



Global Perspectives: *Drivers for Sustainable Growth*

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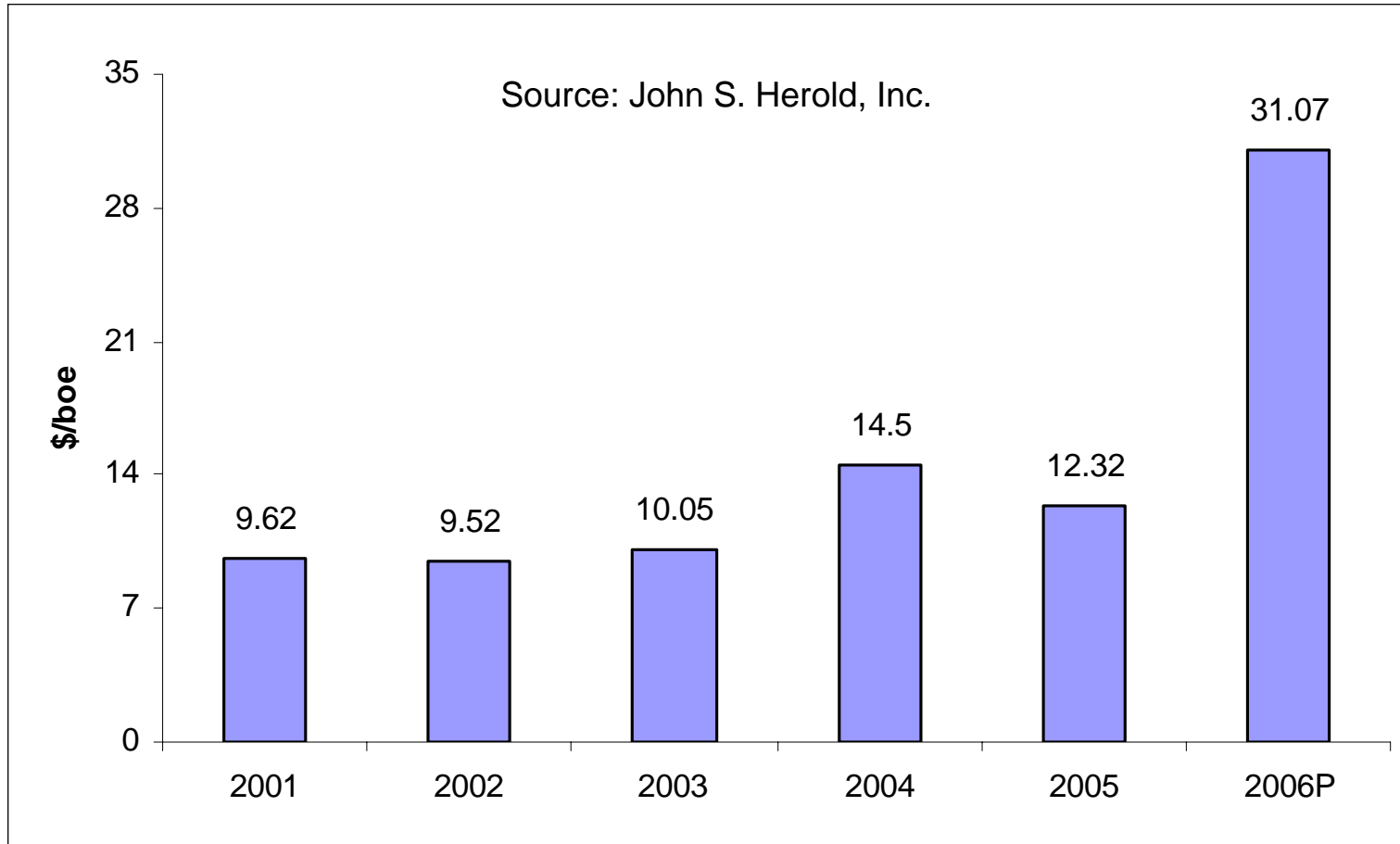
U.S. Independent Producer Profile

- 5,000 nationwide
- Develop 90 percent of America's wells
- 50 percent operate on federal onshore lands
- Hold 80 percent of GOM shallow water leases and 75 percent of deepwater leases
- 15 percent operate internationally
- Account for 82 percent of nation's natural gas production; 68 percent of U.S. oil production

Challenges for Producers

- Finding and Development Costs
 - Rig Rates
- Competition for Assets
 - Workforce
- Laws and Regulation

U.S. Finding and Development Costs



U.S. Finding and Development Costs; Rig Rates

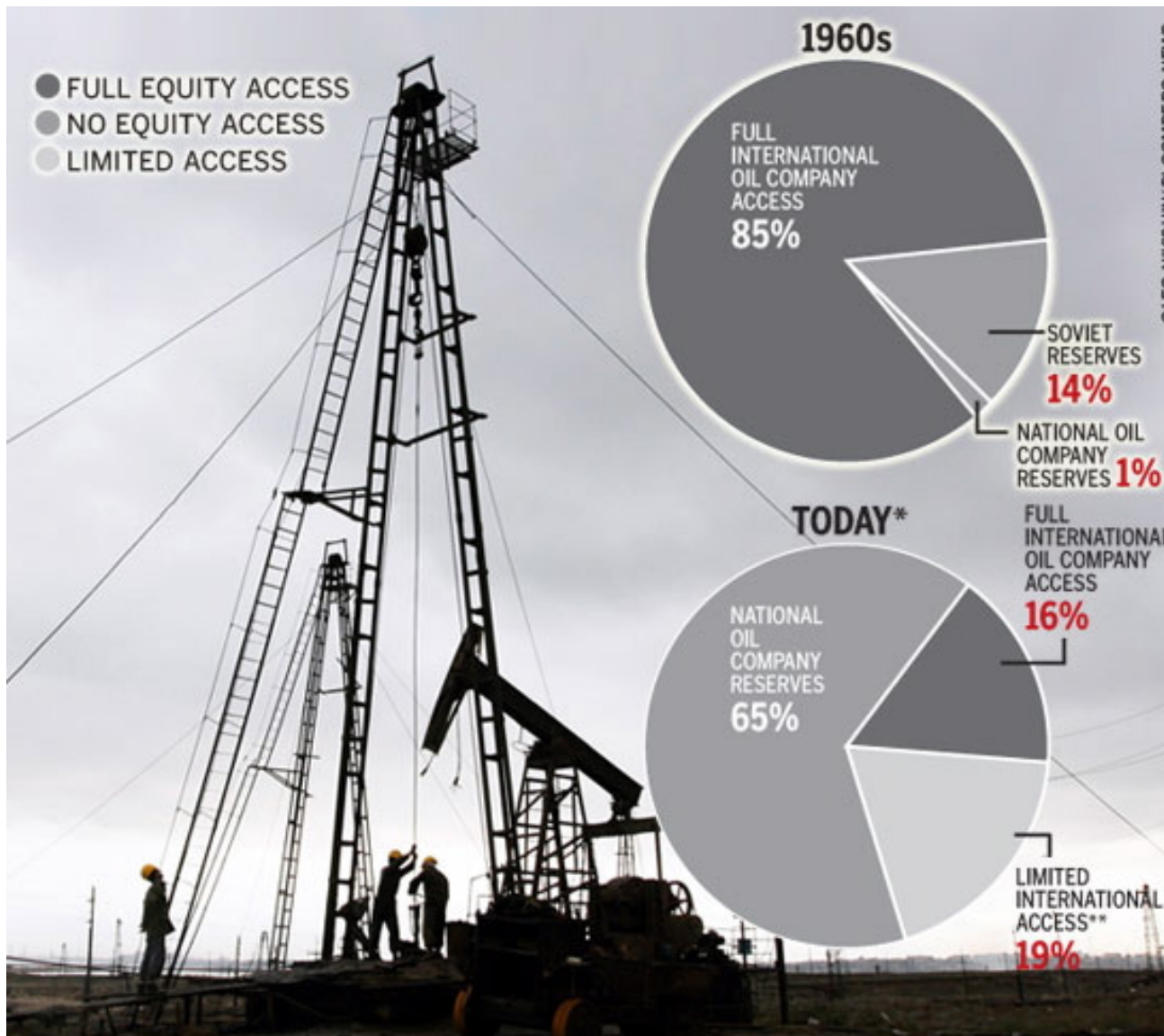
- Costs for offshore rigs have leaped 309% over the past year.
- Costs for offshore installation vessels are up 41%
- Cost for engineering and project management are up 23%
- Cost for fabrication is up 21.7%
- Cost for land rigs is up 18.2%
- Equipment costs have risen 16.5% over the past year
- Labor costs are up 13%
- Bulk material costs are up 12.5%

Source: CERA

Worldwide Finding and Development Costs



Competition for Assets

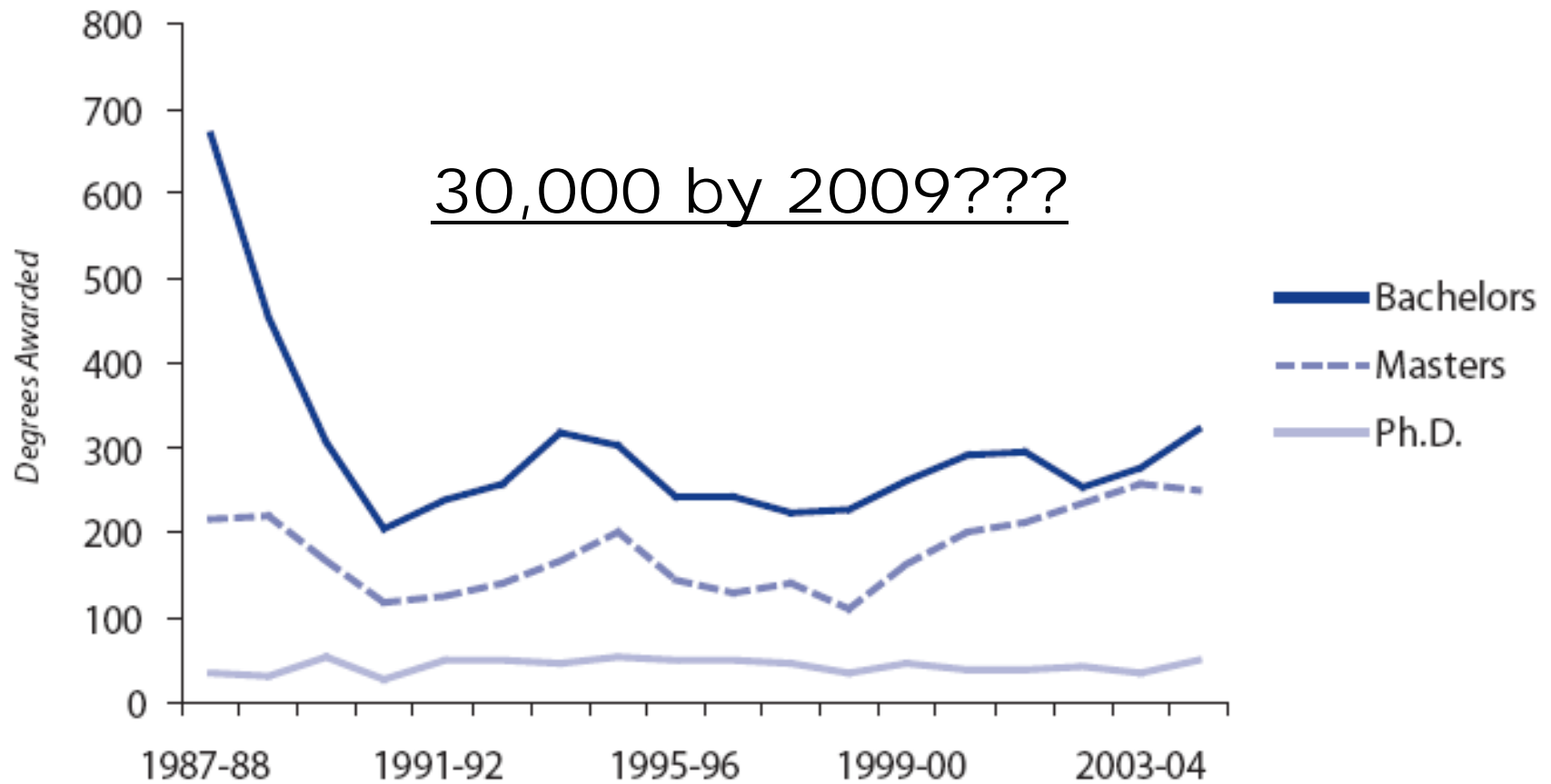


Source:
BusinessWeek

Workforce

- Half of the industry is between 50 – 60 years of age
- Fifteen percent in early 20's to mid 30's
- Geoscience enrollment nationwide at 1,500 students & 17 programs from a peak of 11,000 students & 34 programs in 1983

Workforce: *Petroleum Engineering Degrees*



Digest of Education Statistics (1990 version - 2005 version), 2004-05 data from National Center for Education Statistics COOL Database

Source: IOGCC

Workforce: *IPAA Efforts*

IPAA Education Center-Houston

- Establishing Academy for Petroleum Exploration and Technology
- Facilitating the addition of energy education curriculum in Houston Schools
- Coordinating field trips/guest speakers



Workforce: *IPAA Efforts*

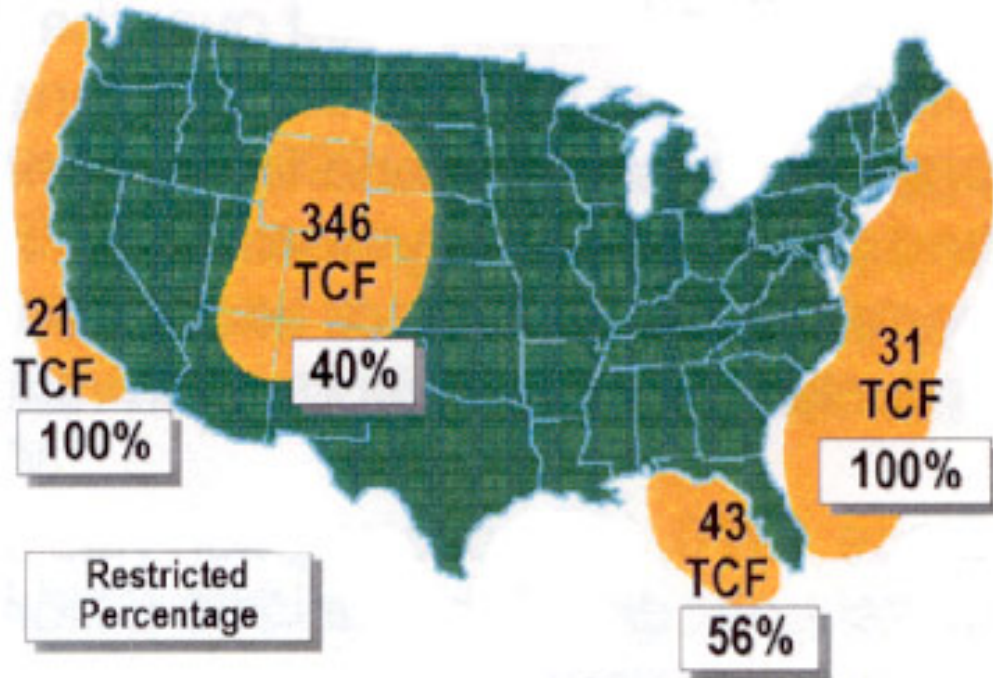
Museum Programs-Kilgore, Woodlands,
PA

- Science and Engineering Fair of Houston-28,000 Projects submitted
- NEED-52,000 Classrooms nationwide
- World Affairs Council



Laws and Regulations

Resource Estimates - Restricted Areas
Estimated Percentage Restricted



DID YOU KNOW...

40% of Lands Have Some Barrier to Development

Less than 1% of federal lands are affected by oil and gas production

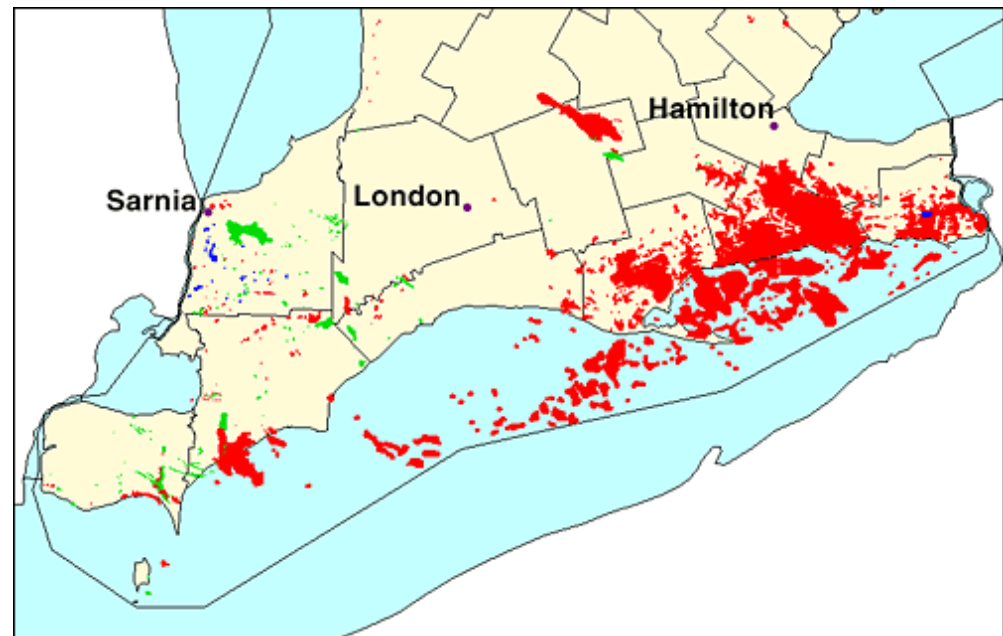
Half of all leases are protested

Laws and Regulations



SOURCE: NY TIMES

Cuba vs. U.S.



Canada vs. U.S. (Lake Erie)

Overview of Linn Energy

- Founded by Mike Linn in 2003
- NASDAQ: LINE
- Focused on mature basins in the U.S.
 - Currently in Appalachia, Texas, Oklahoma and California
- Significant acquisitions and drilling
- Company profile
 - \$2 billion market cap / \$2.6 billion enterprise value
 - 830+ Bcfe total proved reserves
 - 42% natural gas, 35% oil, 23% NGLs
 - 4,500+ wells
 - 30+ year reserve life index



Issues Facing Linn Energy: Competition for Assets

- More players chasing fewer assets
- Negotiated transactions give best chance to win
- Meaningful size is difficult to find
 - Opportunity to pursue bolt-ons
- Focused on multiple basins for growth

Issues Facing Linn Energy: Cost Trends

F&D

- Upward pressure on drilling rig rates
- Increased steel prices, service costs and contractor expenses

LOE

- Increased personnel costs

Issues Facing Linn Energy: Attracting / Retaining Personnel

- Top candidates have multiple opportunities
- Difficult to attract new talent
 - Financial incentives
 - Non-compete provisions
- Aging industry
 - Shortage of junior petroleum engineers

