Marcellus Shale Overview

March 14, 2012

CPES Conference

Jeff Hutton
U.S. Shale
“Changing the World”
Lower 48 states shale plays

Source: Energy Information Administration based on data from various published studies.
Updated: May 9, 2011
Marcellus Shale
- Named for a distinctive outcrop near the village of Marcellus
- Known formally as the “Marcellus Formation”
- Is a Middle Devonian-age black, low density, carbonaceous (organic rich) shale.
- Deposition occurred about 390 million years ago.
Dec. 2011 Exceeds 5.0 Bcf/d
Marcellus 4.7 Bcf/d

Oct. 2008 Legacy
Production: 300 MMcf/d
- 500-1,000 trillion cubic feet of Gas in Place
- 100-150 trillion cubic feet recoverable reserves under existing technology
- Largest conventional gas field in US – Hugoton 81 TCF
- 450,000 wells drilled in Appalachian basin over 150 years and have produced 47 TCF
Economic Growth
218,200 employees in Marcellus and related industries

72,000 hires since 4th Quarter 2009

12,700 new hires in 1st Quarter 2011

7 in 10 hires are from Pennsylvania
<table>
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<tr>
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<th>2010</th>
<th>2011</th>
<th>2020</th>
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<tbody>
<tr>
<td>Economic Value Added</td>
<td>$11.2 billion</td>
<td>$12.8 billion</td>
<td>$20.2 billion</td>
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<tr>
<td>State/Local Taxes</td>
<td>$1.09 billion</td>
<td>$1.23 billion</td>
<td>$2 billion</td>
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<td>Cumulative Employment</td>
<td>139,889</td>
<td>156,695</td>
<td>256,420</td>
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<td>Wells Spudded</td>
<td>1,405</td>
<td>2,300</td>
<td>2,497</td>
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<tr>
<td>Output (bcfe/day)</td>
<td>1.3</td>
<td>3.5</td>
<td>17.5</td>
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- Cabot generally states that we support more than 200 employees in Susquehanna County and the majority are (70%+) are from the local area.

- Cabot has invested close to $1.5 billion into Susquehanna County and the local community.
Cabot Marcellus Operations
NYSE: COG

Shares Outstanding • 208 Million

Market Capitalization • $7.5 Billion

Debt outstanding • $1.0 Billion

Enterprise Value • $8.5 Billion

3 Plays

Marcellus – Dry Gas 5 Rigs

Marmaton – Oil 1 Rig

Eagle Ford – Oil 1 Rig
Marcellus Thickness Map – 2005
2006 Total Leasehold
19,500 Net Acres
$31 per acre

Discovery Well Permit #7
6th well in county
1st well in 34 years

Teel #1
Max flow rate 7 Mmcf
(flow rate to atmosphere)
Marcellus Summary

- Field Production: 600 MMCF/D
- Wells Producing: 118 H, 37V
- WOPL: 9 wells (120 Stages)
- Completing: 7 wells (119 Stages)
- WOC: 22 wells (278 Stages)
- Horizontal Rigs: 5

Marcellus Shale
Gross Isopach
CI: 50 ft

~180,000 acres
Best Practices
| **Drilling** | Cabot utilizes closed loop drilling system – No open pits 100% of drilling location is cover by $20,000 tarps. |
| **Flowback** | 15% of water returned to surface to Frac tanks. Flowback water hauled to recycle center – pumped into mobile treatment facility and returned to clean Frac tank for next job. |
| **Disposal** | None – 100% of Flowback water is recycled. |
| **Additives** | Cabot has always supported full disclosure of additives |
Infrastructure and Market
Total Capacity Summary

- Up to 650,000 Dth/d to Transco
- Up to 250,000 Dth/d to Millennium
- Up to 600,000 Dth/d to TGP 300 Line
- Up to 500,000 Dth/d to Iroquois/TGP 200 Line (March 2015)

2 Bcf/d of Market Opportunity on Five Interstate Pipelines!
Markets

TransCanada

TGP 200 Line

Iroquois

CT

Millennium

TGP 300 Line

Susquehanna Cty

Transco

NY

VT

NH

MA

RI

Boston

Hartford

Long Island

PA

NJ
Thank You!