



FY 2008 3rd Quarter Operations Report

<i>EXXI Fiscal 3rd Quarter 2008 Drilling Results</i>						
	Exploration		Development		Total	
	Gross	Net	Gross	Net	Gross	Net
Operated						
Oil	0	0	1	1	1	1
Gas	0	0	0	0	0	0
Dry	0	0	0	0	0	0
Non-Operated						
Oil	0	0	0	0	0	0
Gas	2	0.85	0	0	2	0.85
Dry	2	0.64	0	0	2	0.64
Total	4	1.49	1	1	5	2.49
Success Rates						
	Exploration		Development		Total	
	50%	57%	100%	100%	60%	74%
Onshore/Offshore						
	Exploration		Development		Total	
Onshore	4		0		1	
Offshore	0		1		4	
Total	4		1		5	

GULF OF MEXICO SHELF HIGHLIGHTS

South Timbalier 21 (100% WI)

South Timbalier 21 net production averaged 8,549 BOE/d during the fiscal third quarter, an increase of almost 1,400 BOE/d net from the previous quarter.

After working through minor facility obstacles, the Beaujolais (ST 21 #138) well's production was stabilized by mid-February and production has been averaging 1,700 BOE/d net from the D-15 and D-18 sands.

The Sangria (ST 27 #D-13ST2) development well commenced production during February at a peak rate of 1,200 BOE/d net from the D-7 Stray sand.

The #135 well was recompleted through tubing to the D-10 sand during February and initially produced at a rate of 490 BOE/d net.

The #75ST well was recompleted through tubing to the S-4A sand during January and initially produced at a rate of 570 BOE/d net.

The Cabernet (#89 ST) well was recently reworked to restore production from the lower D-7 sand. The initial net rate was 334 BOE/d.



Acquired Pogo Properties

The Gulf of Mexico shelf properties acquired in June 2007 from Pogo Producing Company averaged 9,598 BOE/d net during the fiscal third quarter. After completing MMS compliance work and getting the properties released from MMS probation in the previous quarter, the first rig program was initiated in the third quarter, along with some non-rig workovers. Activity in the field temporarily interrupted some production volumes.

The EnSCO 82 rig arrived at Main Pass 61-B in early February. The recompletion of well #B-1 was successful, resulting in 600 BOE/d net of new production starting late March. The #B-6 development well was spud in late March and is expected to come online in May. Also in the fiscal third quarter, 550 BOE/d net was added at MP 73 as a result of a successful non-rig workover.

The EnSCO 82 rig will move to the Main Pass 61-A platform in May to drill and complete the MP 60 #A-9 exploratory well and change out tubing in the MP 62 #A-4. This rig is then expected to spud the Main Pass 147 #1 development well near the end of June. Two additional rigs are expected to arrive in May and June to begin well work at MP 61-C and MP 126.

In Lease Sale 206, Energy XXI was high bidder on five blocks adjacent to the South Pass 49 field. Following facility upgrades, including replacement of separation and compression units, gas lift optimization and acid stimulations on four D-69/D-70 sand wells are planned for South Pass 49.

SOUTH LOUISIANA ONSHORE HIGHLIGHTS

Eugene Island

- SL 17695 #1 (35% WI) (Comus Prospect), Iberia Parish – spud 12/22/07 with a proposed TD of 13,800'; primary objective wet; secondary target zone, the Cris I sand, deemed commercial; awaiting completion rig.

Cote de Mer

- McIlhenny #1 (35% WI) (Cote de Mer Prospect), Vermillion Parish – Coastal rig 21 arrived March 13th; sidetracked at approximately 13,000'; preparing to run casing to 15,685' MD; proposed TD is 21,000'.

Kaplan NW

- Green & Broussard #1 (100% WI) (Kaplan Prospect), Vermillion Parish – Spud 3/28/08; drilling at about 6,300' MD toward proposed TD of 18,500'.

Venus

- SL 19515 #1 (50% WI) (Venus Prospect), Cameron Parish – Spud 4/30/08; beginning to drill toward proposed TD of 16,000'.



GLOSSARY

Barrel – unit of measure for oil and petroleum products, equivalent to 42 U.S. gallons.

BOE – barrels of oil equivalent, used to equate natural gas volumes to liquid barrels at a general conversion rate of 6,000 cubic feet of gas per barrel.

BOE/d – barrels of oil equivalent per day.

Field – an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature or stratigraphic condition. The field name refers to the surface area, although it may refer to both the surface and the underground productive formations.

FTP – flowing tubing pressure.

MBOE – thousand barrels of oil equivalent.

MMBOE – million barrels of oil equivalent.

MD – measured depth.

Net Pay – cumulative hydrocarbon-bearing formations.

Spud – to begin drilling a well.

TD – target total depth of a well.

TD'd – to finish drilling a well.

TVD – total vertical depth.

Workover – operations on a producing well to restore or increase production. A workover may be performed to stimulate the well, remove sand or wax from the wellbore, to mechanically repair the well, or for other reasons.