

Newfield Business Update

National recession, tighter access to credit and capital markets, lower natural gas prices and potentially unfavorable legislation impacting the energy industry...the challenges have never been greater for Newfield.

Yet, Newfield's portfolio and financial strength give it options and flexibility in positioning it for the future.

"You could say that over the Company's more than 20-year history, we've weathered these cycles before. In fact, much of our first 15 years were spent in a bearish market," said President and CEO Lee K. Boothby, during a talk before the Texas Independent Royalty Owner's Association in Houston. "Working through these cycles is part of our corporate DNA."

Boothby went on to explain Newfield's three main goals for 2009.

- 1. Preserve Liquidity/live within cash flow**
- 2. Grow Reserves and Production**

Proper capital allocation is critical. This means investing in the highest return projects while slowing the activity levels in others.

- 3. Build for the Future**

"Today, nearly 90% of our reserves are onshore and approximately 75% are in areas where we did not have a meaningful presence just five years ago," he said. "So, today our Company is much larger and diversified with operations in many different basins and a global footprint."

Regional Updates

Gulf of Mexico

Newfield recently announced two discoveries in the deepwater Gulf of Mexico: Pyrenees and Winter. Since the beginning of 2008, the Company has drilled seven successes out of eight exploration attempts in the

deepwater Gulf and has seven deepwater developments underway, providing significant future production growth.

The Pyrenees discovery, located in approximately 2,100' of water in Garden Banks Block 293, encountered approximately 125' of net hydrocarbon pay in three separate intervals. The well was temporarily abandoned and the partners are working on field development plans. Delineation drilling is now underway. We are currently drilling a sidetrack with Diamond Offshore's Ocean Endeavor. Newfield operates the development with a 40% working interest.

The Pyrenees discovery has great follow-on potential with several more targets planned for testing in the appraisal process.

The Winter discovery, located in approximately 3,400' of water in Garden Banks Block 605, encountered approximately 44' of net hydrocarbon pay in two sands. The well was temporarily abandoned and various development options are under consideration. Newfield is operator and has a 30% working interest.

Over the last several years, the Company has assembled a substantial inventory of exploration prospects in the deepwater Gulf of Mexico. The Company owns interests in 88 deepwater blocks (approximately 500,000 gross acres). Newfield plans to drill 3-5 deepwater Gulf of Mexico wells each year over the next several years.

The Mid-Continent

Production from Mid-Continent region continues above plan at nearly 300 MMcfe/d.

Stiles Ranch horizontal drilling continues to give encouraging results. Newfield has drilled five wells by mid-June, with four of the wells completed in different horizons. There are more than 30 proven gas pay horizons across Newfield's 20,000-acre position in Wheeler County, Texas. Initial production rates have been in excess of 20 MMcfe/d with high liquids yields in each well further boosting economics. Newfield's most recent well, an offset to the first success (McCoy), commenced production at about 13 MMcfe/d. The Mid-Continent

region plans currently call for continued operation of three rigs in the field through the remainder of the year.

In the Woodford Shale, Newfield is running 10 rigs with five of these coming off term contract in the second half of 2009. Gross operated production from the Woodford Shale area is approximately 250 MMcfe/d and the Mid-Continent region has about 20 wells where completions have been deferred. Current drilling employs common pads and very long laterals. Two 10,000' laterals are currently drilling.

THE ROCKY MOUNTAINS

Williston Basin

Newfield continues its one-rig program in this region, and also continues leasing new acreage in the basin. The Rocky Mountain region has drilled 11 successful wells by mid-June. The Moberg Well, an 8,500' lateral completion in the Three Forks/Sanish, had initial production of 1,200 BOPD and averaged 545 BOPD in the first 30 days. Plans call for drilling nine wells in the basin this year, which will include several key exploration tests.

Monument Butte

Field oil sales are averaging 17,000 BOPD. Due to higher demand in the basin, Monument Butte operations have reduced inventory levels in the field to about 280,000 barrels, which is a normal inventory level. There are three operated rigs in the field and the rig count may increase later in the year due to continued strength in oil prices.

INTERNATIONAL

Newfield is currently drilling the LF 7-1-1 appraisal well in the Pearl River Mouth Basin, offsetting its 2008 discovery, the LF 7-2-1. The appraisal well has encountered multiple pay horizons and is testing as of late June. There is significant remaining potential on the two shallow water PSCs Newfield operates in China. Service costs are also expected to decrease later this year.

