“There is no greater joy in life than starting with nothing and winding up with something. That’s what parents do in raising children. That’s what artists do. That’s what we did in founding Newfield.”

- Joe B. Foster, Newfield Founder

May 4, 1995
COMPANY PROFILE

Newfield Exploration Company (NYSE:NFX) is an independent crude oil and natural gas exploration and production company headquartered in Houston, Texas. Our domestic areas of operation include the onshore Gulf Coast, the Rocky Mountains, the Anadarko and Arkoma Basins of the Mid-Continent and the Gulf of Mexico. We also have operations offshore Malaysia and China and in the U.K. North Sea.

We were founded in 1989 and went public in 1993. Our sole focus area until the mid-1990s was the shallow waters of the Gulf of Mexico. By year-end 2005, more than 70% of our proved reserves were located onshore in the U.S.

We are proud of our profitable track record of growing both production and reserves. At December 31, 2005, we had proved reserves of approximately 2 Tcfe, of which 70% were natural gas and 68% were proved developed.

SUMMARY FINANCIAL AND RESERVE DATA

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(In millions, except per share data)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and gas revenues</td>
<td>$1,762</td>
<td>$1,353</td>
<td>$1,017</td>
<td>$627</td>
<td>$714</td>
</tr>
<tr>
<td>Income from operations</td>
<td>887</td>
<td>551</td>
<td>383</td>
<td>168</td>
<td>185</td>
</tr>
<tr>
<td>Net income</td>
<td>348</td>
<td>312</td>
<td>200</td>
<td>74</td>
<td>119</td>
</tr>
<tr>
<td>Basic earnings per common share</td>
<td>$2.78</td>
<td>$2.68</td>
<td>$1.83</td>
<td>0.82</td>
<td>1.35</td>
</tr>
<tr>
<td>Diluted earnings per common share</td>
<td>$2.73</td>
<td>$2.63</td>
<td>$1.78</td>
<td>0.81</td>
<td>1.28</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding (basic)</td>
<td>125</td>
<td>117</td>
<td>109</td>
<td>90</td>
<td>89</td>
</tr>
<tr>
<td>Weighted average number of shares outstanding (diluted)</td>
<td>128</td>
<td>119</td>
<td>113</td>
<td>99</td>
<td>98</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$1,163</td>
<td>$1,701</td>
<td>$678</td>
<td>$889</td>
<td>$847</td>
</tr>
<tr>
<td>Net cash provided by continuing operating activities</td>
<td>1,109</td>
<td>997</td>
<td>659</td>
<td>383</td>
<td>496</td>
</tr>
<tr>
<td>Net cash used in continuing investing activities</td>
<td>(1,036)</td>
<td>(1,599)</td>
<td>(615)</td>
<td>(502)</td>
<td>(755)</td>
</tr>
<tr>
<td>Net cash provided by (used in) continuing financing activities</td>
<td>(88)</td>
<td>644</td>
<td>(85)</td>
<td>137</td>
<td>273</td>
</tr>
<tr>
<td>Total assets</td>
<td>$5,081</td>
<td>$4,327</td>
<td>$2,733</td>
<td>$2,316</td>
<td>$1,663</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>870</td>
<td>992</td>
<td>643</td>
<td>710</td>
<td>429</td>
</tr>
<tr>
<td>Convertible preferred securities</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td>Stockholders’ equity</td>
<td>2,378</td>
<td>2,017</td>
<td>1,369</td>
<td>1,009</td>
<td>710</td>
</tr>
<tr>
<td>Oil and condensate reserves (MMBbls)</td>
<td>101.6</td>
<td>90.5</td>
<td>37.8</td>
<td>34.0</td>
<td>31.0</td>
</tr>
<tr>
<td>Gas reserves (Bcf)</td>
<td>1,391</td>
<td>1,241</td>
<td>1,090</td>
<td>977</td>
<td>718</td>
</tr>
<tr>
<td>Total proved reserves (Bcfe)</td>
<td>2,001</td>
<td>1,784</td>
<td>1,317</td>
<td>1,181</td>
<td>904</td>
</tr>
</tbody>
</table>
Although not a “highlight,” the hurricane season of 2005 will not be forgotten. We deferred 22 Bcfe of Gulf of Mexico production due to five “named” storms. Damage to industry infrastructure was severe. Our offshore personnel and contractors worked around the clock to find innovative ways to restore production. Please read the tribute to them on page 10.

We made several significant exploration discoveries, leading to in-hand development projects that will provide visible future growth. Discoveries included Grove in the U.K. North Sea and Wrigley in the deepwater Gulf of Mexico. Both are projected to be on-line in the second half of 2006.

We replaced 190% of 2005 production with the addition of new reserves. We added 467 Bcfe of proved reserves in 2005, all but 19 Bcfe through the drillbit. Year-end proved reserves increased 12% to 2 Tcfe. More than 70% of our reserves are now located onshore in the U.S.

We assimilated the Inland Resources acquisition of 2004 and drilled nearly 200 wells in the Monument Butte Field in Utah. We’ve grown production 25%, exiting 2005 at more than 10,000 BOPD. We expanded our interests in the Uinta Basin by farming into 32,000 gross acres. In 2005, we entered the Williston Basin through a joint venture covering 18,000 gross acres.

We expanded our holdings offshore Malaysia by adding PM 323, a 320,000-acre block. PM 323 has several undeveloped discoveries and promising leads. During 2005, our first exploration well resulted in the Puteri discovery on PM 318, which we plan to bring on-line in late 2007. We currently have four fields under development in Malaysia. In 2006 we expect to drill 10-12 wells, including the first exploration well on our deepwater block offshore Sarawak.

Production from the Mid-Continent grew about 10% in 2005. We drilled 267 Mid-Continent wells in 2005 and expect to drill more than 300 wells in 2006. Early results from our Woodford Shale play in the Arkoma Basin look promising. We are operating a six-rig program in the region and plan to drill 45 horizontal wells during 2006.

We signed a three-year joint venture with ExxonMobil covering 52,000 gross acres in three South Texas counties. We will have an active 2-3 rig program over the next several years. Early success confirms our high expectations for this venture.

We drilled 77 wells along the onshore Gulf Coast and have net production of 185 MMBcfe/d. We have an inventory of prospects and plan to drill about 100 wells in 2006. The Val Verde Basin was our most active area, where we drilled 22 wells. We now own interests in about 250,000 gross lease acres in the onshore Gulf Coast region.

We made the Forbes list of the Best Big Companies in the U.S.

Our stock price increased 70% in 2005 and we ranked 17th in terms of performance in the Standard and Poor’s Mid Cap 400 Index. Our stock traded as high as $54.80 on January 20, 2006 – an all-time high. Our diversification effort, started two years ago, lengthened our reserve life and reduced our dependence on the Gulf of Mexico. This has helped to separate us from our closest peers at that time. This is evident from the charts at right:

---

**MARCH 1, 2006**

We’ve grown up! The pages of this year’s annual report reflect our progress and our maturation as a company. We have successfully transitioned from a Gulf of Mexico focused company to one with a diverse asset base. With our growth has come stability and the flexibility to continue profitable growth of our production and reserves. I am proud of our progress and the men and women at Newfield that continue to make good things happen.

The market took note of our growth — our share price increased nearly 70% year-over-year. This represented our best annual share price performance since 2000 and the third best in our history. In the broader market, our performance also was exemplary — we finished as the 17th best performer in the S&P 400 Mid Cap Index.

Unfortunately, 2005 will be most remembered for the unprecedented devastation that the hurricane season inflicted on the Gulf Coast and offshore production infrastructure. Our industry was hit with five “named” storms that destroyed 115 platforms and shut-in about 675 Bcf of gas and 134 million barrels of oil to date. This loss of production propelled commodity prices to record levels and reminded everyone that more than a quarter of the U.S.’s energy supply and the lion’s share of the country’s refining capacity is located in the Gulf Coast region.

The storms caused the deferral of 22 Bcfe of our expected 2005 production. In 2006, our production will be affected by delays in repairs to pipelines and infrastructure and deferral of our drilling and development programs.

Excluding the impact of the storms, our production in 2005 would have grown nearly 10% over 2004 levels. More importantly, we added new development projects in 2005 that will lead to significant production growth in future years.
OUR FINANCIAL AND OPERATIONAL RESULTS in 2005 were excellent. We enjoyed a record year, posting net income of nearly $350 million on revenues of $1.8 billion. We used the strength of our cash flow in the first nine months of the year to pay down debt. We exited 2005 with no bank debt and issued no new notes in 2005. In late 2005, we entered into a new $1 billion revolving credit facility to replace our reserve-based $600 million facility. The new facility has a term of five years.

On the operational front, we drilled more than 500 wells and more than replenished our prospect inventories. We replaced 190% of our 2005 production with the addition of 467 Bcfe in new reserves. Our proved reserves at year-end 2005 were 2 Tcfe, a 12% increase over 2004. We did not complete any major acquisitions during the year.

Finding and development costs have increased over the last several years, reflecting the maturity of North American basins and higher service costs. For the past several years, commodity price increases have out-paced rising costs — a trend we do not expect to continue. As always, we remain vigilant in our cost control efforts.

For 2006, we have a $1.9 billion capital program — a record level of investment mandated by the quality of our field developments and drilling programs. This includes approximately $180 million for hurricane repairs. We anticipate that these repairs will be covered by proceeds from property and business interruption insurance. Excluding hurricane repairs and capitalized interest and overhead, we are allocating $1.6 billion to drilling and development programs. This compares to a 2005 capital program of about $1.2 billion.

Our program exposes us to significant reserve potential over a well balanced portfolio. This portfolio is anchored by our resource plays and enhanced by limited exposure to high risk, high potential opportunities. Our investments in 2006 are expected to lead to 15-25% production growth in 2007.

With the strength of commodity prices and the influx of private capital into our industry, the acquisition market has been fiercely competitive. We are fortunate to control an asset base that is capable of organic growth in 2006 and beyond. We have lengthened our reserve life index to about eight years — a marked improvement from a reserve life of about five years in 1999. Our expected growth in 2006-07 will come largely from international developments, longer-lived onshore regions and the deepwater Gulf of Mexico.

“As an employee and a stockholder, it’s good to be part of an organization that is financially strong, operationally successful and well recognized by industry peers. The Company has diversified and grown. We have come of age. But becoming bigger hasn’t slowed us. Our ability to do things faster, leaner and smarter remains key to our success.”

- David Sills, Administrative Manager, Houston

David A. Trice
Chairman,
President and CEO
“Our growth in the international arena has been impressive. We have large developments proceeding in Malaysia, China and the U.K. North Sea that will add new production in 2006-08. We have a team in place to focus on potential new areas that could help us grow into the future.”

-Kevin Smith, Engineering Manager, London
OUR INTERNATIONAL PROGRAM had a breakout year in 2005 and now represents nearly 10% of our total reserves. With major developments underway, we have three years of visible production growth in-hand. We expect production from our international properties, which contributed just 8 Bcfe (3%) to our total production in 2005, to grow to 60 Bcfe (20% of production) in 2007. Our activities are focused offshore Malaysia and China and in the U.K. North Sea.

In early 2005, we announced a significant discovery in the Southern Gas Basin of the U.K. North Sea — our 100%-owned Grove Prospect. We are in the process of drilling the first of two development wells in the field and expect first gas production in the fourth quarter of 2006. The field is expected to produce 60 MMcfe/d and we have made arrangements to sell the gas in European markets.

We have an agreement with BP Exploration and Production to prospect on acreage around its giant West Sole Field in the Southern Gas Basin. Exploratory prospects have been identified and are ready to drill. In 2005, we added a team of experienced oil and gas finders to help us enter the Central North Sea — an area that we think will offer more deal flow and attractive opportunities.

In Malaysia, we expanded our acreage with the 2005 signing of a Production Sharing Contract for PM 323 — a 320,000-acre block located near our existing PM 318 block. We are excited about the potential for new field developments in shallow water Malaysia and have 10-12 wells planned for 2006.

We have two producing fields on PM 318 and the Abu and Puteri Fields are under development. The Penara and North Lukut Fields were producing about 10,000 BOPD (gross) at year-end 2005. We drilled three successful development wells in the Abu Field in 2005 and filed and received approval for a development plan. The production platform and FSO are under construction. First oil production of 15,000 BOPD (gross) is expected in early 2007. We have a 50% non-operated interest. Carigali, the E&P subsidiary of the state oil company, Petronas, is our partner and the operator.

Puteri was discovered in 2005 and is located just east of the Penara Field. The well found 200’ of quality oil pay and set up additional drilling targets in the area. We are planning to drill additional wells in the Puteri area in 2006. First production from Puteri is expected in the second half of 2007. We have not booked any reserves associated with our Puteri discovery.

PM 323 has several undeveloped discoveries. Our immediate plans are for the development of two fields — East Belumut and Chermingat. The adjacent West Belumut discovery looks promising and an appraisal well is planned for late in the first quarter of 2006. We expect that East Belumut and Chermingat will commence production in 2008, adding estimated gross production of 15,000 BOPD. New 3-D seismic surveys were acquired in 2005 to better identify targets for appraisal and exploratory wells. We operate PM 323 with a 60% interest. We have not booked any reserves associated with PM 323.

Our appraisal drilling and field developments offshore Malaysia are complemented with high potential exploration in deepwater. In the second half of 2006, we plan to spud our first deepwater test offshore Sarawak on our 1.1 million acre Block 2C. We used 3-D seismic and a recent electromagnetic survey to identify the first prospect in a two-well program.

Our remaining international area is offshore China. Since 1997, we have been active in the Bohai Bay and recently declared two oil fields on Block 05/36 commercial. Our fields, 12-1 and 12-1 South, are being developed as part of a unit that includes the 11-6 Field on the adjacent Block 04/36. Kerr McGee operates both blocks. Crude production from our fields will flow through an FPSO on Block 04/36. We expect first oil production of 3,500 BOPD (net) in the second half of 2006. Although we own 12% of the unit, we expect to receive 18% of production until our exploration and appraisal investment has been recovered. In late 2005, we signed agreements to explore on more than 2 million acres in China’s Pearl River Mouth Basin. We plan to acquire 3-D seismic data over a portion of this acreage in 2006.
“The Mid-Continent division has internally generated two resource plays over the last three years, and we were able to acquire significant acreage positions in very active basins. Our Woodford Shale play in the Arkoma Basin emerged out of our WACCAWH play where we commingle multiple gas bearing formations, including the Woodford. Today, the Woodford Shale has become a primary focus for us as a horizontal play. We have acquired more than 100,000 acres in the heart of the Woodford play, which equates to several thousand locations with significant reserve exposure — this will keep us very busy for a long time. We also have the Caney Shale (Barnett equivalent) above the Woodford, which also is gas bearing and appears promising as a secondary horizontal target.”

– Gary Hill, Geologist, Tulsa, OK
PERHAPS THE MOST PRONOUNCED SHIFT in our business has been the addition of longer-lived resource plays. The growth of our Mid-Continent and Rocky Mountain divisions has lessened our overall decline rates and added stability to our production profile.

The Mid-Continent region now represents about 30% of our total reserves and has been our fastest growing area over the last two years. Our entry into the Anadarko and Arkoma Basins in 2001 represented our first step outside of our Gulf Coast focus areas. Our initial business plan of “acquire and exploit” was quickly altered due to the competitive nature of the acquisition market. Since that time, we’ve created two potentially significant resource plays and used the drillbit to provide 75% of our growth in production and reserves. Our production has more than doubled from about 60 MMcfe/d in 2001 to an early 2006 rate of 135 MMcfe/d. Proved reserves have grown from 244 Bcfe in January 2001 to 580 Bcfe at year-end 2005.

We use the term “gas mining” to describe our Mid-Continent efforts. We are focused on exploiting a series of stacked sands and shales in southeastern Oklahoma that we call our WACCAWH play — an acronym of the formation names — Wapanucka, Cromwell, Caney, Woodford and Hunton. We initially focused on the Wapanucka and Cromwell formations and did not drill our first well to test the shales until 2003. The initial test of the Woodford was very encouraging — a nice success that we kept quiet until we assembled a large acreage position.

Today, we have 110,000 net acres in the WACCAWH play. After the drilling of more than 90 vertical wells, our production in early 2006 was about 35 MMcfe/d. Recent drilling efforts have focused on horizontal wells into the Woodford Shale — a 120 – 240’ thick section present throughout our acreage. Horizontal wells should allow us to achieve greater gas recoveries from this tight formation. In early 2006, we had six operated rigs active in our Woodford Shale play.

Although we are still assessing the potential of the acreage, we believe it has development potential of thousands of wells and could hold significant reserves. We will report more on this play throughout 2006.

The second of our large resource plays in the Mid-Continent is located in western Oklahoma and the Texas Panhandle. The Mountain Front Wash play is a basin-centered gas play occurring at depths of 12,000 – 16,000’. Our entry into this region came through our 2002 acquisition of EEX Corporation. EEX owned an interest in the Stiles/Britt Ranch Fields in Roger Mills County. The field was producing about 3 MMcfe/d at the time of the acquisition. We purchased the remaining interests in these fields in 2003 and commenced a drilling campaign, which has increased production to 40 MMcfe/d in early 2006. We expect to drill an additional 30-35 wells in the field this year, about half of our locations on 80-acre spacing. We recently added 40,000 net acres near Stiles/Britt Ranch, which we plan to assess in 2006.

In late 2004, we acquired Inland Resources and the giant Monument Butte oil field in a $575 million transaction representing our first move into the Rockies. Our success in the Mid-Continent provided us with confidence that we could execute in this new area. And we have.

Monument Butte is located in the Uinta Basin of northeast Utah. A legacy asset, it provides us with thousands of locations that we will drill over the next decade. The field covers 100,000 acres and spans 26 miles from east to west and 10 miles from north to south. We have an average working interest of 80% in the shallow oil sands.

Since closing in 2004, we have increased gross oil production about 25% to 10,000 BOPD at year-end 2005. Water injection rates have increased and we’re optimizing drilling and injection patterns to improve recovery. We expect to run 3-4 drilling rigs in the field throughout
2006 and to drill about 220 wells. Since the acquisition, our proved reserves have grown 20%.

In late 2005, we received approval of an Environmental Impact Statement that will facilitate permitting of wells and allow us to better optimize our drilling locations.

The Uinta Basin’s deep gas potential in the Blackhawk and Mesa Verde sections (11,000 – 15,000’) has seen active exploration efforts. In fact, drilling pushed to our southern field boundaries in 2005. In early 2006, we drilled a deep test that found apparent gas pay in the Wasatch, Mesa Verde and Blackhawk formations. We are in the process of completing this well and expect to drill 4-8 additional deep gas wells in 2006. We have a 40% interest in the deep formations below Monument Butte.

Our objective is to build a diversified business in the Rockies, just as we have in the Mid-Continent. In 2005, we reached agreements on two ventures outside of Monument Butte that expanded our operations. Our Denver office will continue to evaluate new areas and projects.

Onshore Gulf Coast
About a quarter of our proved reserves are located onshore along the Gulf Coast — a region that encompasses South Texas, East Texas and the Val Verde Basin of West Texas. From a standstill in 2000, we built a 250,000 gross acre position with current net daily production of about 185 MMcfe/d. We drilled more than 70 wells in the region in 2005 and plan to drill more than 100 wells in 2006. Production in 2006 is expected to grow 5-8%.

Without a doubt, the division’s highlight for 2005 was the October signing of a joint venture with ExxonMobil covering 52,000 gross acres in three South Texas counties. The joint venture has an initial term of three years. The crown jewel is the Sarita Field, located in Kenedy County. We know this area well because we have operated a 320-acre lease in the center of this 22,000 acre area. Over a two-year period, we drilled seven wells and increased production from 18 MMcfe/d to more than 70 MMcfe/d.
Based on our profitable history in the area, we entered this transaction with high expectations. After three wells, we are NOT disappointed! Our first two development wells were successful and were being completed at the time of this letter. We also drilled an exciting exploration well to deeper objectives in the same area that found about 325’ of net gas pay. This success sets up additional well locations that we will drill over the next 18 months.

In Hidalgo County, our earlier success in the Monte Christo Field led to drilling in an adjacent part of the field we call Southeast McCook. The Monte Christo/McCook complex, after the drilling of four development wells in late 2004/early 2005, is now producing nearly 30 MMcfe/d. Recent wells have come on-line at 10 MMcfe/d or greater and at least two additional development wells are planned. We have additional opportunities in the area through our Exxon-Mobil joint venture.

In early 2006, we had eight operated rigs working and term contracts signed on six of these rigs. This provides us with the necessary rigs to carry out our planned programs.

**Gulf of Mexico**

At year-end 2005, 20% of our reserves were located in the Gulf of Mexico — a dramatic shift from 98% in 1999. However, we are not abandoning the Gulf, in fact, far from it. The Gulf offers very attractive returns that are enhanced by our vast infrastructure. Our success in the Gulf has fueled our growth and the diversification of our asset base over the last few years. Today, we are selectively funding shallow water opportunities with the highest chance of success and the best rates of return. Our 2006 planning anticipates that we will invest $250 million in the shallow water Gulf of Mexico, about half of the more than $500 million of cash flow the assets are expected to generate in 2006. About $35 million of this budget will fund our interest in 4-5 deep exploration wells.

We have established a significant leasehold position in deepwater and are developing fields that will add significant production in late 2006. In early 2005, we announced two significant deepwater discoveries — Wrigley (Mississippi Canyon 506) and Anduin (Mississippi Canyon 755).

Wrigley was our first operated success in deepwater. We immediately set out to develop the field and were expecting first production in early 2006 until Wrigley’s host facility (operated by a third party) was severely damaged by Hurricane Rita. Repairs are being made and we now expect production to commence in late 2006. The field should produce more than 50 MMcfe/d (gross). We have a 50% interest.

Our outside-operated Anduin discovery found 48’ of gross oil pay. The discovery will be appraised with a well planned for the second quarter of 2006. We have a 50% interest in Anduin.

We expect to drill 3-5 deepwater wells in 2006, including participation in a sub-salt prospect. We contributed acreage to this prospect, which has significant reserve potential. We will have a 10% interest.

In February 2005, we spud our Blackbeard West prospect, the first well in our frontier exploration play we refer to as “Treasure Project.” More than a year later, the well continues to drill toward a record depth of 32,000’. Initially, our cost to drill the well was carried by our partners; however, the well’s cost has exceeded initial estimates and we are now paying a 23% interest. We estimate that our net cost for the well will be $15 million. The well is operated by ExxonMobil. Other partners are BP Exploration and Production, PetroBras, Dominion and BHP Billiton. This is a world class prospect that needs to be drilled. Success would be great news for the U.S. and the Gulf of Mexico…and even better news for Newfield.

As we look forward, I’m confident that our assets will allow us to attain our growth goals over the next two years. Our people are focused on finding new prospects, leads, deals and ventures that will propel us beyond 2008. We have a history of performing and have consistently delivered on our promises. We have grown up…but our best years still lie ahead!

Thanks for your continued support of Newfield Exploration Company.

David A. Trice
Chairman, President and CEO
Following Rita’s passage over Intracoastal City, La., on September 24, 2005, Newfield employees worked around the clock on emergency and evacuation plans, as well as plans to re-start production following the storm’s passage. They relied on teamwork, planning and the willingness to go the extra mile to restore the Company’s presence in the Gulf of Mexico and return service to undamaged platforms.

“Our first priority was the safety and well being of our employees and contractors,” said Andy Lundy, joint operations engineer in Houston and a liaison between Louisiana and the Houston office during recovery. “Next, teams assessed damage and worked to return platforms to service in a well coordinated plan.”

Recovery efforts slowly gained momentum in the storm’s aftermath. Temporary trailers strategically located along the Gulf Coast better positioned employees to monitor damage and coordinate the return to the Gulf of Mexico. Soon employee efforts were rewarded as helicopters arrived at platforms to assess initial damage, confirm fuel sources and relay information that enhanced recovery efforts. Generators kicked on, communications were re-established and the offshore infrastructure of pipelines, production platforms and drilling rigs slowly returned to life. Dive crews carefully inspected sub-surface structures and platforms for below water damage.

While all this happened, employees helped each other and their neighbors in the community ...all while dealing with the disruption that Rita had brought to their own families and homes. Many helped guide neighbors stranded by high water to safety. One even pressed his bass boat into service to search for those threatened by rising water. Many shared homes with fellow employees and their families. They supported each other with food, personal items, tools and emotional support. Generators were loaned and set up for those without electricity. Employees worked together for long hours to help salvage what they could and then tried to alleviate the damage to each other’s homes.

The Company also went the extra mile in helping employees, contractors and affected Louisiana communities in recovery efforts. In response to the devastation, Newfield made a corporate donation of $50,000 to the American Red Cross relief efforts. The Company also matched employee donations to the American Red Cross up to $1,000 per employee on a dollar-for-dollar basis. This was in addition to the matching gift program that was already in place at Newfield. The Company also provided funds to employees and contract workers directly impacted by the hurricane. The total amount of Company and employee donations reached nearly $350,000.

“It was a management decision, quickly and easily made, that we would help our employees, contractors, their families and the communities in this area try to recover as quickly as possible,” said David Trice, Chairman, President and CEO. “Our founding principles are based on the talents of employees and their focus. Employees on the Gulf of Mexico team used their experience, initiative and resourcefulness to help recovery efforts. They performed superbly and I thank everyone involved for keeping their focus during such a trying time.”

A TRIBUTE TO OUR GULF OF MEXICO REGION AND EMPLOYEES

Although we had a great year in 2005, perhaps our finest moments came in how we weathered the high winds and waters of two catastrophic hurricanes — Katrina and Rita. These storms touched nearly every part of our offshore operations and left a path of devastation for the industry. Our employees rose to the occasion. We applaud their efforts, and we thank them.

Newfield production foremen and other employees in Louisiana pulled together in weathering winds, rains and havoc that Hurricane Rita brought to the Gulf Coast. Their efforts reduced damage and assured production would return as quickly as possible...all while helping their families and neighbors.
“There is no greater joy in life than starting with nothing and winding up with something. That’s what parents do in raising children. That’s what artists do. That’s what we did in founding Newfield.”

- Joe B. Foster, Newfield Founder

May 4, 1995
All Grown Up

NEWFIELD EXPLORATION COMPANY / 2005 ANNUAL REPORT