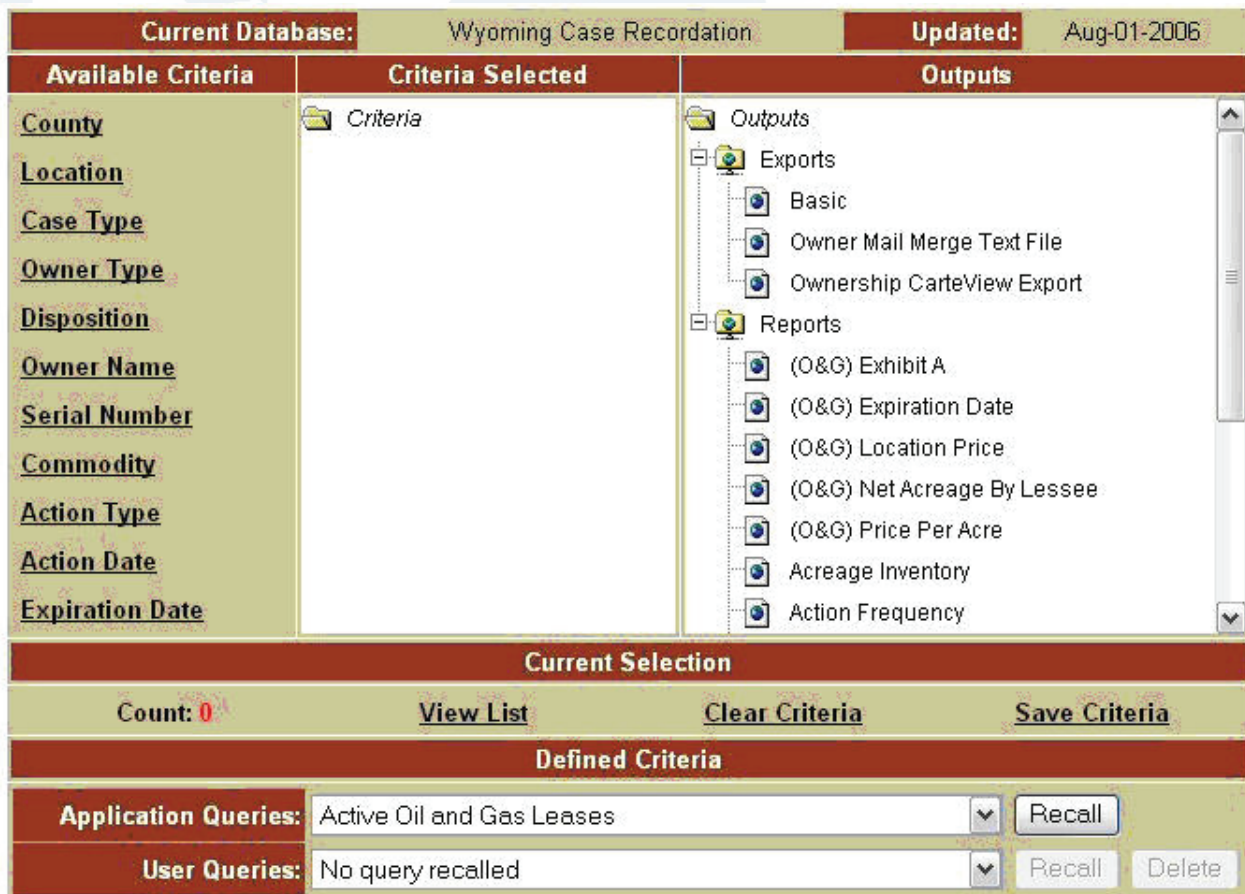


Acquisitions, Mergers, Federal Lease Acreage and Chargeability

Follow these steps to determine the combined lease acreage of multiple companies due to mergers or acquisitions relative to chargeability issues:

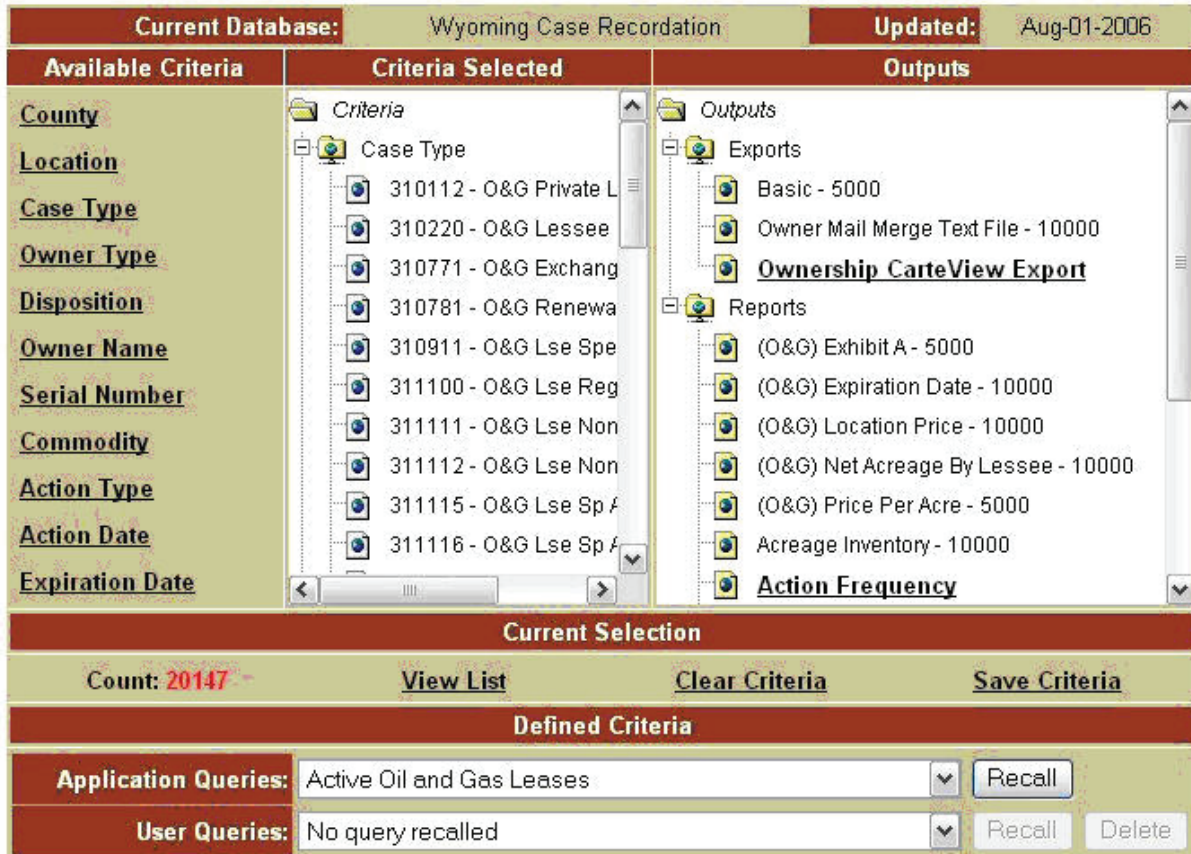
1. Access PDS Studio.
2. Select BLM Case Recordation from the PDS Studio Applications menu.
3. Select Wyoming Case Recordation from the BLM Case Recordation menu.
4. Under application queries, select Active Oil and Gas Leases, as shown below:



Current Database: Wyoming Case Recordation		Updated: Aug-01-2006
Available Criteria	Criteria Selected	Outputs
<u>County</u> <u>Location</u> <u>Case Type</u> <u>Owner Type</u> <u>Disposition</u> <u>Owner Name</u> <u>Serial Number</u> <u>Commodity</u> <u>Action Type</u> <u>Action Date</u> <u>Expiration Date</u>	Criteria	Exports Basic Owner Mail Merge Text File Ownership CarteView Export Reports (O&G) Exhibit A (O&G) Expiration Date (O&G) Location Price (O&G) Net Acreage By Lessee (O&G) Price Per Acre Acreage Inventory Action Frequency
Current Selection		
Count: 0	View List	Clear Criteria Save Criteria
Defined Criteria		
Application Queries:	Active Oil and Gas Leases	Recall
User Queries:	No query recalled	Recall Delete

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

5. Click Recall, which results in the following screen:



The screenshot shows the PDS Studio interface with the following details:

- Current Database:** Wyoming Case Recordation
- Updated:** Aug-01-2006
- Available Criteria:** County, Location, Case Type, Owner Type, Disposition, Owner Name, Serial Number, Commodity, Action Type, Action Date, Expiration Date.
- Criteria Selected:** A tree view showing 'Case Type' expanded with several sub-items like '310112 - O&G Private L', '310220 - O&G Lessee', etc.
- Outputs:** A list of output options including 'Basic - 5000', 'Ownership CarteView Export', and 'Action Frequency'.
- Current Selection:** Count: 20147. Buttons: View List, Clear Criteria, Save Criteria.
- Defined Criteria:** Application Queries: Active Oil and Gas Leases. User Queries: No query recalled. Buttons: Recall, Delete.

6. Select Owner Name, as shown below:



The dialog box titled "Owner" contains a text input field and two buttons: "Apply" and "Clear".

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

7. For this example we'll use the much publicized acquisition of Kerr McGee and Western Gas Resources by Anadarko Petroleum. To find all the leases where Anadarko has record title ownership once the acquisitions are completed, we'll need to type in Anadarko, Western Gas, Kerr McGee, their associated affiliates and previously acquired companies. In this example, type in the following:

Anadarko% or RME% or Union Pacific% or Western Gas% or Lance% or Kerr M% or Westport%

Remember to abbreviate each name slightly and use the percent sign as a wildcard. Separate each name with the word "or". The owner name field should now look like this:



8. Click Apply.

The results of the query indicates 2,128 leases at this time that list one of the companies as a record title holder. To find out the total number of acres, select Acreage Inventory under Reports, as shown below:



Type in a title if desired and click Continue.

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

9. Under Completed Outputs and under Description, click on the bold and underlined Acreage Inventory report to view the report. Scroll down to the bottom of the report and you'll see that the 2,128 leases account for 1,752,888.40 total acres.

Click the Back button to return to the Completed Outputs pages.

Click on Case Recordation Home to return to the Criteria Selection Page.

10. To determine the relative acreage amount under lease by Anadarko and its affiliates, select the Net Acreage Report under Outputs. You can select the PDF format or the CSV Format if you want to view the data in Excel. Click Continue.
11. Under Complete Outputs and under Description, click on the bold and underlined Net Acreage report to view the report.

The Net Acreage Report will list all owners alphabetically that have record title ownership in the leases owned in part by Anadarko or one of the other companies we previously selected. The results are as follows:

Company Name	Gross Acreage	Net Acreage
Anadarko E & P Co. L.P.	415,356	355,345
Anadarko Minerals	160	80
Anadarko Petroleum Corp.	84,882	51,450
Kerr McGee Corp.	20,647	1,615
Kerr McGee O&G Onshore L.P.	565,451	143,859
Kerr McGee Rocky MTN Corp.	165,770	96,695
Lance O&G Co Inc.	491,307	267,862
RME Oil & Gas Co	9,322	414
Western Gas Resources Inc	12,344	11,237
Westport Oil and Gas Co LP	2,744	235
Total	1,767,983	928,792

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

Remember, this is record title acres. Please note that on some leases where the record title ownership is complicated, the present interest is zero, thus the net acreage is zero. These numbers are for relative acreage amounts and are not the exact acreage amounts.

Per the Wyoming BLM Lease Sale Announcement:

Federal acreage limitations; Qualified individuals, associations, or corporations may only participate in a competitive lease sale and purchase of Federal oil and gas leases from this office if such purchase will not result in exceeding the State limit of 246,080 acres of public domain lands and 246,080 acres of acquired lands (30 U.S.C. 184 (d)). For the purpose of chargeable acreage limitations, you are charged with your proportionate share of the lease acreage holdings of partnerships or corporations in which you own an interest greater than 10 percent. Lease acreage committed to a unit agreement, communitization agreement or development contract that you hold, own or control and acreage in leases for which royalty (including compensatory royalty or royalty-in-kind) was paid in the preceding calendar year is excluded from chargeability for acreage limitation purposes.

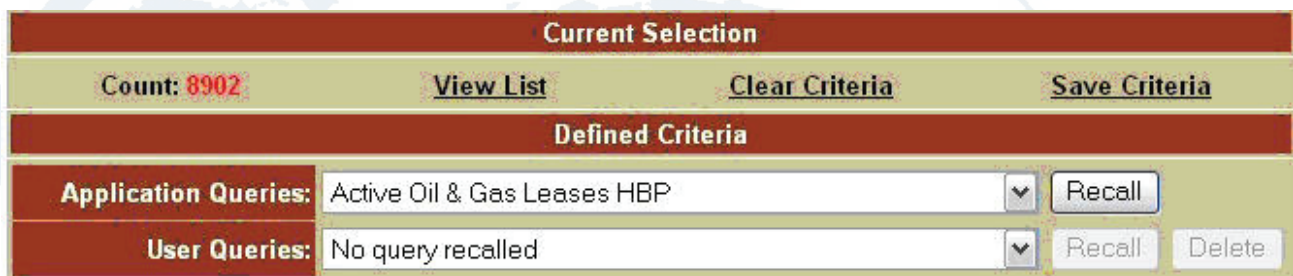
The acreage limitations and certification requirements apply for competitive oil and gas lease sales, non competitive lease offers, transfer of interest by assignment of record title or operating rights, and options to acquire interest in leases regardless of whether an individual, association, or corporation has received, under 43 CFR 3101.2-4 additional time to divest excess acreage acquired through merger or acquisition.

(First we could determine if the leases are public domain versus acquired lands. We can do this by selecting Case type and moving all the oil and gas lease types except those that end in Acq or Ac back to the left by holding the control key down and highlighting all the non Acq or Ac lease types and then clicking the single arrow pointing to the left. Upon clicking the continue button we see that only four leases are acquired lands so for this example we'll ignore acquire lands and assume they are all public domain lands.)

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

Let's determine how many acres have been committed to units or communitization agreements. Let's also view all the leases that are held by production which in theory indicates that royalties are being paid.

1. Return to the Case Recordation Home page. Under Current Selection click on Clear Selection to start a new query.
2. Under Application Queries, click Active Oil and Gas Lease HBP, as shown in the following screen. Click Recall.



Current Selection	
Count: 8902	View List Clear Criteria Save Criteria
Defined Criteria	
Application Queries: Active Oil & Gas Leases HBP	<input type="button" value="Recall"/>
User Queries: No query recalled	<input type="button" value="Recall"/> <input type="button" value="Delete"/>

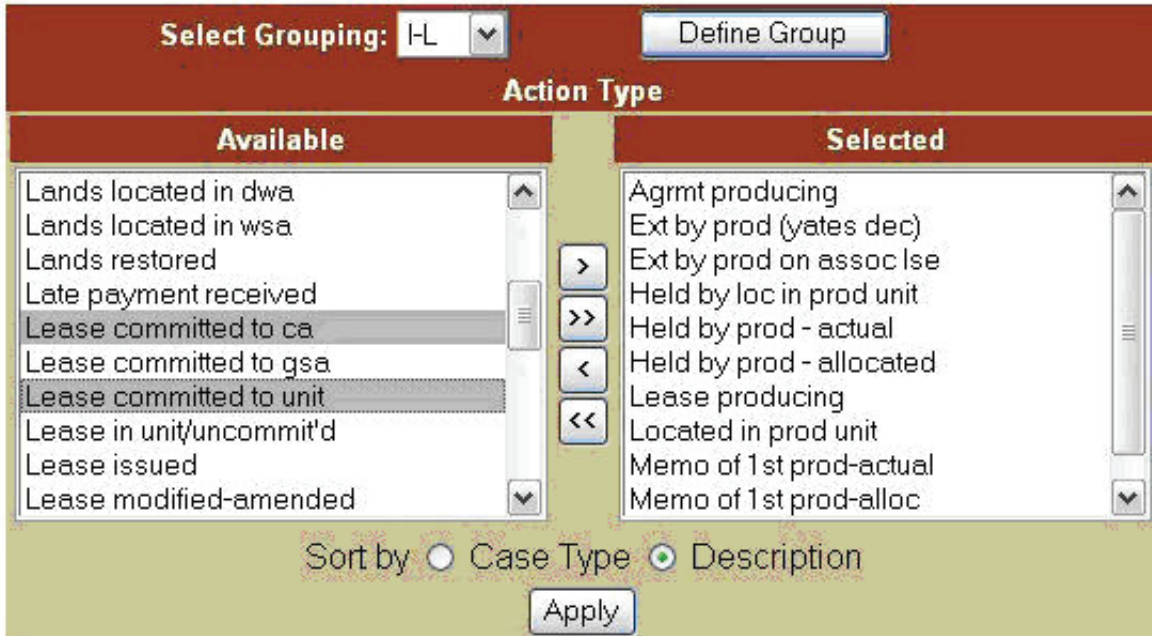
3. Under Available Criteria, click on the owner name and retype Anadarko and the associated companies, as follows:
Anadarko% or RME% or Union Pacific% or Western Gas% or Lance% or Kerr M% or Westport%
4. Click Apply.

The query results indicate that 1,013 of the 2,128 leases are held by production.

To include leases that have been committed to a unit or communitization agreement, click on Action Type under Available Criteria.

5. To sort, click on the radial button for Description.
6. Under the Selecting Group, drop down the menu and select I-L.
7. Holding down the Ctrl key, scroll down to Lease committed to ca, click, and then to Lease committed to unit, and click again. This action is shown in the screen at the top of the next page.

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)



Select Grouping: HL

Action Type

Available		Selected
Lands located in dwa		Agrmt producing
Lands located in wsa		Ext by prod (yates dec)
Lands restored		Ext by prod on assoc lse
Late payment received		Held by loc in prod unit
Lease committed to ca	<input type="button" value=">"/>	Held by prod - actual
Lease committed to gsa	<input type="button" value=">>"/>	Held by prod - allocated
Lease committed to unit	<input type="button" value="<"/>	Lease producing
Lease in unit/uncommit'd	<input type="button" value="<<"/>	Located in prod unit
Lease issued		Memo of 1st prod-actual
Lease modified-amended		Memo of 1st prod-alloc

Sort by Case Type Description

- Click the single arrow pointing to the right to add the action types to all the various actions indicating that the lease is HBP.
- Click Apply.

The query results indicate that 1,338 leases are held by production or have been committed to a unit or communitization agreement.

Keep in mind that these are not exact numbers, because a lease can be uncommitted to a unit or communitization agreement and a lease may no longer be held by production. These numbers are relative in size.

We can again create a net acreage report to see how many gross and net acres by company this affects. The resulting table is shown at the top of the next page.

Acquisitions, Mergers, Federal Lease Acreage and Chargeability (cont.)

Company Name	Gross Acreage	Net Acreage
Anadarko E & P Co L.P.	178,749	124,355
Anadarko Minerals	160	80
Anadarko Petroleum Corp	75,830	44,842
Kerr McGee Corp	20,647	1,615
Kerr McGee O&G Onshore L.P.	370,435	82,144
Kerr McGee Rocky MTN Corp	52,738	22,413
Lance O&G Co Inc	312,162	169,045
RME Oil & Gas Co	9,322	414
Western Gas Resources Inc	11,904	10,797
Westport Oil & Gas Co LP	2,744	235
Total	1,034,691	455,940

By subtracting the net acres of the leases committed to a unit or ca or held by production (455,940) from the total net acres under lease (928,792) you come up with 472,852 acres.

A number of assumptions and omissions have been taken into account in this calculation. These numbers are for general purposes only. Since the BLM does not adjudicate operating rights, we cannot take them into consideration. We are assuming that the company names used in the query are correct without any omissions of additional affiliates. We have not taken into account leases covered under a development contract. Leases where percent interest is listed as zero due to complex record title ownership affects the net acreage amounts. We've made the assumption that if a lease is indicated to be held by production, then royalties are being paid and if a lease has been committed to a unit or ca then it has not been uncommitted.

A resource for corporate name change and mergers is:

<http://www.wy.blm.gov/corplist/w.htm>