

# Third Annual Investor Day

## June 19<sup>th</sup>, 2012

NASDAQ: EXXI   AIM:EXXI   [www.energyxxi.com](http://www.energyxxi.com)



# Disclaimer

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This presentation contains statements about future events and expectations that can be characterized as forward-looking statements, including, in particular, statements about the Company's plans, strategies and prospects. The use of the words "anticipate," "estimate," "expect," "may," "project," "believe" and similar expressions are intended to identify forward-looking statements. Although the Company believes that the plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, they do involve certain assumptions, risks and uncertainties, and the Company cannot assure you that those expectations will prove to have been correct. Actual results could differ materially from those anticipated in these forward-looking statements as a result of the factors described in this presentation. Many of these factors are beyond the Company's ability to control or predict. The Company cannot assure you that its future results will meet its expectations and investors are cautioned not to place undue reliance on any forward-looking statement made by the Company or its authorized representatives. All subsequent written and oral forward-looking statements attributable to the Company and persons acting on its behalf are qualified in their entirety by the cautionary statements contained in this paragraph and elsewhere in this presentation.

The Company does not have any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained in this presentation or the admission document to reflect any change in the Company's expectations about the statement or any change in events, conditions or circumstances on which the statement is based.

# Agenda

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**9:00 am**

***Opening Address – John Schiller, Chairman and CEO***

## ***Concurrent Sessions***

Breakout A

Breakout B

Breakout C

**9:30 am**



**10:15 am**



**11:00 am**



**11:45 pm**

***Q&A – Starlight Roof Room***

**12:30 pm**

**Lunch – Palm Room, 18<sup>th</sup> Floor, Towers**

# Delivering the Next 5%

NASDAQ: EXXI   AIM:EXXI   [www.energyxxi.com](http://www.energyxxi.com)

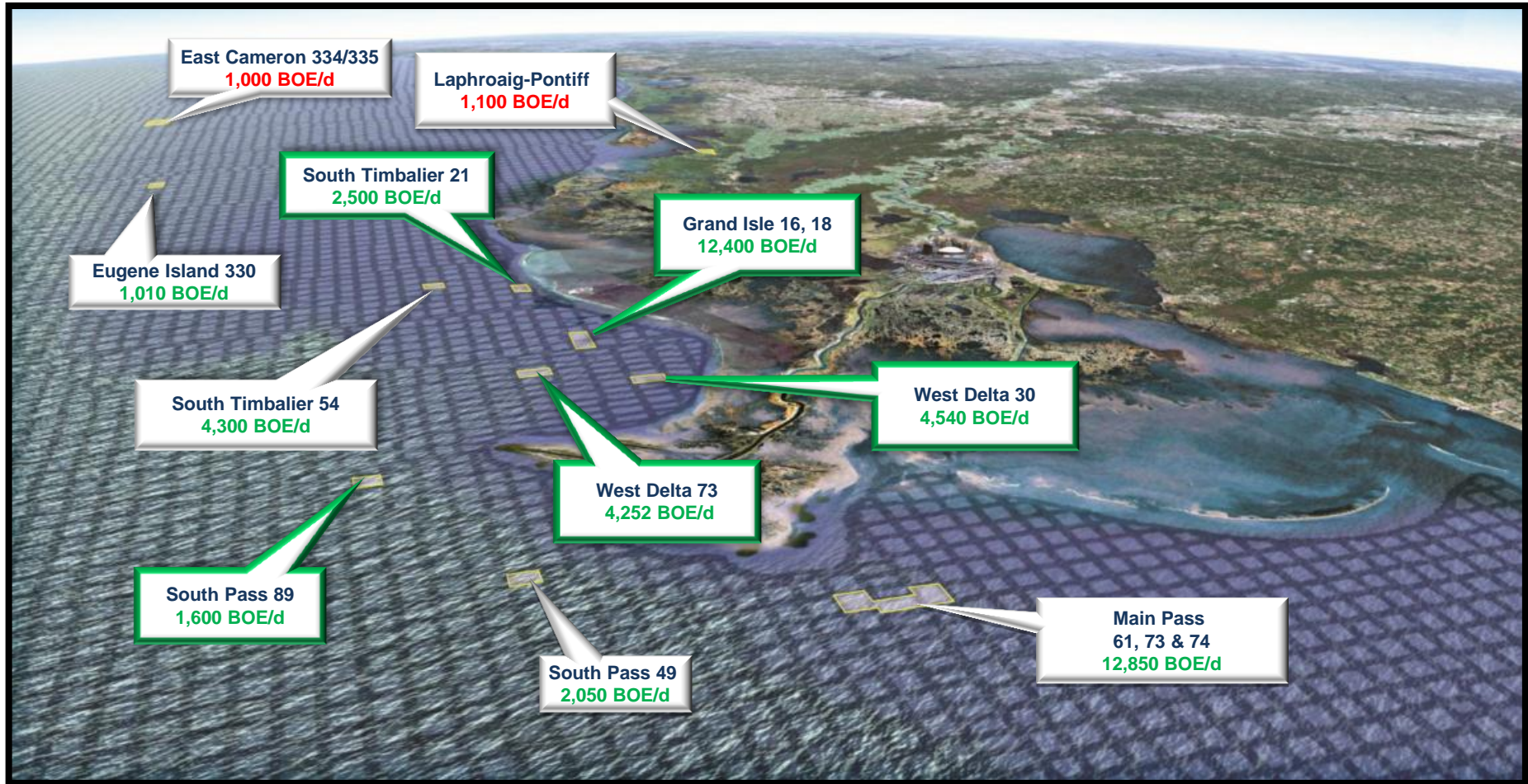


**John D. Schiller**  
**Chairman & CEO**



# Current GoM Properties

EXXI operates 5 of the 11 largest oil fields on the GoM shelf

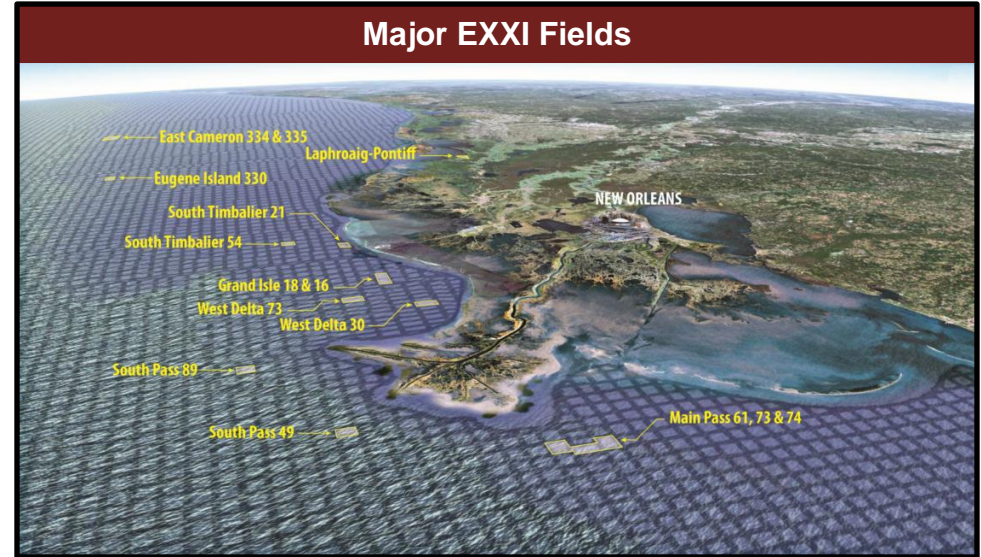


Net Recent Run Rates for Major EXXI Fields

Green = Oil    Red = Gas

# Overview

- The **3<sup>rd</sup>** Largest Producer of Oil on the Gulf of Mexico Shelf
- **70%** of Production is Oil
- Interest in **6** of the **11** Largest Oil Fields on the GoM Shelf
- Reserves and Production are **~86%** Operated
- **70%** of Proved Reserves Fall Under the Proved Developed Category
- **35%** of Probable Reserves are Associated with Currently Active Wellbores



| Financial Profile    |                 |
|----------------------|-----------------|
| Ticker               | EXXI            |
| Market Cap (6/15/12) | ~\$2.5 Billion* |
| Insider Ownership    | ~5.5%           |
| FY 2012 Est. Budget  | \$570 MM        |
| Proved Reserves**    | 116.6 MMBOE     |
| Acreage (net)        | 254,891         |
| Production           | 45,300 BOE/d*** |

\*Fully diluted, 87.4 million shares

\*\*Reserves as of June 30, 2011

\*\*\*Actual production for quarter ended March 31, 2012

# **What Makes EXXI Different**

**Technical Staff**

**Large Oil Fields**

**Shallower Declines**

**Material High-Impact Exploration**

# Technical Staff is the Difference

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## 51 Members

| Previous Experience | Number of People |
|---------------------|------------------|
| ExxonMobil          | 5                |
| Kerr McGee          | 5                |
| Superior            | 4                |
| Amoco               | 3                |
| Apache              | 2                |
| Gulf Oil            | 2                |
| Marathon            | 2                |
| Ocean               | 2                |
| Pennzoil            | 2                |
| Texaco              | 2                |
| College New Hires   | 6                |

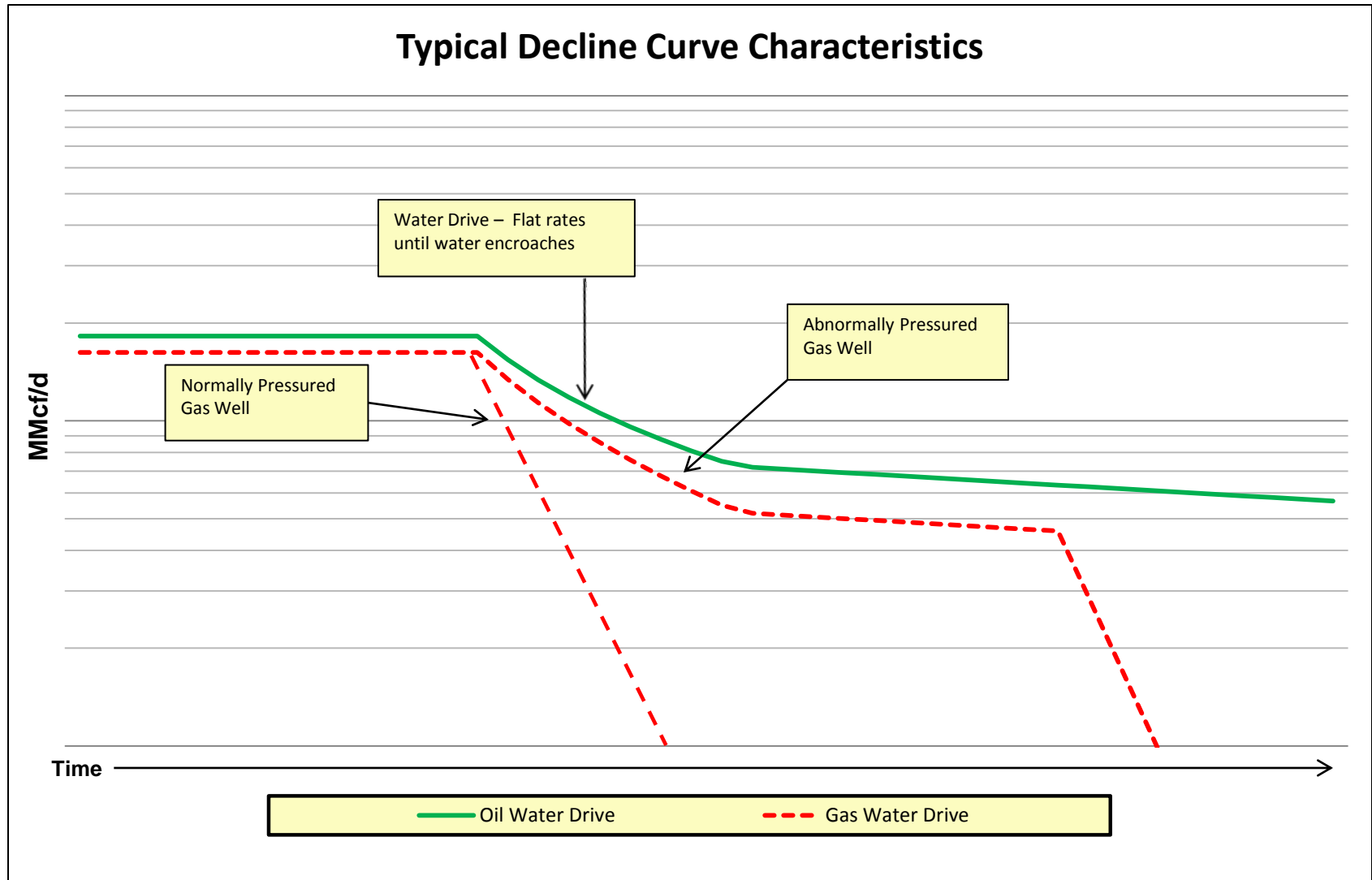
EXXI Technical Staff Averages 23 Years of Experience

# GoM Shelf's Largest Oil Fields

## Cumulative Production\*

| Field        | Operator         | Oil (MMBO) | Gas (BCF)    | MMBOE      |
|--------------|------------------|------------|--------------|------------|
| <b>WD30</b>  | <b>EXXI</b>      | <b>576</b> | <b>929</b>   | <b>731</b> |
| BM2          | Chevron          | 532        | 552          | 625        |
| <b>EI330</b> | <b>Apache</b>    | <b>432</b> | <b>1,823</b> | <b>735</b> |
| GI43         | Chevron          | 371        | 1,590        | 634        |
| <b>GI16</b>  | <b>EXXI</b>      | <b>302</b> | <b>381</b>   | <b>366</b> |
| SP61         | Sandridge        | 267        | 515          | 353        |
| <b>WD73</b>  | <b>EXXI</b>      | <b>266</b> | <b>657</b>   | <b>376</b> |
| MP41         | Chevron          | 261        | 1,473        | 507        |
| <b>ST21</b>  | <b>EXXI</b>      | <b>256</b> | <b>416</b>   | <b>325</b> |
| SS208        | Hilcorp          | 219        | 1,353        | 445        |
| <b>SP89</b>  | <b>EXXI</b>      | <b>192</b> | <b>852</b>   | <b>334</b> |
| SM130        | Energy Resources | 186        | 248          | 227        |
| ST135        | Chevron          | 167        | 603          | 268        |
| WD79         | Sandridge        | 164        | 620          | 267        |
| SS169        | Chevron          | 162        | 861          | 306        |

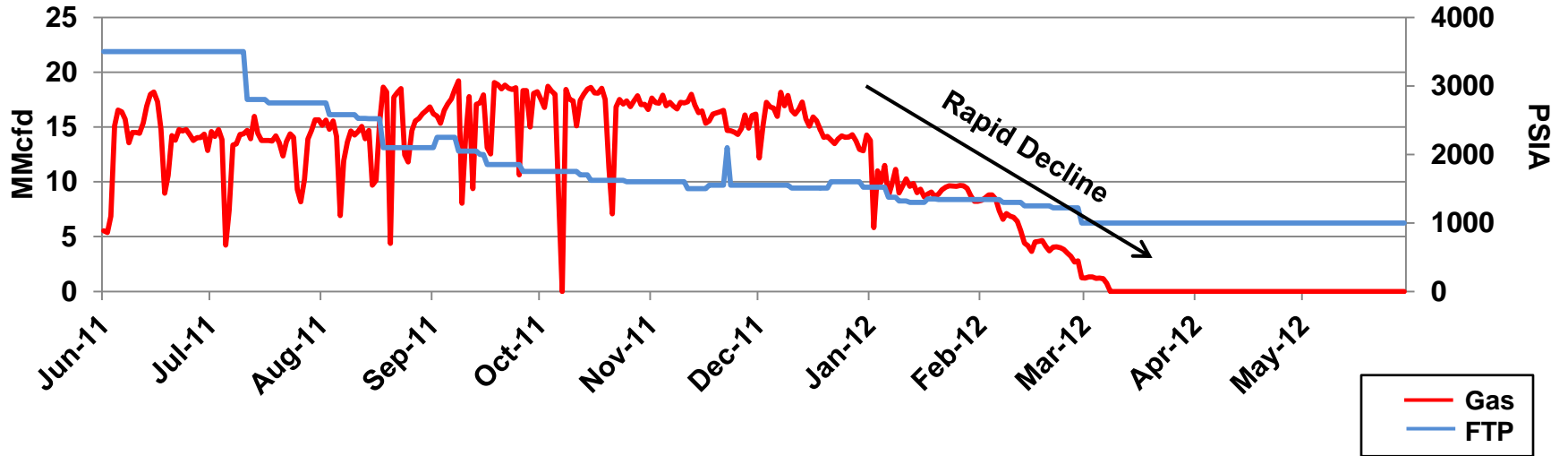
# GoM Production Characteristics



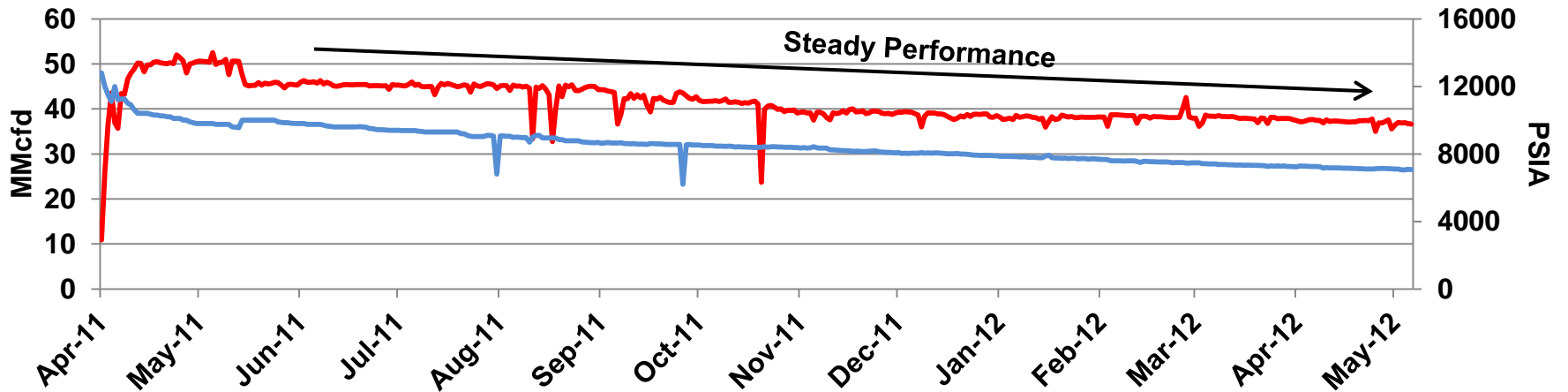
***Water-drive oil reservoirs have longer lives***

# Normal vs Abnormal Pressured Gas Wells

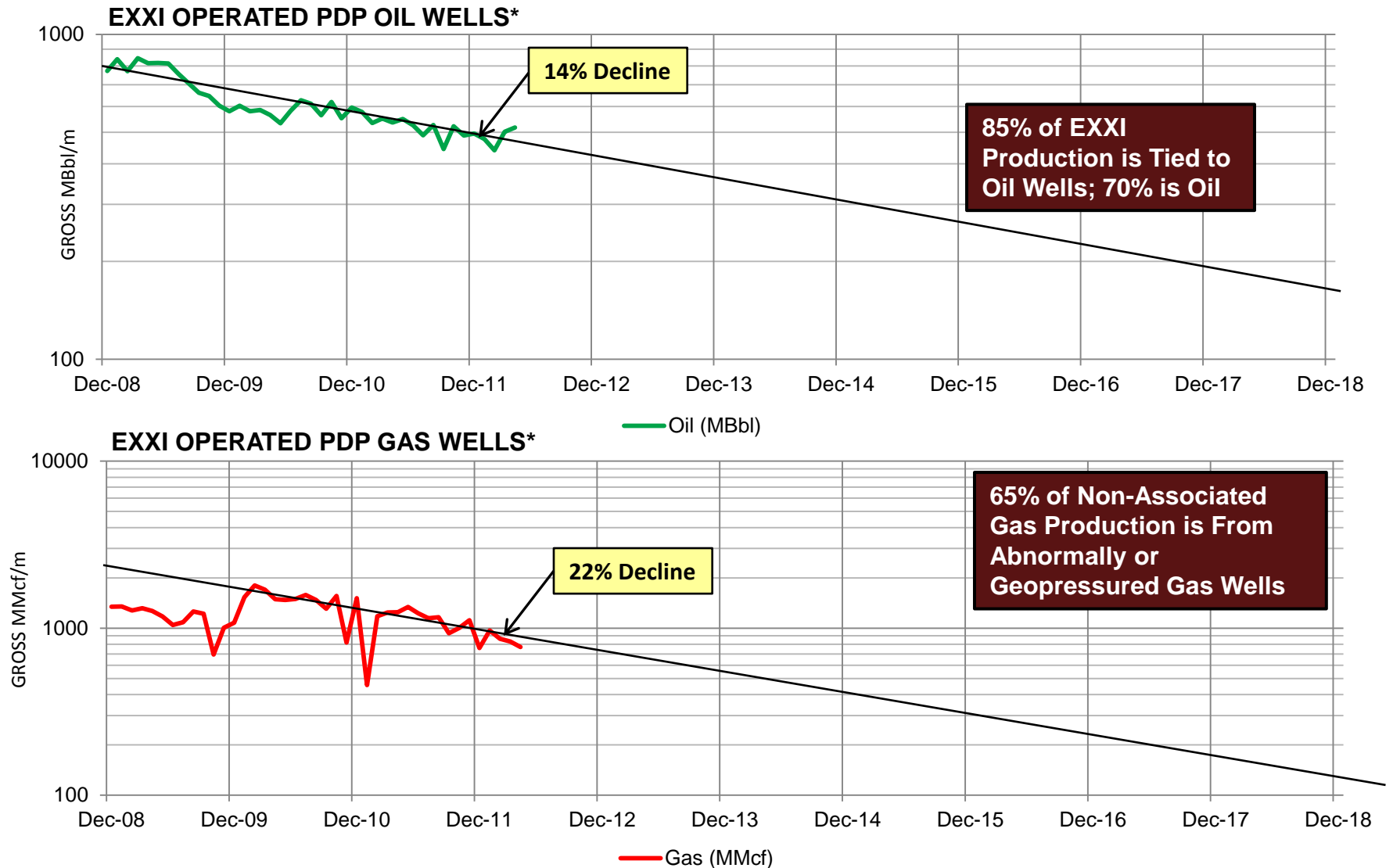
## South Pass 89 A-15ST Well – Normal Pressured



## Bayou Carlin Landers #1 – Abnormal Pressured

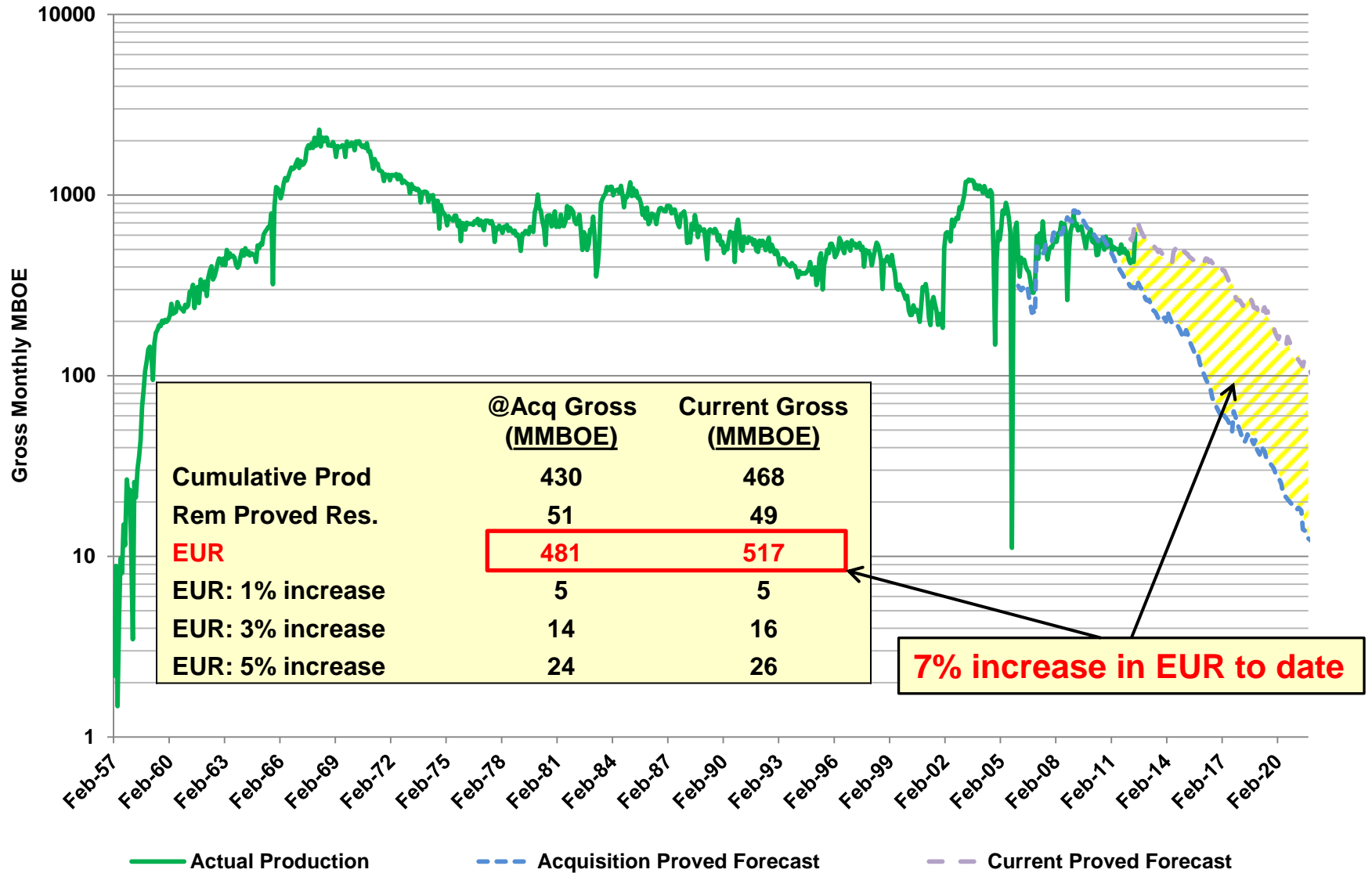


# Oil Drives Lower Decline Rates

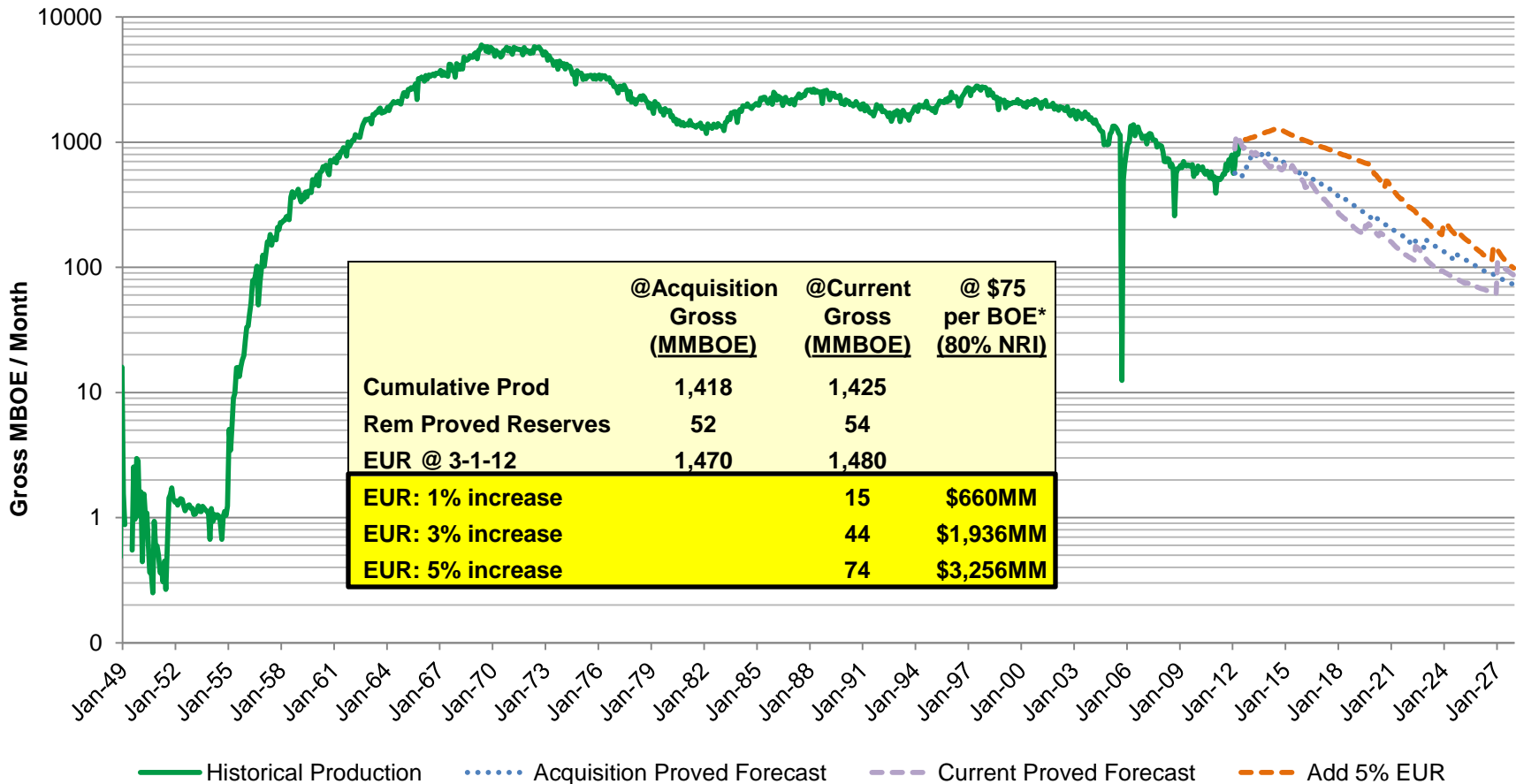


\*Production excludes recompletions; no associated gas (for oil wells) or associated condensate (for gas wells)

# Legacy Fields (MP Complex & ST21) EUR Potential



# Top 5 XOM Fields EUR Potential



| Top 5 Reservoirs           | Oil MMBO |
|----------------------------|----------|
| Total Gross Cum Production | 992      |
| Remaining Reserves         | 38       |
| Current EUR                | 1,030    |

| Recovery Factor           | Reserve Adds |
|---------------------------|--------------|
| Current Average RF = 45%  |              |
| Reserves Added @ RF = 50% | 114 MMBO     |
| Reserves Added @ RF = 60% | 343 MMBO     |

# High Impact Exploration – Core

| Prospect     | P <sub>10</sub> (Net) | P <sub>s</sub> |
|--------------|-----------------------|----------------|
| Mannochmore  | 11.3 MMBO / 1,129 Bcf | 7%             |
| Crete        | 18.0 MMBO / 293 Bcf   | 18%            |
| Glenlossie   | 3.0 MMBO / 303 Bcf    | 15%            |
| Stealth      | 12.5 MMBO / 125 Bcf   | 25%            |
| Cohiba       | 6.4 MMBO / 160 Bcf    | 13%            |
| <b>Total</b> | <b>2,317 Bcfe</b>     |                |

# Ultra-Deep Exploration

|                           | P10 Gross* (Tcfe) | EXXI Net (Tcfe) |
|---------------------------|-------------------|-----------------|
| Davy Jones Strategic Area | 36.0              | 5.5             |
| Lafitte Strategic Area    | 36.5              | 6.2             |
| Blackbeard Strategic Area | 22.0              | 3.6             |
| Onshore                   | 54.0              | 6.9             |
| <b>TOTAL</b>              | <b>148.5</b>      | <b>22.2</b>     |

**Potential Offshore Resources:  
95 Tcfe**

**Potential Onshore Resources:  
54 Tcfe**

**Total Potential Gross:  
148 Tcfe**

**Total Potential EXXI Net:  
22.2 Tcfe**

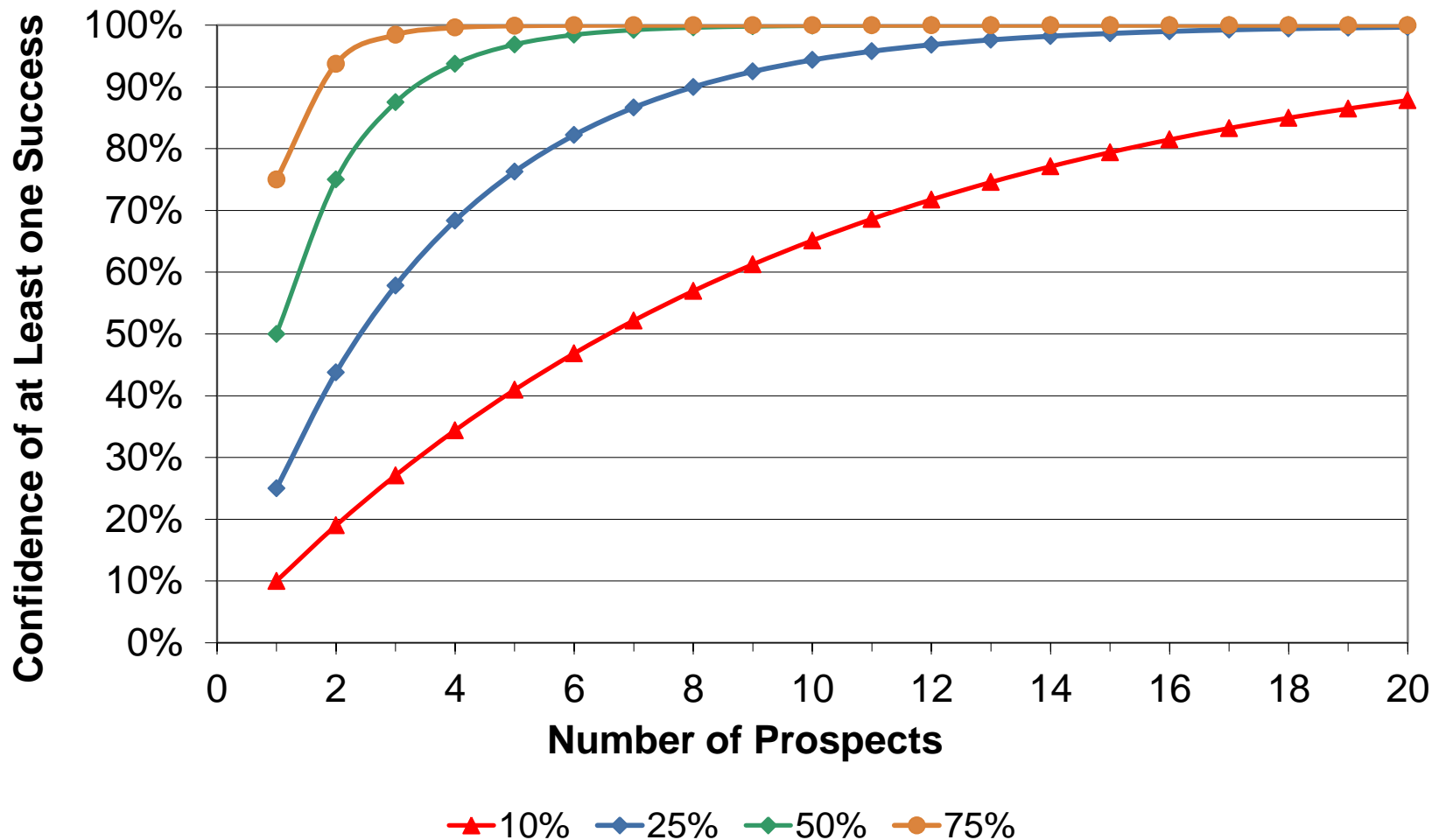
**Currently included in EXXI 3P:**

**0**

\*Source: McMoRan

# Exploration/High Risk Potential

## Confidence of at Least One Success vs. Ps



Note: Ps = Chance of Success

# Potential Exploration Impact on EXXI

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| Location   | P10 EXXI Net |
|------------|--------------|
| Core Shelf | 2.3 Tcfe     |
| Ultra-deep | 22.2 Tcfe    |
|            |              |
| Total      | 24.5 Tcfe    |

**15%  $P_s$  = 3.7 Tcfe net to EXXI**

# **Redevelopment of GoM**

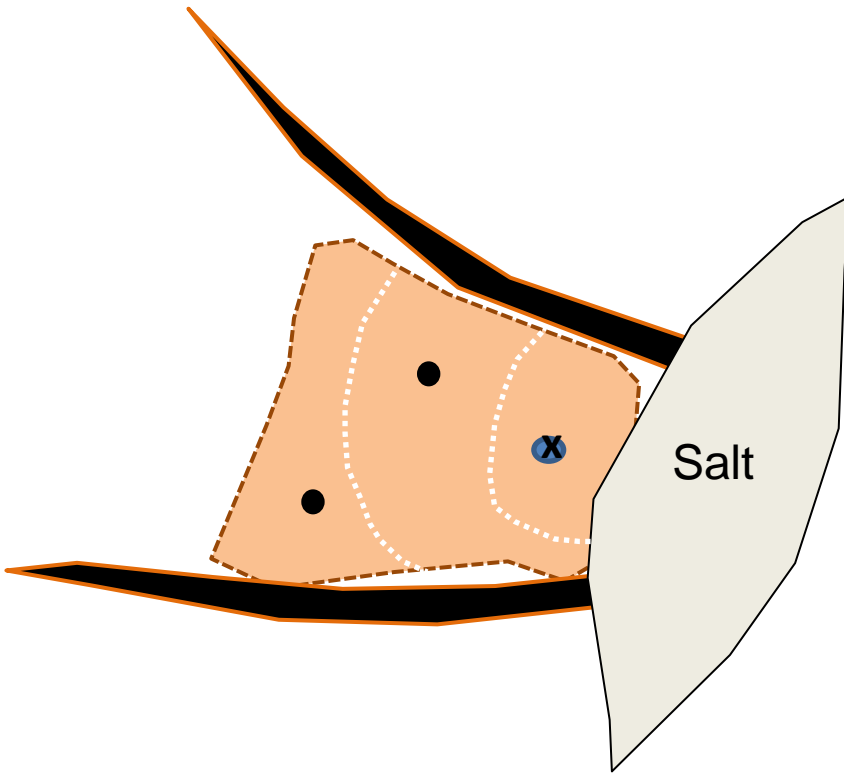
**Updip Locations**

**Reprocess Seismic**

**Inversion Work**

**Reservoir Simulation**

# Updip Location



## Today

500 MBO @ \$100/Bbl

\$50 MM

Drill & Complete Cost

\$10 MM

Net Revenue

\$40 MM

## Then – '90s

500 MBO @ \$30/Bbl

\$15 MM

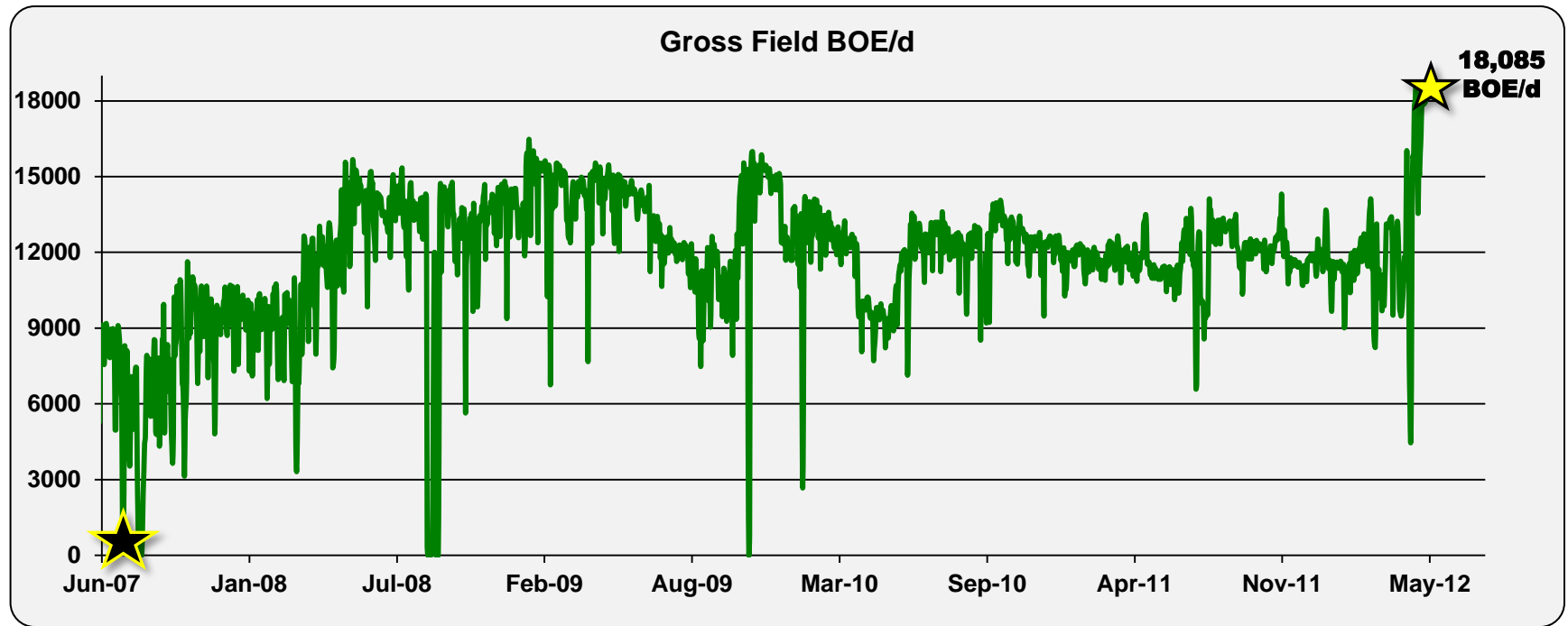
Drill & Complete Cost

\$10 MM

Net Revenue

\$5 MM

# Main Pass Complex



## Field Stats

Largest Complex in EXXI Portfolio

Year of Discovery      MP 73 in 1976  
                                  MP 61 in 2000

Cumulative Production      94 MMBO  
    338 BCF

WI                                    100%

NRI                                  83%

## Techniques to Flatten Declines and Increase Reserves

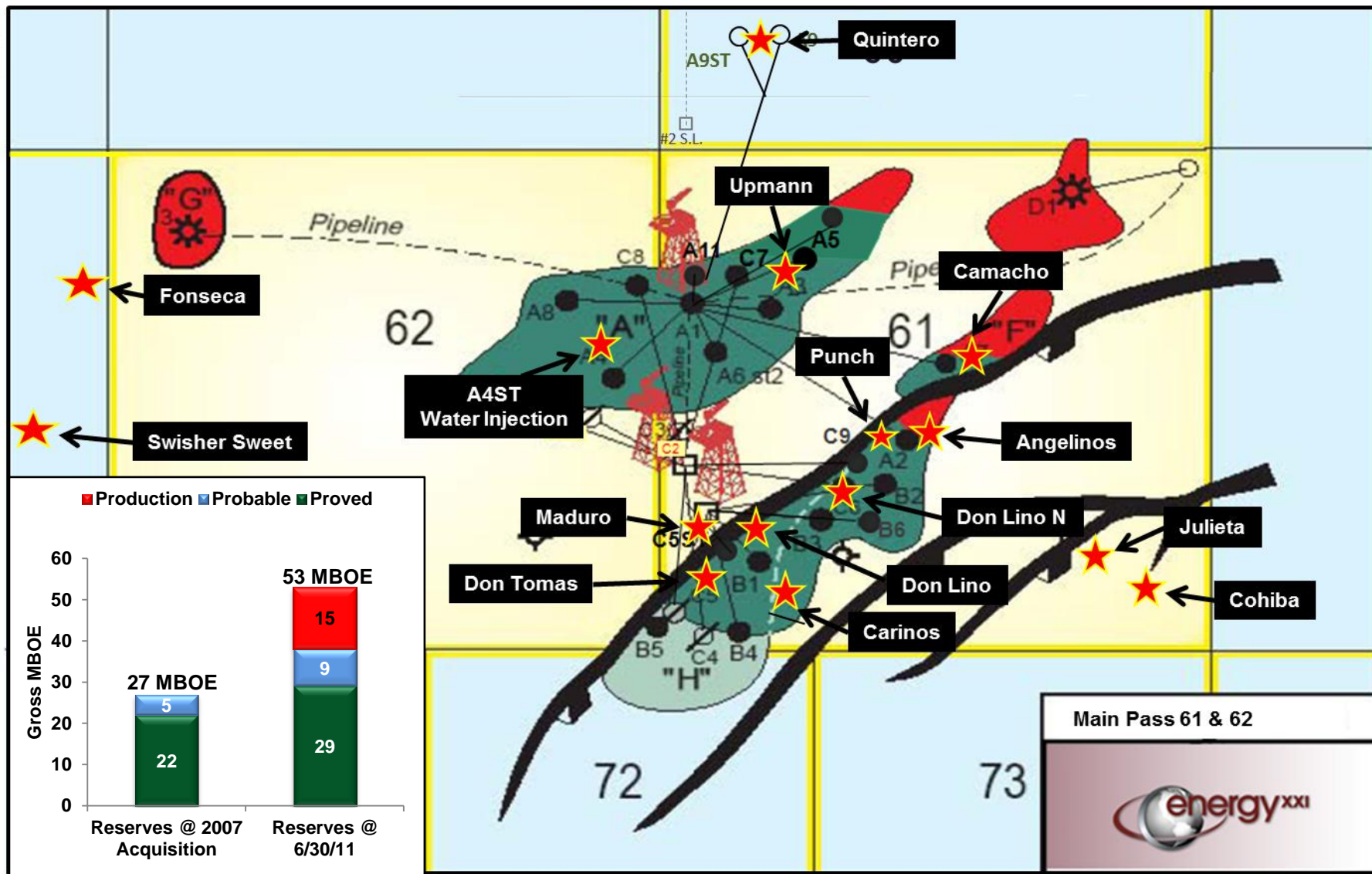
Optimization (gas lift, reduced backpressure)

Water Injection

Infill Drilling

Field Studies

# Main Pass 61 Field – Extensive Upside

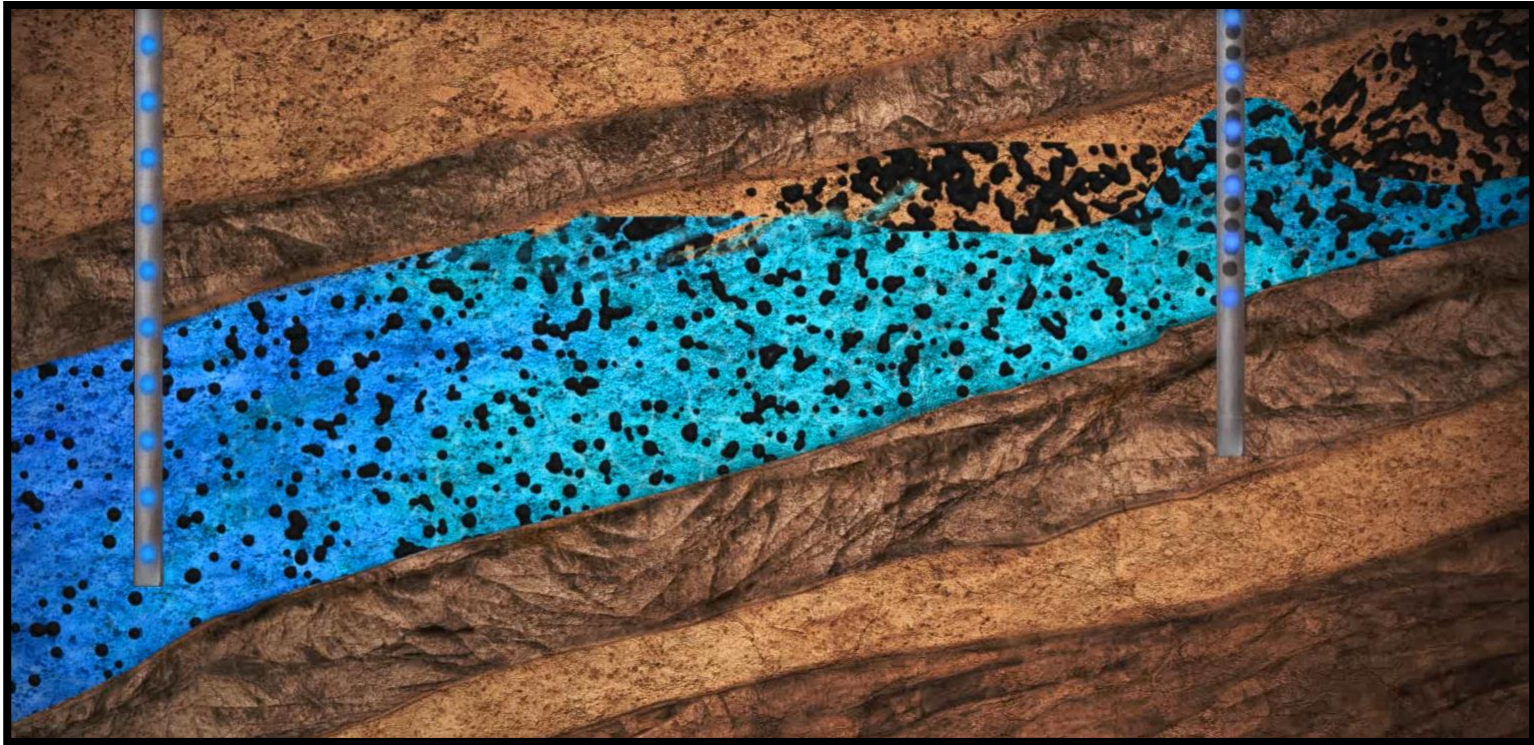


# **Horizontal Redevelopment**

**Strong Water Drive Reservoir  
Water Injection on Weaker Water Drive Reservoir**

# South Timbalier 21 – D-12 Well

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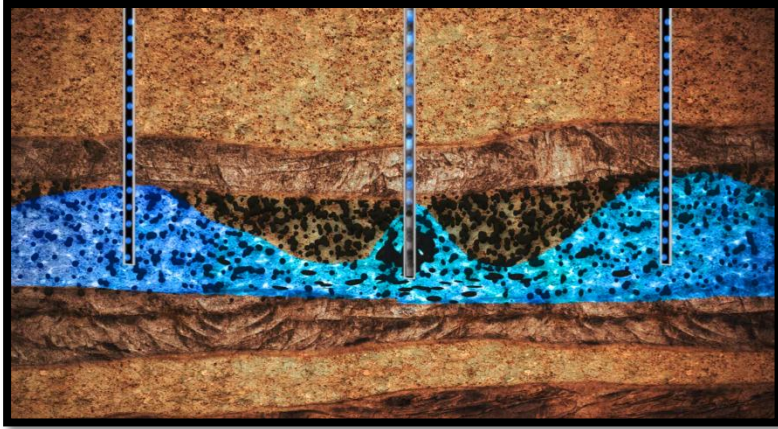


## ➤ Benefits of Updip Drilling with Water Injection Systems

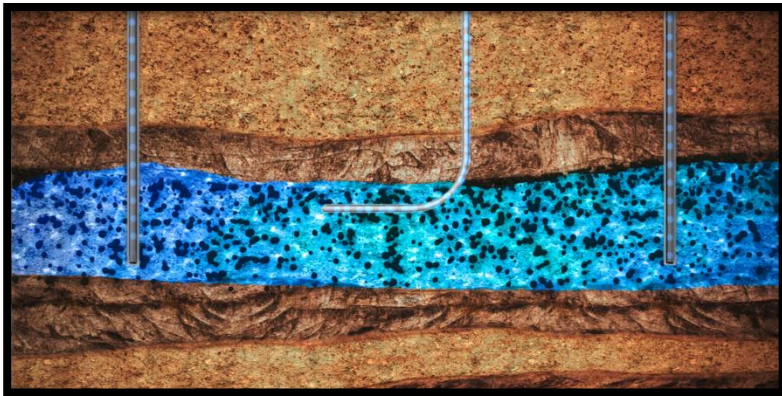
- Increases reservoir pressure to enhance production
- Increases oil recovery

# West Delta 73 Horizontal Drilling

## Vertical Well with Water Flood

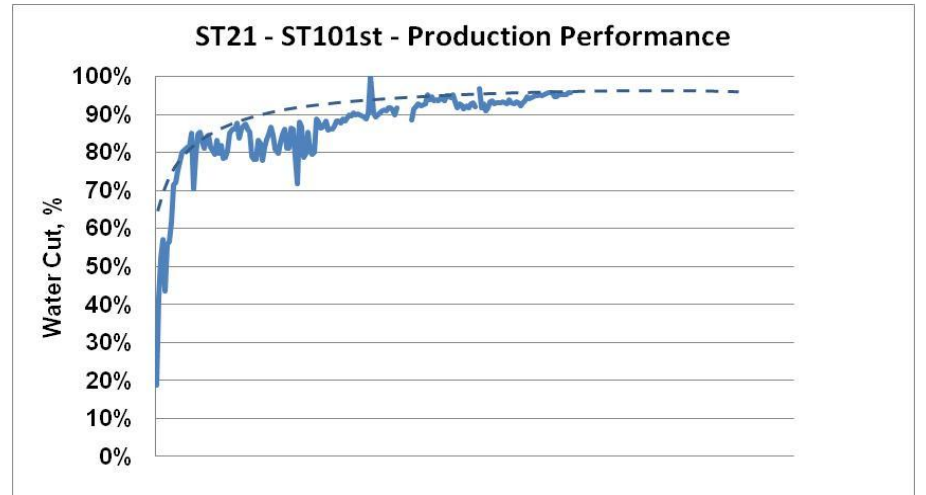
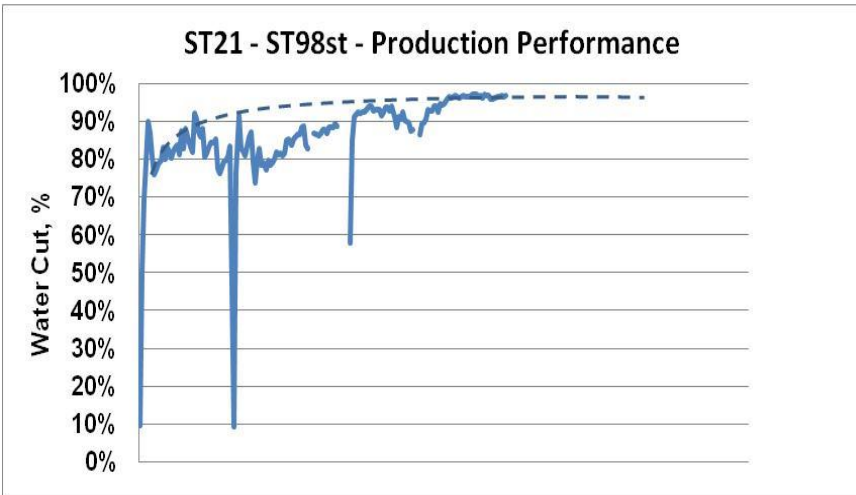
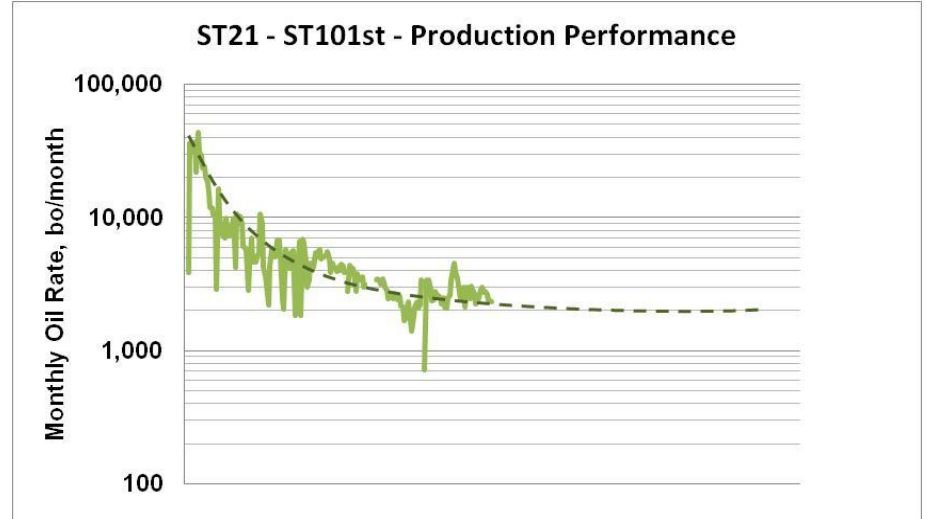
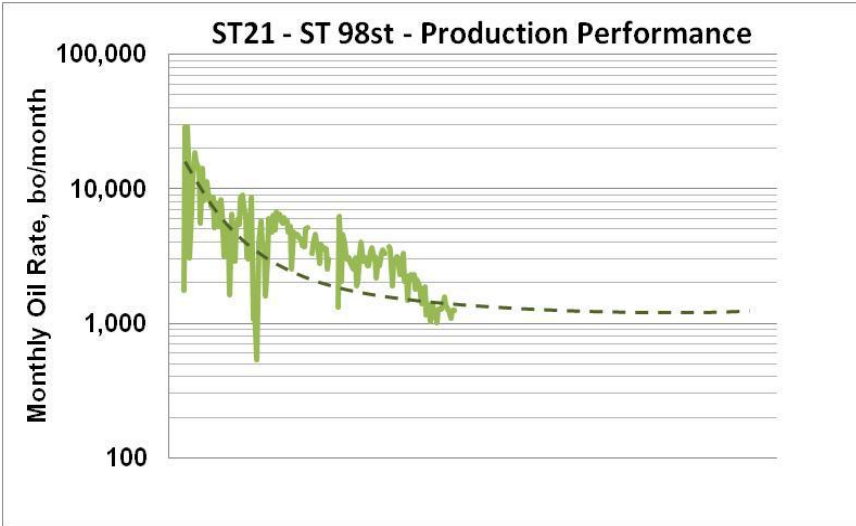


## Horizontal Well with Water Flood

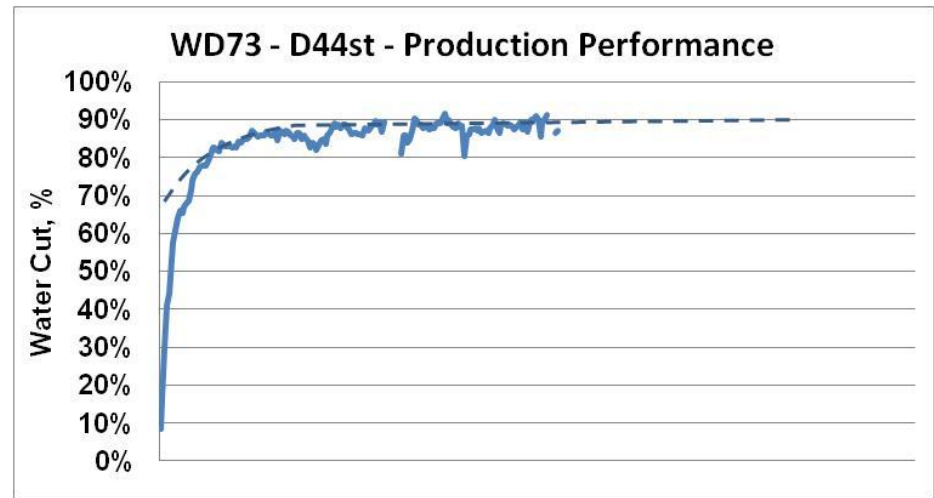
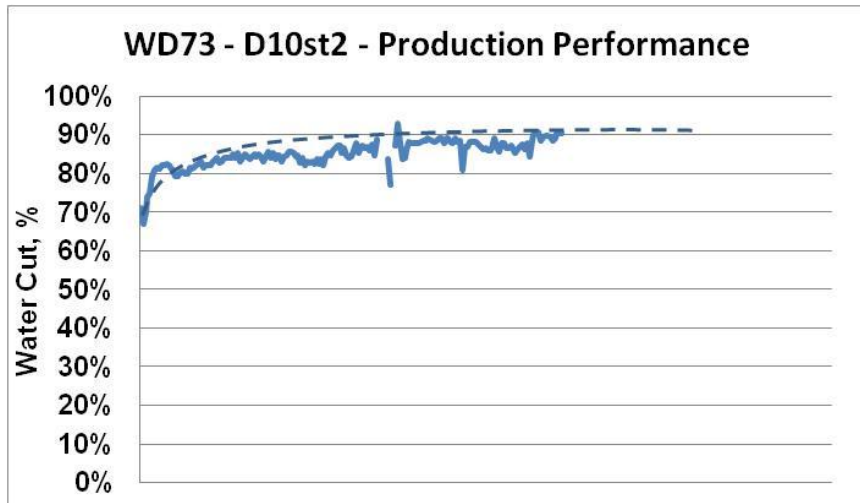
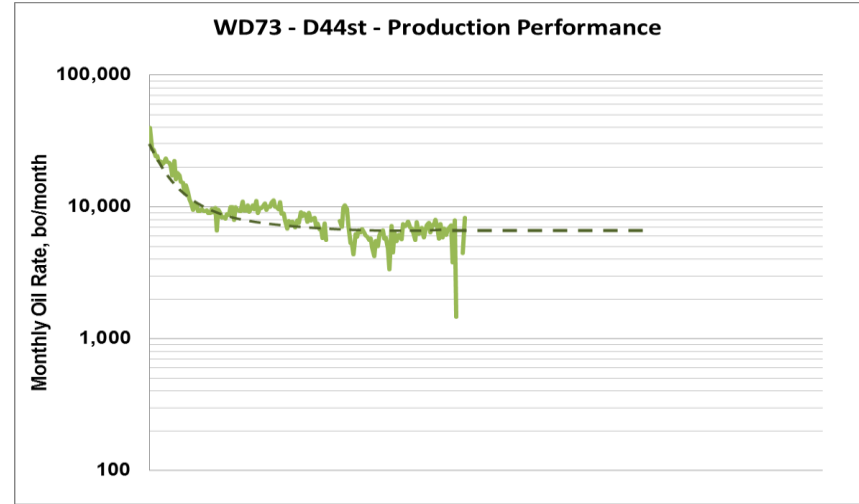
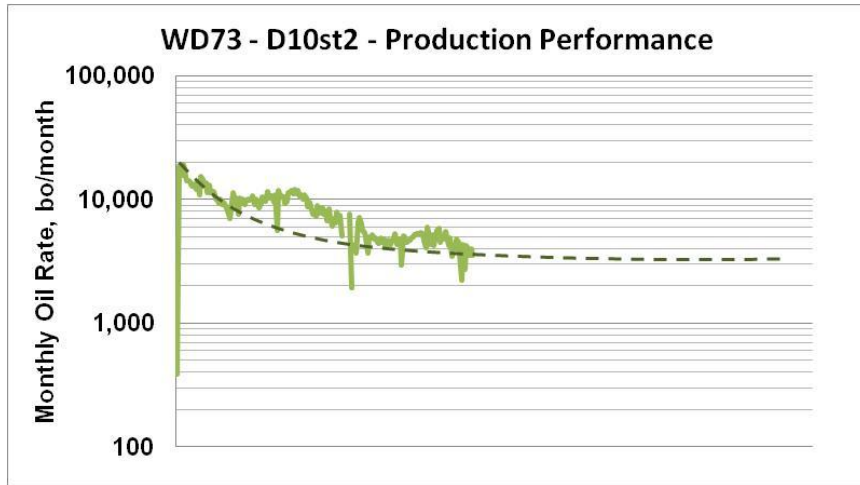


- **Benefits of Horizontal Drilling with Water Injection Systems**
  - Increases reservoir pressure to enhance production
  - Increases oil recovery

# South Timbalier 21 Horizontal Well



# West Delta 73 Horizontal Well



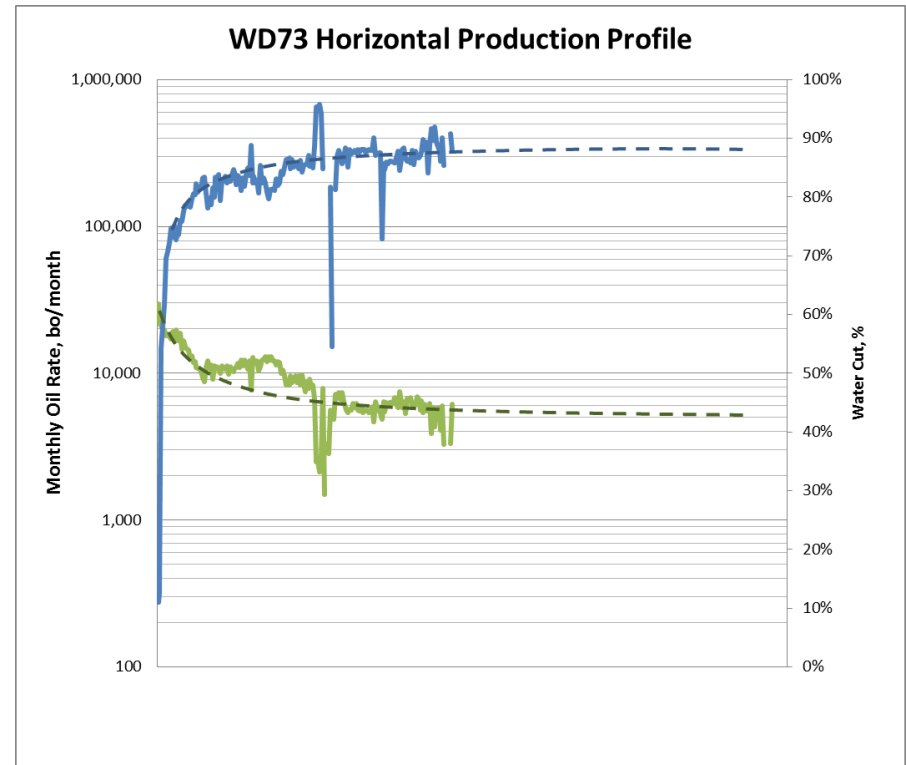
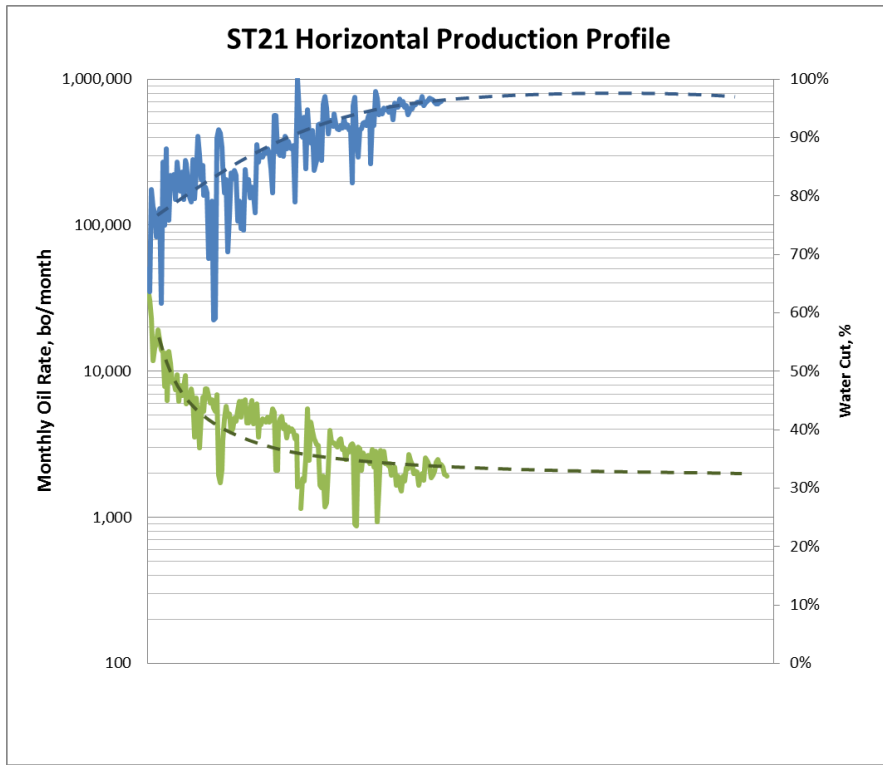
# Horizontal Program Economics

## 10 – Well Horizontal Program

| Well Economics  | Gross MMBOE | Net MMBOE | DHC (\$M) | D&C (\$M) | Payout (Mos) | PV-10 (\$M) | P/I @ 10% |
|-----------------|-------------|-----------|-----------|-----------|--------------|-------------|-----------|
| WD73            | 2.2         | 1.8       | \$6.6     | \$9.4     | 10           | \$68.5      | 7.5       |
| ST21            | 1.2         | 1.0       | \$6.6     | \$9.4     | 16           | \$32.4      | 3.7       |
| 10-Well Program | 17.0        | 14.0      | \$66.0    | \$94.0    | 12           | \$504.4     | 5.6       |

\* Based on 06/11/2012 Brent Strip

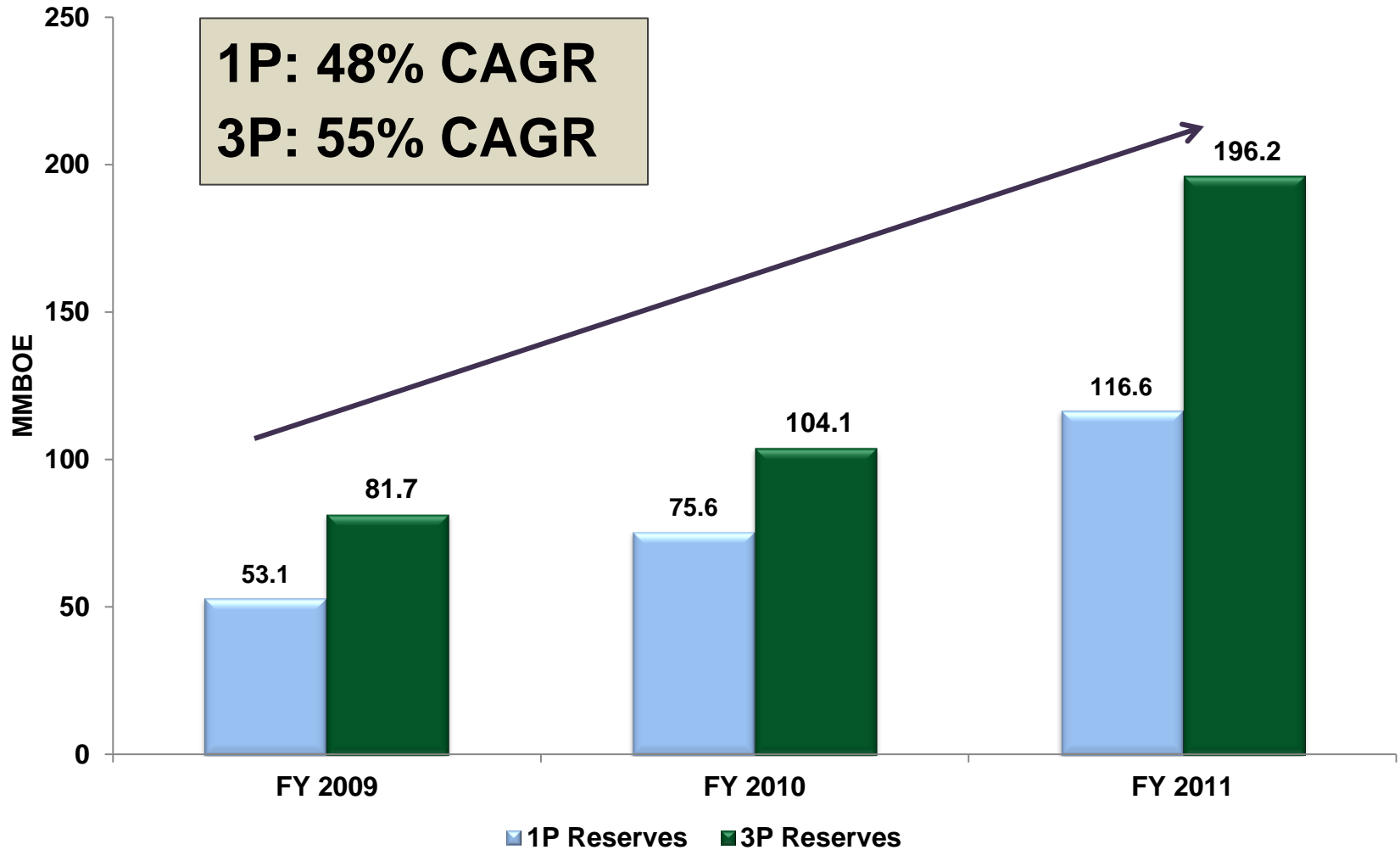
# Horizontal Type Curve



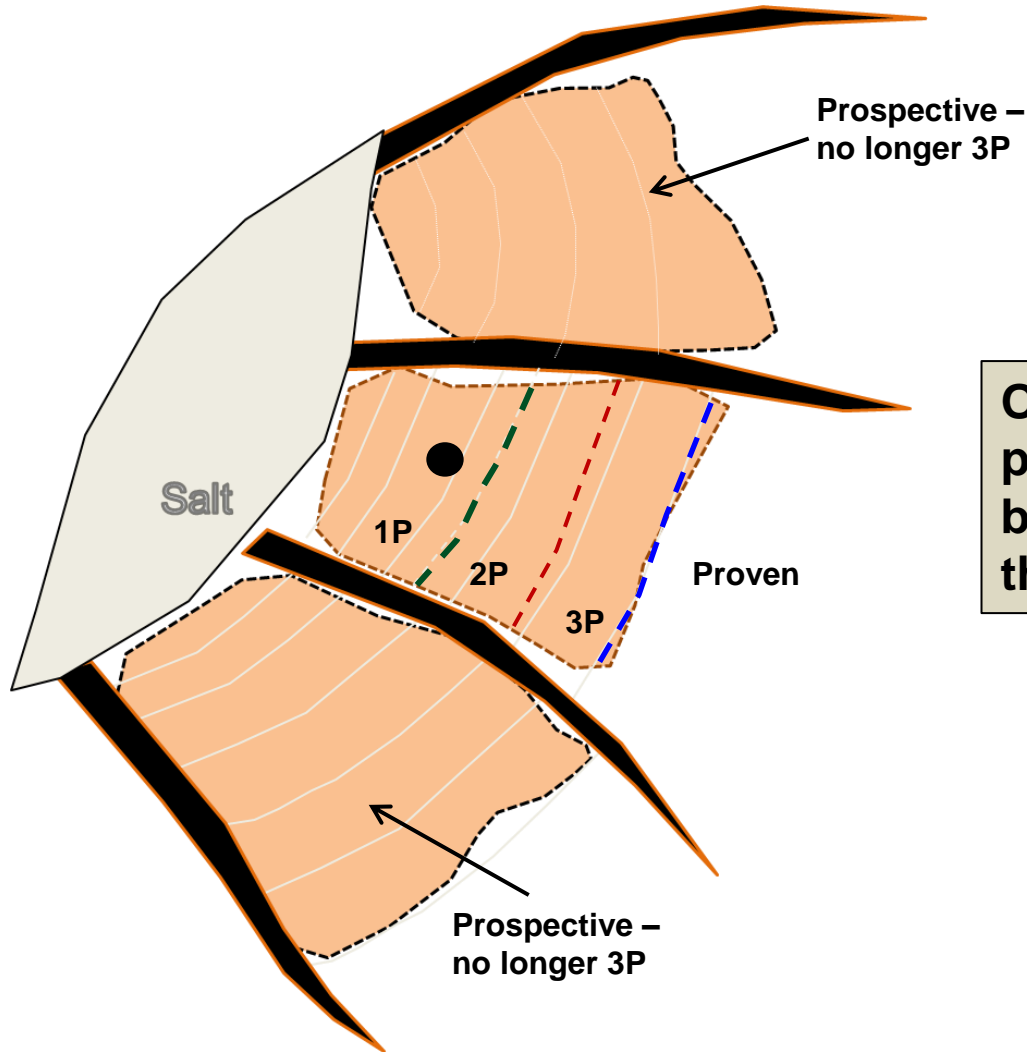
# Reserves

**Historical Proved Reserve Growth  
Changing the Definition  
Reserve Adds Through the Drillbit**

# Historical Proved Reserve Growth



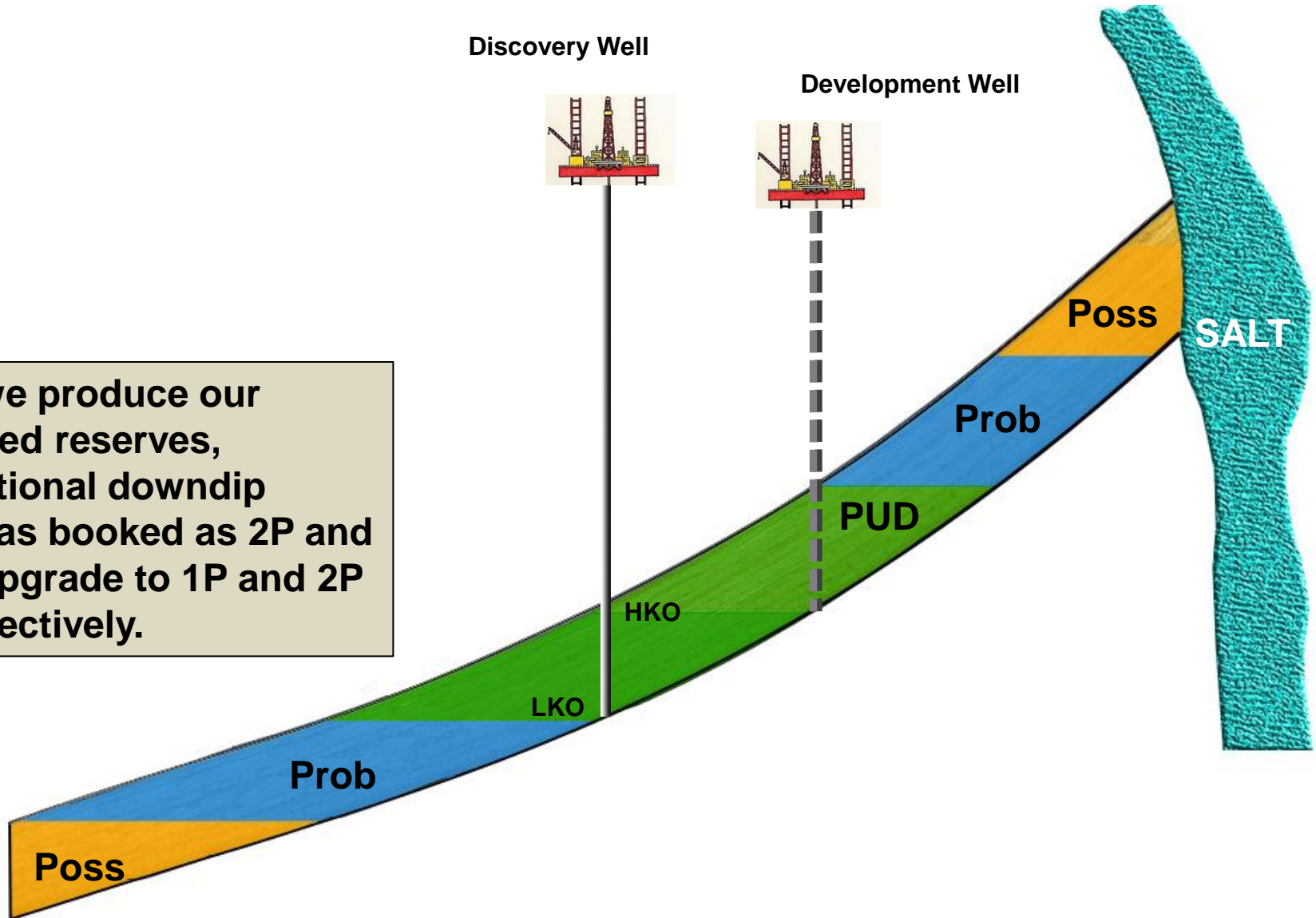
# Changing the Definition



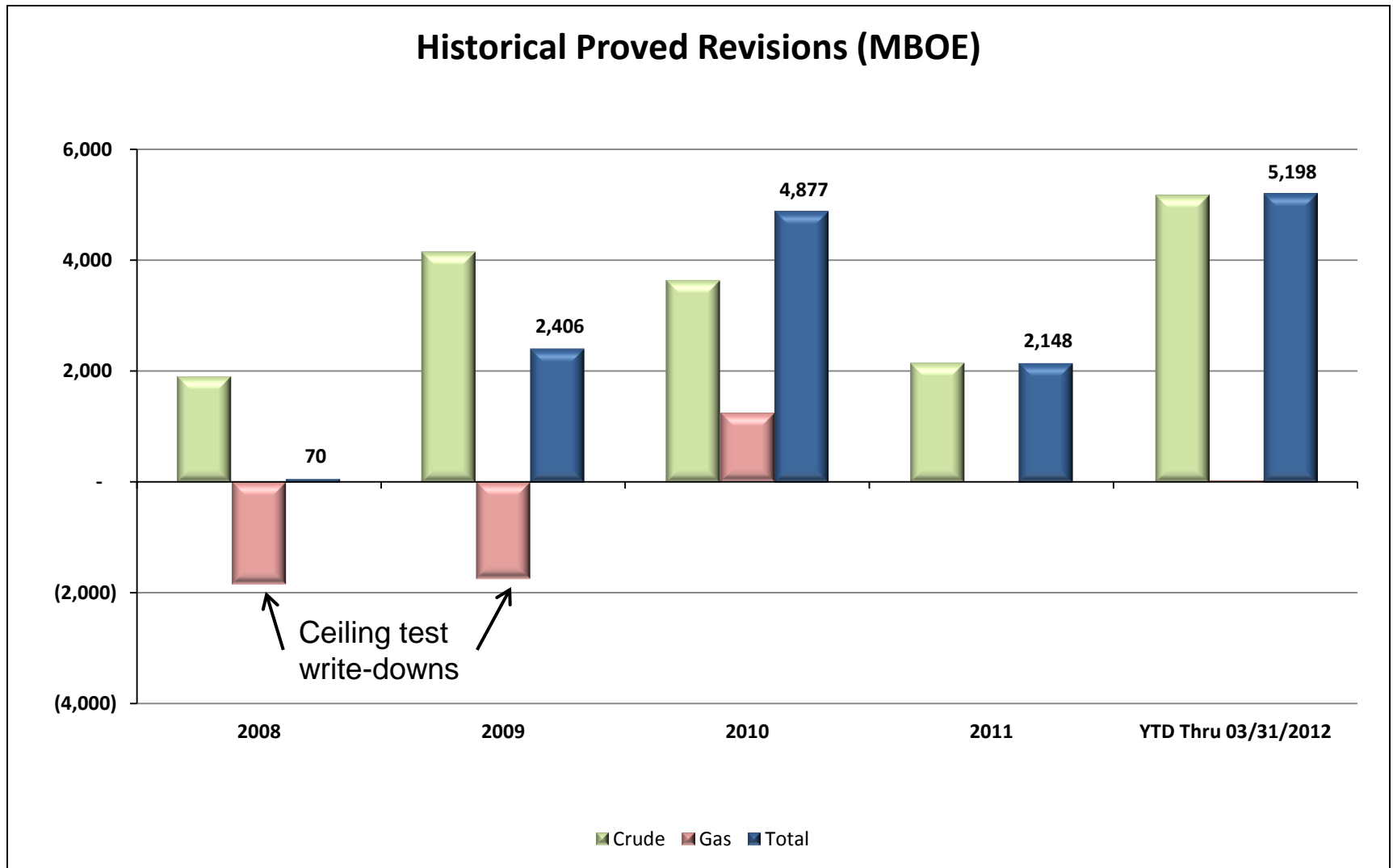
**Once a fault block is proven, adjacent fault blocks are no longer 3P; they are now prospective.**

# Typical Gulf of Mexico Combination Drive

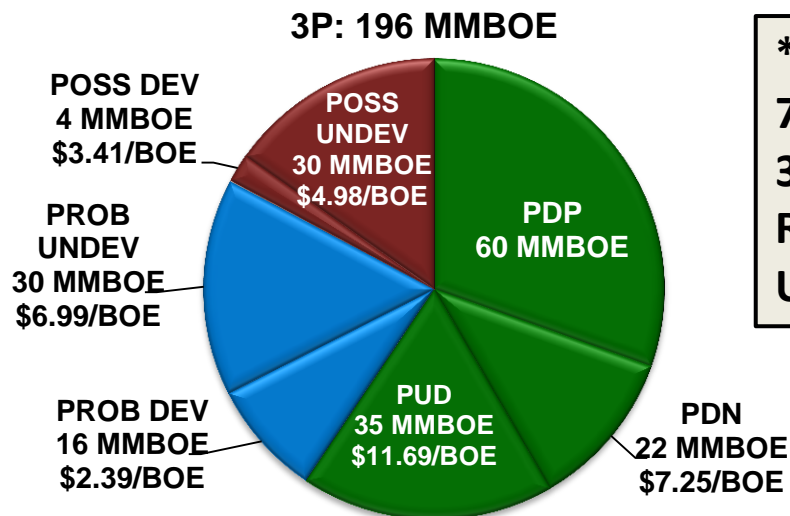
As we produce our proved reserves, additional downdip oil/gas booked as 2P and 3P upgrade to 1P and 2P respectively.



# Positive Revisions Every Year



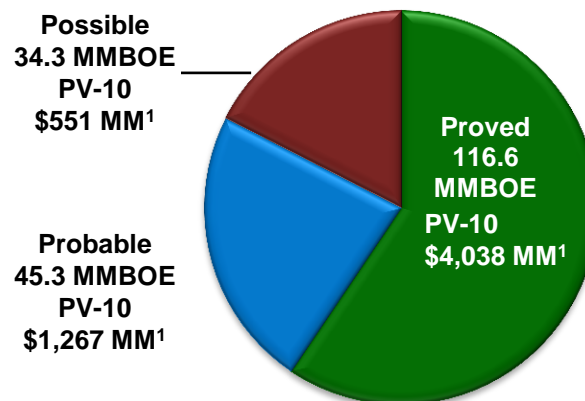
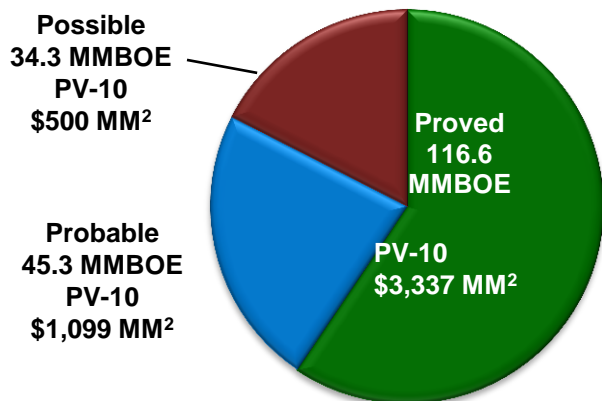
# Low-Cost Development of 3P Reserves



**\*Reserves Do Not Include 78 MMBOE Contingent and 308 MMBOE Prospective Resources Attributed to Ultra-Deep as of 6/30/11**

**Total Resources @ 6/30/11 SEC Pricing**  
 196.2 MMBOE, PV-10 \$4,936 MM<sup>1</sup>  
 2P: 161.9 MMBOE, PV-10 \$4,436 MM<sup>1</sup>

**Total Resources @ 12/31/11 SEC Pricing**  
 196.2 MMBOE, PV-10 \$5,856 MM<sup>2</sup>  
 2P: 161.9 MMBOE, PV-10 \$5,305 MM<sup>2</sup>

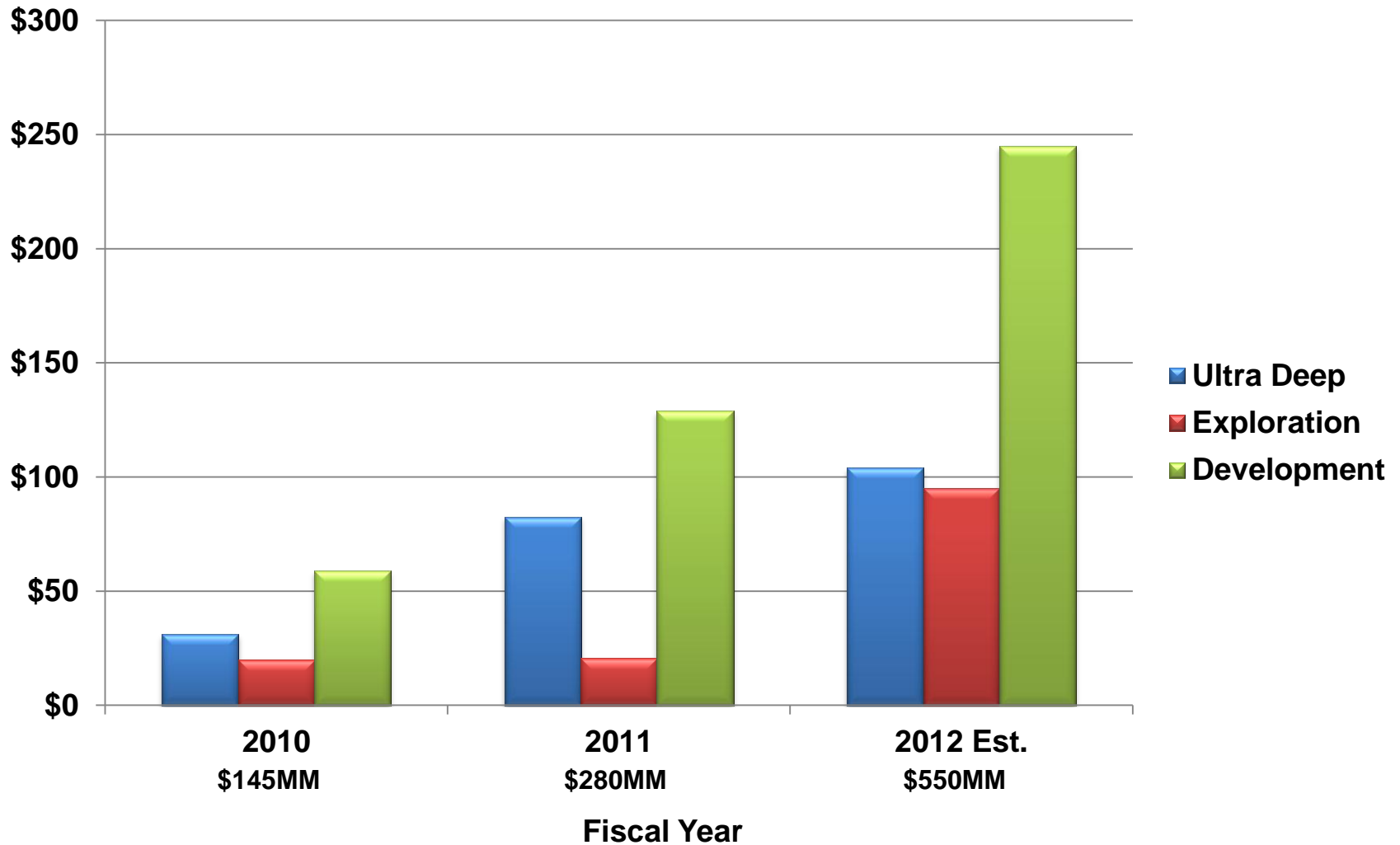


<sup>1</sup> Before tax, reserves as of 6-30-11, using prices of \$90.09/BO and \$4.21/MMBTU before differentials, based on first of the month average for preceding twelve months.

<sup>2</sup> Before tax, reserves as of 6-30-11, using 12/31/11 SEC pricing.

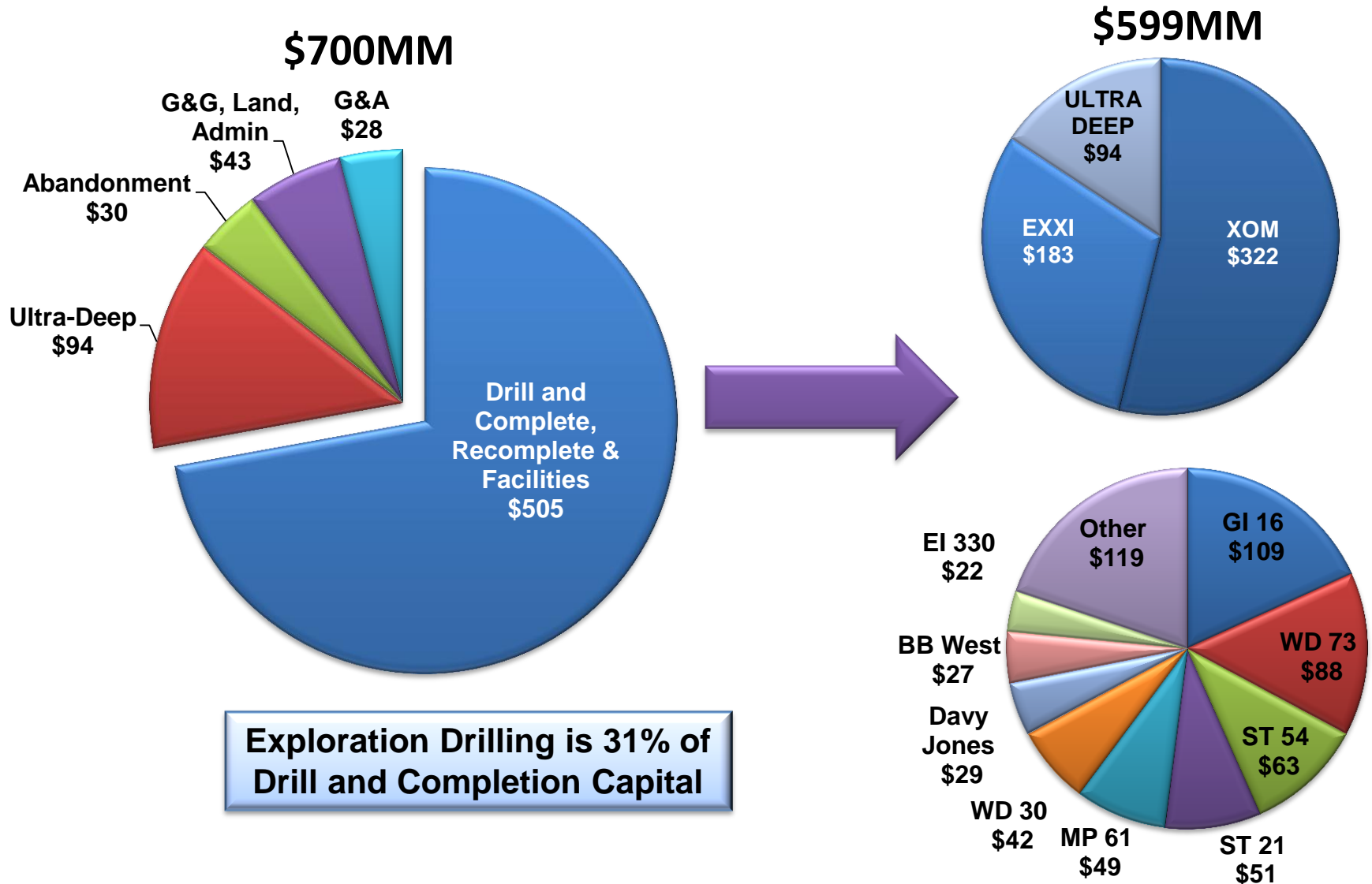
# **FY2013 Budget and Financial Update**

# Annual Drilling Capital Expenditures\*



\*Excludes P&A

# FY13 Budget – Capital Breakout



# Multi-Year Inventory Drives Y/Y Growth

2013

2014

2015

~100 Additional Opportunities Identified for 2016 and Beyond

|               |                  |                   |                 |                |             |
|---------------|------------------|-------------------|-----------------|----------------|-------------|
| GI 16 W/O (8) | Hyden            | Elbert            | Torrey          | ST 21 124ST    | North Gouda |
| El Diente     | Gelato           | Trophy*           | Hood*           | Mandalay Bay   | Speyside*   |
| Aliadros      | Tortoni          | Maduro*           | Jumbo South*    | SP 49 Infill 1 | Mozarella   |
| Don Lino      | Abbott           | Upmann            | Bearclaw        | Berkman*       | Grissom*    |
| Quintero      | Alternator*      | Punch             | Walker          | Guererro*      | Chardonnay  |
| Bordeaux      | Inchgower        | Angelenos*        | Mulder          | Gehrig B*      | Orion D*    |
| Twin Sisters* | Circe            | RI N-Prospect*    | West            | Eskimo*        | Lee*        |
| Talisker*     | DrO              | Crestone          | Don Lino South* | Ryan*          | Rosko N3    |
| Stricker*     | Big Sky          | Whaler*           | Southwest       | Stargel*       | Shaw*       |
| Momus         | Julieta          | Cote De Mer       | RI DA 008*      | Rosko_N        | Sheridan*   |
| Whistler      | St. Luis         | Habanitas*        | Treasure Island | Asiago         | Bacchus*    |
| Cake          | Don Tomas        | Rosko_S1          | Stardust        | Kojak          | Cohiba*     |
| Brownie       | Chambord         | Scully            | Traynor*        | Tormore*       | Chrome*     |
| Weimer        | Excaliber        | Dudley*           | Marler          | Filter*        | Stealth 2   |
| Crete*        | Pintail          | SP 49 A-21 Offset | Rosko N2        | Callaway 1     | Stealth 3   |
| Maroon        | Wombat*          | Horseshoe         | Pegasus         | Laphroaig 8    | Whaler Sout |
| Carburetor*   | Pontiff #2       | Viceroy           | Grizzly*        | Glenlossie 2*  | Stealth 4   |
| Golden Bear*  | Camshaft (Accel) | Red Pud           | Pontiff #3      | Brasilia       | Winnebago 2 |
|               |                  | Stealth 1         | Aniston*        | Quito*         | Lancer*     |
|               |                  | Rainier*          | Glenlossie*     | Bogota*        | Dailuaine*  |
|               |                  | Tilapia*          | Glendullan*     | Sirus*         | Titleist    |
|               |                  | Swisher Sweet     | Brahma, Winne*  | SP 49 SP33 1   | Aberlour    |
|               |                  | Marcus*           | Flywheel*       | SP 49 SP33 2   | Mannochmore |
|               |                  | Clutch*           |                 | Chrome*        | Price*      |

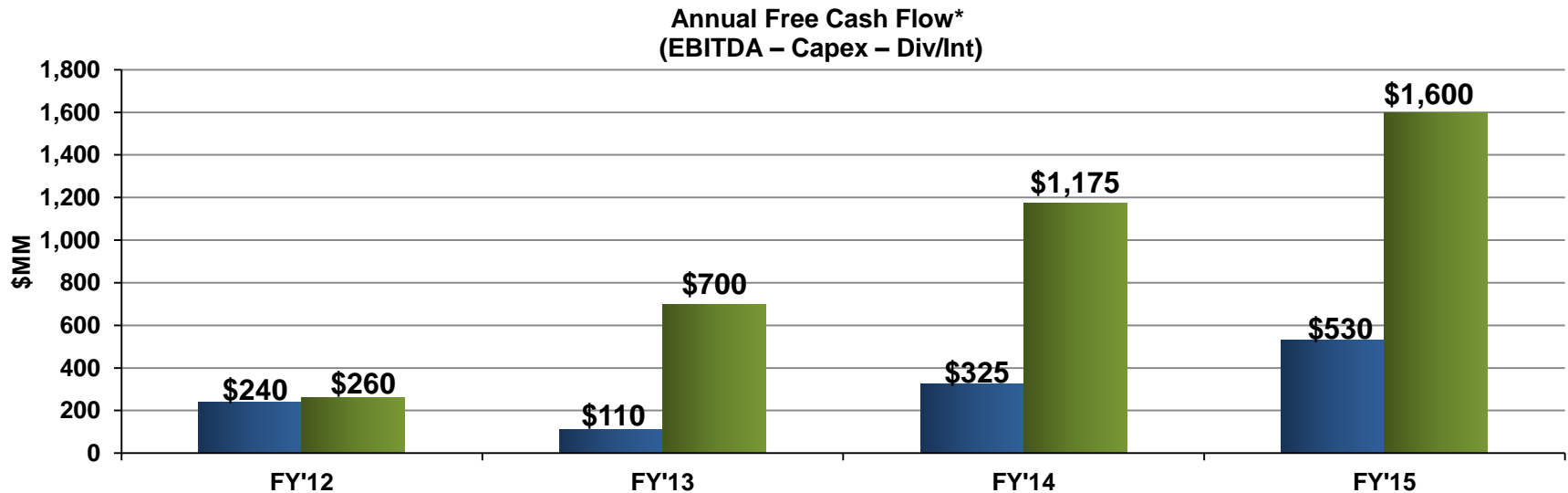
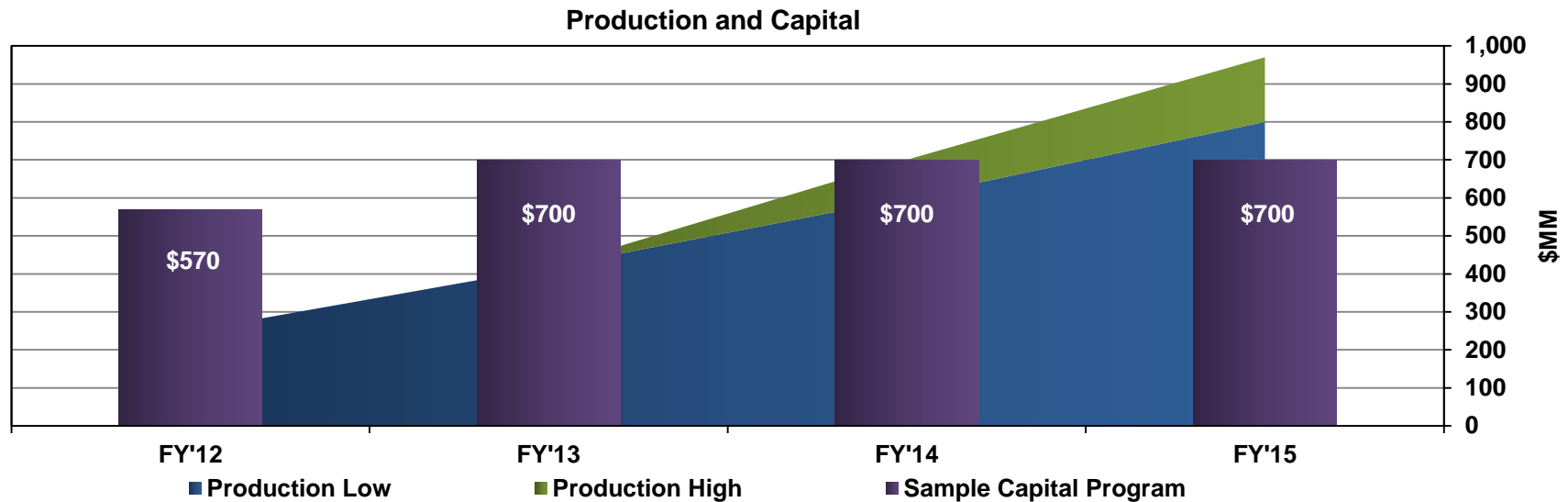
GREEN – denotes Oil

RED– denotes Gas

\*denotes exploration well

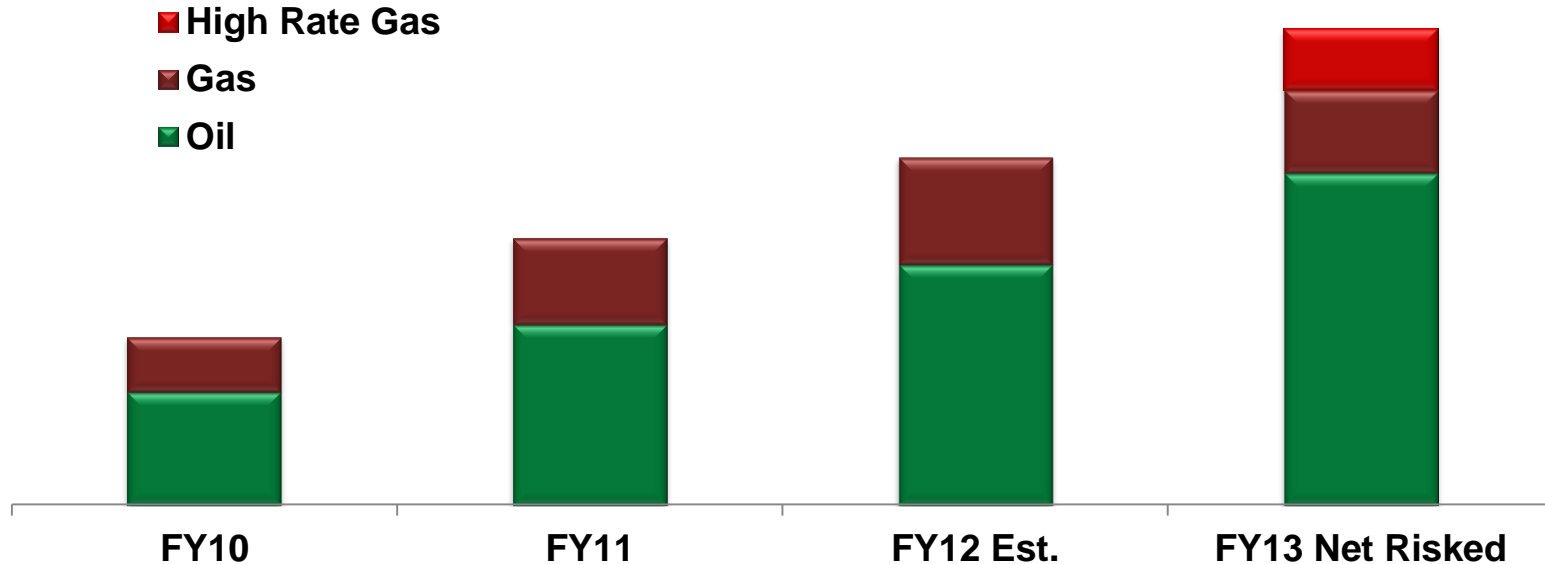
Note: Inventory list does not include ongoing recompletion program

# Volume Growth and Free Cash Flow



\*Estimated free cash flow is tied to production high profile and is generated using \$80 to \$120 oil and \$2 to \$4 natural gas in FY13 and beyond

# Production Analysis

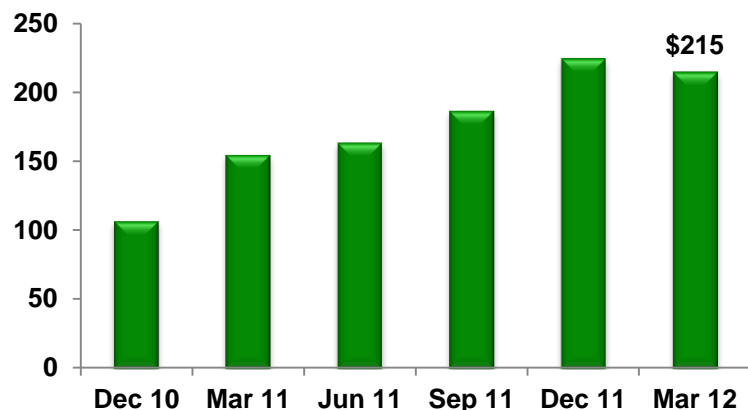


Oil = \$100/Bbl      Gas = \$3/MCF

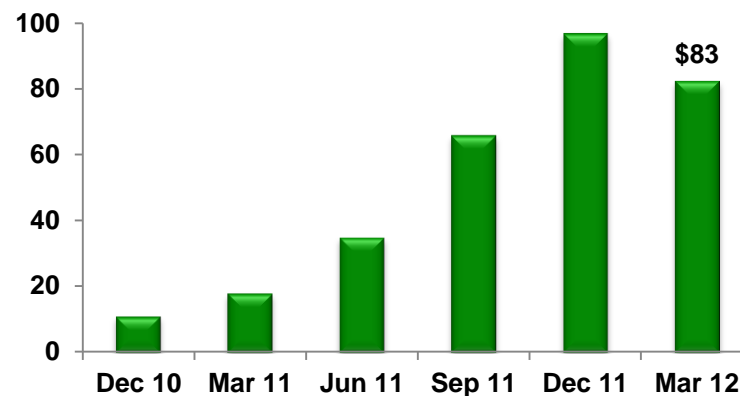
24 MMcf/d = \$26.2 MM Revenue Per Year  
1,000 Bbl/d = \$36.5 MM Revenue Per Year

# Consistently Improving Balance Sheet

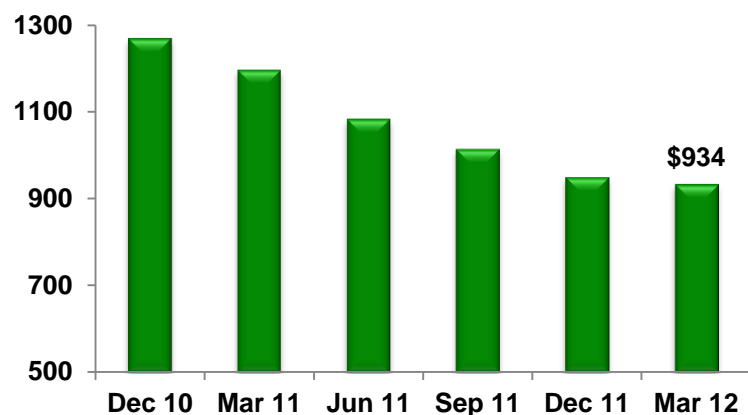
### Quarterly EBITDA (\$MM)



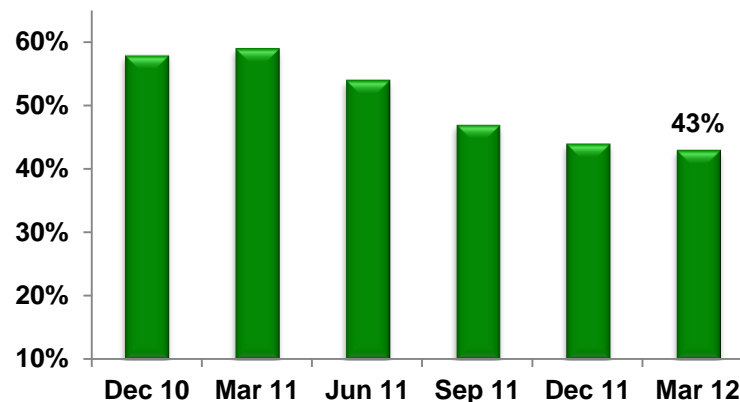
### Quarterly Net Income (\$MM)



### Net Debt (\$MM)

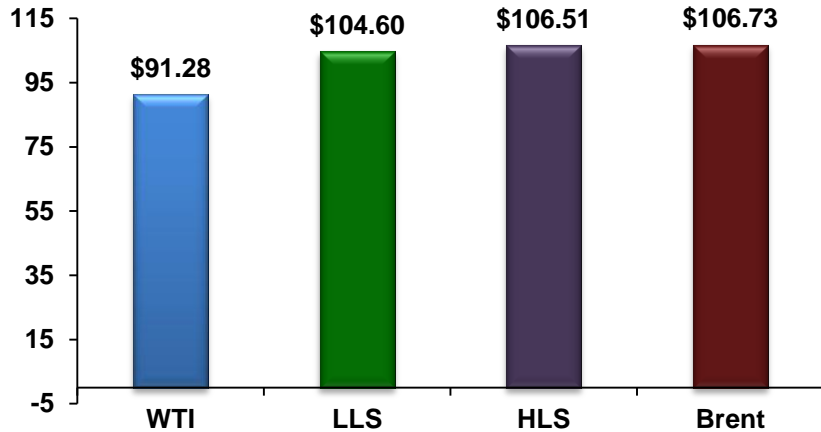


### Net Debt / Total Cap (%)

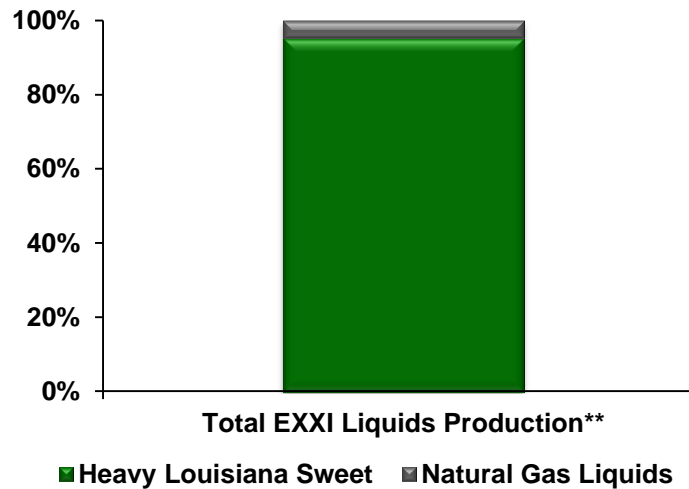
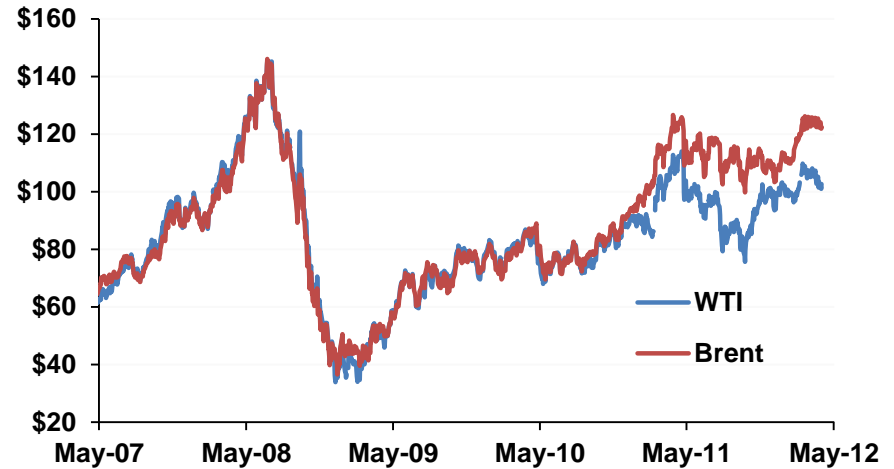


# Market Price Comparison

Platts Index / Prompt Futures\*



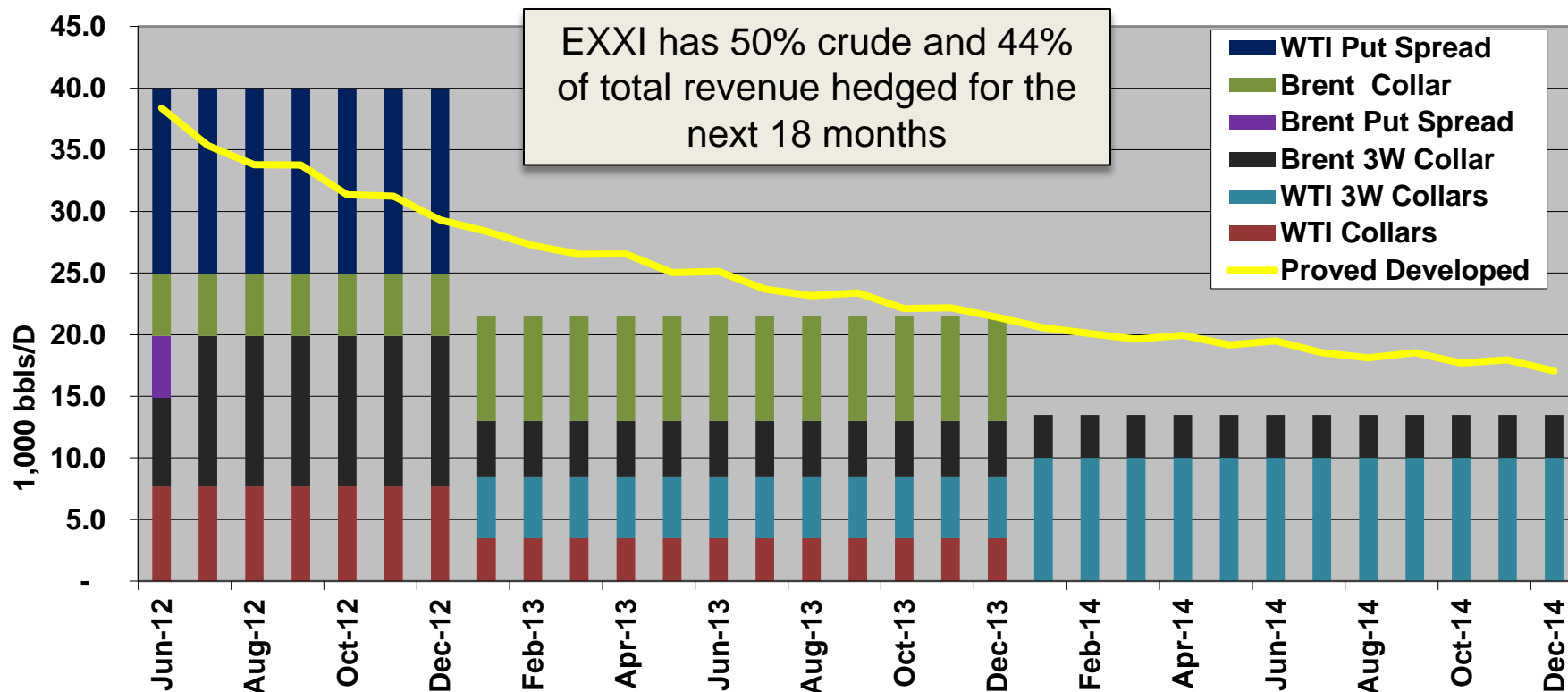
WTI vs Brent



\*Platts Index / Prompt Futures average closing prices for May/June 2012

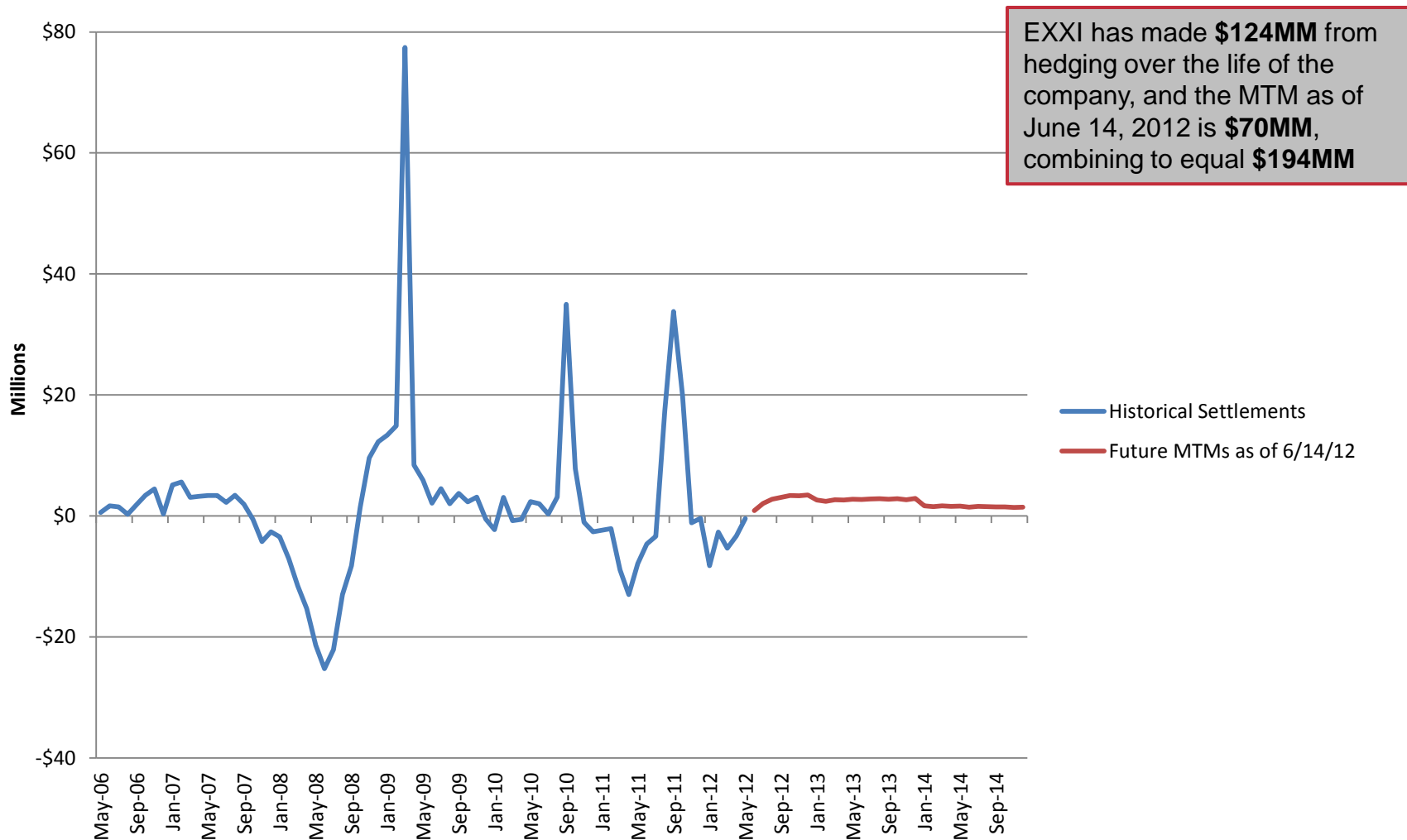
\*\*Production based upon June 2012 production report through 6/14/2012

# Current Crude Hedge Profile



|                   | CRUDE OIL    |       |         |              |       |         |              |       |         |
|-------------------|--------------|-------|---------|--------------|-------|---------|--------------|-------|---------|
|                   | 2012 Average |       |         | 2013 Average |       |         | 2014 Average |       |         |
|                   | Subfloor     | Floor | Ceiling | Subfloor     | Floor | Ceiling | Subfloor     | Floor | Ceiling |
| WTI Collars       |              | 72.60 | 100.19  |              | 73.57 | 105.63  |              |       |         |
| Brent Collars     |              | 87.00 | 114.24  |              | 80.00 | 126.78  |              |       |         |
| WTI 3WY Collars   |              |       |         | 70.00        | 90.00 | 136.32  | 70.00        | 90.00 | 137.14  |
| Brent 3WY Collars | 67.31        | 87.31 | 128.45  | 61.67        | 83.33 | 140.69  | 66.43        | 86.43 | 141.36  |
| WTI Put Spreads   | 75.00        | 85.00 |         |              |       |         |              |       |         |
| Brent Put Spreads | 65.00        | 85.00 |         |              |       |         |              |       |         |

# Historical Settles & Future MTMs

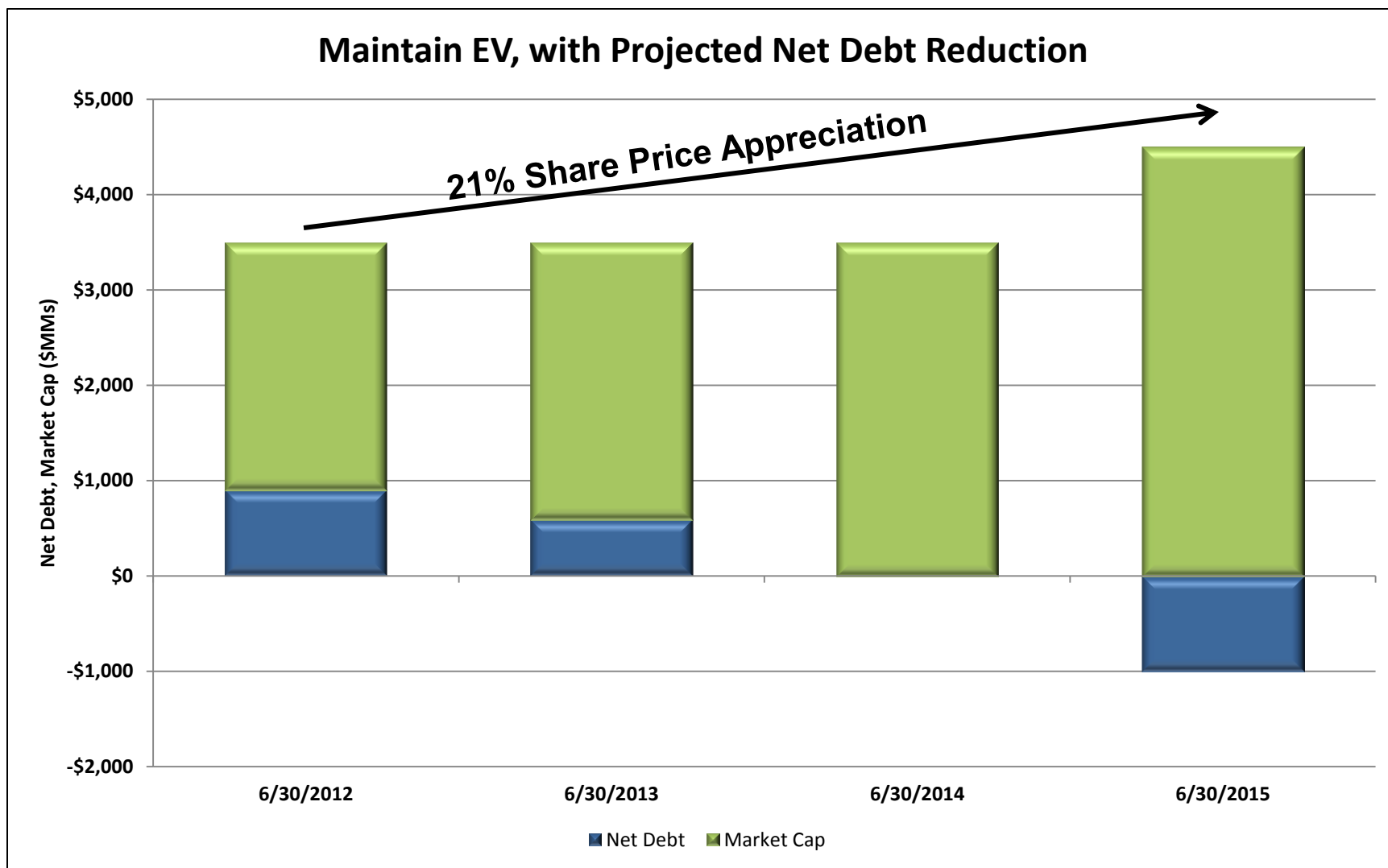


# Options to Deploy Free Cash

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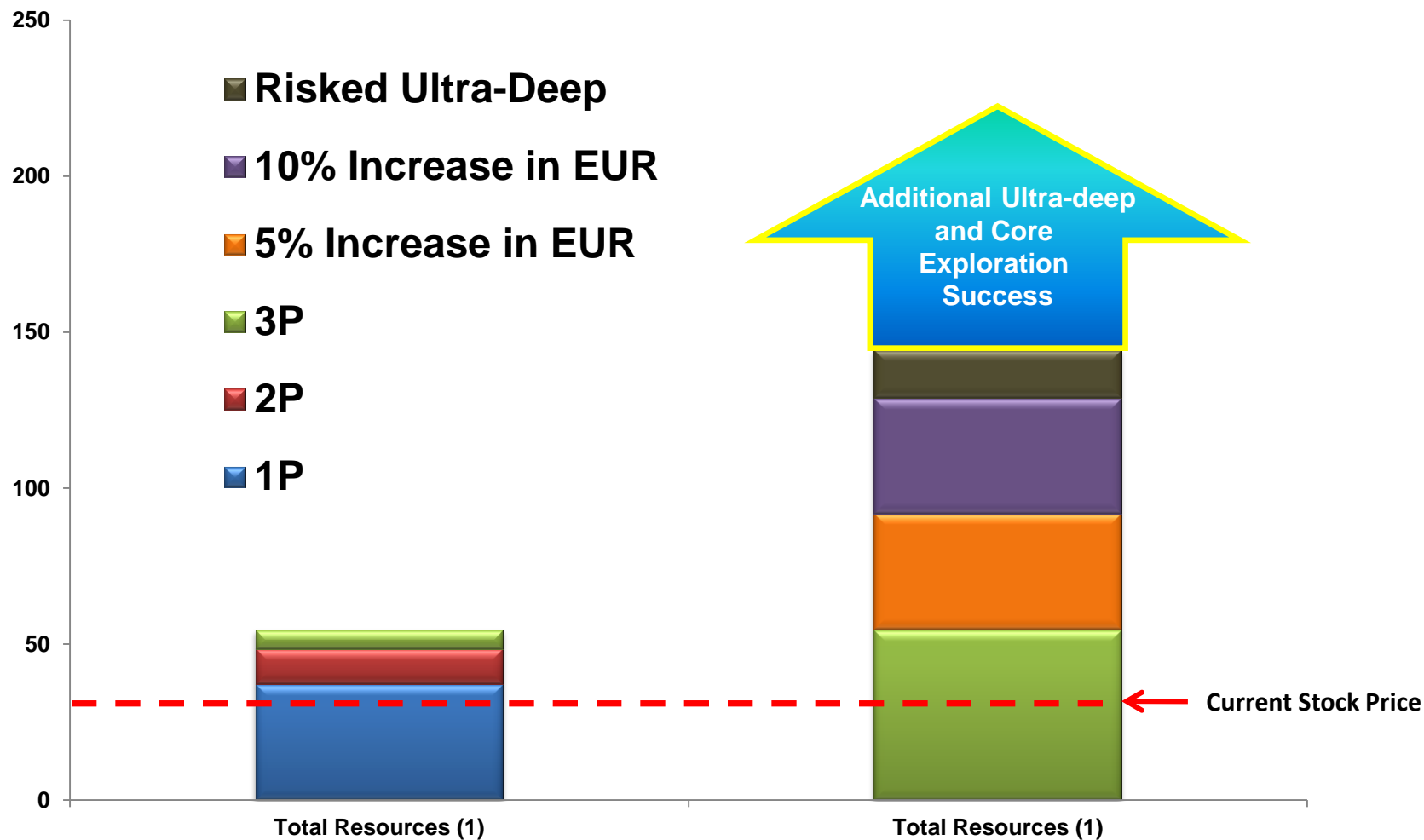
- **Pay Additional Future Dividends**
  - Initiated a \$0.07 quarterly dividend on common stock to shareholders of record
  - Goal is to increase dividend based on performance
- **Reduce Net Debt (Stockpile Cash) Prior to First Call on Bonds (Dec. 2014)**
- **Future M&A**
  - Acquire more of the top 25 largest oil fields on GoM shelf
  - Acquire private companies exploring for liquids
  - Bolt on opportunities that fit with current assets
- **Stock Buybacks**

# Debt Reduction Adds Share Value\*



\*Based on strip pricing; EV based on fully diluted shares (87.4MM )

# Potential Stock Upside\*



# Why Energy XXI?

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- **Large GoM Oil Fields Provide Significant Opportunity for Reserve Growth**
  - **5% Increased Recovery of Oil-in-Place in Top 5 Reservoirs Doubles Reserves**
  - **Horizontal Redevelopment Will Have an Impact**
  - **Multi-Year Drilling Inventory Fuels Organic Growth**
  - **Oily Production Drives Free Cash Flow**
  - **Upside Potential from Ultra-Deep with Minimal Capital Exposure**
- 
- A large, multi-level offshore oil platform is shown in the ocean. The platform is primarily blue with white sections and has a complex network of pipes, ladders, and structural beams. It is supported by several legs extending into the water. The background is a vast, slightly hazy blue sea under a light sky.

# Contact

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