

Avalon Working Interest Owners Meeting Summary, June 17, 1994

Issue	Companies Originating Issue	Company Rationale	Exxon Rationale	Solutions and Next Steps
Withdrawal from Unit	Premier	Disagree with other WIO reservoir interpretations		<ul style="list-style-type: none"> Remap unit boundaries to exclude Premier acreage [all agree]
Participation Formula	<ul style="list-style-type: none"> Yates Petroleum Company American National Petroleum (ANPC) 		<p>20% is based on risks associated with CO₂ Project. Capital cost reduction is water injection phase related and much is a result of minimizing preinvestment in CO₂ phase.</p>	<ul style="list-style-type: none"> Yates: Will propose single phase formula and possibly 2 phase formula acceptable to Yates ANPC: Prefer single phase formula, but don't need to include outer ring now (can live with including it) Yates: Suggest using Discount Factor lower than 20%, and start date of 1/1/95
Voting Percentage	<ul style="list-style-type: none"> Yates Petroleum Company American National Petroleum (ANPC) 	<p>75% too low. Large Exxon interest.</p> <p>Should be in 85-90% range, or have some combination of 2nd, 3rd, or 4th largest owners.</p>	<p>75% plus one gave others control during CO₂ phase and Exxon control during water injection phase.</p>	<ul style="list-style-type: none"> Yates: Large minority interests should be able to preclude projects they don't like, suggest combination of 2nd-4th largest owners for approvals ANPC: Would prefer 90% approval requirement Exxon: Would prefer to focus on % requirements rather than number of WIO's All Agree: Wait until participation is finalized to review percentage requirements
After Payout (APO)	Yates Petroleum Company	Yates won't have 3 of 5 wells paid out with intangible portion of investment equalization.	Necessary to determine voting percentage and disposition of funds. Exxon perceived administrative burden to be large; therefore, unfair to impose on other WIO's.	<ul style="list-style-type: none"> Yates: Wishes to maintain status of non-consent parties that have not paid out Yates: If assume status, consider using bpo rather than apo ownership Exxon: Status of non-consent interests must be resolved among parties Yates will research payout status further
Withdrawal from Unit / Overrides	W.A. & E.R. Hudson	Makes withdrawal subject to other WIO. Withdrawing party loses interest.	Exxon has experienced unfair cost burdens elsewhere from high override percentages. Offers other WIO's some protection.	<ul style="list-style-type: none"> Peunzoil: Appears that Hudson not affected, only other interests in tract Exxon: No action planned unless needs are defined further