

Dave Boreum, Yates Ver
505-748-4585

Avalon Voting Approaches

Philosophy

- Exxon agrees that some significant level of WI should agree with ballots for them to be approved.
 - Yates Petroleum agrees that they should not have veto power under current ownership or the future (with considerations of acquisitions and potential for WIO's to go non-consent)
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Recommended Procedure

The following voting procedure is recommended to meet the philosophy above.

- Approval = Largest Owner + 20% of (Unit WI less Yates & Exxon), unless...
 - there are < 6 non-Yates, non-Exxon owners; then largest owner can approve
Note: Approval = Exxon plus 2.81% under current ownership (76.73%)
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Alternate Procedure

The following voting procedure can also meet the philosophy above.

- Approval = 76.7 %, unless
 - Exxon > 76.7 % or Yates > 19%; then largest owner plus 3 consenting WIOs approve, unless
 - there are < 6 non-Yates, non-Exxon owners; then largest owner can approve
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Procedure Clarifications

The following clarifications are provided to clarify the 2 above procedures.

- Yates: The WI of the 7 companies with Avalon WI affiliated with Yates Petroleum Company
 - If 1 or more of the Yates 7 companies and/or another Yates Petroleum affiliate acquires additional WI, then this WI is added to Yates WI
 - Non-consent WI will be added to the voting WI of the WIOs who carry them
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Avalon Voting Approach, Continued

Largest WIOs The largest WIO voting groups are listed below in Columns 1 & 2.

Column 3 shows Cumulative WIO (excluding Yates, ANPC, and 2 Hudsons); where Ard, Premier, and Chevron/PBC with Exxon would exceed 76.5%.

Column 4 shows Cumulative WIO (excluding Yates, ANPC, and 2 Hudsons); where Tipperary, Whiting, MWJ, Devons, and Chevron/PBC would exceed 76.5%.

| 1. WIO | 2. % | 3. Cumulative w/o Yates, ANPC, Hudson (large to small) | 4. Cumulative w/o Yates, ANPC, Hudson (small to large) |
|-----------------|-------|---|---|
| Exxon | 73.92 | 73.92 | 73.92 |
| Yates et al | 12.01 | | |
| ANPC | 4.65 | | |
| Hudsons(2) | 2.71 | | |
| 1. Ard | 1.36 | 75.28 | 79.59 |
| 2. Premier | 1.02 | 76.30 | 78.23 |
| 3. Chevron/ PBC | 0.90 | 77.20 | 77.21 |
| 4. Devon(2) | 0.76 | 77.96 | 76.31 |
| 5. MWJ | 0.59 | 78.55 | 75.55 |
| 6. Whiting | 0.52 | 79.07 | 74.96 |
| 7. Tipperary | 0.52 | 79.59 | 74.44 |
| 30 others | 1.04 | | |

The table below shows WIO needed for various approval %. The rationale for needing 76.5% is that 3 of 7 largest OR 5 of 7 smallest are needed to make 76.5%.

| Approval % | WIO needed large to small | WIO needed small to large |
|------------|------------------------------|------------------------------|
| 75 | 1 | 5,6,7 |
| 75.5 | 1,2 | 5,6,7 |
| 76 | 1,2 | 4,5,6,7 |
| 76.5 | 1,2,3 | 3,4,5,6,7 |
| 77 | 1,2,3 | 3,4,5,6,7 |
| 77.5 | 1,2,3,4 | 2,3,4,5,6,7 |
| 78 | 1,2,3,4,5 | 2,3,4,5,6,7 |