POGO PRODUCING CO LLC
Form 424B3
November 16, 2011
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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.

Filed pursuant to Rule 424(b)3
Registration No. 333-165263

Subject to completion, dated November 16, 2011

Preliminary prospectus supplement

To prospectus dated March 5, 2010

PXP

Plains Exploration & Production Company

$500,000,000

% Senior Notes due 2022

Interest will be payable on the notes on and of each year. The notes will mature on , 2022. Interest on the notes will accrue from , 2011, and the first interest payment on the notes will be due on , 2012.

We may redeem all or part of the notes on or after , 2017 at the applicable redemption prices described in this prospectus supplement and prior to such date at a make-whole redemption price, in each case, together with any accrued and unpaid interest to the date of redemption. The redemption provisions are more fully described in this prospectus supplement under Description of notes Optional redemption. In addition, prior to , 2015, 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 the value of the collateral securing that indebtedness. 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-18 of this prospectus supplement and on 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.

	Per note	Total
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest, if any, from November , 2011 if settlement occurs after that date. Excludes expenses directly associated with the offering.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. Delivery of the notes, in book-entry form, will be made on or about November , 2011 through The Depository Trust Company.

Joint book-running managers

J.P. Morgan **Barclays Capital**
BMO Capital Markets **Citigroup**
RBC Capital Markets **Wells Fargo Securities**

Senior co-managers

BNP PARIBAS **Goldman, Sachs & Co.**
ING **Lloyds Securities** **Scotia Capital** **TD Securities**
Capital One Southcoast **RBS**

Co-managers

Comerica Securities **Mitsubishi UFJ Securities** **Morgan Stanley**
UBS Investment Bank **US Bancorp**

The date of this prospectus supplement is November , 2011.

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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 underwriters have 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 underwriters are 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 and our ref 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 it, 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, 2010;
- our Quarterly Reports on Form 10-Q and Form 10-Q/A for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011;
- our Current Reports on Form 8-K filed on January 6, 2011, March 29, 2011, May 5, 2011, May 9, 2011, September 16, 2011, November 2, 2011 and November 16, 2011; 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, 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.

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All forward-looking statements in this prospectus supplement are made as of the date hereof, and you should not place undue reliance on these statements without also considering the risks and uncertainties associated with these statements and our business that are discussed in this prospectus supplement, the accompanying prospectus and our other filings with the SEC. 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 may be influenced by factors that could cause actual outcomes and results to be materially different from those projected.

Except as required by law, 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-looki 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 completion of the pending tender offers;

the completion of the proposed asset sales;

the availability (or lack thereof) of capital to fund our business strategy and/or operations;

the completion of the deepwater Gulf of Mexico financing;

the impact of current and future laws and governmental regulations, including those related to climate change;

the effects of future laws and governmental regulation that result from the Macondo accident and oil spill in the U.S. Gulf of Mexico;

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- the value of the common stock of McMoRan Exploration Co., or McMoRan, and our ability to dispose of those shares;

- 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 herein and therein for a more complete understanding of this offering. You should read Risk factors beginning on page S-18 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 defined certain oil and gas industry terms used in this document in the Glossary of oil and gas terms beginning on page S-104 of this prospectus supplement. Except in the Description of notes and unless otherwise indicated or the context requires otherwise, references to Plains, PXP, we, us and our mean Plains Exploration & Production Company together with its subsidiaries.

Plains Exploration & Production Company

We are an independent energy company engaged in the upstream oil and gas business. The upstream business acquires, develops, explores for and produces oil and gas. Our upstream activities are located in the United States. We own oil and gas properties with principal operations in:

- Onshore California;
- Offshore California;
- the Gulf Coast Region;
- the Gulf of Mexico; 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. We believe our balanced portfolio of assets 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, including our California, Haynesville Shale, Eagle Ford Shale and Gulf of Mexico plays.

Our assets include 51.0 million shares of McMoRan common stock, which constitutes approximately 31.6% of their outstanding common stock as of September 30, 2011.

As of December 31, 2010, including our properties subject to the proposed asset sales described below, we had estimated proved reserves of 416.1 million barrels of oil equivalent, of which 54% was comprised of oil and 57% was proved developed. As of that date, we had a total proved reserve life of approximately 13 years and a proved developed reserve life of approximately seven years. We believe our long-lived, low production decline reserve base, combined with our active risk management program, should provide us with relatively stable and recurring cash flow. As of December 31, 2010, and based on the twelve-month average of the first-day-of-the-month reference prices as adjusted for location and quality differentials, our reserves had a standardized measure of $3.1 billion.

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Our principal executive offices are located at 700 Milam, Suite 3100, Houston, Texas 77002, and our telephone number is (713) 579-6000.

Recent developments

Proposed asset sales

On November 3, 2011, we agreed to sell all of our working interests in our Panhandle properties to an affiliate of Linn Energy, LLC for $600 million. Our aggregate working interest in these properties generated total sales volumes of approximately 84 MMcfe per day during the third quarter of 2011 and had 263 Bcfe of estimated proved reserves as of December 31, 2010. This transaction is expected to close in December 2011. We refer to this transaction in this prospectus supplement as the Panhandle Transaction.

On November 3, 2011, we agreed to sell all of our working interests in our conventional natural gas South Texas properties to a third party for $185 million. Our aggregate working interest in these properties generated total sales volumes of approximately 39 MMcfe per day during the third quarter of 2011 and had 120 Bcfe of estimated proved reserves as of December 31, 2010. This transaction is expected to close in December 2011.

We anticipate requesting an amendment from our bank group under our senior revolving credit facility to maintain the existing $1.8 billion borrowing base after taking into effect the proposed asset sales.

We cannot assure you that we will be able to complete the asset sales described above or obtain the amendment to our senior revolving credit facility.

Deepwater Gulf of Mexico

On October 28, 2011, we entered into a securities purchase agreement with affiliates of EIG Global Energy Partners, or EIG, pursuant to which we will receive $450 million of cash proceeds in exchange for a 20% equity interest in Plains Offshore Operations Inc., which we refer to as POI or Plains Offshore, a wholly owned subsidiary of PXP. Plains Offshore will hold all of our Gulf of Mexico assets. We expect to use the proceeds from this transaction to fund Plains Offshore s share of capital investment in the Lucius oil field and the Phobos prospect exploratory drilling planned for 2012. Under the agreement, Plains Offshore will issue to EIG-managed funds and accounts 450,000 shares of 8% convertible preferred stock and non-detachable warrants to purchase an aggregate of 9,121,000 shares of Plains Offshore s common stock with an exercise price of $20 per share. The 8% convertible preferred stock will pay quarterly cash dividends of 6% per annum and an additional 2% per annum dividend, which may be deferred and accumulated quarterly until paid. This transaction is subject to customary closing conditions and is expected to close in November 2011.

Effective June 1, 2011, we joined the Lucius and Hadrian working interest partners and executed a unit participation and unit operating agreement with respect to the Lucius field, located in the deepwater U.S. Gulf of Mexico. As part of the agreements, we have agreed to share in our portion of certain long lead equipment orders and detailed engineering work and have a commitment of approximately $334 million remaining under the development plan, with first production planned for the third quarter of 2014.

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In connection with the preferred stock private placement, Plains Offshore intends to enter into a $300 million senior revolving credit facility, or the POI senior credit facility, with a bank group. The POI senior credit facility will be guaranteed on a senior secured basis by PXP and certain of its subsidiaries and is expected to mature on the fifth anniversary of the closing date. The POI senior credit facility is not expected to be secured by Plains Offshore s assets, but Plains Offshore will be subject to certain affirmative and negative covenants, including restrictions on liens and incurring other indebtedness, as well as customary events of default, including a cross-default to our senior revolving credit facility.

We cannot assure you that we will be able to enter into the POI senior credit facility on these terms or at all.

Tender offers

On November 16, 2011, we announced fixed price tender offers for any and all of the $600 million outstanding principal amount of our 7 3/4% Senior Notes due 2015, or 2015 Notes, and up to $400 million outstanding principal amount of our 7% Senior Notes due 2017, or 2017 Notes. We plan to increase the outstanding principal amount of our 2017 Notes being redeemed from $400 million to $500 million after receipt of an amendment of our senior revolving credit facility from the lenders thereunder. We have offered to purchase the 2015 Notes for cash equal to 104.125% of the principal amount, together with accrued and unpaid interest up to but not including the purchase date. We have offered to purchase the 2017 Notes for cash equal to 104.5% of the principal amount, together with accrued and unpaid interest up to but not including the purchase date. The tender offers are scheduled to expire at 5:00 p.m., New York City time, on December 15, 2011, unless otherwise extended by us.

Our offers to purchase the 2015 Notes and the 2017 Notes are being made on the terms and subject to the conditions set forth in the Offers to Purchase dated November 16, 2011, and this prospectus supplement and the accompanying prospectus shall not be deemed to constitute part of the tender offers. The tender offers are conditioned upon, among other things, our having available sufficient financing to pay the consideration in connection with the tender offers on terms and conditions satisfactory to us in our sole discretion, including without limitation from this notes offering and the net proceeds from the proposed asset sales. This notes offering is not conditioned on the successful consumation of the tender offers.

If fully subscribed, we expect that the payments made in the tender offers will cost approximately $1.18 billion (including accrued and unpaid interest of approximately $30.1 million and other fees and expenses) and will result in a pre-tax charge to our net income of approximately $54.7 million. The tender offers are expected to be funded with borrowings under our senior revolving credit facility, cash on hand and proceeds from the proposed asset sales, as described in Use of proceeds. There is no assurance that the tender offers will be subscribed for in any amount.

Derivatives

In September 2011, we realigned our existing 2012 West Texas Intermediate, or WTI, crude oil put option spread contracts that had an $80 per barrel floor price with a $60 per barrel limit on 40,000 barrels of oil per day by acquiring 2012 Brent crude oil three-way collars that have a $100 per barrel floor price with an $80 per barrel limit and a weighted average ceiling price of

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$120 per barrel. The realignment eliminated $89.1 million of deferred premiums and interest associated with the previous 2012 WTI crude oil put option spread contracts. We also paid net upfront premiums of approximately $2.6 million to enter into the 2012 Brent three-way collars. In addition, we converted 40,000 of the 160,000 MMBtu per day 2012 natural gas put option spread contracts that had a $4.30 per MMBtu floor price with a $3.00 per MMBtu limit to natural gas three-way collars that have a $4.30 per MMBtu floor price with a $3.00 per MMBtu limit and a weighted average ceiling price of $4.86 per MMBtu and reduced 2012 deferred premiums and interest by approximately $4.1 million. We also acquired 2013 Brent crude oil put option spread contracts that have a $90 per barrel floor price with a $70 per barrel limit and weighted average deferred premium and interest of $6.237 per barrel on 22,000 barrels of oil per day.

Crude oil marketing contracts

In August 2011, we entered into a new marketing contract with ConocoPhillips, effective January 1, 2012, for our California crude oil production that covers approximately 90% of our expected California production, extends the dedication from January 1, 2015 to January 1, 2023 and replaces the percent of NYMEX index pricing mechanism with a market-based pricing approach. Separately, we executed an agreement with a third party purchaser to sell our Eagle Ford crude oil using a Light Louisiana Sweet based pricing mechanism. Due to these new marketing contracts, we expect oil price realizations on a significant portion of our crude oil production to increase relative to WTI beginning in 2012.

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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 & Prod Company and do not include its subsidiaries.

Issuer	Plains Exploration & Production Company.
Securities	$500,000,000 aggregate principal amount of % senior notes due 2022.
Maturity	, 2022.
Interest payment dates	Interest will be payable on the notes on and of each year, beginning on , 2012.
	Interest will accrue on the notes from , 2011.
Optional redemption	We may, at our option, redeem all or part of the notes at a make-whole price at any time prior to , 2017.
	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 , 2015, we may, at our option, redeem up to 35% of the notes with the proceeds of certain equity offerings at a fixed redemption price, plus accrued and unpaid interest, if any, to the date of redemption, as described under Description of notes Optional redemption.
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 and the POI senior 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 September 30, 2011, on a pro forma basis after giving effect to the following (the Transaction Adjustments):

the issuance and sale of the notes and the application of the proceeds thereof to repay borrowings under our senior revolving credit facility;

the completion of the deepwater Gulf of Mexico financing transactions;

the completion of the proposed asset sales;

the repurchase of any and all of the $600 million outstanding principal amount of our 2015 Notes and up to $400 million outstanding principal amount of our 2017 Notes pursuant to the tender offers with cash on hand, proceeds from the proposed asset sales and borrowings under our senior revolving credit facility;

the increase in the outstanding principal amount of our 2017 Notes we are offering to purchase from $400 million to $500 million after receipt of an amendment of our senior revolving credit facility from the lenders thereunder;

the maintenance of the borrowing base under our senior revolving credit facility at $1.8 billion after receipt of an amendment from the lenders thereunder; and

the execution and delivery of the POI senior credit facility, which is anticipated to be guaranteed by us and certain of our subsidiaries, with $300 million in commitments,

we would have had total indebtedness of approximately $3.1 billion ($323 million of which would have been secured), excluding approximately $1.2 million in letters of credit outstanding under our senior revolving credit facility, and we would have had approximately $1.1 billion and $300 million in additional secured borrowing capacity under our senior revolving credit facility and the POI senior credit facility, respectively.

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 will 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

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effectively junior to that subsidiary guarantor s existing and future secured indebtedness, including its guarantee of indebtedness under our senior revolving credit facility and the POI senior 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;
- 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.

Use of proceeds

We will receive net proceeds from this offering of approximately $ million, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds of this offering to repay amounts outstanding under our senior revolving credit facility and for general corporate purposes. We intend to use future borrowings under our senior revolving credit facility, together with cash on hand and cash received upon the completion of the proposed asset sales, to fund our pending tender offers and for

	general corporate purposes, which may include the redemption or repurchase of any of our 2015 Notes and our 2017 Notes not tendered in the tender offers.
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.
Conflicts of interest	An underwriter has communicated to us that it and its affiliates hold a significant amount of our 2015 Notes and our 2017 Notes; certain other underwriters or their affiliates also hold some of our 2015 Notes or 2017 Notes. In addition, affiliates of certain of the underwriters are lenders under our senior revolving credit facility and will receive a portion of the net proceeds from this offering through the repayment of the borrowings they have extended under our senior revolving credit facility. Because 5% or more of the net proceeds of this offering, not including underwriting compensation, may be paid to affiliates of certain of the underwriters, this offering will be made in accordance with Rule 5121 of the Financial Industry Regulatory Authority, or FINRA, which requires that a qualified independent underwriter, or QIU, participate in the preparation of this prospectus supplement and perform the usual standards of due diligence with respect thereto. Morgan Stanley & Co. LLC is assuming the responsibilities of acting as QIU in connection with this offering. We have agreed to indemnify Morgan Stanley & Co. LLC against certain liabilities incurred in connection with it acting as QIU in this offering, including liabilities under the Securities Act. For more information, see Underwriting; Conflicts of interest.

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Summary historical consolidated financial data

The following table sets forth summary historical consolidated financial information that has been derived from (a) our audited statements of income and cash flows for each of the years ended December 31, 2008, 2009 and 2010 and our audited balance sheets as of December 31, 2008, 2009 and 2010 and (b) unaudited statements of income and cash flows for each of the nine month periods ended September 30, 2010 and 2011 and our unaudited balance sheets as of September 30, 2010 and 2011.

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, 2010 and in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011, as well as our historical financial statements and notes thereto, all of 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,		Nine months ended September 30,
(Dollars in thousands)	**2008(1)**	**2009**	**2010(2)**	**2010**	**2011**
				(unaudited)	
Income statement data:					
Revenues					
Oil and gas sales	$ 2,386,563	$ 1,185,124	$ 1,542,367	$ 1,134,617	$ 1,441,714
Other operating revenues	16,908	2,006	2,228	1,849	5,233
	2,403,471	1,187,130	1,544,595	1,136.466	1,446,947
Costs and expenses					
Production costs	626,428	423,967	451,902	330,114	398,133
General and administrative	153,306	144,586	136,437	101,969	94,964
Depreciation, depletion, amortization and accretion	621,484	421,580	551,118	392,648	466,072
Impairment of oil and gas properties(3)	3,629,666		59,475	59,475	
Legal recovery		(87,272)	(8,423)	(8,423)	
Other operating expenses (income)		2,136	(4,130)	(4,981)	(657)
	5,030,884	904,997	1,186,379	870,802	958,512
(Loss) income from operations	(2,627,413)	282,133	358,216	265,664	488,435
Other income (expense)					
Gain on sale of assets(4)	65,689				
Interest expense	(116,991)	(73,811)	(106,713)	(75,606)	(113,141)
Debt extinguishment costs	(18,256)	(12,093)	(1,189)	(1,189)	
Gain (loss) on mark-to-market derivative contracts(5)	1,555,917	(7,017)	(60,695)	23,240	93,467
Loss on investment measured at fair value			(1,551)		(284,929)
Other (expense) income	(12,575)	27,968	15,942	14,245	2,949
(Loss) income before income taxes	(1,153,629)	217,180	204,010	226,354	186,781
Income tax benefit (expense)	444,535	(80,875)	(100,745)	(103,603)	(79,206)
Net (loss) income	$ (709,094)	$ 136,305	$ 103,265	$ 122,751	$ 107,575

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(Dollars in thousands)	2008(1)	2009	Year ended December 31, 2010(2)	Nine months ended September 30, 2010	2011
Other financial data:					
Net cash provided by operating activities	$ 1,371,409	$ 499,046	$ 912,470	$ 677,172	$ 922,650
Net cash used in investing activities	(227,790)	(1,280,399)	(1,575,308)	(794,705)	(1,341,309)
Net cash (used in) provided by financing activities	(857,190)	471,337	667,413	127,382	423,689
EBITDA(6)	$ (428,190)	$ 698,239	$ 844,139	$ 681,370	$ 753,116
Ratio of earnings to fixed charges(7)	[8]	1.5	1.3	1.7	1.5

(Dollars in thousands)	2008(1)	2009	At December 31, 2010(2)	At September 30, 2010	2011
Balance sheet data:					
Cash and cash equivalents	$ 311,875	$ 1,859	$ 6,434	$ 11,708	$ 11,464
Total assets	7,111,915	7,734,731	8,894,937	8,127,169	9,583,987
Total liabilities	4,734,635	4,535,750	5,511,972	4,738,395	6,067,203
Total equity	$ 2,377,280	$ 3,198,981	$ 3,382,965	$ 3,388,774	$ 3,516,784

(1) Reflects the February 2008 divestiture of 50% of our working interests in the Piceance and Permian Basins and of all of our working 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.

(2) Reflects the December 2010 divestiture of our interests in all of our Gulf of Mexico leasehold located in less than 500 feet of water and the acquisition of the oil and gas properties in the Eagle Ford oil and gas condensate windows in South Texas during the fourth quarter of 2010.

(3) At December 31, 2008, our capitalized costs of oil and gas properties exceeded the full cost ceiling and we recorded an impairment of oil and gas properties. During 2010, the costs related to our Vietnam oil and gas properties not subject to amortization were transferred to our Vietnam full cost pool where they were subject to the ceiling limitation. Because our Vietnam full cost pool had no associated proved oil and gas reserves, we recorded a non-cash pre-tax impairment charge of $59.5 million.

(4) Represents the gain on the sale of our investment in Collbran Valley Gas Gathering, LLC.

(5) The derivative instruments we have in place are not classified as hedges for accounting purposes. Consequently, these derivative contracts are marked-to-market each quarter with fair value gains and losses, both realized and unrealized, recognized currently as a gain or loss on mark-to-market derivative contracts on the income statement.

(6) EBITDA represents net earnings before income taxes, interest expense, depreciation, depletion and amortization. EBITDA is a performance measure that is not calculated in accordance with generally accepted accounting principles, or GAAP, and should not be considered as an alternative to net income, income before taxes, net cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP. We believe that EBITDA is a widely accepted financial indicator of a company s ability to incur and service debt and to fund capital expenditures used by debt holders, lenders, ratings agencies, industry analysts and financial statement users. Because EBITDA is commonly used, we believe it is useful in evaluating our operating trends and our ability to meet our interest obligations in connection with this offering. EBITDA calculations may vary among entities, so our computation of EBITDA may not be comparable to EBITDA or similar measures of other entities.

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The following table provides a reconciliation of net (loss) income to EBITDA:

(Dollars in thousands)	Year ended December 31, 2008(1)	2009	2010(2)	Nine months ended September 30, 2010	2011
Net (loss) income	$ (709,094)	$ 136,305	$ 103,265	$ 122,751	$ 107,575
Income tax (benefit) expense	(444,535)	80,875	100,745	103,603	79,206
Interest expense	116,991	73,811	106,713	75,606	113,141
Depreciation, depletion and amortization	608,448	407,248	533,416	379,410	453,194
EBITDA	$ (428,190)	$ 698,239	$ 844,139	$ 681,370	$ 753,116

EBITDA includes the following items of (expense) income:

(Dollars in thousands)	Year ended December 31, 2008	2009	2010	Nine months ended September 30, 2010	2011
Impairment of oil and gas properties	$ (3,629,666)	$	$ (59,475)	$ (59,475)	$
Gain on sale of assets	65,689				
Gain (loss) on mark-to-market derivative contracts	1,555,917	(7,017)	(60,695)	23,240	93,467
Loss on investment measured at fair value			(1,551)		(284,929)
Stock-based compensation expense	(50,401)	(60,490)	(50,875)	(36,356)	(27,257)
Legal recovery		87,272	8,423	8,423	
Pre-acquisition date royalty recovery		23,501	8,121	8,121	
Debt extinguishment costs	(18,256)	(12,093)	(1,189)	(1,189)	

Cash (payments) receipts for derivatives and stock appreciation rights, or SARs, were:

(Dollars in thousands)	Year ended December 31, 2008	2009	2010	Nine months ended September 30, 2010	2011
Derivative settlements	$ (34,284)	$ 449,443	$ (29,921)	$ (23,546)	$ (47,448)
Monetization of crude oil puts and swaps		1,074,361			
SARs	(59,078)	(355)	(566)	(450)	(2,825)

(7) For each of the periods presented there were no outstanding shares of preferred stock.

[8] Total fixed charges exceeded total adjusted earnings available for payment of fixed charges by $1,222 million, primarily due to impairment of oil and gas properties recorded in December 2008.

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Summary unaudited pro forma condensed consolidated financial data

The following table sets forth summary unaudited pro forma condensed consolidated financial data for the year ended December 31, 2010 and as of and for the nine months ended September 30, 2011, which give effect to the Panhandle Transaction.

The summary unaudited pro forma condensed consolidated statements of income data for the year ended December 31, 2010 and the nine months ended September 30, 2011 have been prepared based on our historical consolidated statements of income for such periods and assume that the Panhandle Transaction occurred on January 1, 2010. The summary unaudited pro forma condensed consolidated statement of income data for the year ended December 31, 2010 also reflects the pro forma effects of the divestment of our Gulf of Mexico shallow water shelf properties to McMoRan in December 2010 and assumes that the transaction occurred on January 1, 2010. The unaudited pro forma condensed consolidated balance sheet data assumes the Panhandle Transaction occurred on September 30, 2011. The unaudited pro forma statements of income do not purport to represent what our results of operations would have been if the Panhandle Transaction had occurred on January 1, 2010. We believe that the assumptions used provide a reasonable basis for presenting the significant effects directly attributable to the Panhandle Transaction.

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This summary unaudited pro forma condensed consolidated financial data should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2011.

(Dollars in thousands)	Year ended December 31, 2010	Nine months ended September 30, 2011
Pro forma income statement data:		
Revenues		
Oil and gas sales	$ 1,343,077	$ 1,309,959
Other operating revenues	2,228	5,233
	1,345,305	1,315,192
Costs and expenses		
Production costs	407,579	363,011
General and administrative	136,437	94,964
Depreciation, depletion, amortization and accretion	386,478	399,990
Impairment of oil and gas properties	59,475	
Legal recovery	(8,423)	
Other operating income	(4,130)	(657)
	977,416	857,308
Income from operations	367,889	457,884
Other (expense) income:		
Interest expense	(108,496)	(104,743)
Debt extinguishment costs	(1,189)	
(Loss) gain on mark-to-market derivative contracts(1)	(60,695)	93,467
Gain (loss) on investment measured at fair value	440,905	(284,929)
Other income	15,942	2,949
Income from continuing operations before income taxes	654,356	164,628
Income tax expense	(269,535)	(70,903)
Income from continuing operations	$ 384,821	$ 93,725

(Dollars in thousands)	Year ended December 31, 2010	Nine months ended September 30, 2011
Other financial data:		
Pro forma EBITDA(2)	$ 1,133,005	$ 657,207

(Dollars in thousands)	At September 30, 2011

Balance sheet data:		
Cash and cash equivalents	$	150,259
Total assets		9,118,384
Total liabilities		5,602,538
Total equity	$	3,515,846

(1) The derivative instruments we have in place are not classified as hedges for accounting purposes. Consequently, these derivative contracts are marked-to-market each quarter with fair value gains and losses, both realized and unrealized, recognized currently as a gain or loss on mark-to-market derivative contracts on the income statement. Cash flow is only affected to the extent the actual settlements under the contracts result in making a payment to or receiving a payment from the counterparty.

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(2) Pro forma EBITDA represents net earnings before income taxes, interest expense, depreciation, depletion and amortization. EBITDA is a performance measure that is not calculated in accordance with GAAP and should not be considered as an alternative to net income, income before taxes, net cash flow from operating activities or any other measure of financial performance presented in accordance with GAAP. We believe that EBITDA is a widely accepted financial indicator of a company s ability to incur and service debt and to fund capital expenditures used by debt holders, lenders, ratings agencies, industry analysts and financial statement users. Because EBITDA is commonly used, we believe it is useful in evaluating our operating trends and our ability to meet our interest obligations in connection with this offering. EBITDA calculations may vary among entities, so our computation of EBITDA may not be comparable to EBITDA or similar measures of other entities.

The following table provides a reconciliation of pro forma income from continuing operations to pro forma EBITDA:

(Dollars in thousands)	**Year ended December 31, 2010**	**Nine months ended September 30, 2011**
Pro forma income from continuing operations	$ 384,821	$ 93,725
Income tax expense	269,535	70,903
Interest expense	108,496	104,743
Depreciation, depletion, and amortization	370,153	387,836
Pro forma EBITDA	$ 1,133,005	$ 657,207

Pro forma EBITDA includes the following items of income (expense):

(Dollars in thousands)	**Year ended December 31, 2010**	**Nine months ended September 30, 2011**
Impairment of oil and gas properties	$ (59,475)	$
(Loss) gain on mark-to-market derivative contracts	(60,695)	93,467
Gain (loss) on investment measured at fair value	440,905	(284,929)
Stock-based compensation expense	(50,875)	(27,257)
Legal recovery	8,423	
Pre-acquisition date royalty recovery	8,121	
Debt extinguishment costs	(1,189)	

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Summary historical reserve and operating data

The following table sets forth certain information with respect to our consolidated oil and gas reserves as of December 31, 2008, 2009 and 2010 and production for the years ended December 31, 2008, 2009 and 2010 and the nine months ended September 30, 2010 and 2011. The 2010 reserve information included in this table is based upon (1) reserve reports prepared by the independent petroleum engineers of Netherland, Sewell & Associates, Inc., or NSA, and Ryder Scott Company L.P., or Ryder Scott (99% of reserve volumes) and (2) reserve volumes prepared by us, which were not audited by an independent petroleum engineer (1% of reserve volumes). In 2009, our reserves were based upon reserve reports prepared by NSA and Ryder Scott. In 2008, our reserves were based upon (1) reserve reports prepared by NSA and Ryder Scott (95% of reserve volumes) and (2) reserve volumes prepared by us, which were not audited by an independent petroleum engineer (5% of reserve volumes). The reserve volumes and values were determined using the methods prescribed by the SEC, which for 2010 and 2009 required the use of an average price, calculated as the twelve-month average of the first-day-of-the-month reference prices as adjusted for location and quality differentials, unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. For prior years, the SEC rules required the use of year-end prices.

This information should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011.

	Year ended December 31,			Nine months ended September 30,	
	2008	2009	2010	2010	2011
Estimated net proved reserves (at end of period):					
Oil (MBbl)	177,707	214,030	223,268		
Gas (MMcf)	686,357	873,108	1,157,070		
Total (MBOE)	292,100	359,548	416,113		
Percent oil	61%	60%	54%		
Percent proved developed	72%	64%	57%		
Standardized measure ($/thousands)	$ 1,136,374	$ 2,224,839	$ 3,093,135		
Net reserve additions (including revisions) (MBOE)	(156,884)(1)	98,039	98,518		
Reserve life (years)	9.9	11.2	13.0		
Sales:					
Oil and liquids (MBbl)	20,294	17,560	16,769	12,477	13,064
Gas (MMcf)	77,031	75,826	93,093	67,515	80,139
Total (MBOE)	33,133	30,198	32,285	23,729	26,420
Average sales price per unit before derivative transactions					
Oil and liquids ($/Bbl)	$ 87.05	$ 51.43	$ 68.14	$ 66.42	$ 84.98
Gas ($/Mcf)	8.05	3.72	4.29	4.53	4.14
$/BOE	72.03	39.25	47.77	47.82	54.57
Production Expenses($/BOE)(2)	18.91	14.03	14.00	13.92	15.07

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(1) Includes 204 MMBOE of negative revisions due to significantly lower average year-end realized prices for oil and gas, the widening of differentials impacting our California properties and development and production costs, which were reflective of the high commodity price environment during the first nine months of 2008. Average year-end realized prices were $31.75 per Bbl and $5.50 per Mcf at December 31, 2008.

(2) Includes ad valorem and production taxes of $2.84, $1.28 and $0.91 per BOE for the years ended December 31, 2008, 2009 and 2010, respectively, and $0.90 and $1.48 per BOE for the nine months ended September 30, 2010 and 2011, respectively.

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Summary unaudited pro forma reserve data

The following table sets forth pro forma reserve data at December 31, 2010, which give effect to the Panhandle Transaction.

	Historical	Pro forma adjustments for Panhandle Transaction	Pro forma
Estimated proved reserves			
Oil (MBbl)	223,268	(14,919)	208,349
Gas (MMcf)	1,157,070	(173,682)	983,388
Total (MBOE)	416,113	(43,866)	372,247
Estimated proved developed reserves			
Oil (MBbl)	150,492	(5,432)	145,060
Gas (MMcf)	517,183	(56,478)	460,705
Total (MBOE)	236,689	(14,845)	221,844
Standardized measure ($/thousands)			
Future cash inflows	$ 21,151,315	$ (1,532,951)	$ 19,618,364
Future development costs	(3,290,657)	422,483	(2,868,174)
Future production expense	(7,919,772)	388,513	(7,531,259)
Future income tax expense	(3,197,758)	253,949	(2,943,809)
Future net cash flows	6,743,128	(468,006)	6,275,122
Discounted at 10% per year	(3,649,993)	347,449	(3,302,544)
Standardized measure	$ 3,093,135	$ (120,557)	$ 2,972,578

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Risk factors

An investment in the notes involves risks. You should consider carefully the risk factors included below and under the caption Risk factors beginning on page 1 of the accompanying prospectus, as well as those discussed under the caption Risk factors in our Annual Report on Form 10-K for the year ended December 31, 2010, together with all of the other information included in, or incorporated by reference into, this prospectus supplement and the accompanying prospectus, when evaluating an investment in the notes.

Risks relating to the notes

We may not be able to generate enough cash flow to meet our debt obligations.

We expect our earnings and cash flow to vary significantly from year to year due to the cyclical nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. In addition, our future cash flow may be insufficient to meet our debt obligations and commitments, including the notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance, and, as a result, our ability to generate cash flow from operations and to pay our debt, including the notes. Many of these factors, such as oil and gas prices, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control.

If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

- refinancing or restructuring our debt;
- selling assets;
- reducing or delaying capital investments; or
- seeking to raise additional capital.

However, any alternative financing plans that we undertake may not allow us to meet our debt obligations. Our inability to generate sufficient cash flow to satisfy our debt obligations, including our obligations under the notes, or to obtain alternative financing, could materially and adversely affect our business, financial condition, results of operations and prospects.

Our debt could have important consequences to you. For example, it could:

- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future working capital and capital expenditures, to engage in future acquisitions or development activities, or to otherwise realize the value of our assets and opportunities fully because of the need to dedicate a substantial portion of our cash flow from operations to payments of interest and principal on our debt or to comply with any restrictive terms of our debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- impair our ability to obtain additional financing in the future; and
- place us at a competitive disadvantage compared to our competitors that have less debt.

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In addition, if we fail to comply with the covenants or other terms of any agreements governing our debt, our lenders will have the right to accelerate the maturity of that debt and foreclose upon the collateral, if any, securing that debt. Realization of any of these factors could adversely affect our financial condition.

The notes and the guarantees will be unsecured and effectively subordinated to our and our subsidiary guarantors existing and future secured indebtedness and structurally subordinated to any existing or future indebtedness and other liabilities of our non-guarantor subsidiaries.

The notes and the guarantees will be general unsecured senior obligations ranking effectively junior in right of payment to all existing and future secured debt of ours and that of each subsidiary guarantor, including obligations under our senior revolving credit facility and the POI senior credit facility, to the extent of the value of the collateral securing the debt, and will be subordinate in right of payment to any existing or future indebtedness and other liabilities of our non-guarantor subsidiaries. As of September 30, 2011, on a pro forma basis after giving effect to the Transaction Adjustments, (i) we and our subsidiary guarantors would have had approximately $323 million in secured debt outstanding (other than approximately $1.2 million of letters of credit outstanding) under our senior revolving credit facility, and no borrowings outstanding under the POI senior credit facility, and (ii) there would have been an additional $1.1 billion of borrowing capacity available for future secured borrowings under our senior revolving credit facility and an additional $300 million of borrowing capacity available for future secured borrowings under the POI senior credit facility.

If we or a subsidiary guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any secured debt of ours or that subsidiary guarantor will be entitled to be paid in full from our assets or the assets of the guarantor, as applicable, securing that debt before any payment may be made with respect to the notes or the affected guarantees. Holders of the notes will participate ratably in our remaining assets with all holders of our unsecured indebtedness that does not rank junior to the notes, including all of our other general creditors, based upon the respective amounts owed to each holder or creditor. In any of the foregoing events, there may not be sufficient assets to pay amounts due on the notes. As a result, holders of the notes would likely receive less, ratably, than holders of secured indebtedness.

In addition, creditors of current and future subsidiaries that do not guarantee the notes will have claims, with respect to the assets of those subsidiaries, that rank structurally senior to the notes. In the event of any distribution or payment of assets of such subsidiaries in any dissolution, winding up, liquidation, reorganization, or other bankruptcy proceeding, the claims of those creditors must be satisfied prior to making any such distribution or payment to Plains in respect of its direct or indirect equity interests in such subsidiaries.

We may be able to incur substantially more debt. This could exacerbate the risks associated with our indebtedness.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. As of September 30, 2011, on a pro forma basis after giving effect to the Transaction Adjustments, there would have been approximately $1.1 billion of additional borrowing capacity under our senior revolving credit facility and $300 million of additional borrowing capacity under the POI senior credit facility. Any additional borrowings would be secured and, as a result, effectively senior to the notes and the guarantees of the notes by our subsidiary guarantors, to the extent of the value of the collateral securing that indebtedness. In addition, the holders of our previously issued 6 $^{5}/8$% senior notes due 2021 (of which $600 million in principal amount is

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outstanding), the holders of our previously issued 7 5/8% senior notes due 2020 (of which $300 million in principal amount is outstanding), the holders of our previously issued 8 5/8% senior notes due 2019 (of which $400 million in principal amount is outstanding), the holders of our previously issued 7 5/8% senior notes due 2018 (of which $400 million in principal amount is outstanding), the holders of our previously issued 7% senior notes due 2017 (of which $500 million in principal amount is outstanding), the holders of our previously issued 10% senior notes due 2016 (of which $565 million in principal amount is outstanding) and the holders of our previously issued 7 3/4% senior notes due 2015 (of which $600 million in principal amount is outstanding), as well as the holders of any future debt we may incur that ranks equally with the notes, will be entitled to share ratably with the holders of the notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of us. This may have the effect of reducing the amount of proceeds paid to you.

If new debt is added to our current debt levels, the related risks that we and our subsidiaries now face could intensify. As of September 30, 2011, on a pro forma basis after giving effect to the Transaction Adjustments, we would have had total indebtedness of approximately $3.1 billion ($323 million of which would have been secured), excluding approximately $1.2 million in letters of credit outstanding under our senior revolving credit facility. Our level of indebtedness may prevent us from engaging in certain transactions that might otherwise be beneficial to us by limiting our ability to obtain additional financing, limiting our flexibility in operating our business or otherwise. In addition, we could be at a competitive disadvantage relative to our less leveraged competitors that have more cash flow to devote to their business. Any of these factors could result in a material adverse effect on our business, financial condition, results of operations, business prospects and ability to satisfy our obligations under the notes.

Restrictions in our existing and future debt agreements could limit our growth and our ability to respond to changing conditions.

The indenture governing the notes and each series of our existing notes, our senior revolving credit facility and agreements governing our other indebtedness contain a number of significant covenants in addition to covenants restricting the incurrence of additional debt. These covenants limit our ability and the ability of our restricted subsidiaries, among other things, to:

- pay dividends or distributions on our capital stock or to repurchase our capital stock;
- repurchase subordinated debt;
- make certain investments;
- create certain liens on our assets to secure debt;
- merge or to enter into other business combination transactions;
- issue and sell capital stock of our subsidiaries;
- enter into certain transactions with affiliates; and
- transfer and sell assets.

Our senior revolving credit facility requires us, among other things, to maintain a financial ratio, satisfy certain financial condition tests or reduce our debt. These restrictions also limit our ability to obtain future financings, withstand a future downturn in our business or the economy in general, or otherwise conduct necessary corporate activities. We may also be prevented from taking advantage of business opportunities that arise because of the limitations that the restrictive covenants under the indenture governing the notes and our existing indentures and senior revolving credit facility impose on us.

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A breach of any covenant in the indenture governing the notes, our senior revolving credit facility, the POI senior credit facility or the agreements governing our other indebtedness would result in a default under that agreement after any applicable grace periods. A default, if not waived, could result in acceleration of the debt outstanding under the agreement and in a default with respect to, and acceleration of, the debt outstanding under any other debt agreements. The accelerated debt would become immediately due and payable. If that should occur, we may not be able to make all of the required payments or borrow sufficient funds to refinance it. Even if new financing were then available, it may not be on terms that are acceptable to us. See Description of our other indebtedness and Description of notes Events of default.

We may not be able to repurchase the notes upon a change of control.

If we experience certain kinds of changes of control coupled with a ratings downgrade with respect to the notes, 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 agreements may prevent us from applying funds to repurchase the notes. The source of funds for any repurchase required as a result of a change of control will be our available cash or cash generated from our oil and gas operations or other sources, including:

- borrowings under our credit facilities or other sources;
- sales of assets; or
- sales of equity.

Sufficient funds may not be available at the time of any change of control to repurchase your notes after first repaying any of our senior debt that may exist at the time. In addition, restrictions under our senior revolving credit facility or any future revolving credit facilities will not allow such repurchases. A change of control (as defined in the indenture governing the notes) will also be an event of default under our senior revolving credit facility that would permit the lenders to accelerate the debt outstanding under the senior revolving credit facility and the POI senior credit facility. Finally, using available cash to fund the potential consequences of a change of control may impair our ability to obtain additional financing in the future, which could negatively impact our ability to conduct our business operations.

A financial failure by us or our subsidiaries may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would be subject to the claims of creditors of all entities. This would expose you not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cram-down provision of the bankruptcy code. Under this provision, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

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If the subsidiary guarantees are deemed fraudulent conveyances or preferential transfers, a court may subordinate or void them.

Under various fraudulent conveyance or fraudulent transfer laws, a court could subordinate or void our subsidiary guarantees. Generally, a United States court may void or subordinate a subsidiary guarantee in favor of the subsidiary s other obligations if it finds that at the time the subsidiary entered into a subsidiary guarantee it:

- intended to hinder, delay or defraud any present or future creditor or contemplated insolvency with a design to favor one or more creditors to the exclusion of others;
- did not receive fair consideration or reasonably equivalent value for issuing the subsidiary guarantee;
- was insolvent or became insolvent as a result of issuing the subsidiary guarantee;
- was engaged or about to engage in a business or transaction for which the remaining assets of the subsidiary constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they matured.

In addition, a guarantee may be voided based on the level of benefits that the subsidiary guarantor received compared to the amount of the subsidiary guarantee. If a subsidiary guarantee is voided or held unenforceable, you would not have any claim against that subsidiary and would be creditors solely of us and any subsidiary guarantors whose guarantees are not held unenforceable. After providing for all prior claims, there may not be sufficient assets to satisfy claims of holders of notes relating to any voided portions of any of the subsidiary guarantees.

There is a risk of a preferential transfer if:

- a subsidiary guarantor declares bankruptcy or its creditors force it to declare bankruptcy within 90 days (or in certain cases, one year) after a payment on the guarantee; or
- a subsidiary guarantee was made in contemplation of insolvency.

The subsidiary guarantee could be voided by a court as a preferential transfer. In addition, a court could require holders of notes to return any payments made on the notes during the 90-day (or, in certain cases, one-year) period.

Your ability to transfer the notes may be limited by the absence of an active trading market, and an active trading market may not develop for the notes.

The notes are a new issue of securities for which there is no established trading market. An active trading market may not develop for the notes. Historically, the market for non-investment grade debt has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the notes. The market, if any, for the notes may not be free from similar disruptions and any such disruptions may adversely affect the prices at which you may sell your notes. In addition, subsequent to their initial issuance, the notes may trade at a discount from their initial offering price, depending upon prevailing interest rates, the market for similar notes, our operating performance and financial condition and other factors.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our senior revolving credit facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase although the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease.

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Unaudited pro forma condensed consolidated financial statements

Our unaudited pro forma condensed consolidated balance sheet at September 30, 2011 and our unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and the year ended December 31, 2010 reflect the pro forma effects of the proposed sale of our working interests in oil and gas properties located in the Texas Panhandle to an affiliate of Linn Energy, LLC for $600 million, which we refer to as the Panhandle Transaction. Our aggregate working interest in the Texas Panhandle properties generated total sales volumes of approximately 84 MMcfe per day during the third quarter of 2011 and had 263 Bcfe of estimated proved reserves as of December 31, 2010. This sale is expected to close in December 2011 with an effective date of November 1, 2011.

The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2010 also reflects the pro forma effects of the divestment of our Gulf of Mexico shallow water shelf properties to McMoRan, which we refer to as the MMR Transaction. At closing and after preliminary closing adjustments, we received approximately $86 million in cash, which includes $11 million in working capital adjustments, and 51 million shares of McMoRan common stock, or the MMR Shares, in exchange for all of our interests in our Gulf of Mexico leasehold located in less than 500 feet of water. The MMR Shares were valued at approximately $665.9 million based on McMoRan s closing stock price of $17.18 on December 30, 2010 discounted to reflect certain restrictions on our marketability of the MMR Shares, as required under the registration rights agreement and stockholder agreement entered into by PXP and McMoRan at the closing of the transaction. Our aggregate working interest in these properties generated total sales volumes of approximately 9 MBOEPD during 2010 and had 13 MMBOE of estimated proved reserves as of December 31, 2009. We have elected to measure our equity investment in the MMR Shares at fair value. Unrealized gains and losses on the investment are reported in our consolidated statement of income.

We prepared the unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and the year ended December 31, 2010 and the unaudited pro forma condensed consolidated balance sheet at September 30, 2011 based on our historical consolidated statements of income for such periods and our historical consolidated balance sheet at September 30, 2011. The unaudited pro forma condensed consolidated balance sheet at September 30, 2011 assumes that the Panhandle Transaction occurred on September 30, 2011. The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and for the year ended December 31, 2010 give effect to the Panhandle Transaction and the pro forma condensed consolidated statement of income for the year ended December 31, 2010 gives effect to the MMR Transaction as if they occurred on January 1, 2010. The unaudited pro forma condensed consolidated statements of income do not purport to represent what our results of operations would have been if the transactions had occurred on January 1, 2010. We believe the assumptions used herein provide a reasonable basis for presenting the significant effects directly attributable to the transactions described above.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the period ended September 30, 2011.

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Plains Exploration & Production Company

Unaudited pro forma condensed consolidated balance sheet

	September 30, 2011		
(in thousands of dollars)	Historical	Pro forma adjustments (Note 1 (A))	Pro forma
ASSETS			
Current Assets			
		$ 600,000	
		(6,205)	
Cash and cash equivalents	$ 11,464	(455,000)	$ 150,259
Other current assets	393,609		393,609
	405,073	138,795	543,868
Property and Equipment, net	8,175,074	(604,398)	7,570,676
Goodwill	535,140		535,140
Investment	379,417		379,417
Other Assets	89,283		89,283
	$ 9,583,987	$ (465,603)	$ 9,118,384
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities	$ 617,072	$ (774)	$ 616,298
Long-Term Debt			
Senior revolving credit facility	455,000	(455,000)	
Senior notes	3,328,938		3,328,938
	3,783,938	(455,000)	3,328,938
Other Long-Term Liabilities			
Asset retirement obligation	250,896	(9,829)	241,067
Other	9,227		9,227
	260,123	(9,829)	250,294
Deferred Income Taxes	1,406,070	938	1,407,008
Stockholders' Equity	3,516,784	(938)	3,515,846
	$ 9,583,987	$ (465,603)	$ 9,118,384

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Plains Exploration & Production Company

Unaudited pro forma condensed consolidated statement of income

(in thousands, except per share data)	Historical	Pro forma adjustments (Note 1)	Pro forma
	For the nine months ended September 30, 2011		
Revenues			
Oil and gas sales	$ 1,441,714	$ (131,755)(B)	$ 1,309,959
Other operating revenues	5,233		5,233
	1,446,947	(131,755)	1,315,192
Costs and Expenses			
Production costs	398,133	(35,122)(B)	363,011
General and administrative	94,964		94,964
Depreciation, depletion, amortization and accretion	466,072	(66,082)(C)	399,990
Other operating income	(657)		(657)
	958,512	(101,204)	857,308
Income From Operations	488,435	(30,551)	457,884
Other (Expense) Income			
Interest expense	(113,141)	4,494(D) 3,904(D)	(104,743)
Gain on mark-to-market derivative contracts	93,467		93,467
Loss on investment measured at fair value	(284,929)		(284,929)
Other income	2,949		2,949
Income From Continuing Operations Before Income Taxes	186,781	(22,153)	164,628
Income tax expense	(79,206)	8,303(F)	(70,903)
Income From Continuing Operations	$ 107,575	$ (13,850)	$ 93,725
Earnings From Continuing Operations Per Share			
Basic	$ 0.76		$ 0.66
Diluted	$ 0.75		$ 0.65
Weighted Average Shares Outstanding			
Basic	141,500		141,500
Diluted	143,351		143,351

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Plains Exploration & Production Company

Unaudited pro forma condensed consolidated statement of income

(in thousands, except per share data)	Historical	Pro forma adjustments for MMR Transaction (Note 1)	Pro forma adjustments for Panhandle Transaction (Note 1)	Pro forma
	For the year ended December 31, 2010			
Revenues				
Oil and gas sales	$ 1,542,367	$ (117,756)(B)	$ (81,534)(B)	$ 1,343,077
Other operating revenues	2,228			2,228
	1,544,595	(117,756)	(81,534)	1,345,305
Costs and Expenses				
Production costs	451,902	(22,604)(B)	(21,719)(B)	407,579
General and administrative	136,437			136,437
Depreciation, depletion, amortization and accretion	551,118	(91,541)(C)	(73,099)(C)	386,478
Impairment of oil and gas properties	59,475			59,475
Legal recovery	(8,423)			(8,423)
Other operating income	(4,130)			(4,130)
	1,186,379	(114,145)	(94,818)	977,416
Income From Operations	358,216	(3,611)	13,284	367,889
Other (Expense) Income				
		(3,604)(D)	(724)(D)	
Interest expense	(106,713)	740 (D)	1,805 (D)	(108,496)
Debt extinguishment costs	(1,189)			(1,189)
Loss on mark-to-market derivative contracts	(60,695)			(60,695)
(Loss) gain on investment measured at fair value	(1,551)	442,456 (E)		440,905
Other income	15,942			15,942
Income From Continuing Operations Before Income Taxes	204,010	435,981	14,365	654,356
Income tax expense	(100,745)	(163,406)(F)	(5,384)(F)	(269,535)
Income From Continuing Operations	$ 103,265	$ 272,575	$ 8,981	$ 384,821
Earnings From Continuing Operations Per Share				
Basic	$ 0.74			$ 2.74
Diluted	$ 0.73			$ 2.71

Weighted Average Shares Outstanding		
Basic	140,438	140,438
Diluted	141,897	141,897

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Plains Exploration & Production Company

Notes to unaudited pro forma condensed consolidated financial statements

Note 1 Basis of presentation

Our unaudited pro forma condensed consolidated balance sheet at September 30, 2011 and our unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and the year ended December 31, 2010 reflect the pro forma effects of the proposed sale of our working interests in oil and gas properties located in the Texas Panhandle to an affiliate of Linn Energy, LLC for $600 million. Our aggregate working interest in the Texas Panhandle properties generated total sales volumes of approximately 84 MMcfe per day during the third quarter of 2011 and had 263 Bcfe (44 MMBOE) of estimated proved reserves as of December 31, 2010. This sale is expected to close in December 2011 with an effective date of November 1, 2011. As the transaction has not yet closed, working capital and other closing adjustments have not been reflected in these pro forma financial statements.

The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2010 also reflects the pro forma effects of the divestment of our Gulf of Mexico shallow water shelf properties to McMoRan. At closing and after preliminary closing adjustments, we received approximately $86 million in cash, which includes $11 million in working capital adjustments, and 51 million shares of McMoRan common stock in exchange for all of our interests in our Gulf of Mexico leasehold located in less than 500 feet of water. The MMR Shares were valued at approximately $665.9 million based on McMoRan s closing stock price of $17.18 on December 30, 2010 discounted to reflect certain restrictions on our marketability of the MMR Shares, as required under the registration rights agreement and stockholder agreement entered into by PXP and McMoRan at the closing of the transaction. Our aggregate working interest in these properties generated total sales volumes of approximately 9 MBOEPD during 2010 and had 13 MMBOE of estimated proved reserves as of December 31, 2009. We have elected to measure our equity investment in the MMR Shares at fair value. Unrealized gains and losses on the investment are reported in our consolidated statement of income.

We prepared the unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and the year ended December 30, 2010 and the unaudited pro forma condensed consolidated balance sheet at September 30, 2011 based on our historical consolidated statements of income for such periods and our historical consolidated balance sheet at September 30, 2011. The unaudited pro forma condensed consolidated balance sheet at September 30, 2011 assumes that the Panhandle Transaction occurred on September 30, 2011. The unaudited pro forma condensed consolidated statements of income for the nine months ended September 30, 2011 and for the year ended December 31, 2010 give effect to the transactions as if they occurred on January 1, 2010. The unaudited pro forma condensed consolidated statements of income do not purport to represent what our results of operations would have been if the transactions had occurred on January 1, 2010. We believe the assumptions used herein provide a reasonable basis for presenting the significant effects directly attributable to the transactions described above.

These unaudited pro forma condensed consolidated financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2010 and our Quarterly Report on Form 10-Q for the period ended September 30, 2011.

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Pro forma adjustments

The unaudited pro forma condensed consolidated balance sheet includes the following adjustments:

(A) Reflects the expected cash proceeds to be received and fees and expenses to be paid in connection with the Panhandle Transaction, the retirement of the capitalized costs associated with the properties sold and the related asset retirement obligation, the repayment of approximately $455 million outstanding under our senior revolving credit facility and the related effects of the transaction on current and deferred income taxes. We follow the full cost method of accounting for our oil and gas properties. No gain or loss is reflected on the Panhandle Transaction as it is not expected to cause a significant change in the relationship between our capitalized costs and estimated proved reserves. Accordingly, the net proceeds received are accounted for as a reduction to capitalized costs.

The unaudited pro forma condensed consolidated statements of income include the following adjustments:

(B) Reflects the reversal of revenues and expenses attributable to the divested interests in our oil and gas properties.

(C) Adjusts depreciation, depletion and amortization, or DD&A, for (1) the reduction in DD&A reflecting the production volumes attributable to the respective properties sold, and (2) the revision to our DD&A rate reflecting the reserve volumes sold and the reduction in capitalized costs resulting from the respective transaction. The proceeds from the Panhandle Transaction and MMR Transaction were reflected as a reduction to our capitalized costs. The pro forma DD&A rate averaged $15.98 per BOE for the nine months ended September 30, 2011 and $13.01 per BOE for the year ended December 31, 2010. The reduction in accretion expense reflects the reduction in our asset retirement obligation attributable to the respective properties sold.

(D) Reflects the adjustment to interest expense, including capitalized interest, associated with the respective properties sold and to reflect the use of proceeds from the transactions to retire debt under our senior revolving credit facility.

(E) Reflects the unrealized gain associated with the investment in MMR Shares, accounted for under the fair value option which allows for reporting certain financial assets and liabilities at fair value with changes in fair value included in earnings. Had the fair value option not been elected, the investment would qualify for the equity method of accounting. The pro forma adjustment is calculated based on McMoRan s historical common stock price, discounted to reflect certain restrictions on our marketability of the MMR Shares and multiplied by the 51 million shares owned. McMoRan s common stock closing price per share was $8.02 and $17.14 at December 31, 2009 and December 31, 2010, respectively.

The Company provided the unrealized gain/loss pro forma adjustment as derived from the historical calculation described above. However, this pro forma adjustment may not be reflective of what the actual unrealized gain/loss would have been, as the historical prices used do not reflect changes in McMoRan s operations and capital structure, including the additional McMoRan common shares outstanding as a result of the MMR Transaction.

(F) Reflects the adjustment to income tax expense resulting from the transaction. Variances in our effective tax rate from the 35% federal statutory rate primarily result from the effect of state income taxes.

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Use of proceeds

We will receive net proceeds from this offering of approximately $ million, after deducting the underwriting discount and estimated offering expenses. We intend to use the net proceeds from this offering to repay amounts outstanding under our senior revolving credit facility and for general corporate purposes. Amounts borrowed under our senior revolving credit facility were incurred to fund our acquisition of certain properties in the Eagle Ford Shale and for general corporate purposes, including capital expenditures. As of September 30, 2011, the outstanding balance under our senior revolving credit facility was $455 million (excluding $1.2 million in letters of credit), bearing an effective interest rate of 2.09%. Our senior revolving credit facility matures May 4, 2016.

We intend to use future borrowings under our senior revolving credit facility, together with cash on hand and cash received upon completion of the proposed asset sales, to fund our pending tender offers and for general corporate purposes, which may include the redemption or repurchase of any of our 2015 Notes and our 2017 Notes not tendered in the tender offers.

An underwriter has communicated to us that it and its affiliates hold a significant amount of our 2015 Notes and 2017 Notes; certain other underwriters or their affiliates also hold some of our 2015 Notes or 2017 Notes. These underwriters or their affiliates may tender the 2015 Notes or 2017 Notes that they hold in the tender offers and receive an early tender premium if accepted for repurchase. In addition, certain underwriters or their affiliates are lenders under our senior revolving credit facility and, accordingly, will receive a portion of the net proceeds from this offering through repayment of the borrowings they have extended under our senior revolving credit facility. See Underwriting; Conflicts of interest.

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Capitalization

The following table sets forth our capitalization and cash balance as of September 30, 2011:

- on a consolidated historical basis;
- as adjusted to reflect the issuance and sale of $500 million in aggregate principal amount of notes in this offering and application of the estimated net proceeds to repay borrowings under our senior revolving credit facility and for general corporate purposes; and
- as further adjusted to reflect the following transactions as if they occurred on September 30, 2011:
  - the completion of the Panhandle Transaction;
  - the completion of the sale of our working interests in our conventional natural gas South Texas properties to a third party for $185 million in cash proceeds; and
  - the repurchase of all of our outstanding 2015 Notes and 2017 Notes pursuant to our pending tender offers as described in Use of proceeds.

You should read our historical financial statements and notes that are incorporated by reference into this prospectus supplement.

		At September 30, 2011	
(Dollars in thousands)	**Historical**	**As adjusted**	**As further adjusted(1)(2)**
Cash and cash equivalents	$ 11,464	$ 47,988	$
Long-term debt:			
Senior revolving credit facility(3)	455,000		322,632
POI senior credit facility(4)			
$7\frac{3}{4}$% senior notes due 2015	600,000	600,000	
10% senior notes due 2016(5)	534,677	534,677	534,677
7% senior notes due 2017	500,000	500,000	
$7\frac{5}{8}$% senior notes due 2018	400,000	400,000	400,000
$8\frac{5}{8}$% senior notes due 2019(6)	394,261	394,261	394,261
$7\frac{5}{8}$% senior notes due 2020	300,000	300,000	300,000
$6\frac{5}{8}$% senior notes due 2021	600,000	600,000	600,000
New senior notes offered hereby		500,000	500,000
Total long-term debt	3,783,938	3,828,938	3,051,570
Preferred stock of subsidiaries(7)			
Stockholders equity(8)	3,516,784	3,516,784	3,482,565
Total capitalization	$ 7,300,722	$ 7,345,722	$ 6,534,135

(1) Assumes that the entire $600 million in aggregate principal amount of the 2015 Notes and the entire $500 million in aggregate principal amount of the 2017 Notes are tendered and purchased for the consideration (including early tender payments and expenses) described under Prospectus supplement summary Recent developments Tender offers. The As further adjusted balance does not include an adjustment for interest accruing after the last interest payment dates to the redemption dates that are expected to be paid in the tender offers related to the 2015 Notes and 2017 Notes, which is estimated to be $30.1 million.

(2) Includes approximately $777 million net proceeds, after estimated expenses but prior to any purchase price adjustments, from the proposed asset sales as described under Prospectus supplement summary Recent Developments Proposed asset sales.

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(3) As of September 30, 2011, we had commitments under our senior revolving credit facility of $1.4 billion, of which approximately $944 million was available.

(4) Does not reflect the execution and delivery of the POI senior credit facility with $300 million in commitments, which is expected to be guaranteed by us.

(5) The balance is reflected net of unamortized discount of $30.3 million.

(6) The balance is reflected net of unamortized discount of $5.7 million.

(7) Does not reflect the issuance and sale of 450,000 shares of Plains Offshore s 8% convertible preferred stock, non-detachable warrants and the escrowed shares (non-controlling interest), as described under Prospectus supplement summary Recent developments Deepwater Gulf of Mexico.

(8) Retained earnings has been reduced by an estimated after-tax loss of $34.2 million and includes the write-off of $4.6 million in deferred financing charges related to the repurchases of 2015 Notes and 2017 Notes assuming the repurchases of all outstanding 2015 Notes and 2017 Notes occurred on November 30, 2011 and December 15, 2011, respectively.

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Ratio of earnings to fixed charges

The following table sets forth our ratio of earnings to fixed charges for the periods indicated on a consolidated historical basis.

	Year ended December 31, Historical			Nine months ended September 30, Historical	
	2008	2009	2010	2010	2011
Pre-tax (loss) income from continuing operations before adjustment for minority interests in consolidated subsidiaries or income or loss from equity investees	$ (1,152,683)	$ 217,180	$ 204,010	$ 226,354	$ 186,781
Fixed charges (see below)	200,881	202,737	250,940	185,794	216,624
Amortization of capitalized interest	2,486	7,606	9,010	6,028	10,187
Interest capitalized	(71,801)	(116,231)	(130,892)	(100,379)	(92,542)
Total adjusted earnings available for payment of fixed charges	$ (1,021,117)	$ 311,292	$ 333,068	$ 317,797	$ 321,050
Fixed Charges(a)					
Interest expense	$ 116,991	$ 73,811	$ 106,713	$ 75,606	$ 113,141
Interest capitalized	71,801	116,231	130,892	100,379	92,542
Amortization of debt-related expenses	8,484	8,355	9,240	6,706	7,997
Rental expense representative of interest factor	3,605	4,340	4,095	3,103	2,944
Total fixed charges	$ 200,881	$ 202,737	$ 250,940	$ 185,794	$ 216,624
Ratio of earnings to fixed charges	(b)	1.5	1.3	1.7	1.5

(a) For each of the periods presented, there were no outstanding shares of preferred stock.

(b) Total fixed charges exceeded total adjusted earnings available for payment of fixed charges by $1,222 million, primarily due to impairment of oil and gas properties recorded in December 2008.

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Description of our other indebtedness

Senior revolving credit facility

At September 30, 2011, we had approximately $944 million of borrowing capacity available under our senior revolving credit facility, which had aggregate commitments of $1.4 billion and a borrowing base of $1.8 billion. The borrowing base is redetermined on an annual basis, with us and the lenders each having the right to one annual interim unscheduled redetermination, and adjusted based on our oil and gas properties, reserves, other indebtedness and other relevant factors. The terms of our credit agreement require that the borrowing base be automatically reduced by an amount equal to the product of 0.25 and the stated principal amount of any note issuance. Additionally, our senior revolving credit facility is secured by at least 75% of the total present value of our proved oil and gas properties.

In connection with the closing of the preferred stock offering by Plains Offshore, our senior revolving credit facility will be amended to allow for the Deepwater Gulf of Mexico financing transactions and a senior secured guarantee by PXP of the proposed POI senior credit facility. The amendment will also require that we make a mandatory prepayment if the total borrowings under both our senior revolving credit facility and the POI senior credit facility exceed the borrowing base (as defined under our senior revolving credit facility). In addition, the borrowing base will not be reduced by this offering if the proceeds are used within 75 days to repay any senior notes. Additionally, we anticipate requesting an amendment from our bank group under our senior revolving credit facility to maintain the existing $1.8 billion borrowing base after giving effect to the proposed asset sales.

The commitments of each lender to make loans to us under our senior revolving credit facility are several and not joint. Accordingly, if any lender fails to make loans to us, our available liquidity could be reduced by an amount up to the aggregate amount of such lender s commitments under our senior revolving credit facility. The commitments are from a diverse syndicate of 21 lenders with no single lender s commitment representing more than 7% of the total commitments.

Our senior revolving credit facility, as amended, contains negative covenants that limit our ability, as well as the ability of our restricted subsidiaries, among other things, to incur additional debt, pay dividends on stock, make distributions of cash or property, change the nature of our business or operations, redeem stock or redeem debt, make investments, create liens, enter into leases, dispose of assets, sell capital stock of subsidiaries, guarantee other indebtedness, enter into agreements that restrict dividends from subsidiaries, enter into certain types of swap agreements, enter into take-or-pay or other prepayment arrangements, merge or consolidate and enter into transactions with affiliates. In addition, we are required to maintain a ratio of debt to EBITDAX (as defined) of no greater than 4.50 to 1.00.

POI senior credit facility

In connection with the Deepwater Gulf of Mexico financing transactions, Plains Offshore intends to enter into the POI senior credit facility with a bank group. The POI senior credit facility is expected to be guaranteed on a senior basis by PXP and certain of its subsidiaries, and is expected to be secured on a *pari passu* basis by liens on the same collateral that secures the PXP credit facility. Amounts borrowed under the POI senior credit facility are expected to bear interest, at Plains Offshore s election, at a rate of either (i) the Eurodollar rate, which is based on

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LIBOR, plus an additional variable amount ranging from 1.50% to 2.50%, or (ii) a variable amount ranging from 0.50% to 1.50% plus the greater of (1) the prime rate, as determined by JPMorgan Chase Bank, or (2) the federal funds rate, plus 1/2 of 1%. The additional variable amount of interest payable is expected to be based on the utilized rate as a percentage of (a) the outstanding borrowings under both the POI senior credit facility and our senior revolving credit facility and (b) the borrowing base under our senior revolving credit facility. Commitment fees are expected to range from 0.375% to 0.50% for amounts available for borrowing. The POI senior credit facility is expected to mature on the fifth anniversary of the closing date. The POI senior credit facility is not expected to be secured by Plains Offshore s assets, but Plains Offshore is expected to be subject to certain affirmative and negative covenants, including restrictions on liens and incurring other indebtedness, as well as customary events of default, including a cross-default to our senior revolving credit facility.

Short-term credit facility

We have an uncommitted short-term unsecured credit facility, or short-term facility, under which we may make borrowings from time to time until June 1, 2012, not to exceed at any time the maximum principal amount of $75.0 million. No advance under the short-term facility may have a term exceeding fourteen days and all amounts outstanding are due and payable no later than June 1, 2012. Each advance under the short-term facility shall bear interest at a rate per annum mutually agreed on by the bank and us. No amounts were outstanding under the short-term facility at September 30, 2011.

6 5/8% senior notes due 2021

We have $600 million aggregate principal amount of 6 5/8% senior notes due 2021 outstanding and pay interest semi-annually on May 1 and November 1 of each year. These notes will mature on May 1, 2021.

We may, at our option, redeem all or part of these notes at any time prior to May 1, 2016 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

At any time before May 1, 2014, we may redeem up to 35% of these notes with money that we raise in equity offerings at a redemption price of 106.625% of the principal amount of the notes redeemed, plus accrued and unpaid interest, as long as:

- at least 65% of the aggregate principal amount of the notes issued remains outstanding after the redemption; and

- we redeem such notes within 180 days of completing the equity offering.

We issued our outstanding 6 5/8% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding three paragraphs, the covenants and provisions governing our outstanding 6 5/8% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

7 5/8% senior notes due 2020

We have $300 million aggregate principal amount of 7 5/8% senior notes due 2020 outstanding and pay interest semi-annually on April 1 and October 1 of each year. These notes will mature on April 1, 2020.

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We may, at our option, redeem all or part of these notes at any time prior to April 1, 2015 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

At any time before April 1, 2013, we may redeem up to 35% of these notes with money that we raise in equity offerings at a redemption price of 107.625% of the principal amount of the notes redeemed, plus accrued and unpaid interest, as long as:

- at least 65% of the aggregate principal amount of the notes issued remains outstanding after the redemption; and
- we redeem such notes within 180 days of completing the equity offering.

We issued our outstanding 7 $^{5}/_{8}$% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding three paragraphs, the covenants and provisions governing our outstanding 7 $^{5}/_{8}$% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

8 $^{5}/8$% senior notes due 2019

We have $400 million aggregate principal amount of 8 $^{5}/_{8}$% senior notes due 2019 outstanding and pay interest semi-annually on April 15 and October 15 of each year. These notes will mature on October 15, 2019.

We may, at our option, redeem all or part of these notes at any time prior to October 15, 2014 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

At any time before October 15, 2012, we may redeem up to 35% of these notes with money that we raise in equity offerings at a redemption price of 108.625% of the principal amount of the notes redeemed, plus accrued and unpaid interest, as long as:

- at least 65% of the aggregate principal amount of the notes issued remains outstanding after the redemption; and
- we redeem such notes within 180 days of completing the equity offering.

We issued our outstanding 8 $^{5}/_{8}$% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding three paragraphs, the covenants and provisions governing our outstanding 8 $^{5}/_{8}$% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

7 $^{5}/8$% senior notes due 2018

We have $400 million aggregate principal amount of 7 $^{5}/_{8}$% senior notes due 2018 outstanding and pay interest semi-annually on June 1 and December 1 of each year. These notes will mature on June 1, 2018.

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We may, at our option, redeem all or part of these notes at any time prior to June 1, 2013 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

We issued our outstanding 7 5/8% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding three paragraphs, the covenants and provisions governing our outstanding 7 5/8% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

7% senior notes due 2017

We have $500 million aggregate principal amount of 7% senior notes due 2017 outstanding and pay interest semi-annually on March 15 and September 15 of each year. These notes will mature on March 15, 2017.

We may, at our option, redeem all or part of these notes at any time prior to March 15, 2012 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

We issued our outstanding 7% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding paragraphs, the covenants and provisions governing our outstanding 7% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

We have commenced a tender offer to purchase up to $400 million outstanding principal amount of our 2017 notes. We plan to increase the outstanding principal amount of our 2017 Notes we are offering to purchase from $400 million to $500 million after receipt of an amendment of our senior revolving credit facility from the lenders thereunder. See Prospectus supplement summary Recent developments Tender offers.

10% senior notes due 2016

We have $565 million aggregate principal amount of 10% senior notes due 2016 outstanding and pay interest semi-annually on March 1 and September 1 of each year. These notes will mature on March 1, 2016.

We may, at our option, redeem all or part of these notes at any time prior to March 1, 2013 at the make-whole price set forth in the applicable supplemental indenture, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

At any time before March 1, 2012, we may redeem up to 35% of these notes with money that we raise in equity offerings at a redemption price of 110% of the principal amount of the notes redeemed, plus accrued and unpaid interest, as long as:

- at least 65% of the aggregate principal amount of the notes remains outstanding after the redemption; and

- we redeem such notes within 180 days of completing the equity offering.

We issued our outstanding 10% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding three paragraphs, the covenants and provisions governing our outstanding 10% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

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7 3/4% senior notes due 2015

We have $600 million aggregate principal amount of 7 3/4% senior notes due 2015 outstanding and pay interest semi-annually on June 15 and December 15 of each year. These notes will mature on June 15, 2015.

We may, at our option, redeem all or part of these notes at any time prior to June 15, 2011 at the make-whole price set forth in the applicable supplemental indenture governing such notes, and on or after such date at fixed redemption prices, plus accrued and unpaid interest, if any, to the date of redemption.

We issued our outstanding 7 3/4% senior notes pursuant to the same indenture that will govern the notes offered by this prospectus supplement. Except as described in the immediately preceding paragraphs, the covenants and provisions governing our outstanding 7 3/4% senior notes are substantially identical to those governing the notes offered by this prospectus supplement.

We have commenced a tender offer to purchase any and all of our 2015 notes. See Prospectus supplement summary Recent developments Tender offers.

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Description of notes

The following description of the particular terms of the notes supplements the general description of the debt securities included in the accompanying prospectus. You should review this description together with the description of the debt securities included in the accompanying prospectus. To the extent this description is inconsistent with the description in the accompanying prospectus, this description will control and replace the inconsistent description in the accompanying prospectus.

You can find the definitions of certain terms used in this description of notes under the subheading Definitions. As used in this description, the words Plains, we, us and our refer to Plains Exploration & Production Company, and not to any of its subsidiaries or affiliates.

We have entered into an indenture dated March 13, 2007, which we refer to as the base indenture, between us and Wells Fargo Bank, N.A., as trustee, pursuant to which we may issue multiple series of debt securities from time to time. We issued our 7% senior notes due 2017 pursuant to the first supplemental indenture to that base indenture, we issued our 7 $^{3}/4$% senior notes due 2015 pursuant to the third supplemental indenture to that base indenture, we issued our 7 $^{5}/8$% senior notes due 2018 pursuant to the seventh supplemental indenture to that base indenture, we issued our 10% senior notes due 2016 pursuant to the ninth supplemental indenture to that base indenture, we issued our 8 $^{5}/8$% senior notes due 2019 pursuant to the tenth supplemental indenture to that base indenture, we issued our 7 $^{5}/8$% senior notes due 2020 pursuant to the eleventh supplemental indenture to that base indenture and we issued our 6 $^{5}/8$% senior notes due 2021 pursuant to the twelfth supplemental indenture to that base indenture. We will issue the notes offered hereby under the base indenture, as amended and supplemented by a thirteenth supplemental indenture to be entered into among us, the Subsidiary Guarantors and the trustee, setting forth the specific terms of such notes due 2022. In this description, when we refer to the indenture, we mean the base indenture as so amended and supplemented by the thirteenth supplemental indenture.

We have summarized some of the material provisions of the notes and the indenture below. The summary supplements the description of the indenture contained in the accompanying prospectus, and we encourage you to read that description for additional material provisions that may be important to you. We also urge you to read the indenture because it, and not this description, defines your rights as a holder of notes. You may request copies of the indenture from us as set forth under Where you can find more information in the accompanying prospectus. Capitalized terms defined in the accompanying prospectus and the indenture have the same meanings when used in this prospectus supplement. The terms of the notes include those expressly set forth in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended.

The registered holder of any note will be treated as the owner of it for all purposes. Only registered holders will have rights under the indenture.

Brief description of the notes and the subsidiary guarantees

The notes

The notes will:

- be general unsecured, senior obligations of Plains;

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- rank senior in right of payment to all existing and future subordinated Indebtedness of Plains;
- be *pari passu* in right of payment with any existing and future senior Indebtedness of Plains that is not by its terms subordinated to the notes;
- rank effectively junior to Plains existing and future secured Indebtedness, including Indebtedness under the Senior Credit Agreement and the POI Credit Agreement (as defined below), to the extent of the assets of Plains constituting collateral securing that Indebtedness;
- be unconditionally guaranteed by the Subsidiary Guarantors on a senior unsecured basis; and
- be structurally junior to all existing and future Indebtedness and other liabilities of Plains non-guarantor Subsidiaries (other than Indebtedness and liabilities owed to Plains or any Subsidiary Guarantor).

As of September 30, 2011**,** on a pro forma basis after giving effect to the Transaction Adjustments, Plains would have had approximately $1.2 million in letters of credit and approximately $3.1 billion of other Indebtedness outstanding, and approximately $1.1 billion would have been available for borrowing under the Senior Credit Agreement and $300 million would have been available for borrowing under the senior credit facility to be entered into between Plains Offshore Operations Inc. and a group of banks, or the POI Credit Agreement.

The subsidiary guarantees

The notes will be guaranteed initially on a senior basis by some of our existing domestic Restricted Subsidiaries; however in the future, we will not be required to cause any domestic subsidiary to guarantee the notes, unless that domestic subsidiary is a Restricted Subsidiary and provides a guarantee or other credit support in respect of our Indebtedness in excess of $10.0 million or Indebtedness of any Subsidiary Guarantor in excess of $10.0 million.

Each guarantee of the notes will:

- be a general unsecured obligation of the Subsidiary Guarantor;
- rank senior in right of payment to all existing and future subordinated Indebtedness of that Subsidiary Guarantor;
- rank *pari passu* in right of payment with any existing and future senior unsecured Indebtedness of that Subsidiary Guarantor; and
- rank effectively junior to that Subsidiary Guarantor s existing and future secured Indebtedness, including its guarantee of Indebtedness under the Senior Credit Agreement, to the extent of the value of the assets of such Subsidiary Guarantor constituting collateral securing that Indebtedness.

As of September 30, 2011, on a pro forma basis after giving effect to the Transaction Adjustments, the Subsidiary Guarantors would have had approximately $3.1 billion in total combined consolidated Indebtedness outstanding, and approximately $1.1 billion would have been available for borrowing under the Senior Credit Agreement, which is guaranteed by the Subsidiary Guarantors, and approximately $300 million would have been available for borrowing under the POI Credit Agreement.

As of the Issue Date, Arguello Inc., Latigo Petroleum, Inc., Plains Acquisition Corporation, Plains Resources Inc., Pogo Partners, Inc., Pogo Producing Company LLC, PXP Aircraft LLC, PXP Gulf Coast LLC, PXP Louisiana L.L.C. and PXP Louisiana Operations LLC will guarantee the notes.

Furthermore, not all of our subsidiaries are required to guarantee the notes. Unrestricted Subsidiaries will not be required to guarantee the notes. The notes will not be guaranteed by any foreign subsidiaries, unless we cause those foreign subsidiaries to provide a guarantee or other credit support in respect of our Indebtedness in excess of $10.0 million or Indebtedness of any Subsidiary Guarantor in excess of $10.0 million. Also, we will not be required to cause any domestic subsidiary that we create or acquire in the future to guarantee the notes, unless that future domestic subsidiary is a Restricted Subsidiary and provides a guarantee or other credit support in respect of our Indebtedness in excess of $10.0 million or Indebtedness of any Subsidiary Guarantor in excess of $10.0 million. See Covenants Future subsidiary guarantors for more detail regarding the requirement to cause certain Subsidiaries to guarantee the notes.

In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries, the non-guarantor subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to us.

The indenture will permit us and our Subsidiaries to incur additional Indebtedness, including senior secured Indebtedness under the Senior Credit Agreement. The indenture does not impose any limitation on the incurrence by our subsidiaries of liabilities that are not considered Indebtedness.

As of the Issue Date, all of our Subsidiaries, other than Arroyo Grande Land Company, LLC, Lompoc Land Company LLC and Montebello Land Company LLC, will be Restricted Subsidiaries. However, under the circumstances described below under the caption Covenants Designation of restricted and unrestricted subsidiaries, we will be permitted to designate additional Subsidiaries as Unrestricted Subsidiaries. Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture, and will not guarantee the notes.

Principal, maturity and interest

We will issue notes having an aggregate principal amount of $500 million in this offering. Upon issuance of notes in this offering, the indenture will provide that subject to compliance with the covenant described in Covenants Incurrence of indebtedness and issuance of preferred stock, we may issue additional notes (the *Additional Notes*) without limitation as to aggregate principal amount.

If after consummation of this offering, we issue any Additional Notes, those Additional Notes will have terms and conditions identical to the notes issued in this offering, will be treated as part of the same series of debt securities as the notes offered hereby and will vote on all matters with the notes offered in this offering.

The notes will mature on , 2022. The notes will be issued in denominations of $2,000 and integral multiples of $1,000 in excess of $2,000.

Interest on the notes will accrue at the rate of % per annum. Interest will be payable semi-annually in arrears on and , commencing on , 2012. We will make each interest payment to the holders of record of the notes on the immediately preceding and .

Notwithstanding the foregoing paragraph, upon any failure by Plains for 60 days to comply with the covenant described under the caption Covenants Reports, the interest rate on the notes will increase by 50 basis points (0.5%) and remain at such increased rate thereafter but only for so long as there is a Default under such covenant, and upon resumption of compliance by Plains with such covenant, the interest rate on the notes will be reset at the initial rate applicable thereto on the Issue Date. Interest on overdue principal and interest on overdue interest, if any, will accrue at the applicable interest rate on the notes.

Interest will accrue from the Issue Date or, if interest has already been paid, from the date it was most recently paid. Interest on the notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of receiving payments on the notes

If a holder of notes has given wire transfer instructions to Plains, Plains will pay all principal, interest and premium, if any, on that holder s notes in accordance with those instructions. All other payments on the notes will be made at the office or agency of the paying agent and registrar unless we elect to make interest payments by check mailed to the noteholders at their address set forth in the register of holders.

Paying agent and registrar

The trustee will initially act as paying agent and registrar for the notes. Plains may change the paying agent or registrar without prior notice to the holders of the notes, and Plains or any of the Restricted Subsidiaries may act as paying agent or registrar.

Transfer and exchange

A holder may transfer or exchange notes in accordance with the indenture. The registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and Plains may require a holder to pay any taxes and fees required by law or permitted by the indenture. Plains is not required to transfer or exchange any note (or portion of a note) selected for redemption. Also, Plains is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

Subsidiary guarantees of the notes

Arguello Inc., Latigo Petroleum, Inc., Plains Acquisition Corporation, Plains Resources Inc., Pogo Partners, Inc., Pogo Producing Company LLC, PXP Aircraft LLC, PXP Gulf Coast LLC, PXP Louisiana L.L.C. and PXP Louisiana Operations LLC will be the only Subsidiary Guarantors at the time that the notes are expected to be delivered. We may be required to cause other Domestic Restricted Subsidiaries in the future to provide Subsidiary Guarantees of the notes as described below under Covenants Future subsidiary guarantors.

The Subsidiary Guarantees will be joint and several obligations of the Subsidiary Guarantors. The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See Risk factors Risks relating to the notes If the subsidiary guarantees are deemed fraudulent conveyances or preferential transfers, a court may subordinate or void them.

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A Subsidiary Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (regardless of whether such Subsidiary Guarantor is the surviving Person), another Person, other than Plains or another Subsidiary Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) if it is not such Subsidiary Guarantor, the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor under the indenture (including its Subsidiary Guarantee) pursuant to a supplemental indenture satisfactory to the trustee, in which case the Subsidiary Guarantee of such Subsidiary Guarantor will be released as contemplated by the next paragraph; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the indenture.

The Subsidiary Guarantee of a Subsidiary Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) Plains or a Restricted Subsidiary, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(2) in connection with any sale or other disposition of all of the Capital Stock of a Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) Plains or a Restricted Subsidiary, if the sale or other disposition does not violate the Asset Sale provisions of the indenture;

(3) if Plains designates any Restricted Subsidiary that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the indenture;

(4) upon legal defeasance or satisfaction and discharge of the indenture as provided pursuant to the defeasance or satisfaction and discharge provisions of the indenture;

(5) upon the liquidation or dissolution of such Subsidiary Guarantor provided no Default or Event of Default has occurred or is continuing; or

(6) at such time as such Subsidiary Guarantor does not have outstanding any Guarantee of any Indebtedness (other than the notes) of Plains or any Subsidiary Guarantor in excess of $10.0 million in aggregate principal amount.

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Optional redemption

Except as described below, the notes are not redeemable until , 2017. On and after , 2017, Plains may redeem all or a part of the notes, from time to time upon not less than 30 nor more than 60 days notice, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest on the notes to be redeemed to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date), if redeemed during the twelve-month period beginning on of the years indicated below:

Year	Redemption price
2017	%
2018	%
2019	%
2020 and thereafter	100.00%

The notes will also be redeemable, in whole or in part, at Plains option at any time or from time to time, prior to , 2017, at the applicable Make-Whole Price (as defined below), in accordance with the provisions of the indenture.

Make-Whole Price with respect to any notes to be redeemed, means an amount equal to the greater of:

(1) 100% of the principal amount of such notes; and

(2) the sum of the present values of (a) the redemption price of such notes at , 2017, (as set forth above) and (b) the remaining scheduled payments of interest from the redemption date to , 2017, (not including any portion of such payments of interest accrued as of the redemption date) discounted back to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 50 basis points;

plus, in the case of both (1) and (2), accrued and unpaid interest on such notes to the redemption date. Unless Plains defaults in payment of the Make-Whole Price, on and after the applicable redemption date, interest will cease to accrue on the notes to be redeemed.

Comparable Treasury Issue means, with respect to notes to be redeemed, the U.S. Treasury security selected by an Independent Investment Banker as having a maturity most nearly equal to the period from the redemption date to , 2017, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities; provided if such period is less than one year, then the U.S. Treasury security having a maturity of one year shall be used.

Comparable Treasury Price means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Reference Treasury Dealer Quotations.

Independent Investment Banker means J.P. Morgan Securities LLC, Barclays Capital Inc., BMO Capital Markets Corp., Citigroup Global Markets Inc., RBC Capital Markets, LLC, Wells Fargo Securities, LLC and their respective successors, at Plains option, or, if such firms or the successors, if any, to such firms, as the case may be, are unwilling or unable to select the Comparable Treasury Issue, an independent investment banking institution of national standing appointed by Plains.

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Reference Treasury Dealer means J.P. Morgan Securities LLC, Barclays Capital Inc., BMO Capital Markets Corp., Citigroup Global Markets Inc., RBC Capital Markets, LLC, Wells Fargo Securities, LLC and three additional primary U.S. government securities dealers in New York City (each a Primary Treasury Dealer) selected by Plains, and their respective successors (provided, however, that if any such firm or any such successor, as the case may be, shall cease to be a primary U.S. government securities dealer in New York City, Plains shall substitute therefor another Primary Treasury Dealer).

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Treasury Rate means, with respect to any redemption date, (1) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(159) or any successor publication that is published weekly by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded U.S. Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the stated maturity, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined, and the Treasury Rate shall be interpolated or extrapolated from such yields on a straight-line basis, rounding to the nearest month) or (2) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date. The Treasury Rate shall be calculated by the Company on the third business day preceding the redemption date.

The notice of redemption with respect to the foregoing redemption need not set forth the Make-Whole Price but only the manner of calculation thereof. Plains will notify the trustee of the Make-Whole Price with respect to any redemption promptly after the calculation, and the trustee shall not be responsible for such calculation.

Prior to , 2015, Plains may on any one or more occasions redeem up to 35% of the principal amount of the notes (which may include Additional Notes) with all or a portion of the net cash proceeds of one or more Equity Offerings at a redemption price equal to % of the principal amount thereof, plus accrued and unpaid interest on the notes to be redeemed to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date); provided that

(1) at least 65% of the aggregate principal amount of the notes issued and outstanding on the Issue Date, remains outstanding after each such redemption; and

(2) the redemption occurs within 180 days after the closing of such Equity Offering.

Notice of any redemption upon an Equity Offering may be given prior to the completion of the related Equity Offering, and any such redemption or notice may at Plains discretion, be subject to one or more conditions precedent, including, but not limited to completion of the related Equity Offering.

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Selection and notice

If less than all of the notes are to be redeemed at any time, selection of such notes for redemption will be made by the trustee in compliance with the requirements of the principal national securities exchange, if any, on which such notes are listed, or, if such notes are not so listed, on a pro rata basis (or, in the case of global notes, on as nearly a pro rata basis as possible, subject to the procedures of the DTC), by lot or by such method as the trustee shall deem fair and appropriate. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of notes to be redeemed at its registered address.

If any note is to be redeemed in part only, the notice of redemption that relates to such note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on the notes or portions of the notes called for redemption unless Plains defaults in making the redemption payment. Any redemption or notice of redemption may, at our discretion, be subject to one or more conditions precedent and, in the case of a redemption with the net cash proceeds of an Equity Offering, be given prior to the completion of the related Equity Offering.

Open market purchases; no mandatory redemption or sinking fund

We may at any time and from time to time purchase notes in the open market or otherwise, in each case without any restriction under the indenture. We are not required to make mandatory redemption or sinking fund payments with respect to the notes.

Repurchase requirements at the option of holders

Change of control

If a Change of Control Triggering Event occurs, each holder of notes will have the right to require Plains to repurchase all or any part (equal to $1,000 or an integral multiple of $1,000) of that holder s notes pursuant to an offer (Change of Control Offer) on the terms set forth in the indenture. In the Change of Control Offer, Plains will offer a payment in cash (the Change of Control Payment) equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest on the notes repurchased to the date of purchase (the Change of Control Payment Date), subject to the rights of holders of notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control Triggering Event, Plains will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control Triggering Event and offering to repurchase notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the indenture and described in such notice. Plains will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control Triggering Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Triggering Event provisions of the indenture, Plains will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Triggering Event provisions of the indenture by virtue of such compliance.

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On the Change of Control Payment Date, Plains will, to the extent lawful:

(1) accept for payment all notes or portions of notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all notes or portions of notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the notes properly accepted together with an officers certificate stating the aggregate principal amount of notes or portions of notes being purchased by Plains.

The paying agent will promptly mail to each holder of notes properly tendered the Change of Control Payment for such notes (or, if all the notes are then in global form, make such payment through the facilities of DTC), and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in a principal amount of $1,000 or an integral multiple thereof. Any note so accepted for payment will cease to accrue interest on and after the Change of Control Payment Date unless Plains defaults in making the Change of Control Payment. Plains will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described herein that require Plains to make a Change of Control Offer following a Change of Control Triggering Event will be applicable regardless of whether any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control Triggering Event, the indenture does not contain provisions that permit the holders of the notes to require that Plains repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction.

Plains will not be required to make a Change of Control Offer upon a Change of Control Triggering Event if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Plains and purchases all notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given pursuant to the indenture as described above under the caption Optional redemption, unless and until there is a default in payment of the applicable redemption price.

A Change of Control Offer may be made in advance of a Change of Control, and conditioned upon the occurrence of such Change of Control, if a definitive agreement is in place for a Change of Control at the time of making the Change of Control Offer. Notes repurchased by Plains pursuant to a Change of Control Offer will have the status of notes issued but not outstanding or will be retired and cancelled, at Plains option. Notes purchased by a third party pursuant to the preceding paragraph will have the status of notes issued and outstanding.

The Senior Credit Agreement generally prohibits Plains from repurchasing any notes pursuant to a Change of Control Offer prior to the repayment in full of the Indebtedness under the Senior Credit Agreement. Moreover, the occurrence of certain change of control events identified in the Senior Credit Agreement constitutes a default under the Senior Credit Agreement and can result in default under the POI Credit Agreement. Any future Credit Facilities or other agreements relating to the Indebtedness to which Plains becomes a party may contain similar restrictions and provisions. If a Change of Control Triggering Event were to occur, Plains may not have sufficient available funds to pay the Change of Control Payment for all notes that might be delivered by holders of notes seeking to accept the Change of Control Offer after first satisfying its obligations under the Senior Credit Agreement or other agreements relating to Indebtedness, if accelerated. The failure of Plains to make or consummate the Change of Control Offer or pay the Change of Control Payment when due will constitute a Default under the indenture and will otherwise give the trustee and the holders of notes the rights described under Events of default. See Risk factors Risks relating to the notes We may not be able to repurchase the notes upon a change of control.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties or assets of Plains and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase substantially all, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require Plains to repurchase such holder s notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Plains and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

In the event that holders of at least 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and Plains purchases all of the notes held by such holders, Plains will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to the Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest on the notes that remain outstanding, to the date of redemption (subject to the right of holders on the relevant record date to receive interest due on the relevant interest payment date).

Asset sales

Plains will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) Plains (or the Restricted Subsidiary, as the case may be) receives consideration at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2)(a) at least 75% of the consideration received in the Asset Sale by Plains or such Restricted Subsidiary is in the form of cash or Cash Equivalents or (b) the Fair Market Value of all forms of consideration other than cash and Cash Equivalents received for all Asset Sales since March 13, 2007 does not exceed in the aggregate 10% of the Adjusted Consolidated Net Tangible Assets of Plains at the time each determination is made. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as shown on Plains most recent consolidated balance sheet, of Plains or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases Plains or such Restricted Subsidiary from further liability;

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(b) any securities, notes or other obligations received by Plains or any such Restricted Subsidiary from such transferee that are converted by Plains or such Restricted Subsidiary into cash within 180 days after the date of the Asset Sale, to the extent of the cash received in that conversion;

(c) any stock or assets of the kind referred to in clause (2) or (4) of the next paragraph of this covenant; and

(d) accounts receivable of a business retained by Plains or any Restricted Subsidiary, as the case may be, following the sale of such business, *provided* that such accounts receivable (a) are not past due more than 90 days and (b) do not have a payment date greater than 120 days from the date of the invoice creating such accounts receivable.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, Plains (or any of its applicable Restricted Subsidiaries) may:

(1) apply an amount equal to such Net Proceeds to repay Senior Debt;

(2) apply an amount equal to such Net Proceeds to invest in Additional Assets;

(3) apply an amount equal to such Net Proceeds to make capital expenditures in respect of a Related Business of Plains or any of its Restricted Subsidiaries; or

(4) enter into a *bona fide* binding contract with a Person other than an Affiliate of Plains to apply an amount equal to the Net Proceeds pursuant to clause (2) or (3) above, *provided* that such binding contract shall be treated as a permitted application of the Net Proceeds from the date of such contract until the earlier of

(a) the date on which such acquisition or expenditure is consummated, and

(b) the 180th day following the expiration of the aforementioned 360-day period.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in clauses (1) through (4) above will constitute *Excess Proceeds*.

On the 361st day (or upon the failure to close the contract referred to in clause (4) of the second paragraph of this covenant within the 180 day time period thereafter) after the Asset Sale (or, at Plains option, any earlier date), if the aggregate amount of Excess Proceeds then exceeds $40.0 million, Plains will make an offer (the *Asset Sale Offer*) to all holders of notes and all holders of other Indebtedness that is *pari passu* with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets, to purchase the maximum principal amount of notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount *plus* accrued and unpaid interest, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, Plains may use those Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee will select the notes to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

Plains will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the indenture, Plains will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the indenture by virtue of such compliance.

The Senior Credit Agreement contains, and future agreements may contain, prohibitions of certain events, including events that would constitute a Change of Control Triggering Event or an Asset Sale and including repurchases of or other prepayments in respect of the notes. The exercise by the holders of notes of their right to require Plains to repurchase the notes upon a Change of Control Triggering Event or an Asset Sale could cause a default under these other agreements, even if the Change of Control Triggering Event or Asset Sale itself does not, due to the financial effect of such repurchases on Plains or otherwise. In the event a Change of Control or Asset Sale occurs at a time when Plains is prohibited from purchasing notes, Plains could seek the consent of the applicable lenders to the purchase of notes or could attempt to refinance the Indebtedness that contains such prohibitions. If Plains does not obtain a consent or repay that Indebtedness, Plains will remain prohibited from purchasing notes. In that case, Plains failure to purchase tendered notes would constitute an Event of Default under the indenture which could, in turn, constitute a default under other Indebtedness. Finally, Plains ability to pay cash to the holders of notes upon a repurchase may be limited by Plains then-existing financial resources. See Risk factors Risks relating to the notes We may not be able to repurchase the notes upon a change of control.

In addition, the POI Credit Agreement will be guaranteed by Plains and certain of its subsidiaries and will contain provisions resulting in a default thereunder in the event of any default under the Senior Credit Agreement.

Covenants

Restricted payments

Plains will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of Plains or any of its Restricted Subsidiaries Equity Interests or to the direct or indirect holders of Plains or any of its Restricted Subsidiaries Equity Interests in their capacity as such (other than (i) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of Plains, (ii) dividends or distributions payable to Plains or a Restricted Subsidiary and (iii) payments permitted by the next succeeding clauses (2) and (4));

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, any such purchase, redemption, acquisition or retirement made in connection with any merger or consolidation involving Plains) any Equity Interests of Plains or any direct or indirect parent or other Affiliate of Plains that is not a Restricted Subsidiary;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Debt, except a payment of interest or principal at the Stated Maturity thereof (excluding (a) any intercompany Indebtedness between or among Plains and any of its Restricted Subsidiaries or (b) the purchase, repurchase or other acquisition of Subordinated Debt purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase or acquisition); or

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(4) make any Restricted Investment;

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as *Restricted Payments*),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) Plains would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption Incurrence of indebtedness and issuance of preferred stock; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Plains and its Restricted Subsidiaries since March 13, 2007 (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), (7), (8), (9), (10) and (14) of the next succeeding paragraph), is equal to or less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of Plains for the period (taken as one accounting period) from July 1, 2006 to the end of Plains most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, *less* 100% of such deficit); *plus*

(b) 100% of (A)(i) the aggregate net cash proceeds and (ii) the Fair Market Value of (x) marketable securities (other than marketable securities of Plains), (y) Capital Stock of a Person (other than Plains or an Affiliate of Plains) engaged primarily in any Related Business and (z) other assets used or useful in any Related Business, in the case of clauses (i) and (ii), received by Plains since July 3, 2002 as a contribution to its common equity capital or from the issue or sale of Equity Interests of Plains (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of Plains that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of Plains); *provided, however*, that the aggregate amount calculated pursuant to this clause (A) shall not include $731.6 million (representing the Fair Market Value of the common stock of Nuevo Energy Company and shares of common stock of 3TEC Energy Corporation, in each case, received by Plains during the years 2003 and 2004 in exchange for shares of its common stock), (B) the amount by which Indebtedness of Plains or any Restricted Subsidiary is reduced on Plains consolidated balance sheet upon the conversion or exchange after March 13, 2007 of any such Indebtedness into or for Equity Interests of Plains (other than Disqualified Stock or Subordinated Debt), and (C) the aggregate net cash proceeds, if any, received by Plains or any of its Restricted Subsidiaries upon any conversion or exchange described in clause (A) or (B) above; *plus*

(c) the amount equal to the net reduction in Restricted Investments made by Plains or any of its Restricted Subsidiaries in any Person resulting from repurchases or redemptions of such Restricted Investments by such Person, proceeds realized upon the sale of such

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Restricted Investment to a purchaser other than Plains or a Subsidiary of Plains, or repayments of loans or advances or other transfers of assets (including by way of dividend or distribution) by such Person to Plains or any Restricted Subsidiary; *provided*, *however*, that no amount will be included under this clause (c) to the extent it is already included in Consolidated Net Income; *plus*

(d) to the extent that any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary after March 13, 2007, the Fair Market Value of Plains Investment in such Subsidiary as of the date of such redesignation.

So long as no Default has occurred and is continuing or would be