POGO PRODUCING CO LLC
Form 424B3
April 01, 2009
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Filed pursuant to Rule 424(b)(3)

Registration No. 333-141110

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are part of an effective registration statement filed with the Securities and Exchange Commission. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting an offer to buy these securities, in any state where the offer or sale is not permitted.

Subject to completion, dated April 1, 2009

PROSPECTUS SUPPLEMENT

To prospectus dated March 7, 2007

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PXP

PLAINS EXPLORATION & PRODUCTION COMPANY

10% SENIOR NOTES DUE 2016

Interest payable on March 1 and September 1

Interest will be payable on the notes on March 1 and September 1 of each year. The notes will mature on March 1, 2016. Interest on the notes will accrue from March 6, 2009, and the first interest payment on the notes will be due on September 1, 2009. The notes are being offered as additional notes under an indenture, as supplemented by a supplemental indenture, pursuant to which we issued $365,000,000 principal amount of our 10% senior notes due 2016 on March 6, 2009. The notes offered hereby and those previously issued notes will be treated as a single class of debt securities under the indenture, as supplemented by the supplemental indenture.

We may redeem all or part of the notes on or after March 1, 2013 at the applicable redemption prices described in this prospectus supplement and prior to such date at a make-whole redemption price. The redemption provisions are more fully described in this prospectus supplement under Description of notes Optional redemption. In addition, prior to March 1, 2012, we may, at our option, redeem up to 35% of the notes with the proceeds of certain equity offerings. If we undergo a change of control or sell assets, we may be required to offer to purchase notes.

The notes will be our general unsecured, senior obligations, will be equal in right of payment with any of our existing and future unsecured senior indebtedness that is not by its terms subordinated to the notes, and will be effectively junior to our existing and future secured indebtedness to the extent of collateral securing that debt. The notes will initially be guaranteed on a senior unsecured basis by certain of our subsidiaries. The notes will be structurally junior to the indebtedness and other liabilities of our non-guarantor subsidiaries.

Investing in the notes involves risks. See Risk factors beginning on page S-16 of this prospectus supplement and page 1 of the accompanying prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public offering price (1)	***Underwriting discount***	***Proceeds, before expenses, to Plains (1)***
Per Note	*%*	*%*	*%*
Total	*$*	*$*	*$*

(1) Plus accrued interest from March 6, 2009. Excludes expenses directly associated with the offering.

The notes will not be listed on any securities exchange. Delivery of the notes, in book-entry form, will be made on or about April , 2009 through The Depository Trust Company.

Sole book-running manager

MORGAN STANLEY

The date of this prospectus supplement is April , 2009.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriter has not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it.

We are not, and the underwriter is not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted.

You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of the respective dates on the front of those documents or earlier dates specified herein or therein. Our business, financial condition, results of operations and prospects may have changed since those dates.

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Prospectus supplement

Prospectus

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About this prospectus supplement

This prospectus supplement and the accompanying prospectus are part of a universal shelf registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or the SEC. Under the shelf registration process, we may sell any combination of common stock and debt securities in one or more offerings from time to time. In the accompanying prospectus, we provide you a general description of the securities we may offer from time to time under our shelf registration statement. This prospectus supplement describes the specific details regarding this offering, including the price, the aggregate principal amount of debt being offered and the risks of investing in our securities. This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein include important information about us, the notes being offered and other information you should know before investing.

Unless otherwise indicated or the context otherwise requires, in this prospectus supplement, all references to Plains, PXP, we, us or our refer to Plains Exploration & Production Company and its direct and indirect subsidiaries on a consolidated basis.

Incorporation by reference

The SEC allows us to incorporate by reference the information that we file with them, which means that we can disclose important information to you by referring you to other documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. We incorporate by reference the following documents and all documents that we subsequently file with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (other than information furnished rather than filed):

our Annual Report on Form 10-K for the year ended December 31, 2008;

our Current Reports on Form 8-K and 8-K/A filed May 20, 2008, February 17, 2009, March 3, 2009, March 6, 2009 and March 13, 2009; and

the description of our common stock contained in our Form 10 registration statement filed with the SEC on November 8, 2002, as amended by Amendment No. 1 filed November 21, 2002, Amendment No. 2 filed December 3, 2002, and Amendment No. 3 filed December 6, 2002.

Forward-looking statements

This prospectus supplement includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and the Private Securities Litigation Reform Act of 1995 about us that are subject to risks and uncertainties. All statements other than statements of historical fact included in this document are forward-looking statements. Forward-looking statements may be found under Prospectus supplement summary, Summary historical consolidated financial data, Summary historical reserve and operating data, Risk factors and elsewhere in this document regarding our financial position, business strategy, production and reserve growth, possible or assumed future results of operations, and other plans and objectives for our future operations.

Forward-looking statements are subject to risks and uncertainties. Although we believe that in making such statements our expectations are based on reasonable assumptions, such statements

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may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

Except for our obligation to disclose material information under U.S. federal securities laws, we do not undertake any obligation to release publicly any revisions to any forward-looking statements, to report events or circumstances after the date of this prospectus supplement, or to report the occurrence of unanticipated events.

Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, would, should, plans, likely, expects, anticipates, intends, believes, estimates, thinks, may, and similar expressions, are forward-looking statements. The following important factors, in addition to those discussed under Risk factors and elsewhere in this document, could affect the future results of the energy industry in general, and us in particular, and could cause those results to differ materially from those expressed in or implied by such forward-looking statements:

- uncertainties inherent in the development and production of oil and gas and in estimating reserves;
- unexpected difficulties in integrating our operations as a result of any significant acquisitions;
- unexpected future capital expenditures (including the amount and nature thereof);
- the impact of oil and gas price fluctuations, including the impact on our reserve volumes and values and on our earnings;
- the effects of our indebtedness, which could adversely restrict our ability to operate, could make us vulnerable to general adverse economic and industry conditions, could place us at a competitive disadvantage compared to our competitors that have less debt, and could have other adverse consequences;
- the success of our derivative activities;
- the success of our risk management activities;
- the effects of competition;
- the availability (or lack thereof) of acquisition, disposition or combination opportunities;
- the availability (or lack thereof) of capital to fund our business strategy and/or operations;
- the impact of current and future laws and governmental regulations;
- environmental liabilities that are not covered by an effective indemnity or insurance;

- the ability and willingness of our current or potential counterparties to fulfill their obligations to us or to enter into transactions with us in the future; and

- general economic, market, industry or business conditions.

All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by such factors. For additional information with respect to these factors, see Incorporation by reference.

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Prospectus supplement summary

This summary highlights information from this prospectus supplement and the accompanying prospectus to help you understand the notes. You should read carefully the entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference for a more complete understanding of this offering. You should read Risk factors beginning on page S-16 of this prospectus supplement and on page 1 of the accompanying prospectus for more information about important risks that you should consider before making a decision to purchase notes in this offering. We have included various pro forma numbers throughout this prospectus supplement. Such pro forma information is for illustrative purposes only and should not be viewed as indicative of future results.

We have defined certain oil and gas industry terms used in this document in the Glossary of oil and gas terms beginning on page S-94 of this prospectus supplement. Except in the Description of notes and unless the context requires otherwise, references to Plains, PXP, us, we and our mean Plains Exploration & Production Company together with its subsidiaries.

Plains Exploration & Production Company

We are an independent oil and gas company primarily engaged in the activities of acquiring, developing, exploring and producing oil and gas properties primarily in the United States. We own oil and gas properties with principal operations in:

- Onshore California;
- Offshore California;
- the Gulf of Mexico;
- the Gulf Coast Region;
- the Mid-Continent Region; and
- the Rocky Mountains.

Assets in our principal focus areas include mature properties with long-lived reserves and significant development opportunities as well as newer properties with development and exploration potential. In addition to the assets in our principal focus areas listed above, we also have an interest in an exploration prospect offshore Vietnam. We believe our balanced portfolio of assets, our recent significant deleveraging transactions and our ongoing hedging program position us well for both the current commodity price environment and future potential upside as we develop our attractive resource opportunities. As of December 31, 2008, we had estimated proved reserves of 292.1 MMBOE, of which 61% was comprised of oil and 72% was proved developed.

Recent developments

Modified derivative positions

In the first quarter of 2009, we monetized our 2009 and 2010 crude oil put option contracts on 40,000 BOPD with weighted average strike prices of $106.16 per barrel and $111.49 per barrel, respectively. As a result of this monetization, we received approximately $1.1 billion in net proceeds, which we used to repay borrowings outstanding under our senior revolving credit

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facility and for other general corporate purposes. In connection with this monetization, we entered into crude oil put option contracts on 40,000 BOPD in 2010. These put options have a strike price of $55 per barrel, with a $3.86 per barrel upfront payment, which has been deducted from the total proceeds expected to be received from the monetization, and a deferred premium plus interest of $5 per barrel. We have retained our put options on 32,500 BOPD with a $55 strike price in 2009. Additionally, in a separate transaction, we acquired natural gas three way collars on 40,000 MMbtu per day for 2010. Under this arrangement, if the index price is below the floor price of $6.25 per MMbtu, we receive the difference between $6.25 and the index price up to a maximum of $1.45 per MMbtu. If the index price is greater than the ceiling price of $8.00 per MMbtu, we pay the difference between the index price and $8.00 per MMbtu. In addition, we currently are party to natural gas $10 by $20 collars on 150,000 MMbtu in 2009.

As of December 31, 2008, on an as adjusted basis after giving effect to (i) the hedge monetization and the use of approximately $1.1 billion in net proceeds thereof to repay borrowings outstanding under our senior revolving credit facility, (ii) our March 6, 2009 issuance and sale of $365 million of notes and the application of the net proceeds thereof to reduce indebtedness under our senior revolving credit facility and for general corporate purposes, and (iii) the issuance and sale of the notes and the application of the net proceeds as set forth under Use of Proceeds, we would have had total indebtedness of approximately $ billion (none of which would have been secured), excluding approximately $1.0 million in letters of credit outstanding under our senior revolving credit facility.

Description of operating areas

Gulf Coast Region, including Haynesville Shale and South and East Texas

Haynesville Shale. In July 2008, we acquired from Chesapeake Energy Corporation, or Chesapeake, a 20% interest in Chesapeake s Haynesville Shale leasehold. The Haynesville Shale is characterized by gas production from the Jurassic aged Haynesville shale formation, and typical well depth is 10,500 feet. The area is currently being developed with approximately 4,000 foot horizontal wells with a measured total depth of 16,000 feet. We have rights to approximately 685,000 gross acres (111,000 net acres). Based on the potential of 80 acre well spacing, we anticipate that there could be over 7,300 potential drilling locations after applying a risk weighting. Drilling operations began in July 2008 and production commenced during the third quarter of 2008. As of December 31, 2008, Chesapeake was operating 20 rigs and anticipates operating an average of approximately 26 rigs during 2009. We have agreed, over a multi-year period, to fund 50% of Chesapeake s drilling and completion costs associated with future Haynesville Shale wells, up to $1.65 billion, and we have allocated 43% of our 2009 capital budget, or approximately $450 million, to Haynesville activity. On February 20, 2009, we and Chesapeake entered into certain amended agreements which, among other matters, provide us a one time option, exercisable between June 15, 2010 and June 30, 2010, and without further monetary obligation, to reduce our obligation to pay 50% of Chesapeake s drilling and completion costs by $800 million in exchange for an assignment to Chesapeake, effective December 31, 2010, of 50% of all of our interest in the Haynesville properties.

South Texas. We own interests in oil and gas properties on 94,448 gross acres (62,846 net acres) with 321 square miles of 3-D seismic located in South Texas, including 52,648 gross acres (29,453 net acres) that we acquired in April 2008 from a private company.

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Our South Texas development activities are primarily focused on gas reserves concentrated in the Los Mogotes, Lopez Ranch and Mills Bennett Fields. The fields produce from the Eocene Yegua and Wilcox formations, found at depths generally ranging from 7,000 to 14,000 feet.

In 2009, we plan to continue focusing on development in the Los Mogotes, Lopez Ranch and Mills Bennett Fields, but at a reduced rate.

Jefferson County, Texas. We hold a 100% working interest in approximately 72,233 gross acres, including the Oligocene, Frio and Vicksburg reservoirs in the Big Mac prospect area. We own over 275 square miles of 3-D seismic data, and interpretation of that data has yielded a number of exploratory prospects.

Polk and Tyler Counties, Texas. We hold approximately 63,186 gross acres, including the Cretaceous Woodbine and Austin Chalk Formations. We own approximately 125 square miles of new, proprietary 3-D seismic data, and interpretation of that data has yielded a number of exploratory prospects, which are generally 100% owned and operated by us.

South Louisiana. We have approximately 39,027 gross acres in central South Louisiana on which to explore for Oligocene and deeper Eocene targets. We own over 165 square miles of new 3-D seismic data in central South Louisiana and hold a 100% working interest. We plan to drill a well on this acreage in 2009.

Gulf of Mexico

We have both exploration and development projects in the Gulf of Mexico asset area, which includes coastal onshore and offshore areas of Texas and Louisiana and the Gulf of Mexico.

We entered into an exploration agreement with McMoRan Exploration Co. in November 2006 to participate in several of their Miocene exploratory prospects. During 2008, we participated in ten wells, of which five were successful, one was unsuccessful and four were in progress at year end, located in the Flatrock, Louisiana State Lease 340, South Marsh Island Block 251 and South Timbalier Block 168 areas.

Production commenced at Flatrock, where we own a 30% working interest, in the first quarter of 2008, and currently four wells are producing. A fifth well is completing and one is in progress.

Two wells are currently in progress on Louisiana State Lease 340 and one on South Marsh Island Block 251, where we own working interests ranging from 24% to 44%.

At December 31, 2008, a well drilled on South Timbalier Block 168, where we own a 35% working interest, was temporarily abandoned awaiting completion.

In the deepwater area of the Gulf of Mexico, we participated in three exploration wells during 2008, of which one was in progress at year end, one was a discovery and one was unsuccessful. On Green Canyon Block 599 we have a 50% working interest in the Friesian discovery well announced in November 2006. In January 2009, we announced a successful confirmation well, the Friesian #2. The Friesian #2, which we operate, was drilled to a total depth of 28,989 feet and encountered approximately 389 net feet of oil saturated Miocene-aged sands. We and our partner decided to deepen the Friesian #2 an additional 3,500 feet to 32,500 feet true vertical

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depth to test additional sands. Additionally, early stage commercialization initiatives for Freisian production are under study with multiple parties to target initial production by 2012.

During 2009, we plan to participate in development wells and select exploration wells in the Gulf of Mexico, including drilling an exploration well on the Salida prospect with Shell Offshore Inc.

International

Vietnam. In November 2007, we acquired Pogo Producing Company, or Pogo, which had entered into a production sharing contract with PetroVietnam, the state oil company of Vietnam. Our interest in Block 124 covers approximately 1,480,000 gross acres offshore central Vietnam. We have completed the interpretation of approximately 850 square kilometers of 3-D seismic data, and in 2009, we plan to drill two exploratory wells. The first well is expected to commence during the first half of 2009.

Onshore California

Los Angeles Basin. We hold a 100% working interest in the majority of our Los Angeles Basin properties, including Inglewood, Las Cienegas, Montebello, Packard and San Vicente. The LA Basin properties are characterized by light crude (18 to 29 degree API gravity), have well depths ranging from 2,000 feet to over 10,000 feet and include both primary production and mature waterfloods where producing wells have high water cuts.

San Joaquin Basin. Our San Joaquin Basin properties are primarily in the Cymric, Midway Sunset and South Belridge Fields. These are long-lived fields that have heavier oil (12 to 16 degree API gravity) and shallow wells (generally less than 2,000 feet) that require enhanced oil recovery techniques, including steam injection, and produce with high water cuts.

During 2009, we plan to continue developing these long-lived reserve properties focusing on capital investment projects that provide the best returns under the current low commodity price and high service cost environment as well as targeting production cost reductions.

Other Onshore California. We hold a 100% working interest (94% net revenue interest) in the Arroyo Grande Field located in San Luis Obispo County, California. This is a long-lived field that has heavier oil (12 to 16 degree API gravity) and well depths averaging 1,700 feet and requires continuous steam injection.

We recently obtained permits to construct a water reclamation and treatment facility to improve operating efficiencies for oil recovery activities. The new facility will accelerate field development and production growth. We have elected to delay construction as a result of the current low commodity price and high service cost environment and plan to focus our capital on higher return projects. We plan to continue our drilling efforts within the Arroyo Grande Field in 2009 to increase the efficiency of the recovery process, but at a reduced rate.

Offshore California

Point Arguello. We hold a 69.3% working interest (58% net revenue interest) in the Point Arguello Unit and the various partnerships owning the related transportation, processing and marketing infrastructure. Much of the activity on this property in 2009 will concentrate on maintaining production.

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Point Pedernales. We hold a 100% working interest (83% net revenue interest) in the Pt. Pedernales Field, which includes one platform that is utilized to exploit the Federal OCS Monterey Reservoir by extended reach directional wells and support facilities which lie within the onshore Lompoc Field. Much of the activity on this property in 2009 will concentrate on maintaining production.

Mid-Continent Region

We have interests in oil and gas properties on approximately 532,292 gross leasehold acres with 715 square miles of 3-D seismic located in Texas and Oklahoma.

Development activities are concentrated in the Courson Ranch area located primarily in Roberts and Hutchinson Counties in Texas as well as in the Wheeler and Marvin Lake Prospects in Wheeler and Hemphill Counties in Texas. The structural and stratigraphic objectives include Cleveland Sands, Mississippian carbonates, Granite and Atoka Wash, found at varying depths.

Exploration opportunities of various stratigraphic and structural plays have been identified in the Mid-Continent Region on a concentration of ranches principally located in Roberts and Hutchinson Counties.

In 2009, we plan to concentrate our development drilling on the Wheeler and Marvin Lake Prospects as well as additional exploration drilling at the Courson and Turkey Track Ranches at a reduced rate, and have targeted production cost reductions.

Rocky Mountains

Wind River Basin. We own a 14% working interest in the Madden Unit and Lost Cabin Gas Plant located in central Wyoming. The Madden Unit is a federal unit operated by a third party and consists of approximately 64,104 gross acres in the Wind River Basin. The Madden Unit is characterized by gas production from multiple stratigraphic horizons of the Lower Fort Union, Lance, Mesaverde and Cody sands and the Madison Dolomite. Production from the Madden Unit is typically found at depths ranging from 5,500 to 25,000 feet. Some of the gas produced from the Madden Unit requires processing at the Lost Cabin Gas Plant to remove high concentrations of carbon dioxide and sulfur. We will continue to target, among other objectives, the Lower Fort Union Sands in 2009.

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The offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section of this document entitled Description of notes. For purposes of this section of the summary and the description of notes included in this prospectus supplement, references to Plains, PXP, issuer, us, we and our refer only to Plains Exploration & Production Company and do not include its subsidiaries.

Issuer Plains Exploration & Production Company.

Securities $ aggregate principal amount of 10% senior notes due 2016. The notes are being offered as additional notes under an indenture, as supplemented by a supplemental indenture, pursuant to which we issued $365,000,000 principal amount of our 10% senior notes due 2016 on March 6, 2009. The notes offered hereby and those previously issued notes will be treated as a single class of debt securities under the indenture, as supplemented by the supplemental indenture.

Maturity March 1, 2016.

Interest payment dates March 1 and September 1 of each year, beginning on September 1, 2009. Interest will accrue from March 6, 2009.

Optional redemption We may, at our option, redeem all or part of the notes at a make-whole price at any time prior to March 1, 2013.

On or after such date, we may redeem notes at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption, as described under Description of notes Optional redemption.

In addition, prior to March 1, 2012, we may, at our option, redeem up to 35% of the notes with the proceeds of certain equity offerings.

Ranking The notes will be our general unsecured, senior obligations. Accordingly, they will rank:

- senior in right of payment to all of our existing and future subordinated indebtedness;
- *pari passu* in right of payment with any of our existing and future unsecured indebtedness that is not by its terms subordinated to the notes;
- effectively junior to our existing and future secured indebtedness, including indebtedness under our senior revolving credit facility, to the extent of the value of our assets constituting collateral securing that indebtedness; and

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structurally subordinate to all existing and future indebtedness and other liabilities (other than indebtedness and liabilities owed to us) of our non-guarantor subsidiaries.

As of December 31, 2008, on an as adjusted basis after giving effect to (i) the hedge monetization and the use of approximately $1.1 billion in net proceeds thereof to repay borrowings outstanding under our senior revolving credit facility, (ii) our March 6, 2009 issuance and sale of $365 million of notes and the application of the net proceeds thereof to reduce indebtedness under our senior revolving credit facility and for general corporate purposes, and (iii) the issuance and sale of the notes and the application of the net proceeds thereof as set forth under Use of proceeds, we would have had total indebtedness of approximately $ billion (none of which would have been secured), excluding approximately $1.0 million in letters of credit outstanding under our senior revolving credit facility.

Subsidiary guarantees The notes initially will be jointly and severally guaranteed on a senior unsecured basis by some of our existing domestic subsidiaries. In the future, the guarantees may be released or terminated under certain circumstances. Each subsidiary guarantee will be a general unsecured obligation of the subsidiary guarantor and will rank:

- senior in right of payment to all existing and future subordinated indebtedness of that subsidiary guarantor;

- *pari passu* in right of payment to all existing and future senior unsecured indebtedness of that subsidiary guarantor; and

- effectively junior to that subsidiary guarantor s existing and future secured indebtedness, including its guarantee of indebtedness under our senior revolving credit facility, to the extent of the value of the assets of such subsidiary guarantor constituting collateral securing that indebtedness.

Not all of our subsidiaries will guarantee the notes.

Covenants The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of our restricted subsidiaries to:

- incur additional debt;

- make certain investments or pay dividends or distributions on our capital stock or purchase or redeem or retire capital stock;

- sell assets, including capital stock of our restricted subsidiaries;

- restrict dividends or other payments by restricted subsidiaries;

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- create liens that secure debt;
- enter into transactions with affiliates; and
- merge or consolidate with another company.

These covenants are subject to a number of important limitations and exceptions that are described later in this prospectus supplement under the caption Description of notes Covenants.

Change of control offer	If we experience certain kinds of changes of control coupled with a ratings downgrade, we must give holders of the notes the opportunity to sell us their notes at 101% of their principal amount, plus accrued and unpaid interest. However, in such an event, we might not be able to pay you the required repurchase price for the notes you present to us because we might not have sufficient funds available at that time, or the terms of our bank credit agreement may prevent us from applying funds to repurchase the notes.
Original issue discount	The notes will be issued with original issue discount, or OID, for U.S. federal income tax purposes, and United States holders (as defined below) will be required to include OID in gross income for U.S. federal income tax purposes in advance of the receipt of cash attributable to that income. See United States federal income tax considerations.
Use of proceeds	We will receive net proceeds from this offering of approximately $ million, after deducting the underwriting discount, OID and estimated offering expenses. We intend to use the net proceeds from this offering for general corporate purposes, including future capital expenditures.
Form	The notes will be represented by registered global securities registered in the name of Cede & Co., the nominee of the depositary, The Depository Trust Company, or DTC. Beneficial interests in the notes will be shown on, and transfers will be effected through, records maintained by DTC and its participants.
Risk factors	See Risk factors for a discussion of the risk factors you should carefully consider before deciding to invest in the notes.

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Summary historical consolidated financial data

The following table sets forth selected consolidated historical financial information that has been derived from our audited statements of income and cash flows for each of the years ended December 31, 2006, 2007 and 2008 and our audited balance sheets as of December 31, 2006, 2007 and 2008.

You should read this financial information in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2008, as well as our historical financial statements and notes thereto which are incorporated by reference into this document. Historical results are not necessarily indicative of results that may be expected for any future period.

	Year ended December 31,		
(Dollars in thousands)	**2006(1)**	**2007(2)**	**2008(3)**
Income statement data:			
Revenues			
Oil and gas sales	$1,016,046	$1,269,792	$2,386,563
Other operating revenues	2,457	3,048	16,908
	1,018,503	1,272,840	2,403,471
Costs and expenses			
Production costs	313,125	413,122	626,428
General and administrative	123,134	124,006	153,306
Depreciation, depletion, amortization and accretion	216,782	316,078	621,484
Impairment of oil and gas properties(4)			3,629,666
Gain on sale of oil and gas properties	(982,988)		
	(329,947)	853,206	5,030,884
Income (loss) from operations	1,348,450	419,634	(2,627,413)
Other income (expense)			
Gain on sale of assets			65,689
Interest expense	(64,675)	(68,908)	(116,991)
Debt extinguishment costs	(45,063)		(18,256)
Gain (loss) on mark-to-market derivative contracts(5)	(297,503)	(88,549)	1,555,917
Gain on termination of merger agreement	37,902		
Other income (expense)	5,496	6,322	(12,575)
Income (loss) before income taxes and cumulative effect of accounting change	984,607	268,499	(1,153,629)
Income tax (expense) benefit	(384,897)	(109,748)	444,535
Income (loss) before cumulative effect of accounting change	599,710	158,751	(709,094)
Cumulative effect of accounting change	(2,182)		
Net income (loss)	$597,528	$158,751	$(709,094)

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(Dollars in thousands)	Year ended December 31, 2006(1)	2007(2)	2008(3)
Other financial data:			
Net cash provided by operating activities	$ 674,981	$ 588,112	$1,371,409
Net cash provided by (used in) investing activities	811,999	(2,243,137)	(227,790)
Net cash (used in) provided by financing activities	(1,487,633)	1,679,572	(857,190)
EBITDA(6)	$ 1,254,273	$ 643,685	$ (428,190)
Ratio of earnings to fixed charges(7)	13.8	3.1	(8)

	Year ended December 31, 2006	2007	2008
Balance sheet data:			
Cash and cash equivalents	$ 899	$ 25,446	$ 311,875
Total assets	2,463,228	9,693,351	7,111,915
Total liabilities	1,332,545	6,355,104	4,734,635
Total equity	1,130,683	3,338,247	2,377,280

(1) Historical results for 2006 reflect the results from the oil and gas properties sold to subsidiaries of Occidental Petroleum Corporation through the closing date in September 2006.

(2) Historical results for 2007 include our acquisition of Pogo Producing Company effective November 6, 2007 and the Piceance Basin properties effective May 31, 2007.

(3) Reflects the February 2008 divestiture of 50% of our working interests in the Piceance and Permian Basins and of all of our interests in the San Juan Basin and Barnett Shale, the April 2008 acquisition of the South Texas properties and the December 2008 divestiture of the remainder of our interests in the Piceance and Permian Basins.

(4) We are required to perform a full cost ceiling test each quarter. At December 31, 2008, our capitalized costs of oil and gas properties exceeded the ceiling based on average year-end realized prices of $31.75 per Bbl for oil and $5.50 per Mcf for natural gas, and we recorded an impairment of oil and gas properties. Year-end NYMEX prices were $44.60 per Bbl for oil and $5.71 per Mcf for natural gas.