



PetroQuest Energy, Inc.

March 2012

Company Information



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This presentation contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those projected. Among those risks, trends and uncertainties are our ability to find oil and natural gas reserves that are economically recoverable, the volatility of oil and natural gas prices and significantly depressed natural gas prices since the middle of 2008, the uncertain economic conditions in the United States and globally, the decline in the values of our properties that have resulted in and may in the future result in additional ceiling test write-downs, our ability to replace reserves and sustain production, our estimate of the sufficiency of our existing capital sources, our ability to raise additional capital to fund cash requirements for future operations, the uncertainties involved in prospect development and property acquisitions or dispositions and in projecting future rates of production or future reserves, the timing of development expenditures and drilling of wells, hurricanes and other natural disasters, including the impact of the oil spill in the Gulf of Mexico on our present and future operations, the impact of government regulation, and the operating hazards attendant to the oil and gas business. In particular, careful consideration should be given to cautionary statements made in the various reports PetroQuest has filed with the Securities and Exchange Commission. PetroQuest undertakes no duty to update or revise these forward-looking statements.

Prior to 2010, the Securities and Exchange Commission generally permitted oil and gas companies, in their filings, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. Beginning with year-end reserves for 2009, the SEC permits the optional disclosure of probable and possible reserves. We have elected not to disclose our probable and possible reserves in our filings with the SEC. We use the terms "reserve inventory," "gross unrisks reserves," "EUR" or other descriptions of volumes of hydrocarbons to describe volumes of resources potentially recoverable through additional drilling or recovery techniques that the SEC's guidelines prohibit us from including in filings with the SEC. Estimates of reserve inventory, gross unrisks reserves or EUR do not reflect volumes that are demonstrated as being commercially or technically recoverable. Even if commercially or technically recoverable, a significant recovery factor would be applied to these volumes to determine estimates of volumes of proved reserves. Accordingly, these estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being actually realized by the Company. The methodology for estimating unrisks inventory, gross unrisks reserves or EUR may also be different than the methodology and guidelines used by the Society of Petroleum Engineers and is different from the SEC's guidelines for estimating probable and possible reserves.

Corporate Characteristics

- › **Balanced, diversified asset portfolio combines longer-life development assets with shorter-life strong cash flow generating assets**
- › **Track record of growth through the drill bit and strategic acquisitions**
 - › 28% - 13 year CAGR in production
 - › 28% - 13 year CAGR in reserves
 - › 96% drilling success rate for the 5 years ended 12/31/2011
- › **Low-risk drilling inventory**
 - › 92% of 1.3 Tcfe inventory in long-lived onshore basins as of 12/31/2011
- › **Conservative operator with a track record of drilling within cash flow**
 - › 95% of 2012 activity will be PQ operated
- › **Strong balance sheet and substantial liquidity position through fiscal discipline and Woodford JV**

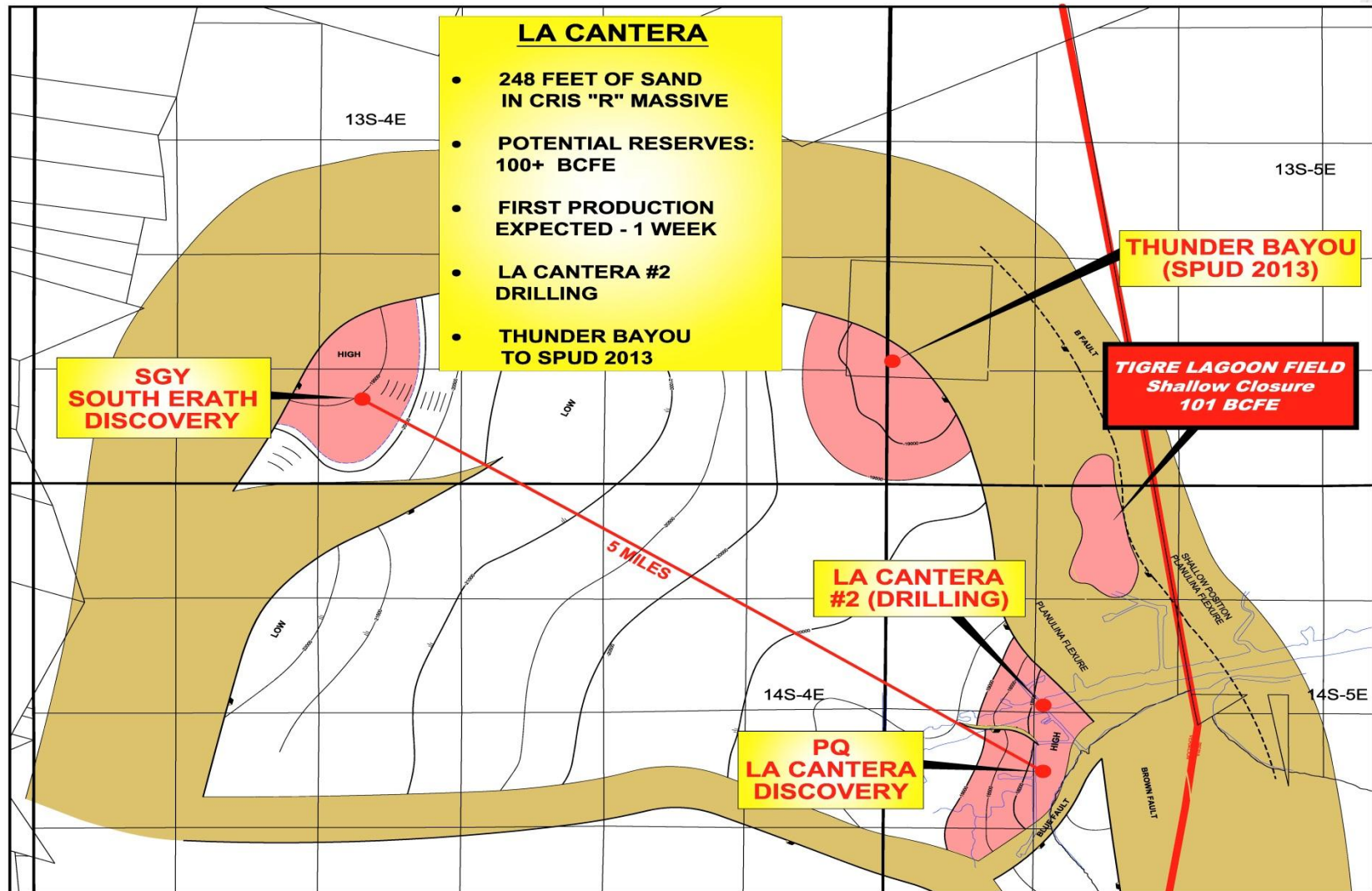
Navigating the Current Environment

- › **Accelerating Liquids Production**
 - › ~ 98% of 2012 drilling allocated to projects with some liquid component
 - › 2012E NGL production projected to grow ~50%
- › **Woodford JV**
 - › 2012 activity will be focused on liquids-rich western section of acreage
 - › JV recently amended allowing for utilization of Phase II drilling carry in Woodford and Miss Lime
- › **Strong Liquidity Position**
 - › \$125MM undrawn revolver & \$22MM of cash as of 12/31/11
 - › Potential divestitures (Niobrara - Eagle Ford – Fayetteville) could further enhance liquidity
- › **Control Operations**
 - › Operate over 95% of activity = control of cost and investment timing/allocation

Ongoing Operations

- › **La Cantera discovery in the Gulf Coast Basin**
 - › 248 net feet of logged Cris R massive sands @ 21%-24% porosity
 - › First production expected in one week (20-30 MMcf/d + ~1,400 Bbls/d of liquids)
 - › Drilling delineation well (La Cantera #2) to accelerate development
- › **Entry into Miss Lime – ~31,000 net acres in Northern OK / Southern KS**
 - › Initial well drilling in Pawnee County
 - › Utilize Phase II drilling carry (PQ pays 25% for 50% interest)
- › **NGL rich Woodford development**
 - › ~20 gross wells expected in the liquids rich window in 2012
 - › \$2.00 – \$3.00 per mcf uplift associated with liquids rich Woodford gas
- › **Liquids rich horizontal Cotton Valley leverage**
 - › 6 gross wells in 2012
 - › 9 wells drilled and completed in the program
 - › Average IP rate: 4,440 mcf/d and 283 barrels of liquids

La Cantera High Impact Discovery



2011 Gulf Coast Drilling Summary

Successful Projects	NRI	First Production	Feet of Pay	I.P. Rate
La Cantera #1	17%	1 week	248' Net TVD	28,000 – 38,000 Mcfe
Craft Farms	41%	June 11	33' Net TVD	4,000 Mcfe
SS 72 #1	45%	Oct 11	57' Net TVD	444 Boe
SS 72 #2	45%	Jan 12	50' Net TVD	130 Boe
SS 72 #3	45%	Jan 12	135' Net TVD	565 Boe
SS 72 #4	45%	TBD	34' Net TVD	TBD

Prospect	WI	Total Depth	Gross Unrisked Reserves	Spud Date
La Cantera #2	24%	18,900'	50 Bcfe	Drilling
Thunder Bayou	34%	19,800'	110 Bcfe	2013

➤ Focus near term capital on low cost recompletion opportunities, low risk development projects and select high impact onshore drilling prospects

➤ 18% of 2012 capex budget allocated to GOM/GC basin

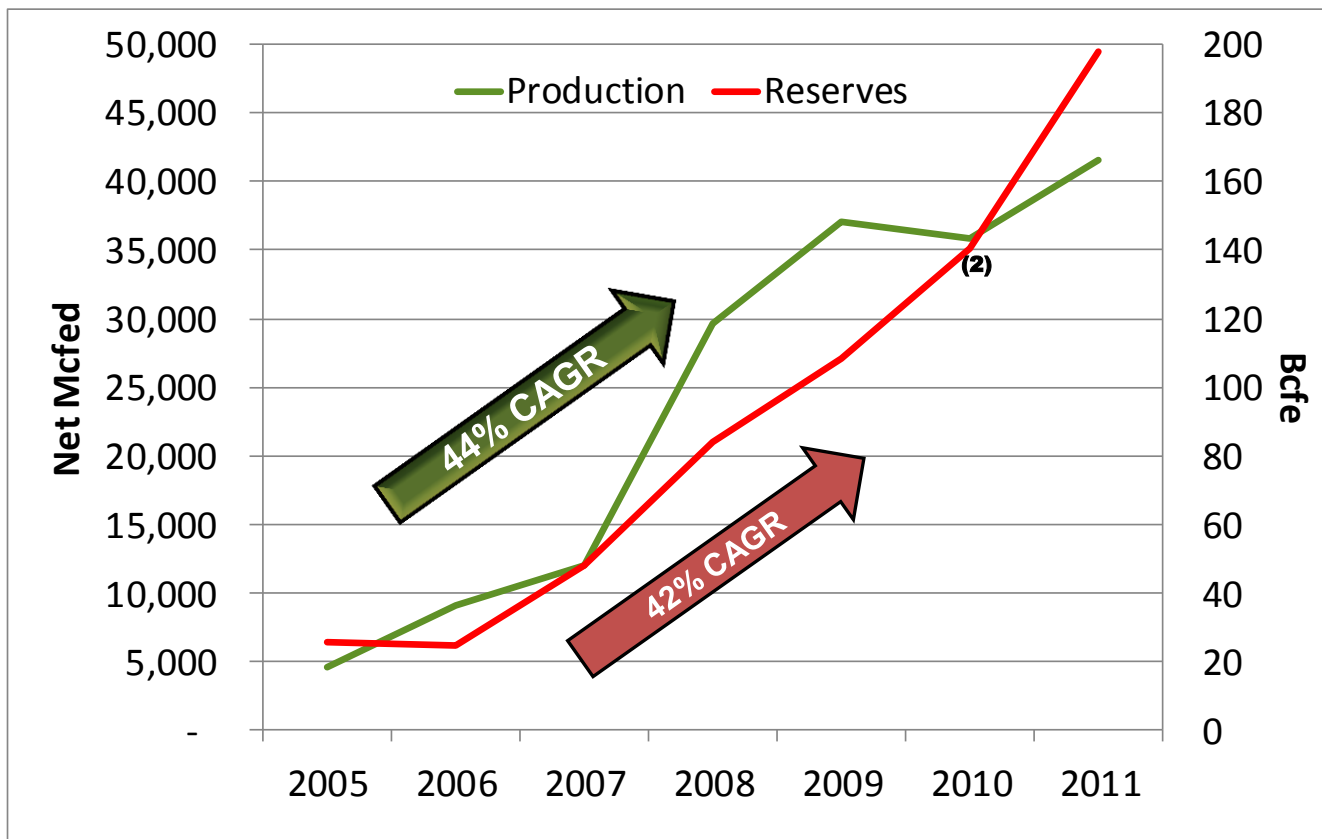
Woodford JV Transaction Summary

- **\$234.6MM total transaction value (\$128MM guaranteed)**
 - \$60MM received at closing (May 2010)
 - \$28MM in deferred payments received during 2011
 - \$146.6MM “drilling carry” where JV partner pays 80% of costs for 50% of the working interest
 - \$54MM phase one expected to be complete 2Q12
 - \$92.6MM phase two* begins 3/1/12 and is expanded to include Miss Lime and Woodford development simultaneously

- **JV Partner receives**
 - 29 Bcfe of Woodford PUD reserves
 - Right to earn 50% of the Company’s undeveloped Woodford acreage

* Under Phase 2 partner pays 75% of costs for 50% interest

Arkoma Basin ⁽¹⁾ – Strong Growth Metrics



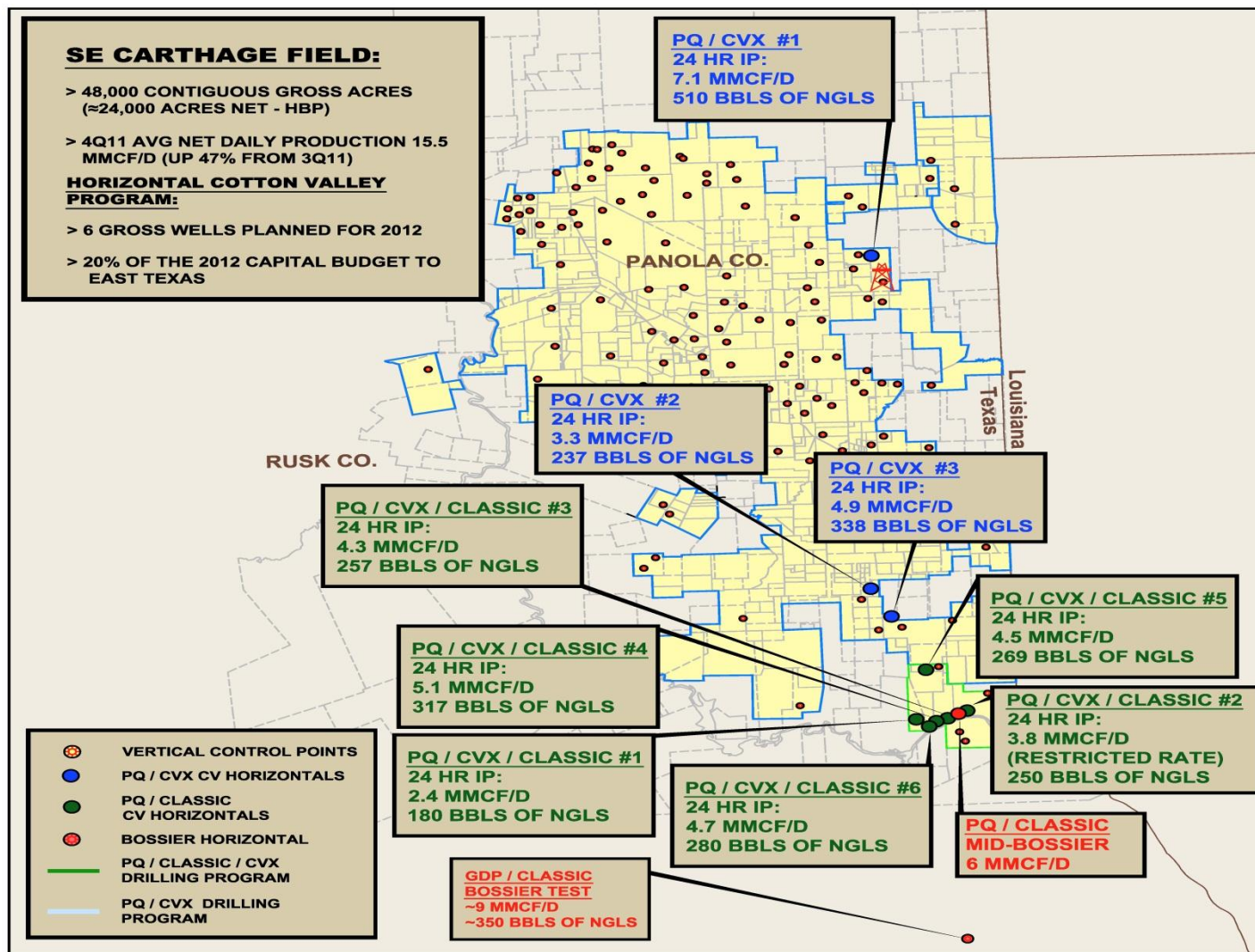
	2011(Bcfe)
Proved Reserves	198
Production	15
R/P	13x

- (1) Includes Woodford and Fayetteville
 (2) Woodford JV executed in May of 2010

Liquids Rich Woodford Program

- **5 wells completed on Western flank of acreage**
 - Average IP rate of 5,833 mcf/d and projected NGLs of 100-150 barrels per mmcf of gas
- **NGL rich gas @ 1,200 BTU**
 - \$2.00 - \$3.00 per mcf uplift to gas price + JV promote = great returns
 - Mid-stream processing facilities expected to be operational in 2Q12
- **20 wells planned for 2012**
 - 90% of Woodford budget allocated to this area of the trend – expansion efforts are ongoing

Horizontal Cotton Valley



Eagle Ford Overview

➤ 4,600 gross acres (2,300 net acres) in La Salle and Dimmit Counties

➤ Early stages of development:

Well #	IP Rate (Boe/d)	% oil
PQ#1	263	96%
PQ#2	363	94%
PQ#3	543	82%
TXA/PQ#1	725	70%
TXA/PQ#2	505	69%

➤ 7% of the 2011 capital budget to Eagle Ford – two to three operated wells planned in 2012

Strong Balance Sheet and Liquidity

- **Fiscal discipline and Woodford JV have resulted in zero bank borrowings 2009-2011**

	12/31/11
Bank Debt Outstanding	\$0
Total Liquidity ⁽¹⁾	\$147MM
Liquidity / 2012E Capex ⁽²⁾	1.5x
Net Debt ⁽³⁾ / Proved Mcfe	\$0.62

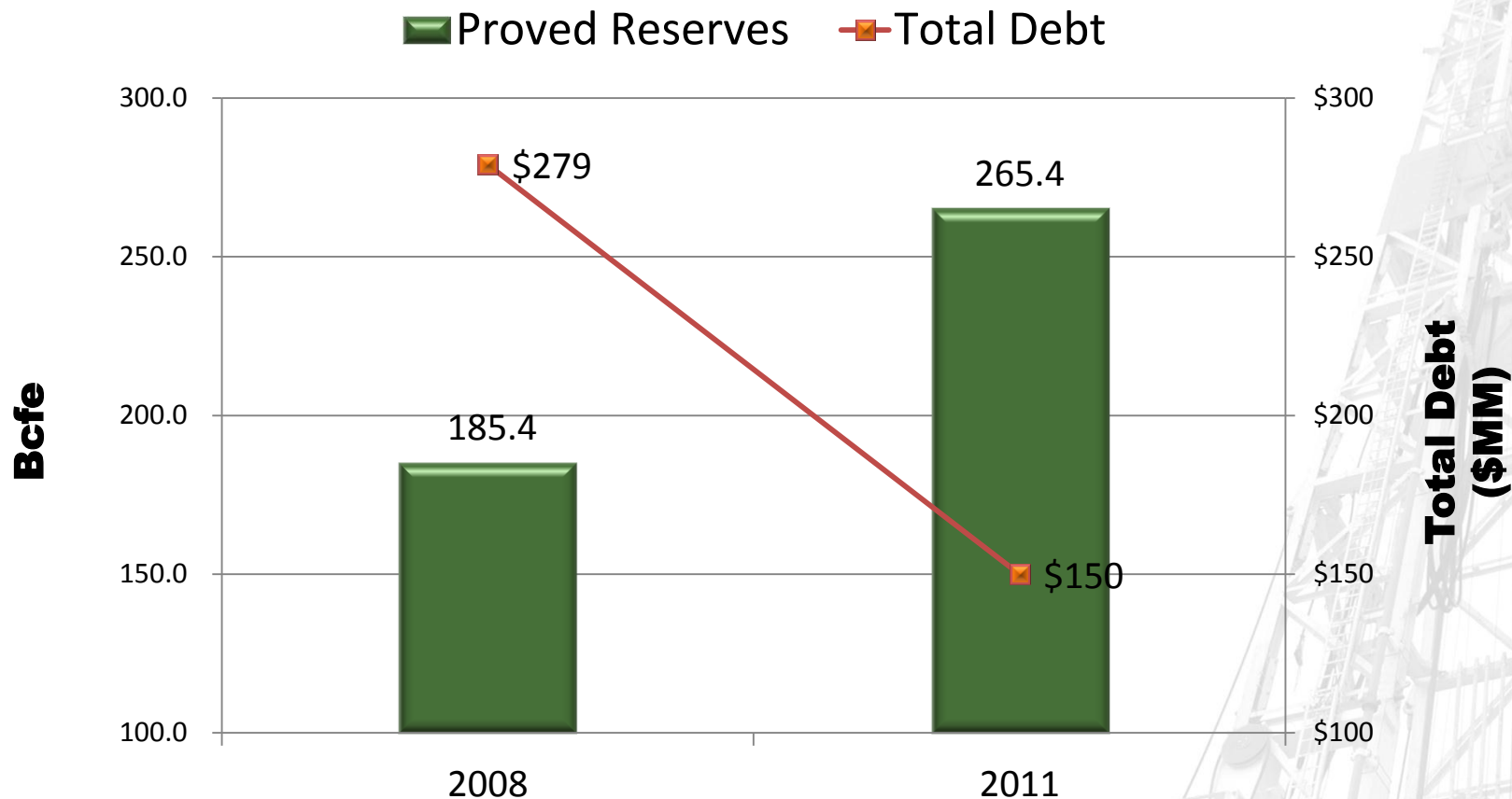
- **Credit Agreement amended in October 2011**
 - **Increased borrowing base to \$125 MM and extended term to 2016**
 - **Lowered pricing grid by 100 basis points**
 - **Implemented provision allowing for \$10 MM of stock buy-backs**

(1) Liquidity calculated as sum of cash and availability under borrowing base

(2) Based upon midpoint of guidance

(3) Net debt calculated as total debt less working capital

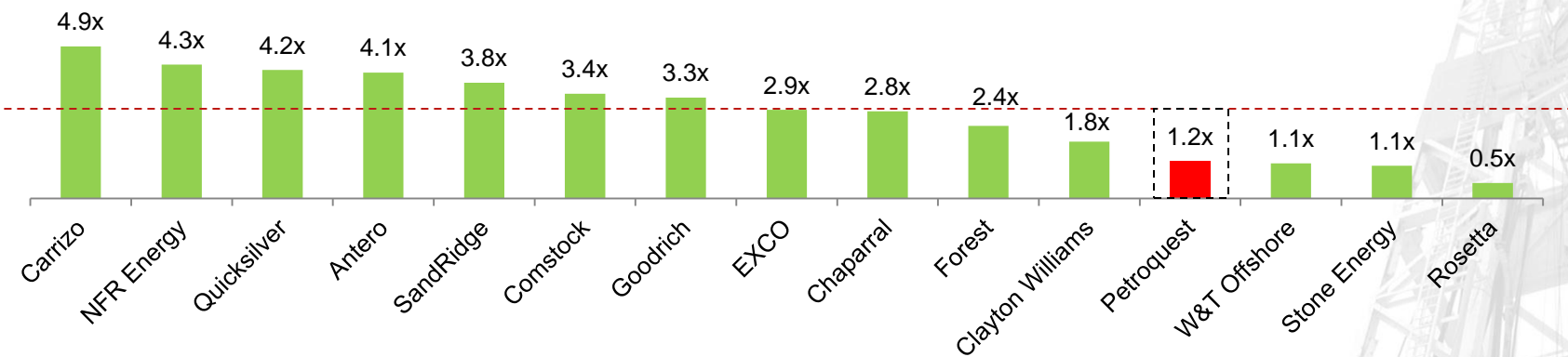
Since 2008 - Reserves up 43%; debt down 46%



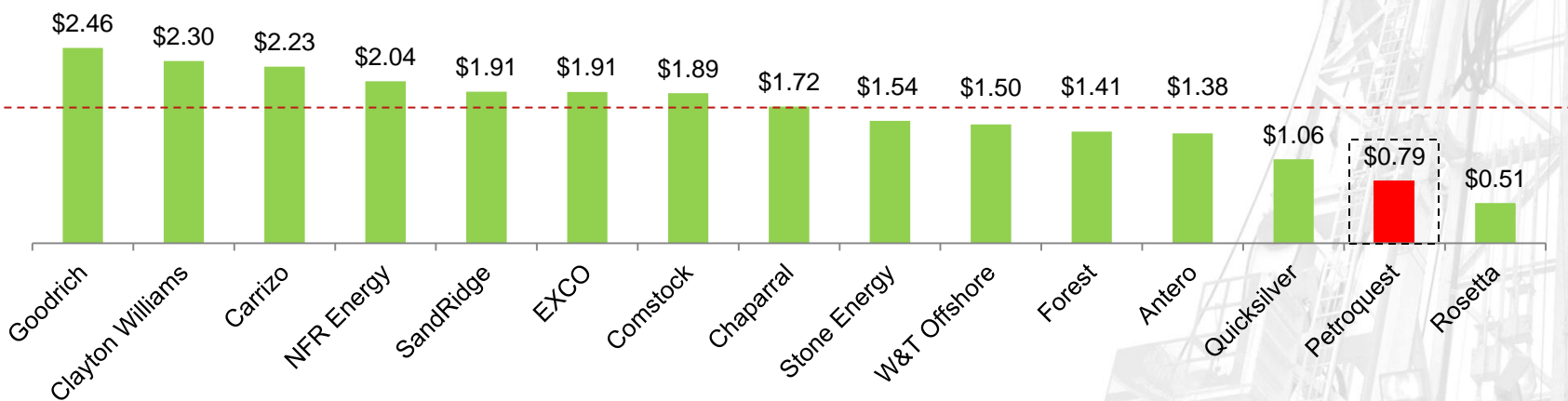
Debt Adjusted Reserves per Share: 2.1 at 12/08 and 3.2 at 12/11

Comparative Credit Metrics

Net Debt/LTM Adjusted EBITDA⁽¹⁾



Net Debt / Proved Developed Reserves (\$/Mcf) ⁽¹⁾



Source: FactSet, public filings

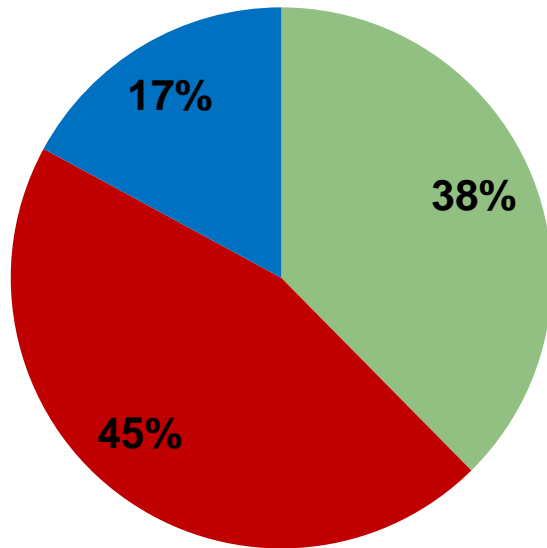
Note: Based on year-end 2011 data, where available

(1) Net debt calculated as total debt less cash and cash equivalents

Strong Liquids Revenue Stream

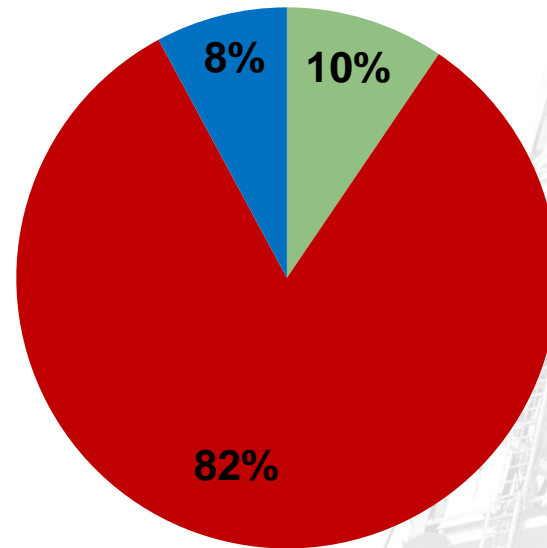
- During 4Q11, liquids generated 52% of oil and gas revenue⁽¹⁾ and 18% of production on an mcfe basis. ~ 90% of oil receives LLS uplift

Revenue



■ Oil - \$107.72 Bbl ■ Gas - \$2.48 Mcf ■ NGL - \$9.84 Mcfe

Production



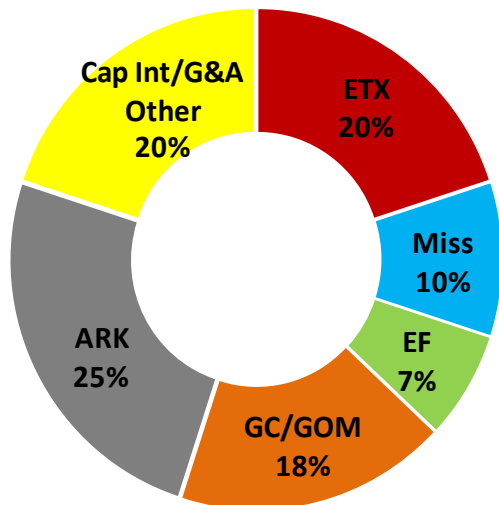
■ Oil - 0.7 Bcfe ■ Gas - 6.6 Bcfe ■ NGL - 0.6 Bcfe

(1) Does not include revenue received from the settlement of oil and gas hedging contracts

Capital Investment Program

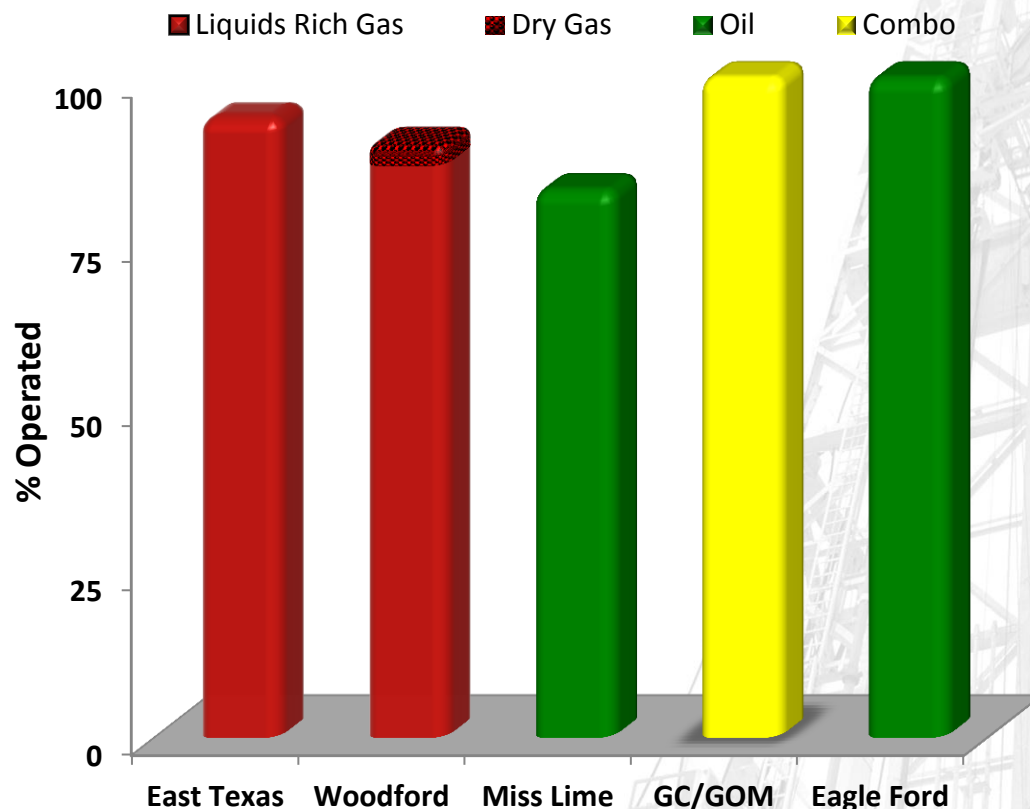
Liquids Focused

2012E

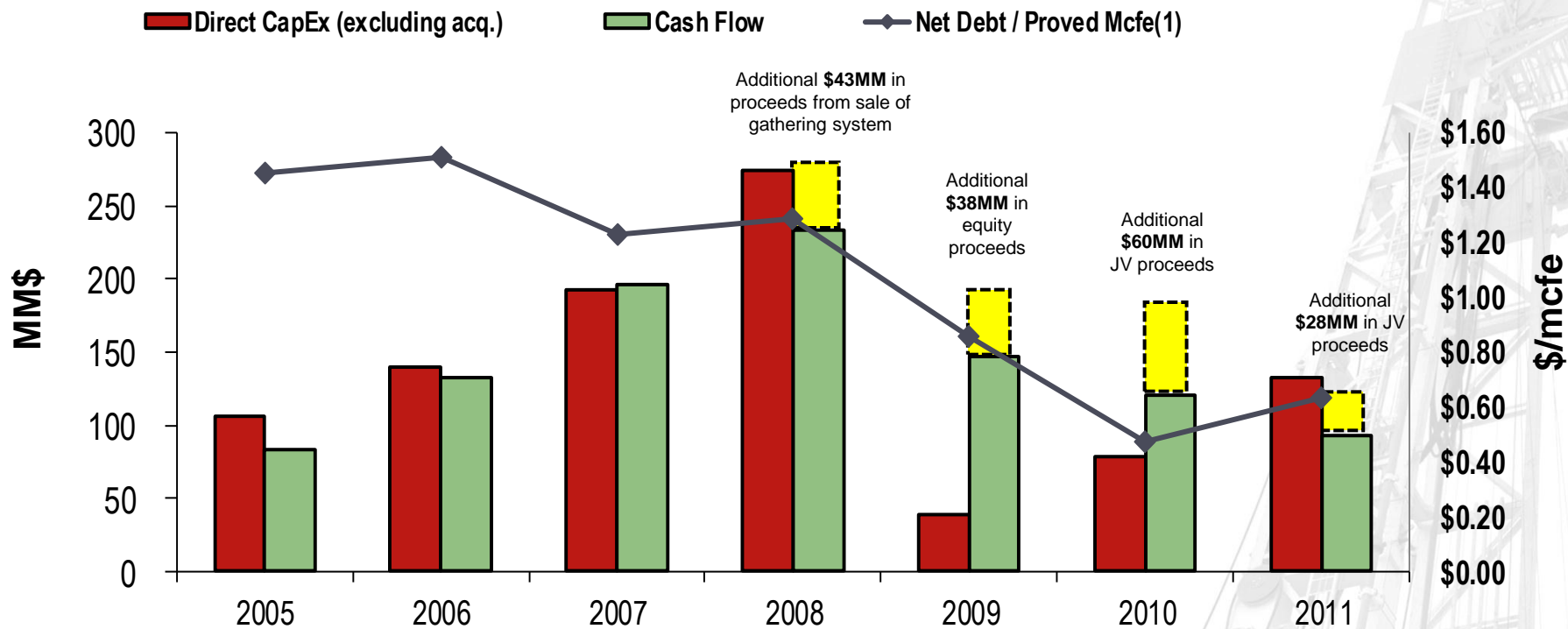


\$90 - \$100 million
Drill 60 - 80 Wells

Primary Targets:

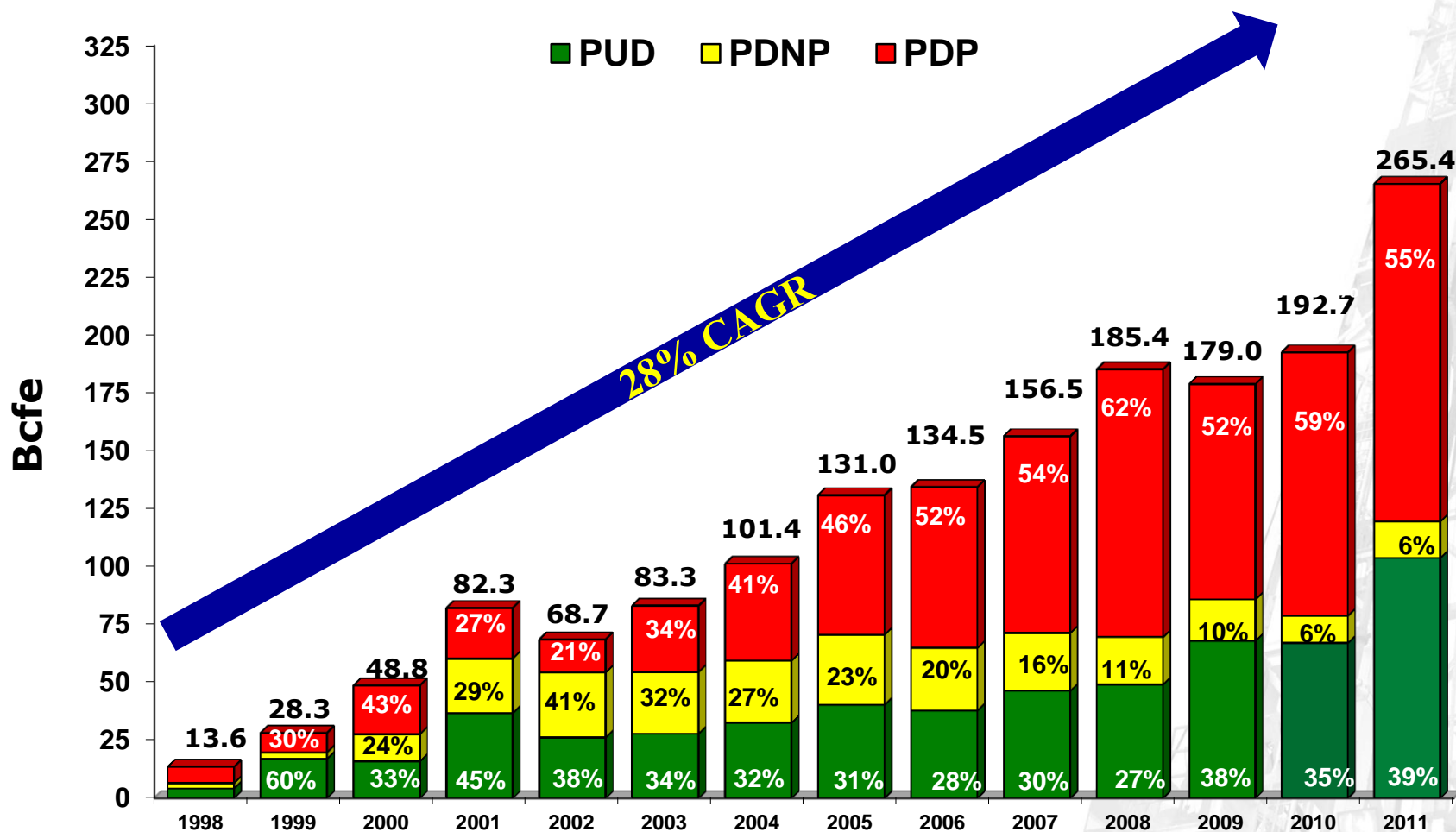


Focused Effort to Fund Drilling with Cash Flow

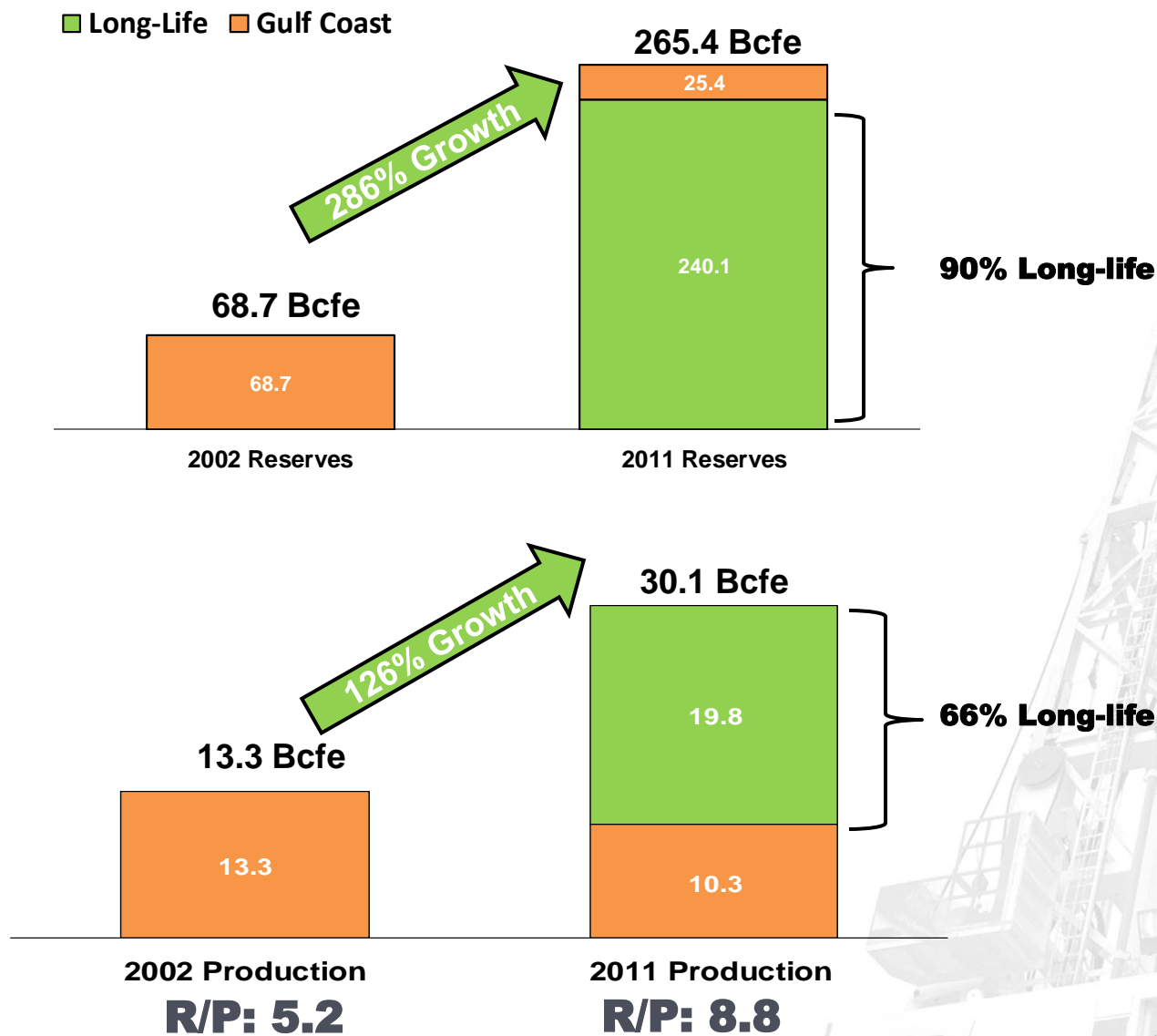


(1) Net debt is calculated as debt less net working capital
 (2) For a reconciliation of net income to discretionary cash flow see Appendix-2

Historical Reserve Growth



Diversification Strategy Accomplished



Closing Summary

- › **High quality diversified asset base with expanding R/P ratio**
 - › **Balanced portfolio combines longer-life development assets with shorter-life strong cash flow generating assets**
 - › **Increased focus on oil and liquids producing assets**
- › **Leverage Phase 2 drilling carry to develop liquids rich Woodford and oil focused Miss Lime**
 - › **Alignment of drilling carry across plays provides maximum flexibility**
 - › **Promoted cost structure significantly enhances already strong liquids based returns**
- › **Balance sheet provides flexibility and substantial liquidity**
 - › **Track record of aligning capex and cash flow**
 - › **Potential asset sales could augment liquidity**
- › **Management invested in and aligned with PetroQuest's success through equity ownership**

Appendix



Appendix – 1

(\$ in thousands)	2008	2009	2010	2011
Net Income (Loss)	(\$96,960)	(\$90,190)	\$47,126	\$10,548
Income tax expense (benefit)	(55,581)	(14,635)	1,630	(1,810)
Interest expense & dividends	14,467	17,754	15,092	14,787
Depreciation, depletion, and amortization	134,340	84,772	59,326	58,243
Loss on early extinguishment of debt	-	-	5,973	-
Gain on sale of gas gathering assets	(26,812)	-	-	-
Non cash gain on legal settlement	-	-	(4,164)	-
Accretion of asset retirement obligation	1,317	2,452	1,306	2,049
Ceiling test writedown	266,156	156,134	-	18,907
Adjusted EBITDA	\$236,927	\$156,287	\$126,289	\$102,724

Adjusted EBITDA represents income before interest expense (net), dividends, income tax, depreciation, depletion, amortization, accretion of asset retirement obligation, non-recurring or unusual gains, losses on early extinguishment of debt, and ceiling test writedowns. We have reported Adjusted EBITDA because we believe Adjusted EBITDA is a measure commonly reported and widely used by investors as an indicator of a company's operating performance. We believe Adjusted EBITDA assists such investors in comparing a company's performance on a consistent basis without regard to depreciation, depletion and amortization, which can vary significantly depending upon accounting methods or nonoperating factors such as historical cost. Adjusted EBITDA is not a calculation based on generally accepted accounting principles, or GAAP, and should not be considered an alternative to net income in measuring our performance or used as an exclusive measure of cash flow because it does not consider the impact of working capital growth, capital expenditures, debt principal reductions and other sources and uses of cash which are disclosed in our consolidated statements of cash flows. Investors should carefully consider the specific items included in our computation of Adjusted EBITDA. While Adjusted EBITDA has been disclosed herein to permit a more complete comparative analysis of our operating performance relative to other companies, investors should be cautioned that Adjusted EBITDA as reported by us may not be comparable in all instances to Adjusted EBITDA as reported by other companies. Adjusted EBITDA amounts may not be fully available for management's discretionary use, due to certain requirements to conserve funds for capital expenditures, debt service and other commitments, and therefore management relies primarily on our GAAP results.

Adjusted EBITDA is not intended to represent net income as defined by GAAP and such information should not be considered as an alternative to net income, cash flow from operations or any other measure of performance prescribed by GAAP in the United States. The above table reconciles net income (loss) to Adjusted EBITDA for the periods presented.

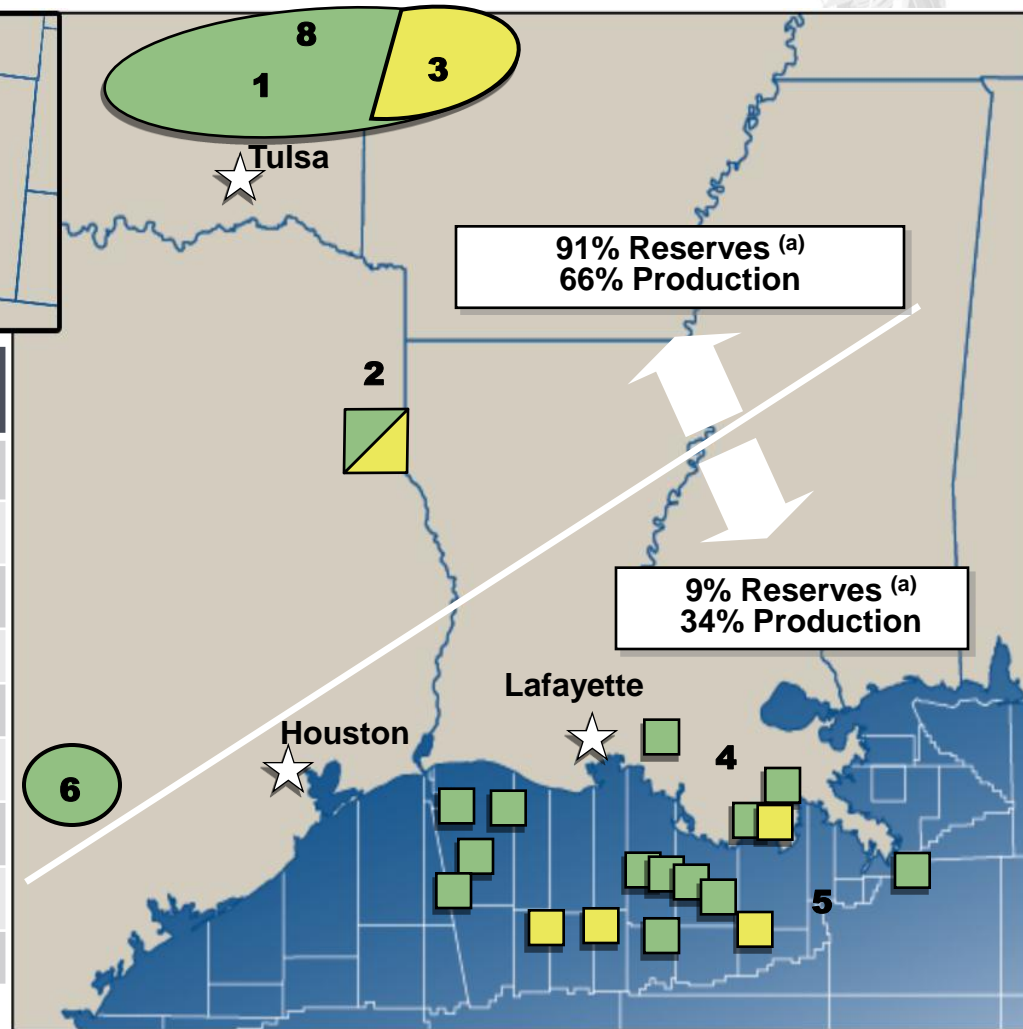
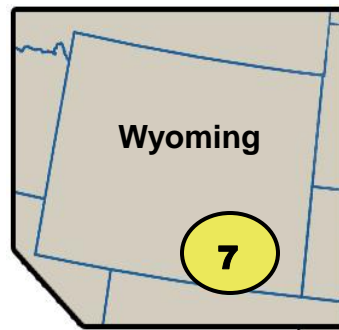
Appendix – 2

(\$ in thousands)	2004	2005	2006	2007	2008	2009	2010	2011
Net income (loss)	\$16,348	\$21,417	\$23,986	\$40,619	(\$96,960)	(\$90,190)	\$47,126	\$10,548
Reconciling items:								
Deferred tax expense (benefit)	8,511	12,477	14,604	23,664	(55,581)	(14,635)	1,630	(1,810))
Gain on sale of assets	-	-	-	-	(26,812)	(485)	-	-
Non-cash gain on legal settlement	-	-	-	-	-	-	(4,164)	-
Depreciation, depletion and amortization	35,435	43,747	85,858	119,969	134,340	84,772	59,326	58,243
Stock based compensation	-	-	5,651	9,818	9,582	6,328	7,137	4,833
Loss on early extinguishment of debt	-	-	-	-	-	-	5,973	-
Ceiling test write down	-	-	-	-	266,156	156,134	-	18,907
Accretion of asset retirement obligation	833	1,253	1,513	923	1,317	1,512	1,306	2,049
Other	<u>1,732</u>	<u>4,289</u>	<u>1,140</u>	<u>1,187</u>	<u>1,492</u>	<u>913</u>	<u>1,334</u>	<u>625</u>
Discretionary cash flow	<u>\$62,859</u>	<u>\$83,183</u>	<u>\$132,752</u>	<u>\$196,180</u>	<u>\$233,534</u>	<u>\$146,801</u>	<u>\$119,668</u>	<u>\$93,395</u>
Changes in working capital accounts	7,451	(9,993)	(13,130)	33,607	(45,096)	(23,176)	18,250	25,400
Settlement of asset retirement obligations	=	=	<u>(252)</u>	<u>(6,058)</u>	<u>(19,377)</u>	<u>(1,803)</u>	<u>(6,274)</u>	<u>(905)</u>
Net cash flow provided by operating activities	<u>\$70,310</u>	<u>\$73,190</u>	<u>\$119,370</u>	<u>\$223,729</u>	<u>\$169,061</u>	<u>\$121,822</u>	<u>\$131,644</u>	<u>117,890</u>

Note: Management believes that discretionary cash flow is relevant and useful information, which is commonly used by analysts, investors and other interested parties in the oil and gas industry as a financial indicator of an oil and gas company's ability to generate cash used to internally fund exploration and development activities and to service debt. Discretionary cash flow is not a measure of financial performance prepared in accordance with generally accepted accounting principles ("GAAP") and should not be considered in isolation or as an alternative to net cash flow provided by operating activities. In addition, since discretionary cash flow is not a term defined by GAAP, it might not be comparable to similarly titled measures used by other companies.

Appendix – 3 Our Properties

- PQ operated
- Non-operated
- PQ Office Locations

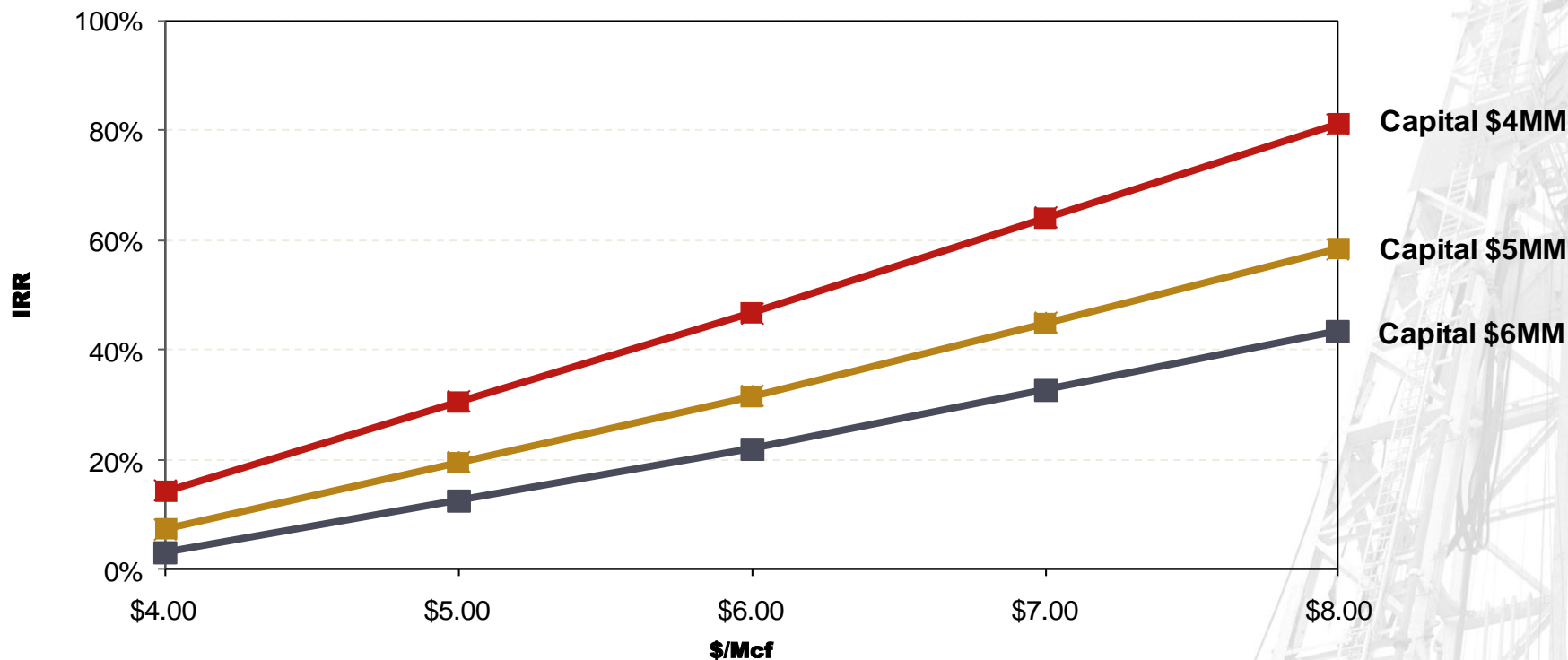


#	Asset	1P ⁽¹⁾	Reserve Inventory ⁽²⁾
1	Woodford (Gas/NGL)	176	407 ⁽³⁾
2	E. Texas (Gas/Oil/NGL)	31	518 ⁽⁴⁾
3	Fayetteville (Gas)	22	286
4	Gulf Coast (Gas/Oil/NGL)	13	23
5	GOM (Gas/Oil/NGL)	12	68
6	Eagle Ford (Gas/Oil/NGL)	9	17
7	Niobrara (Oil)	1	14
8	Miss Lime (Gas/Oil/NGL)	1	TBD
Total		265	1,333

(a) As of Dec 31, 2011

- (1) Reserves are as of December 31, 2011 (reserves are net and in Bcfe)
 (2) Unrisked inventory as of December 31, 2011 (net in Bcfe)
 (3) Assumes JV partner participates in Phase 2 of the drilling carry
 (4) Includes Bossier Shale of 357 net BCFE (80 ac spacing, 60% of acreage productive)

Appendix – 4 Woodford Horizontal Well Economics (Pre JV)



Capital (\$M)

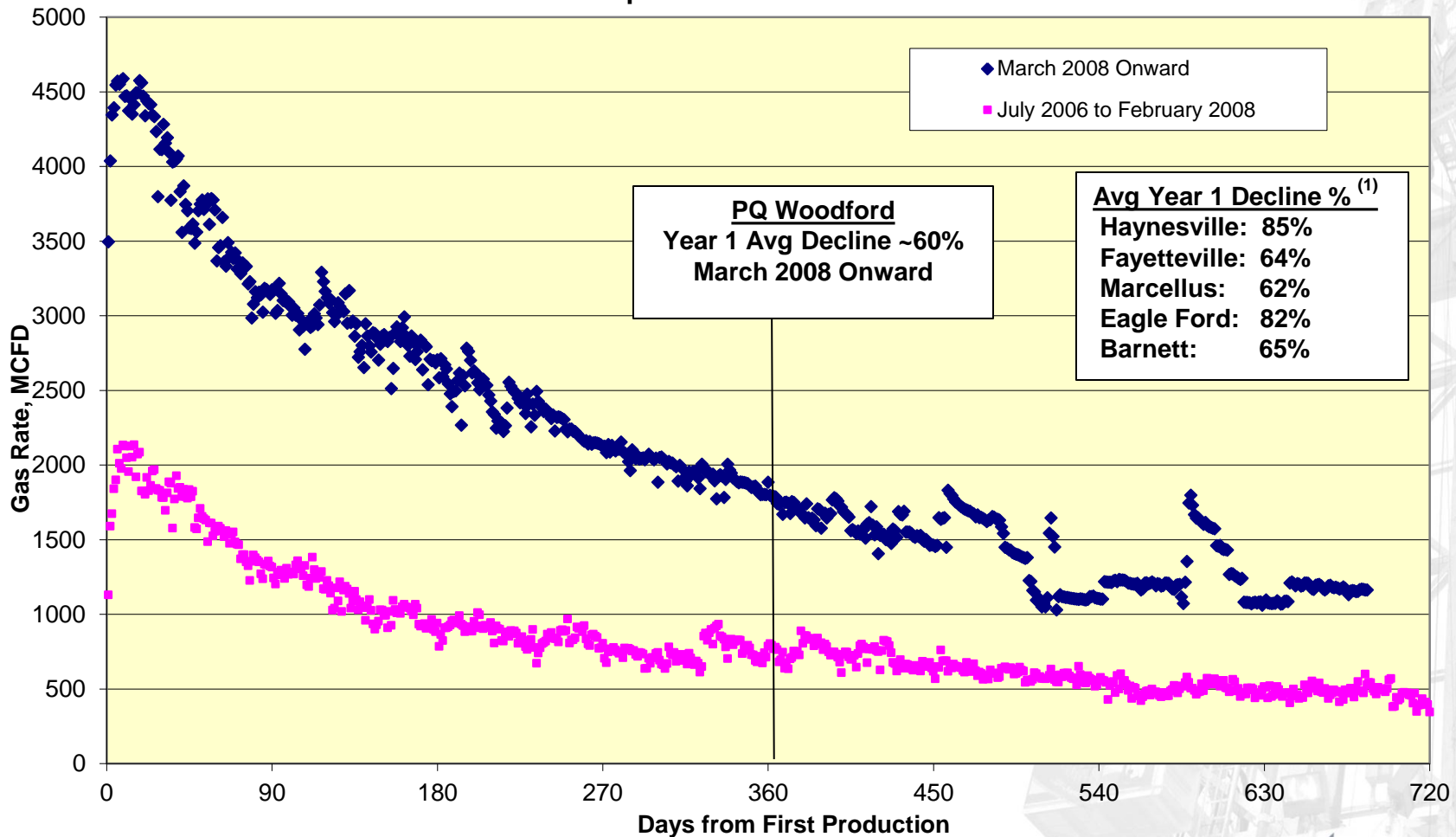
Assumptions:

- IP Rate – 6.0 MMcfd
- EUR – 5.0 Bcf
- Well Cost - \$4.0 to \$6.0 MM
- *Henry Hub

	Price*	\$4,000	\$5,000	\$6,000
\$/Mcf	\$4.00	18.9%	10.6%	5.5%
	\$4.50	26.9%	16.4%	10.2%
	\$5.00	35.6%	22.9%	15.1%
	\$5.50	45.1%	30.0%	20.7%
	\$6.00	55.3%	37.8%	26.8%

Appendix – 5 Woodford Decline Curves

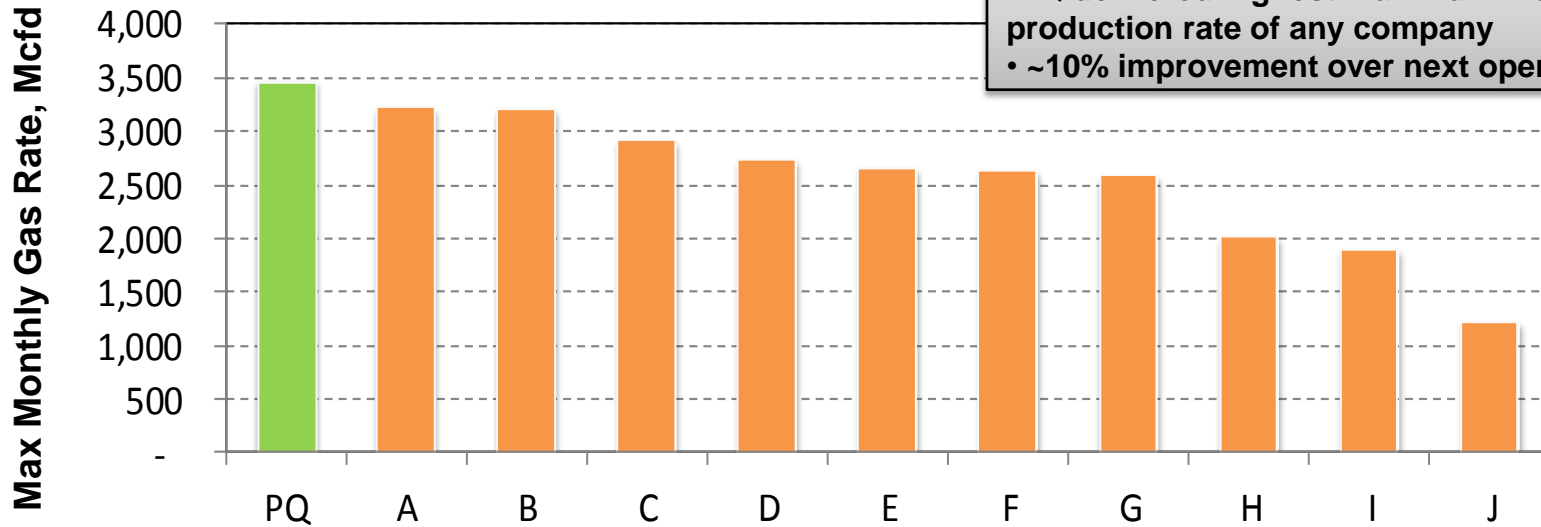
PetroQuest Operated Woodford Horizontal Wells



⁽¹⁾ Source: Simmons & Company

Appendix – 6 PQ Woodford Performance

Horizontal Woodford Shale Completions



PQ WOODFORD PROGRAM

- PQ delivered highest maximum monthly initial production rate of any company
- ~10% improvement over next operator.

Source: compiled from public domain production data

Data reported: March 2008 - December 2011

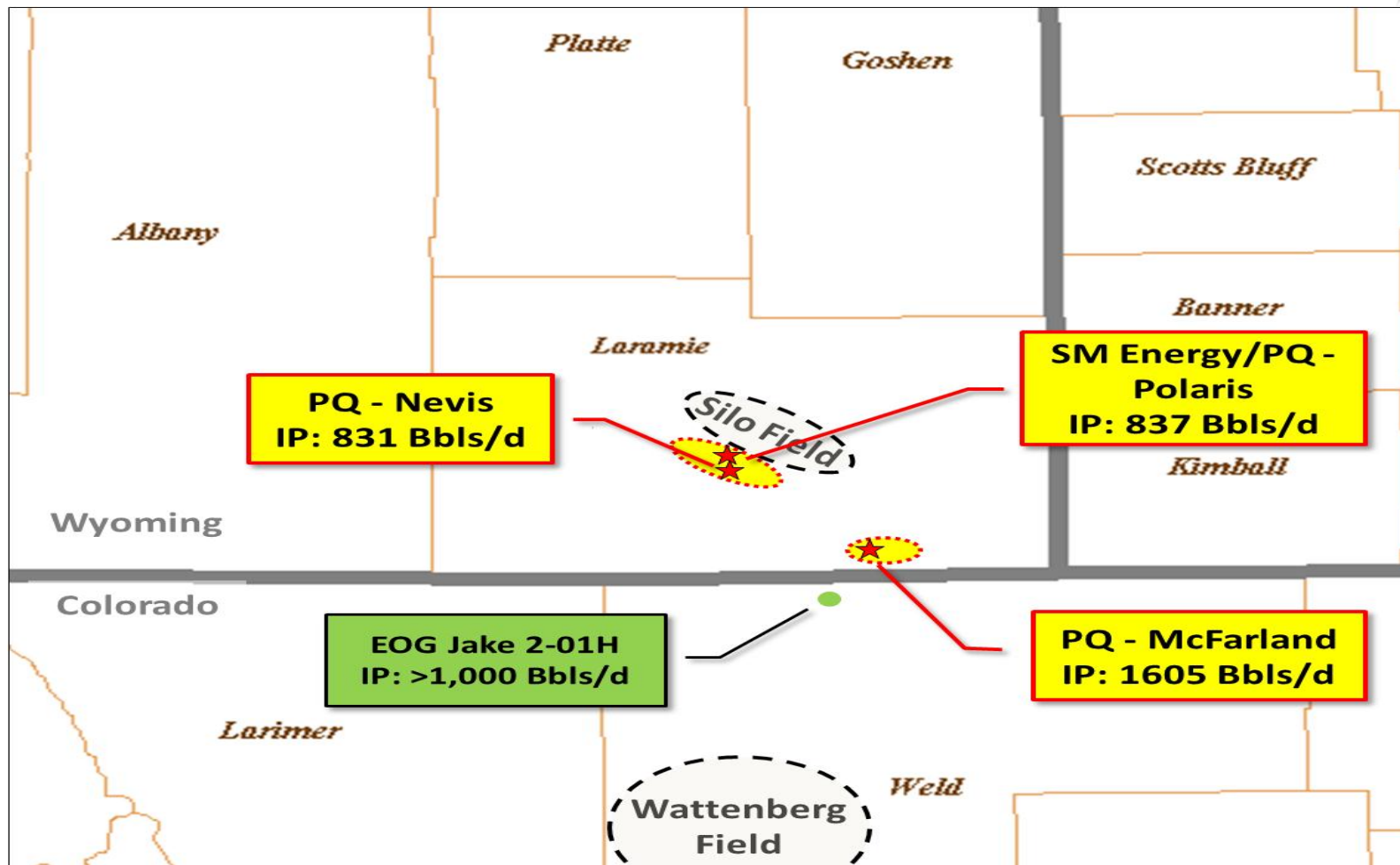
Appendix – 8 Hedging Positions

- Target of hedging 40%-50% of annual production
- Hedging positions:

Natural Gas	Daily Hedged Volumes (Mmbtu)	Average Price
2012	10,000	\$5.00 - \$5.29
Mar12 - Oct12	20,000	\$2.60

Oil	Daily Hedged Volumes (Bbls)	Price
Feb12 – Dec12	250	\$100.77

Appendix 9 - Niobrara Position



Appendix 10 - Cash Flow Multiple Comparison

Resource Peer Group	P/2012E CF Multiple ⁽¹⁾	EV/2012E EBITDA Multiple ⁽¹⁾
Ultra Petroleum	3.8	5.0
Forest Oil	3.2	5.0
Rosetta Resources	6.0	6.0
Carrizo Oil & Gas	3.3	4.2
Chesapeake Energy	3.7	5.0
Continental Resources	11.9	11.1
Goodrich Petroleum	2.9	4.5
Newfield Exploration	3.0	4.2
Quicksilver Resources	3.3	5.2
Sandridge Energy	5.8	5.9
Southwestern Energy	6.1	6.3
Average	4.8	5.7
PetroQuest Energy	3.5	3.9

Notes: Company stock prices and estimates are as of 2/23/2012.

(1) Analyst cash flow per share estimates per Thomson FirstCall Consensus. The analysts' opinions, estimates or forecasts (and therefore the estimates) are theirs alone, are not those of PetroQuest or its management and may not reflect PetroQuest's actual or anticipated results. PetroQuest undertakes no obligation to review or confirm analysts' expectations.

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