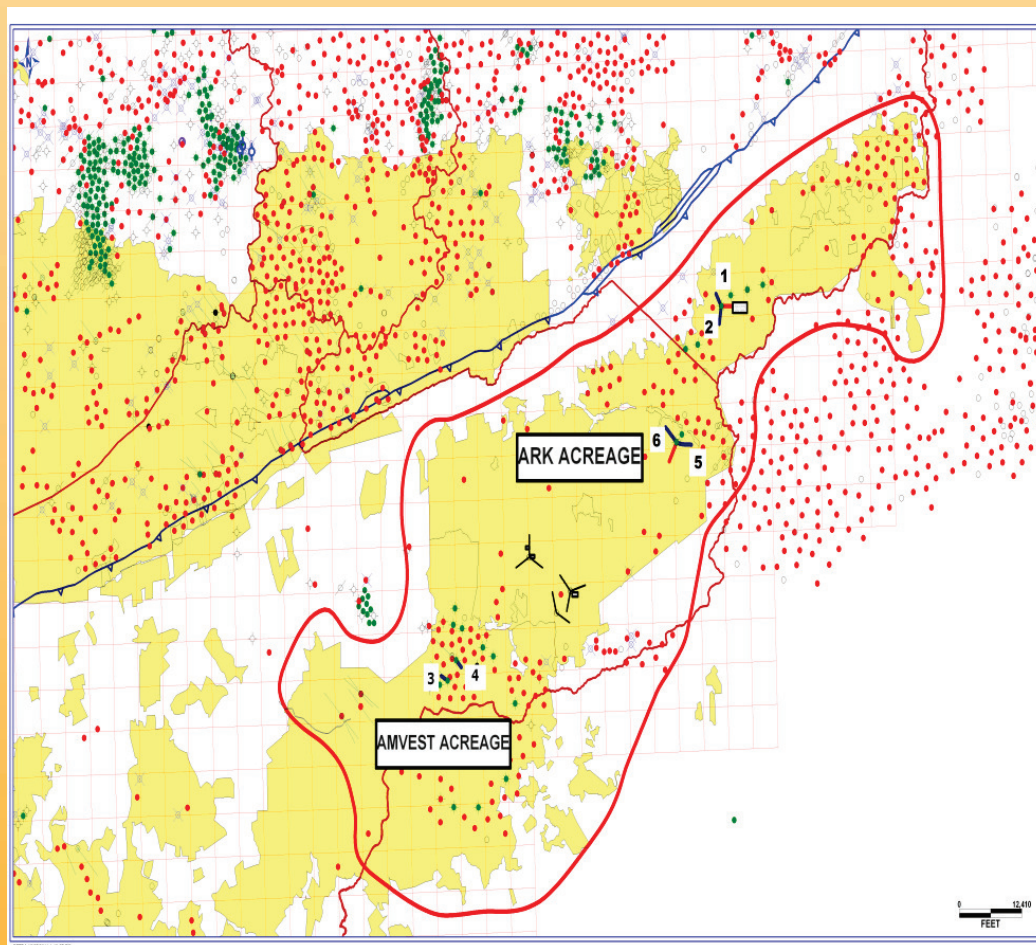
- **Current Drilling/Completing Operations:**
 - Drilling one well in Harlan County, Arch Field, targeting the Weir Sand
- **Since Completion of the NGAS Acquisition MHR has:**
 - Restructured existing gas gathering agreement
 - Significantly reduced overhead
 - Continuing to sell non-core assets
 - Achieved annual cost savings of approximately \$5.0 million

Properties:

- **Long-lived assets / High Btu gas**
- **Approximately 313,000 Net Acres**
 - Multiple low risk opportunities – Current drilling plan designed around holding acreage position
- **Provides tremendous optionality on future gas prices with minimal lease acreage maintenance**



Weir Sand Kentucky Liquids Play



38,000 PROSPECTIVE ACRES HORIZONTAL WELLS TO DATE

Well # 1

- 5645' of Production Casing Ran
- 10 Stage Slick Water Frac

Well # 2

- 6193' of Production Casing Ran
- 12 Stage 65 Quality Foam Frac

Well # 3

- 6035' of Production Casing Ran
- 9 Stage 65 Quality Foam Frac

Well # 4

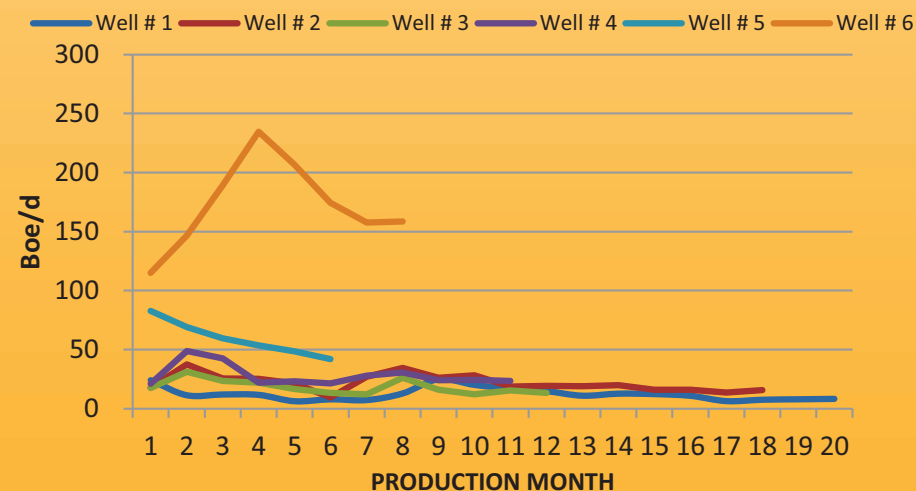
- 6663' of Production Casing Ran(
- 8 Stage 65 Quality Foam Frac

Well # 5

- 7592' of Production Casing Ran
- 14 Stage 65 Quality Foam Frac

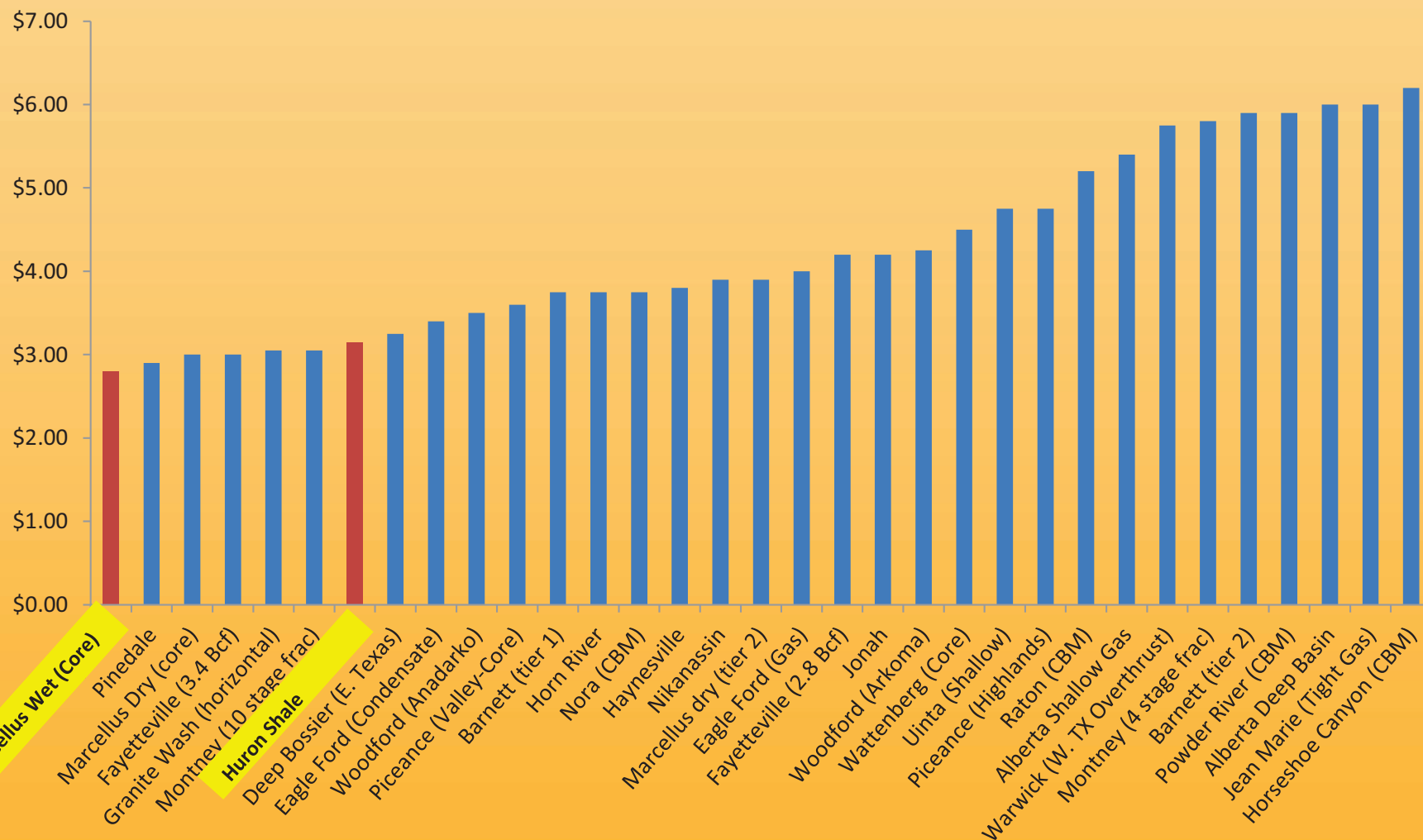
Well # 6

- 6168' of Production Casing Ran
- 4 Stage 65 Quality Foam Frac



Appalachia Shale Has Best Gas Economics

Estimated Gas Price Required for 10% IRR



Source: Morgan Stanley Research Report (January 2011)

