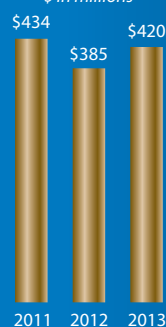
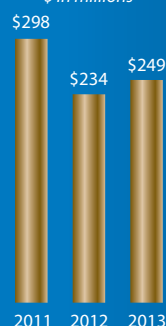


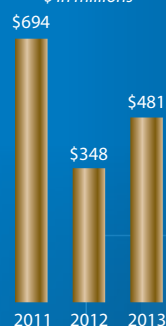
Oil and Gas Sales \$ in millions



Cash Flow from Operations \$ in millions



Capital Expenditures \$ in millions



to \$4.83 in 2013 from \$3.76 in 2012 due to the higher finding costs of our oil projects. Our general and administrative expenses in 2013 increased 3% to \$35 million as compared to \$34 million in 2012. Our exploration costs decreased in 2013 to \$33 million as compared to \$61 million in 2012. Exploration costs in both years were primarily related to impairments of certain of our undrilled leases which we no longer expect to develop. Our interest expense increased to \$73 million in 2013 as compared to \$58 million in 2012. The increase was primarily due to a reduction in the interest we capitalized on our unevaluated oil and gas leases.

Drilling Program

Our Eagle Ford shale horizontal well drilling program in our Eagleville field in South Texas was the primary driver of the growth in our oil production and proved oil reserves in 2013. Our successful Eagle Ford shale drilling program added 5.3 million barrels of oil and 5 Bcf of natural gas or 6.1 million barrels of oil equivalent to our proved reserves in 2013. We also added 43 Bcf of proved natural gas reserves in 2013 with our limited drilling activity and improved natural gas prices. We replaced 233% of our oil production and 127% of our natural gas production in 2013.

We spent \$344 million on drilling activities in 2013 and an additional \$137 million to acquire leases for future exploration and development activities. Excluding the acreage costs that were primarily for the acquisition of new leases to be drilled in the future, our 2013 finding costs came in at approximately \$20.00 per barrel of oil equivalent.

South Texas Region

In our South Texas region our proved reserves are 37.9 million barrels of oil equivalent which is 39% of our total reserves. 57% of our reserves in this region are oil. We have 46,000 net acres in our South Texas region that are in the oil window of the Eagle Ford shale play. In 2013, this region accounted for 97% of our oil production at 6,100 barrels of oil per day and 13% of our natural gas production at 20 MMcf per day. Natural gas production in this region declined by 17% in 2013 but oil production increased 33% as a result of our drilling in our Eagleville field. We spent \$325 million in 2013 to drill 75 (51.6 net) horizontal Eagle Ford shale wells. We completed 63 Eagle Ford shale

