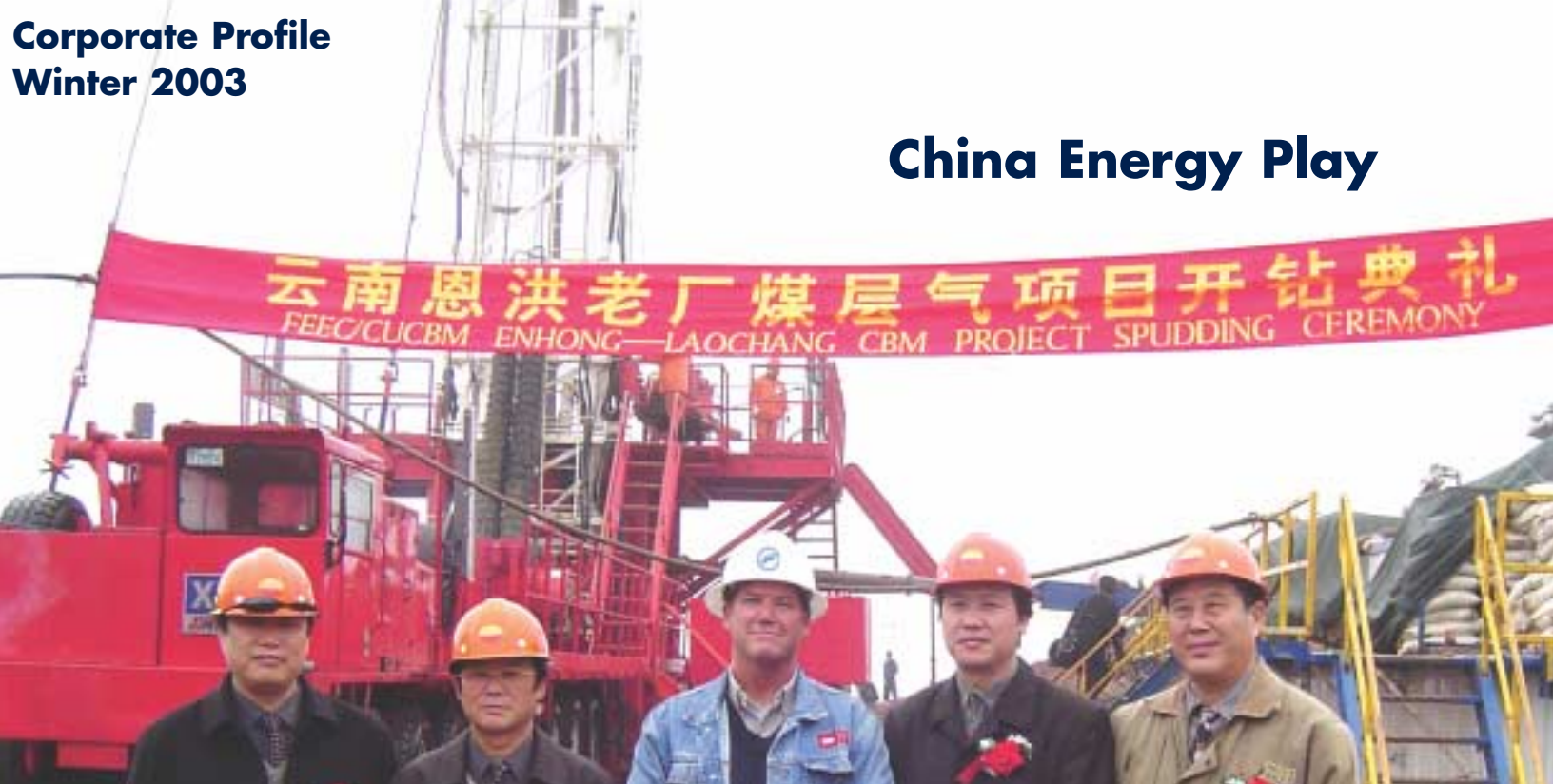


## China Energy Play



In a recent "spudding" ceremony attended by officials of CUCBM (China United Coalbed Methane Company) and **Far East Energy (OTC BB: FEEC)**, history was made as the Houston company began its long-awaited exploration for natural gas in China, where FEEC has interests in properties potentially containing **9.75 to 13 trillion cubic feet (Tcf)** of recoverable coalbed methane (CBM) gas\* in fields with potential to become mega-projects of the type normally found in the portfolios of the majors.



**Far East Energy**

**OTC BB: FEEC**

[www.fareastenergy.com](http://www.fareastenergy.com)

## Investment Considerations

**World Class Properties in China:** Based in Houston, Texas, with offices in Beijing and Kunming, China, Far East Energy Corporation (OTC BB: FEEC) is focused on exploring and developing some of the largest coalbed methane (CBM) projects in the world through its agreements with ConocoPhillips and China United Coalbed Methane Company (CUCBM).

**Well-Positioned in China:** Based on estimates by ConocoPhillips and Yunnan Provincial Coal Geology Bureau, the project areas potentially contain 19.5 Tcf to 26 Tcf of CBM gas-in-place. Using a very conservative recovery rate of 50%, 9.75 Tcf to 13 Tcf is potentially recoverable (FEEC's share is 5.1 Tcf to 10 Tcf depending upon CUCBM and Conoco participation). FEEC's share alone is equivalent to 5% to 10% of the entire recoverable CBM potential in the U.S.

**Excellent Proximity to Gas Pipelines:** With the West-to-East Pipeline to Shanghai running very close to the southern portion of FEEC's Shanxi/ConocoPhillips project and with the Shanxing Pipeline to Beijing near the northern portion, FEEC is ideally positioned to be a significant provider for the growing gas demands of China's two largest cities.

**FEEC and CBM to Play a Major Role in China:** China is presently energy deficient. CBM will play a big part in supplying China's growing thirst for energy. China's energy demand is mind-boggling. According to the New York Times, if China in the future uses as much energy per capita as is presently used in the U.S., the energy consumption by that one country will amount to more energy than is currently produced worldwide. FEEC is one of several U.S. energy producers participating in this unprecedented opportunity to supply China with CBM; others include Chevron-Texaco, ConocoPhillips and BP Amoco.

**Probability for Favorable Results:** Due to the vast amount of positive technical data that already exists, the probability for favorable results from FEEC's initial exploration wells in China is considered excellent.

**CBM Benefits are Many:** Coalbed methane is the fastest growing sector of the energy industry as CBM provides a lower cost and lower risk project profile than conventional gas recovery. CBM wells are relatively inexpensive, averaging \$250,000 vs. \$5 million-\$20 million for deeper conventional gas wells.

\*Recoverable CBM gas determined by assuming a 50% recovery rate from P50 gas-in-place estimates. These are not proved reserves.

## Comparable World Class CBM Basins

Far East Energy's Projects compare in size and gas content per ton of coal to some of the major CBM basins in the U.S.

Basin	Gas content per ton of coal (cu. ft.)	Est. Recoverable Resource
San Juan (NM)	300-700	11.6 Tcf
Uinta (CO)	300-600	3.2 Tcf
Black Warrior (AL)	250-500	4.4 Tcf
Far East Energy:		
• Shanxi Project	400-1,000	6.55 - 9.8 Tcf
• Enhong Project	200-400	1.10 Tcf
• Laochang Project	300-500	1.55 Tcf
• Zhaotong Project	100-200	0.55 Tcf

## Stock Information 11/25/03

Industry: CHINA - NATURAL GAS

OTC BB: FEEC

Recent Price: \$2.65

Market Cap: \$148 million

Shares Out: 56 million

Est. Float: 6 million

Note: Until production begins from its properties, revenues and earnings for FEEC are not meaningful.

Natural gas consumption is rising rapidly in China, fueled by an unprecedented economic boom.

China has mandated that natural gas replace coal as the major source for electricity by the 2008 Olympics in Beijing, China.

The China State Council is pushing for a four-fold increase in gas usage by 2010 in China.

“Far East Energy is positioned to become a major player in the exploration and production of natural gas in China.”

Michael McElwrath  
CEO/Far East Energy Corporation

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