Gulf of Mexico Acquisition

September 2012

PXP

Plains Exploration & Production Company

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Corporate Information

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Forward-Looking Statements

Except for the historical information contained herein, the matters discussed in this presentation are “forward-looking statements” as defined by the Securities and Exchange Commission. These statements involve certain assumptions PXP made based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances.

The forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially. These risks and uncertainties include, among other things, uncertainties inherent in the exploration for and development and production of oil and gas and in estimating reserves, the timing and closing of acquisitions and divestments, unexpected future capital expenditures, general economic conditions, oil and gas price volatility, the success of our risk management activities, competition, regulatory changes and other factors discussed in PXP’s filings with the SEC.

References to quantities of oil or natural gas may include amounts that the Company believes will ultimately be produced, but that are not yet classified as "proved reserves" under SEC definitions.

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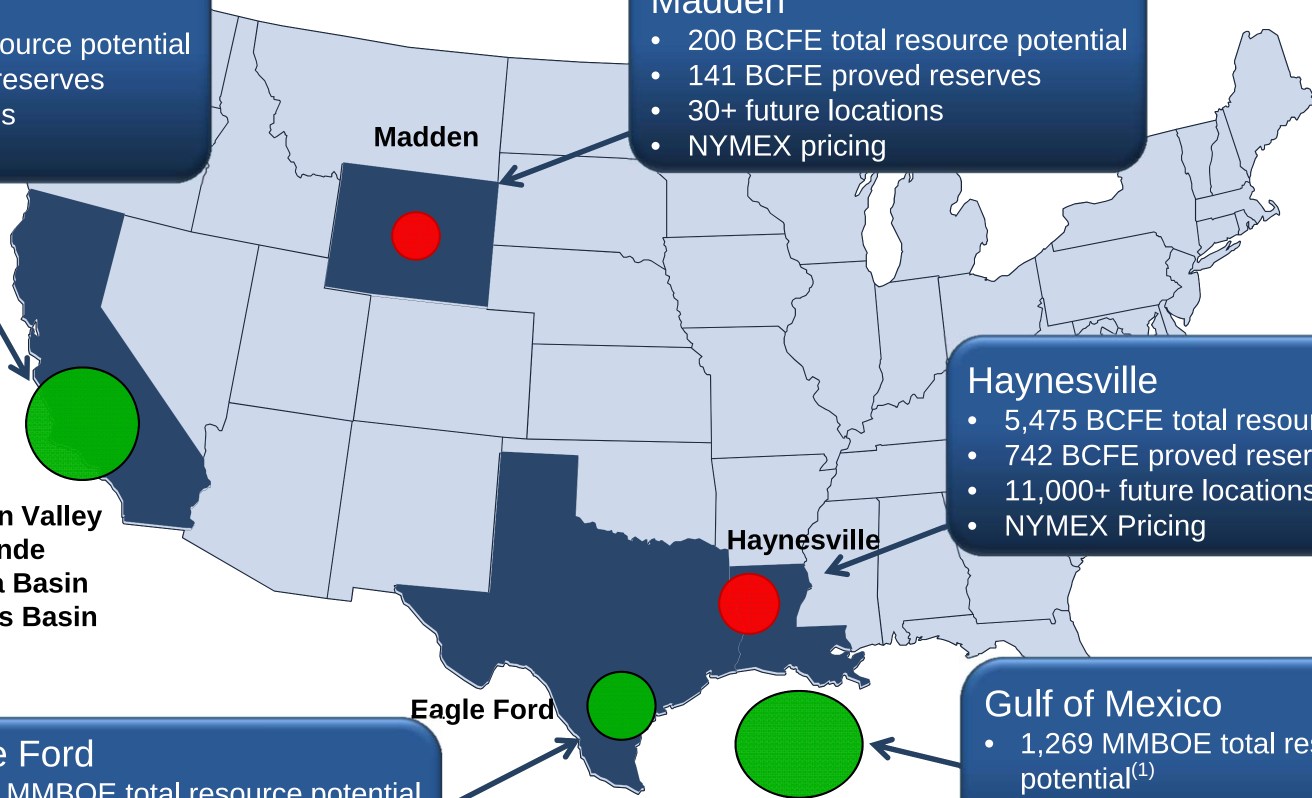
Asset Overview

Core Asset Areas

California
- 482 MMBOE total resource potential
- 217 MMBOE proved reserves
- 2,300+ future locations
- Brent based pricing

Madden
- 200 BCFE total resource potential
- 141 BCFE proved reserves
- 30+ future locations
- NYMEX pricing



Haynesville
- 5,475 BCFE total resource potential
- 742 BCFE proved reserves
- 11,000+ future locations
- NYMEX Pricing

Eagle Ford
- 172 MMBOE total resource potential
- 22 MMBOE proved reserves
- 60,000 net acres
- 500+ future locations
- LLS pricing

Gulf of Mexico
- 1,269 MMBOE total resource potential(1)
- 146 MMBOE proved reserves
- 145+ future locations
- LLS Pricing

(1) Includes near-term PXP exploration.

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Leading Value Creating Characteristics

	PXP Pre-Acquisition	PXP Post-Acquisition
Increase oil production per share	√	√
Strong cash flow growth	√	√
Increase operating margin per share	√	√
Strong oil growth assets	√	√
Premium pricing on more oil	√	√
Increase high-margin barrels	√	√
Increase asset durability	√	√
Infrastructure for incremental low-cost barrels	√	√
Significant free cash flow(1) potential	√	√

(1) Free cash flow, a non-GAAP measure, is defined as net cash provided by operating activities minus capital expenditures.

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GOM Asset Acquisition

- Acquired 100% of BP's interest in Holstein, Horn Mountain, Marlin Hub, Ram Powell, Diana-Hoover oil fields and 100% of Shell's interest in the Holstein oil field in the Gulf of Mexico
- Purchase price: $6.1B
- Anticipated closing: by year-end 2012
- Strong Cash Flow & High-Margin Oil Production
  - $4 - $5 billion cumulative excess cash flow(1) from 2013 to 2016
  - Adds 67 MBOEPD production, 87% oil, 34° API
  - Estimated oil volumes increase from 61% in 2012 to 89% in 2013 of total sales volumes
  - Volumes realize LLS pricing
  - Gulf Coast high-quality crude is increasing in value

(1) Net cash provided by operating activities minus capital expenditures.

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Acquisition Strength

2012 PXP Compared to 2013 PXP (Pro Forma for Acquisition)

	% Change
Production (MBOEPD)	40%
Total Resource Potential (MMBOE)[1]	40%
Oil Production	100%+
Cash Flow[2][4]	100%+
Operating Margin[3][4]	100%+

(1) As of 12/31/11 plus PXP estimate of acquired assets as of 10/1/12 using strip pricing less potential divestment.
(2) Net cash provided by operating activities.
(3) GAAP revenue net of GAAP production costs.
(4) Assumes Brent-based oil pricing of $111.00 in 2012 and $110.00 in 2013. Assumes Natural Gas pricing of $2.70/MMbtu in 2012 and $3.00 in 2013.

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GOM Acquisition
Operated Assets – 100% Ownership

Holstein
Capacity
- 113.5 MBO/D
- 142.3 MMCF/D
- 45.9 MBW/D

Current Production
- 14.5 MBOE/D

Truss SPAR: (149 feet diameter)
Water Depth: 4,300 ft.

Marlin
Capacity
- 60 MBO/D
- 235 MMCF/D
- 20 MBW/D

Current Production
- 38 MBOE/D

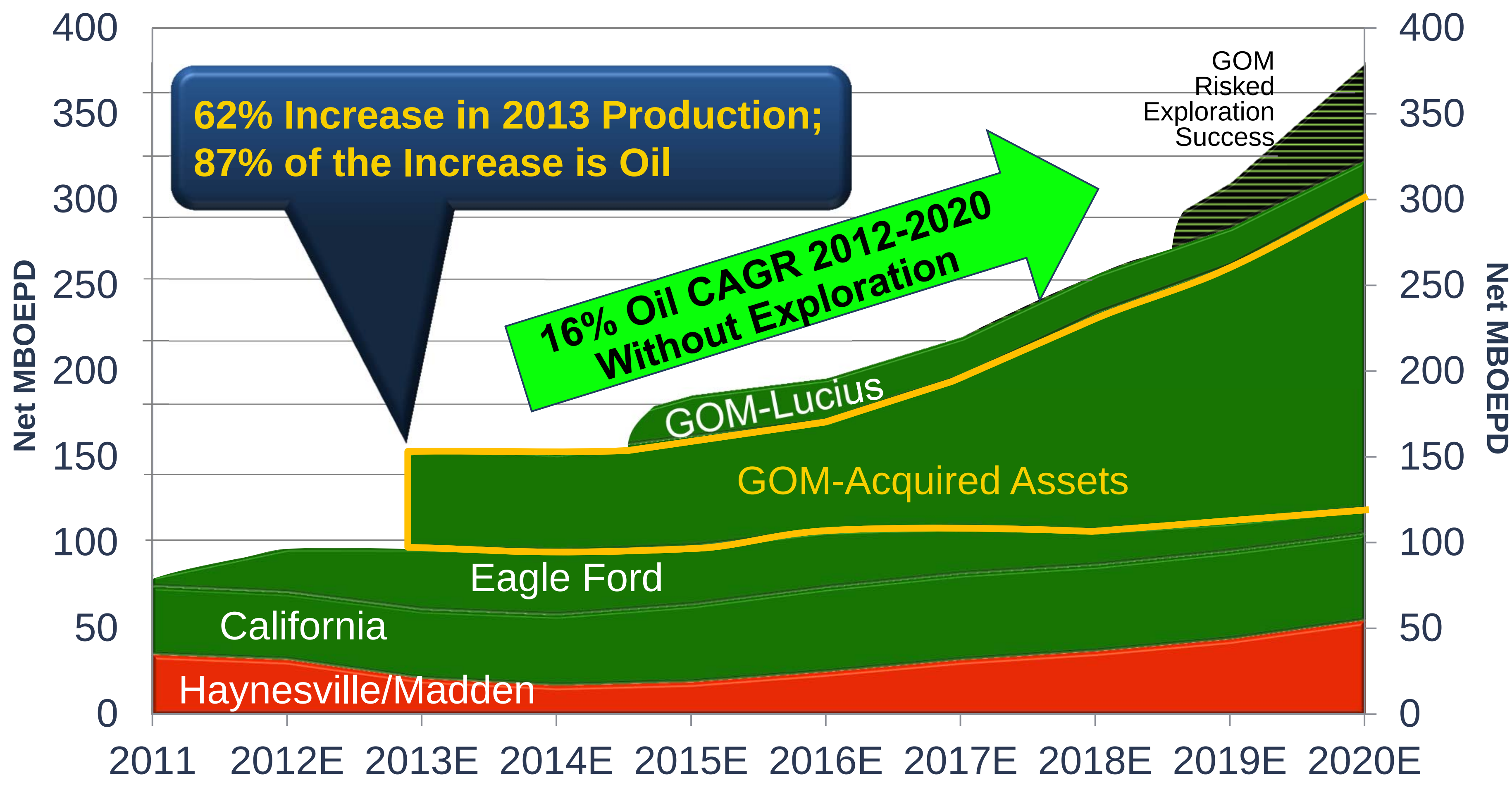
Tension Leg Platform: Dry Tree & Subsea Production
Water Depth: 3,240 ft.

Horn Mountain
Capacity
- 75 MBO/D
- 72 MMCF/D
- 30 MBW/D

Current Production
- 8.5 MBOE/D

Truss SPAR: (106 feet diameter)
Water Depth: 5,400 ft.

Production Target Profile
Pro Forma Transaction



Locator Map
Deepwater Gulf of Mexico

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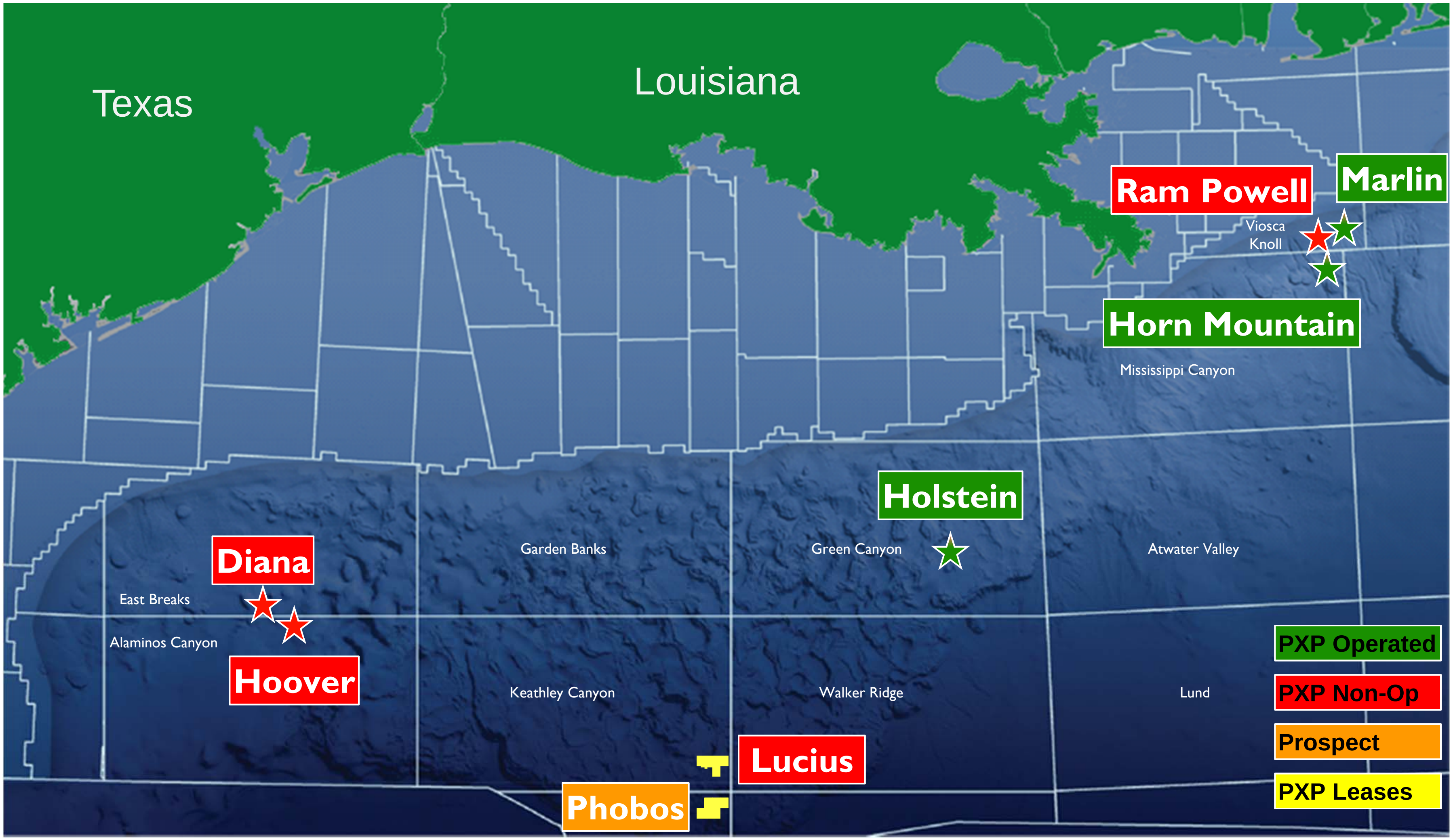

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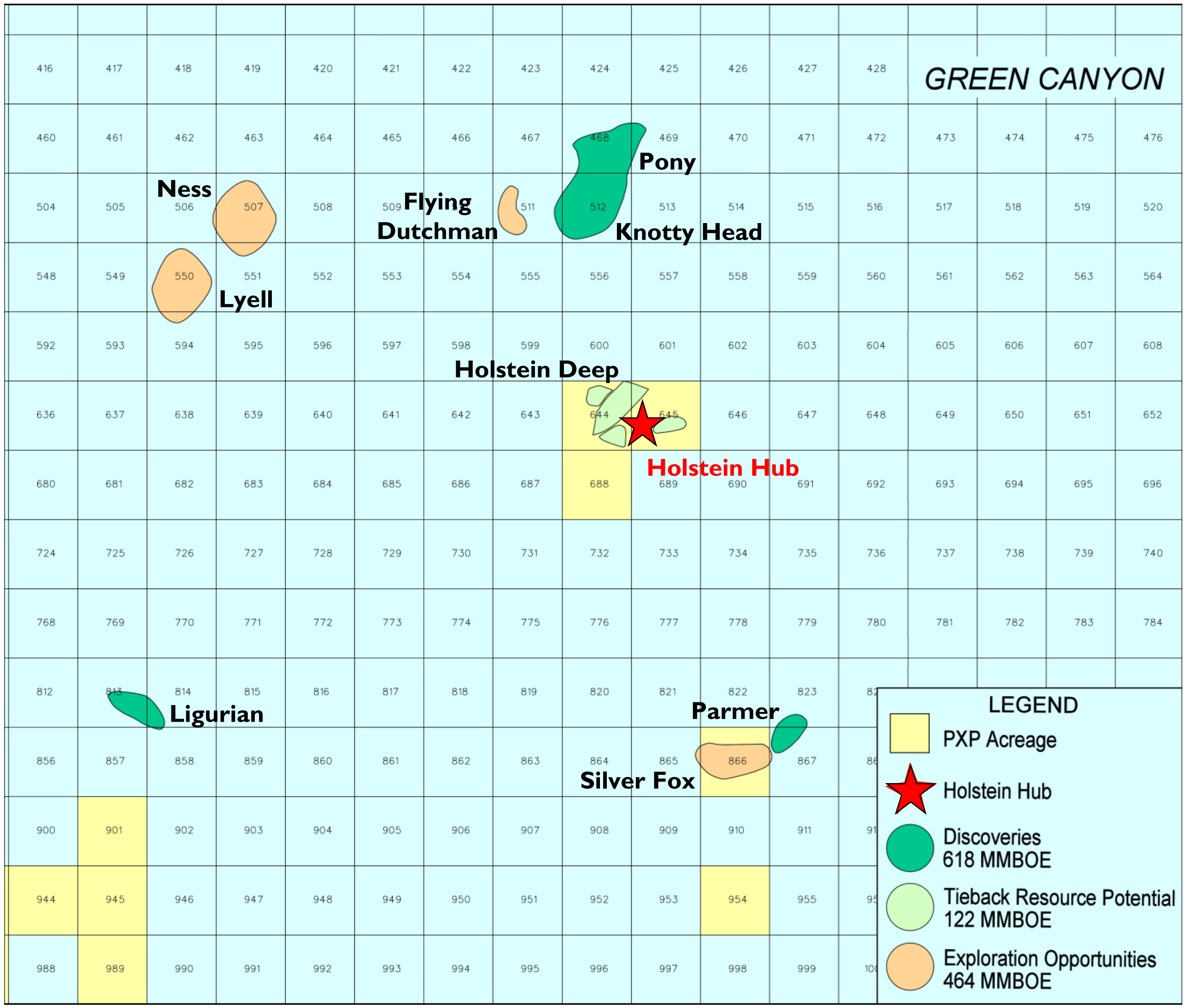
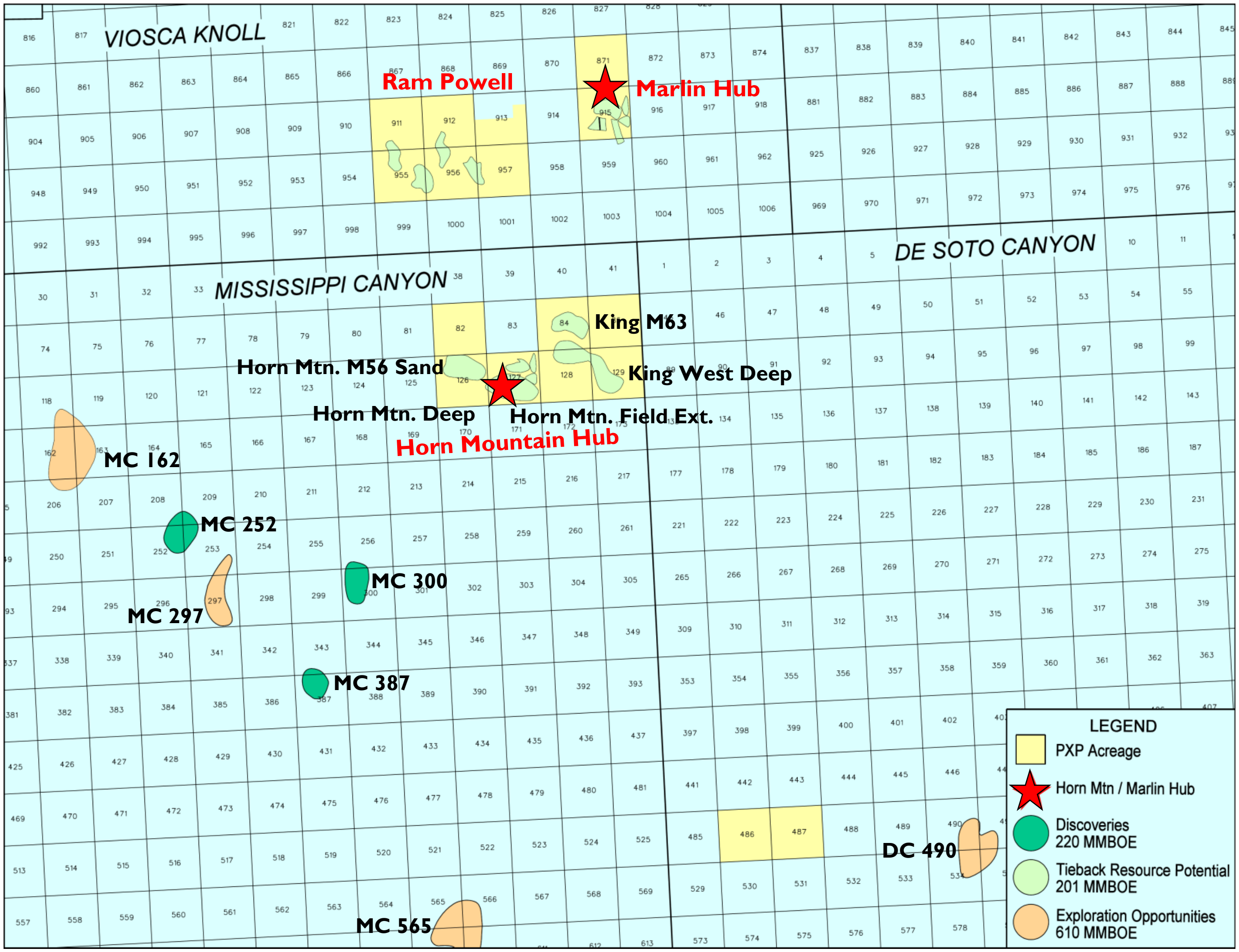
Holstein Hub
Tieback Resource Potential



Horn Mountain / Marlin Hub
Tieback Resource Potential



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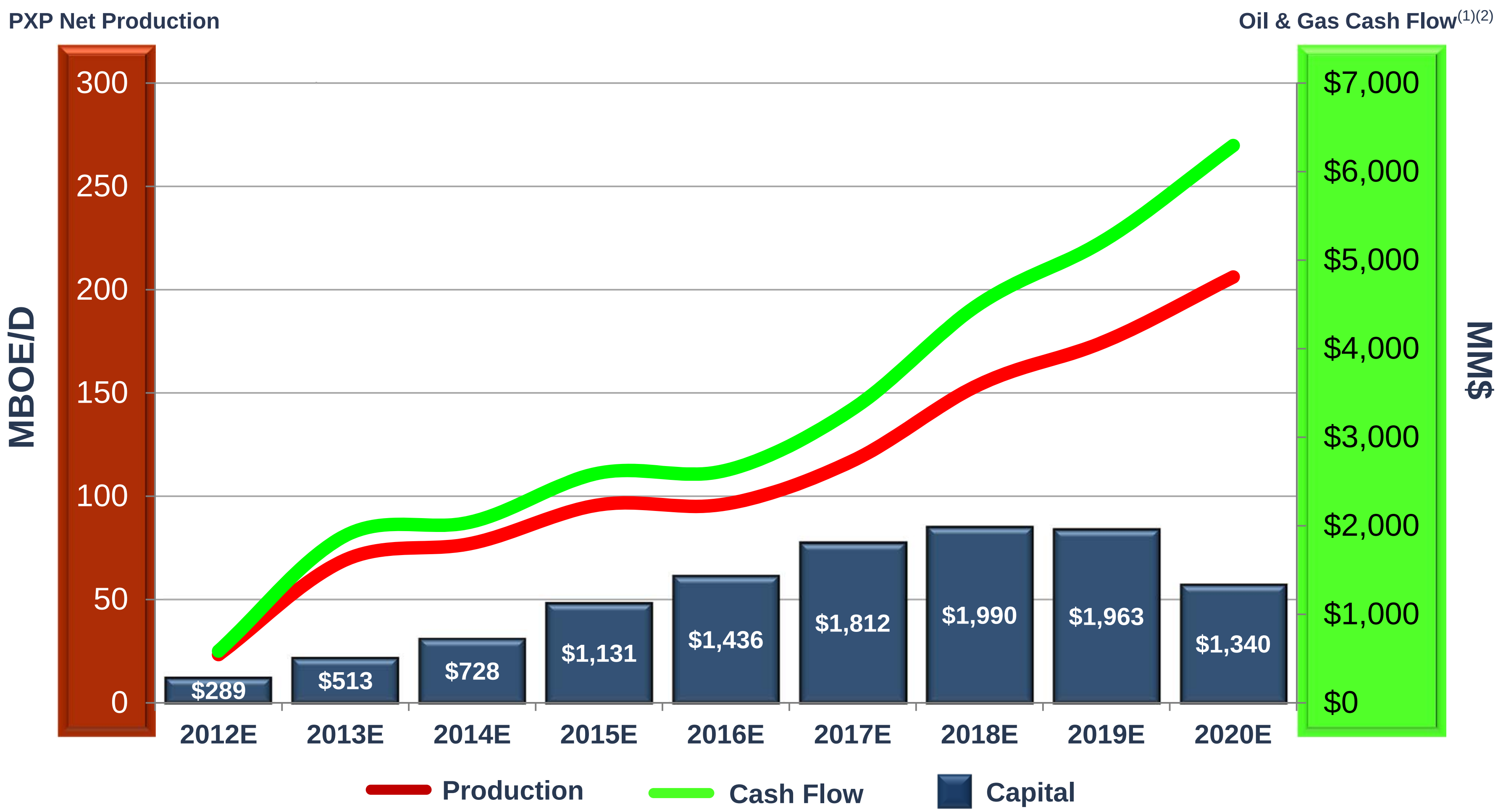
Gulf of Mexico

Operated Development Rig Plan

Project	Rig Type	2013				2014				2015				2016				2017				2018				2019				2020				2021				2022				2023				2024			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
MARLIN HUB																																																	
Development and TBRP	Semi									Spud IEW	Drill S/T	Drill S/T	Drill S/T	Spud IEW	Drill S/T	Drill Deepen		Delin Well	Comp IEW			Delin Well	Comp IEW	Drill S/T	Drill 5 Dev Wells							Drill 3 Dev Wells																	
HOLSTEIN																																																	
Development	Permanent Platform Rig				Drill #8	Drill # 4 & 11		Drill #1, 1A, 3, & 3A			Drill #11A		Drill #9									Drill # 4 & 6																		Drill #10								Drill #12	
TBRP	Semi												#2 ST	Drill #3		Drill #4		Drill #1	Drill #2		Drill #3			Drill WIW				Drill WIW																					
HORN MOUNTAIN																																																	
Development	Platform										Kilo		Victory														Quebec		Oscar																				
TBRP Rig 1	Semi									Spud IEW	Drill S/T	Spud IEW	Drill S/T	Spud IEW	Comp IEW	Spud IEW	Comp IEW	Spud & Cmp	Spud IEW	Cmp IEW	Spud IEW	Comp IEW																											
TBRP Rig 2	Semi																	Delin Well	Cmp IEW	Delin Well	Cmp IEW				Drill 6 Dev Wells							Drill 8 Dev Wells																	
EXPLORATION																																																	
Exploration Rig 1	Semi	Phobos Drill & S/T Expl Well #1					Phobos Deln Well	Silverfox Drill & S/T Expl Well #1					Silverfox Drill & S/T Delin Well							Phobos S/T & Comp Delin Well				Drill and Comp (Phobos 8 Wells)																									
Exploration Rig 2	Semi							Zephir Drill & S/T Expl Well #1		Kanzi Drill & S/T Expl Well #1		Giverny Drill & S/T Expl Well #2		Zephir Drill & S/T Delin Well		Kanzi Drill & S/T Delin Well		Giverny Drill & S/T Delin Well		Drill and Comp (Silverfox 1 Drill, 3 Comp wells)				Drill and Comp (Kanzi 18 wells)																									
Exploration Rig 3	Semi																			Drill and Comp (Zephir 11 wells)																													
Exploration Rig 4	Semi																							Drill and Comp (Giverny 4 Wells)																									

Development Tieback Resource Potential Exploration Non-Operated

Offshore Oil Development
Operational Plan



(1) Oil and Gas revenues minus lease expenses.
(2) Assumes $110.00/Bbl Brent based oil pricing. Natural Gas pricing of $3.00/MMBtu in 2012 and 2013, $4.00/MMBtu in 2014 and $5.00/MMBtu 2015 and beyond.

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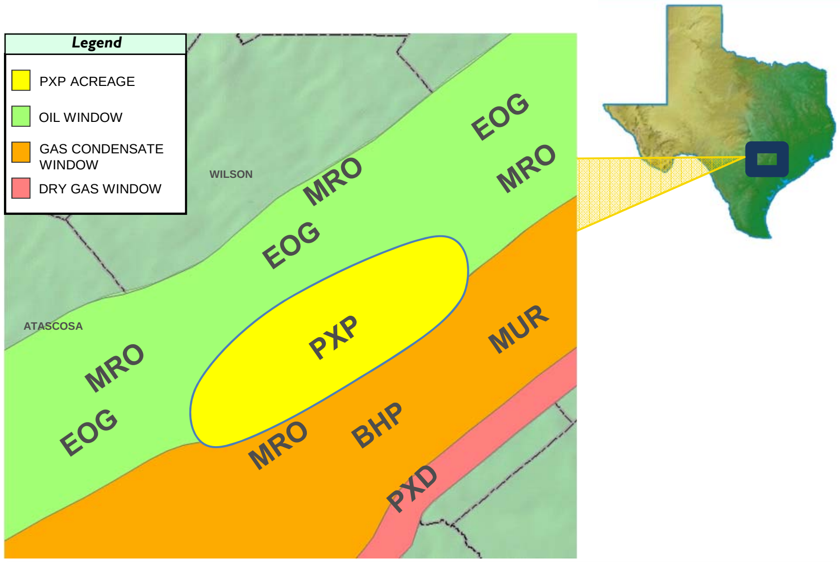
Onshore Oil Development
California and Eagle Ford

- 204 MMBOE Proved Reserves
- 436 MMBOE Total Resource Potential
- 66% Proved Developed Reserves
- 18 yr Proved R/P, 38 yr Resource Potential R/P
- 2,300+ Future Well Locations



- 22 MMBOE Proved Reserves
- 172 MMBOE Total Resource Potential
- 45% Proved Developed Reserves
- 7 yr Proved R/P, 52 yr Resource Potential R/P
- 500+ Future Well Locations

The shaded areas are for illustrative purposes only and do not reflect actual leasehold acreage.

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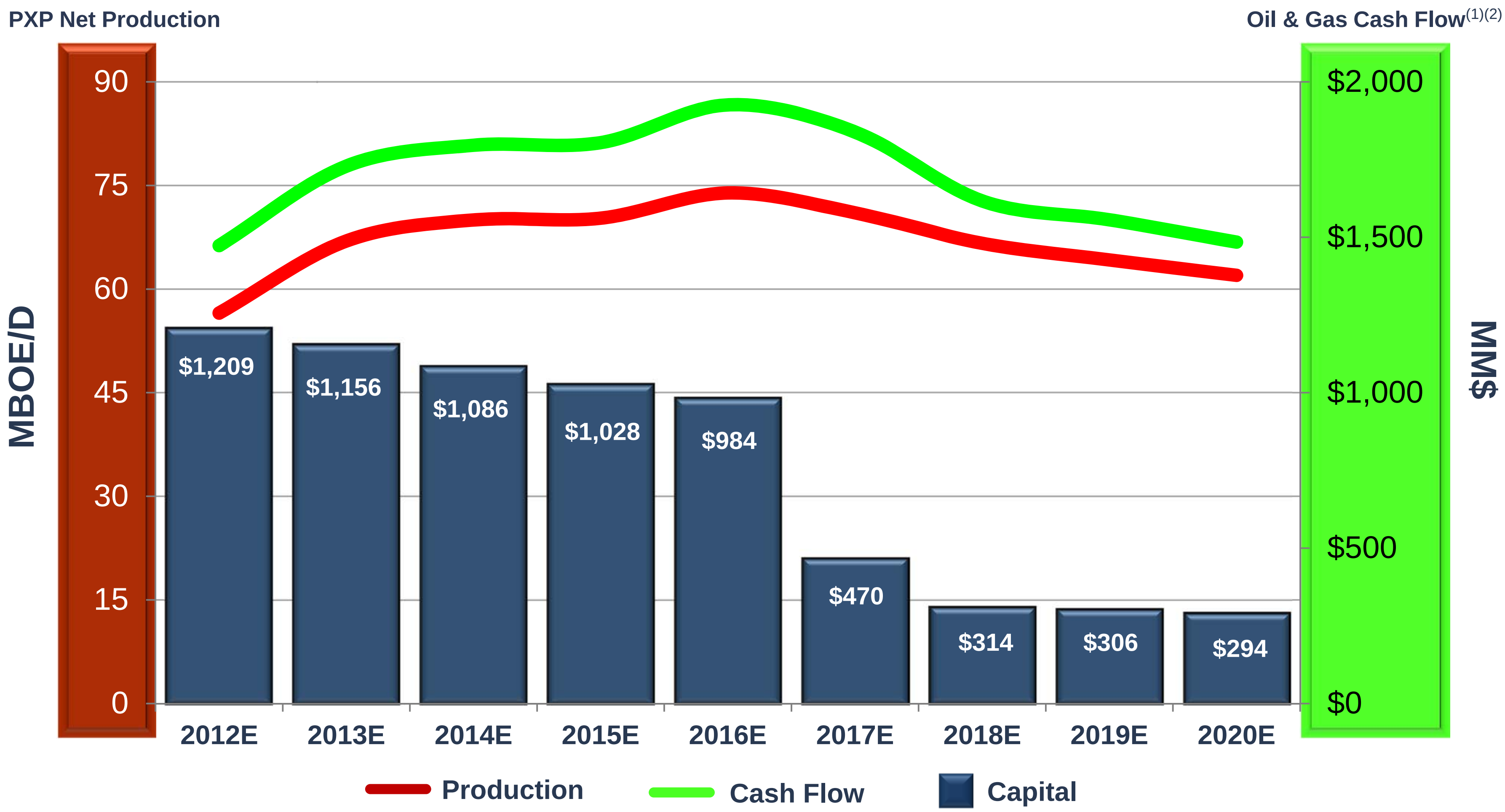
Onshore Oil Development
Operational Plan



(1) Oil and Gas revenues minus lease expenses.
(2) Assumes $110.00/Bbl Brent based oil pricing. Natural Gas pricing of $3.00/MMBtu in 2012 and 2013, $4.00/MMBtu in 2014 and $5.00/MMBtu 2015 and beyond.

PXP Development Operational Plan

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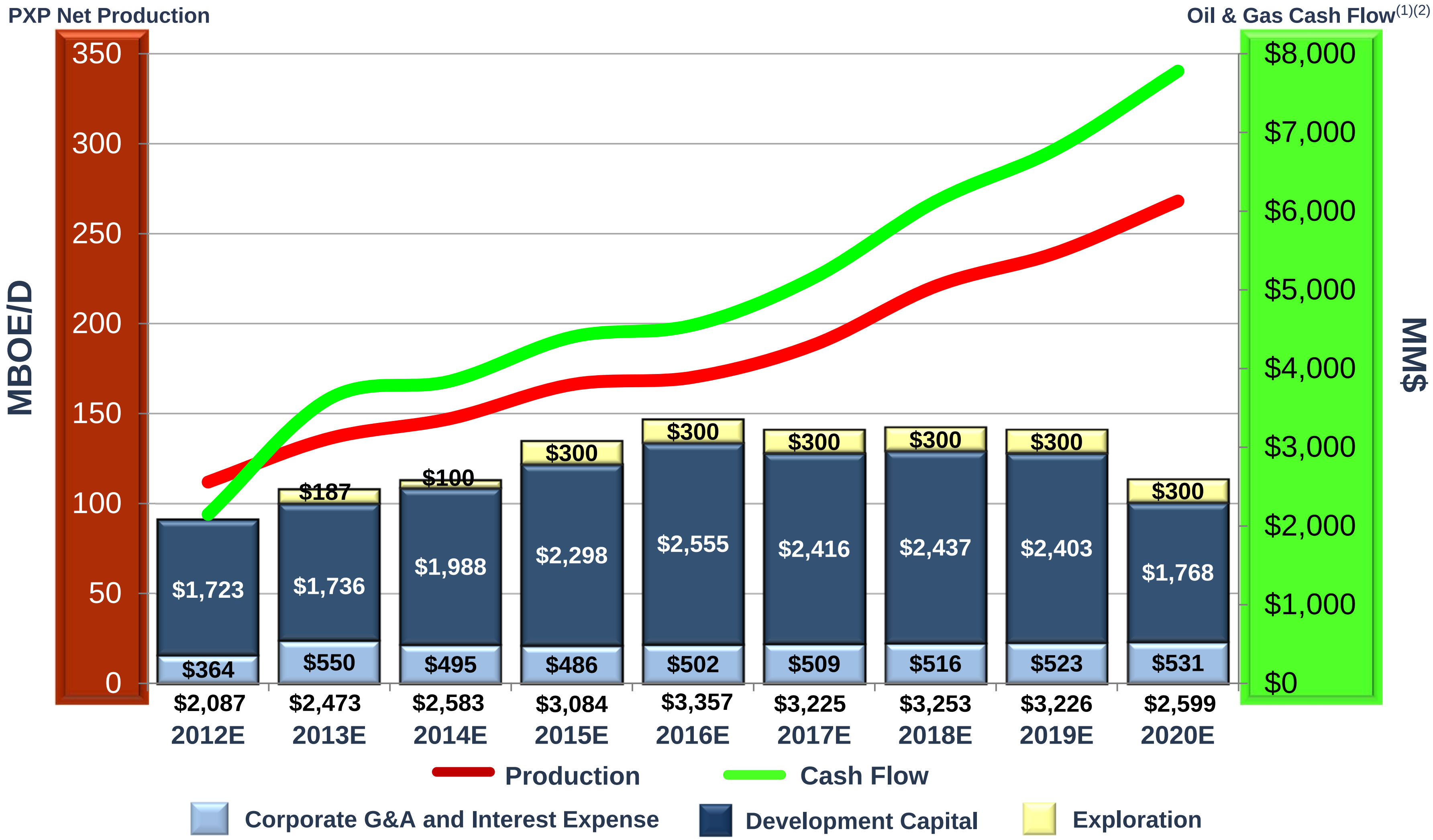

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PXP Pro forma GOM Acquisition

	Current PXP W/O Non-Op Natural Gas (MMBOE)	GOM Acquisition (MMBOE)	Pro Forma (MMBOE)
2P Reserves	380	172	552
Resources	380	369	749
Near-term Exploration	622	-	622
Total	1,382	541	1,923

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Pro Forma Asset Intensity
Substantially Larger Oil Exposure

- **High Margins**
- **Durability**
  - **2P Reserves R/P 12 years**(1)
  - **Total Resource R/P 40 years**(1)

Onshore Oil	**Margin**	**12/31/2011 2P R/P**	**Resource Potential R/P**	**Gross Locations**	**Total Resource Potential**
California	Brent Based Pricing	26 yr	38 yr	2,300+	436 MMBOE
Eagle Ford	LLS Pricing	7 yr	52 yr	500+	172 MMBOE
Offshore Oil					
California	Brent Based Pricing	5 yr	14 yr	8+	46 MMBOE
Gulf of Mexico	LLS Pricing	10 yr	59 yr	145+	1,269 MMBOE
Onshore Gas					
Madden	NYMEX	16 yr	20 yr	30+	200 Bcfe
Haynesville	NYMEX	24 yr	75 yr	11,000+	5,475 Bcfe

(1) Pro forma for expected divestiture of non-operated Natural Gas Assets and 2012 GOM Acquisition.

GOM Exploration
Frontal Pliocene Trend

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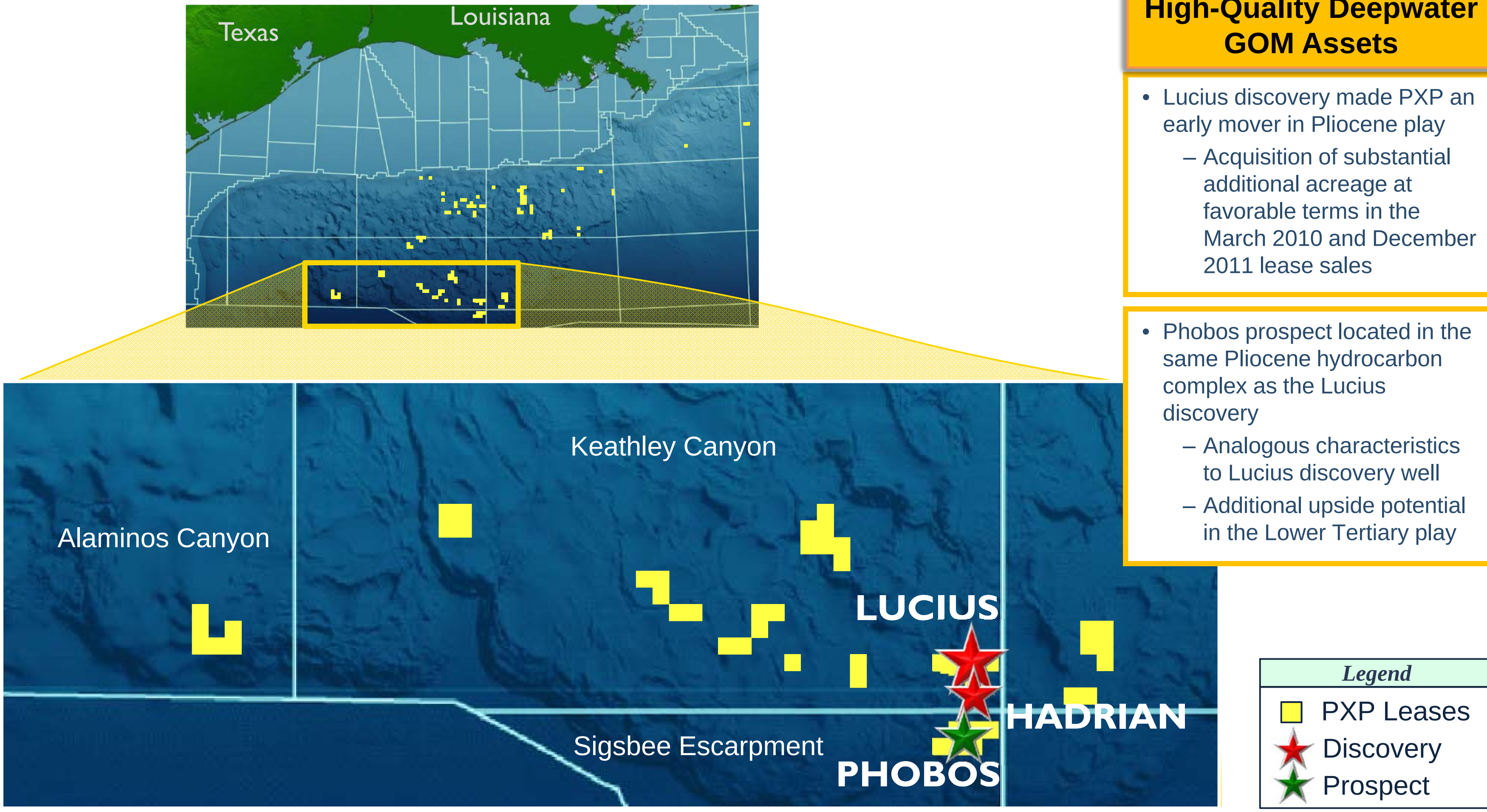
Frontal Pliocene Trend Deepwater Leasehold

- Lucius Discovery
- 12 Exploration Prospects
- Interest in 39 blocks
- 224,640 gross acres / 122,877 net acres



High-Quality Deepwater GOM Assets

- Lucius discovery made PXP an early mover in Pliocene play
  - Acquisition of substantial additional acreage at favorable terms in the March 2010 and December 2011 lease sales

- Phobos prospect located in the same Pliocene hydrocarbon complex as the Lucius discovery
  - Analogous characteristics to Lucius discovery well
  - Additional upside potential in the Lower Tertiary play

GOM Exploration

Lucius / Hadrian / Phobos Oil Complex

500 MMBOE of Discovered Resource; 1+ BBOE Exploration Upside

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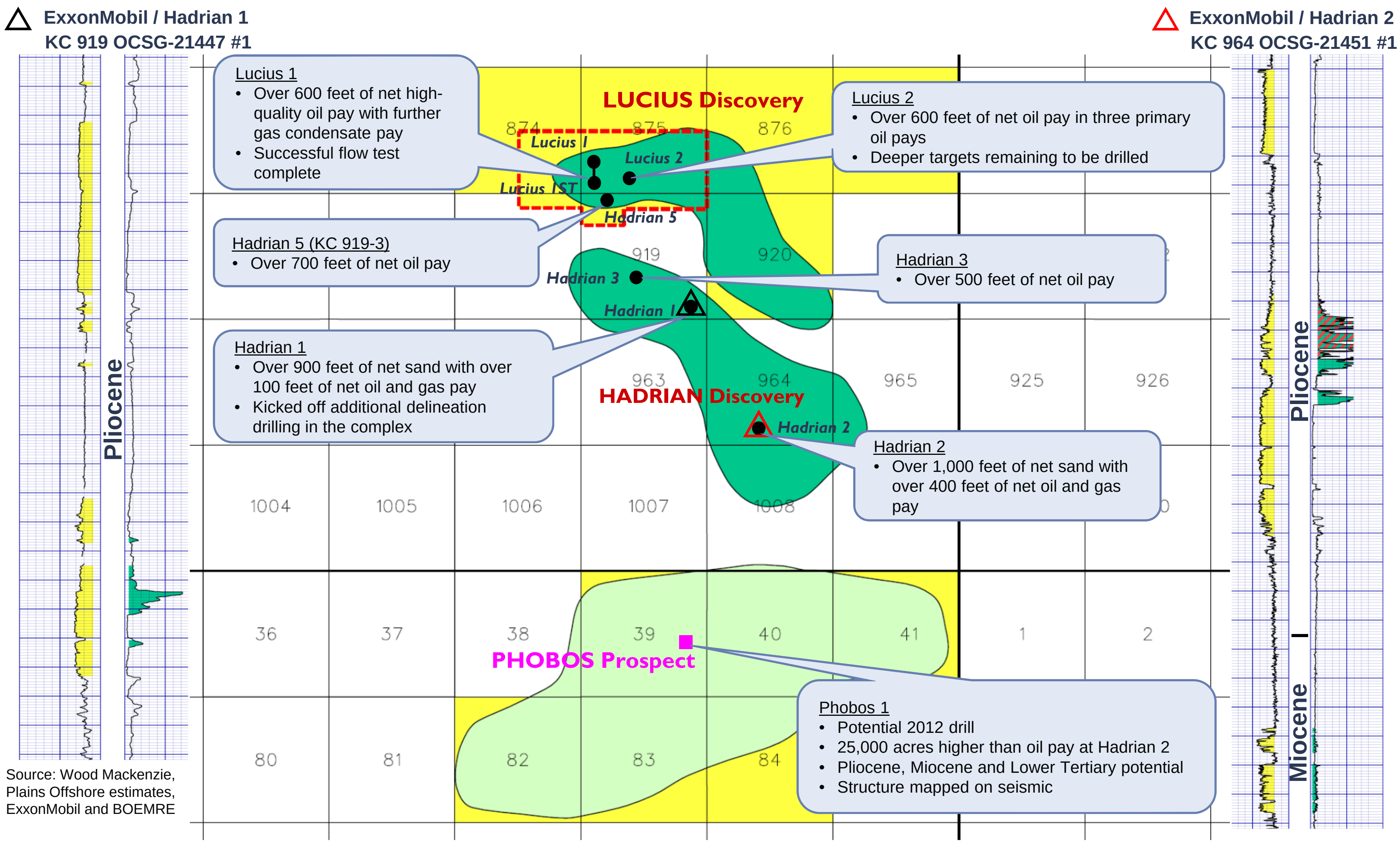

Source: Wood Mackenzie, Plains Offshore estimates, ExxonMobil and BOEMRE

GOM Exploration

Near-Term Activity Plan Summary

Prospect / Discovery	Year of Discovery / Projected Spud	Working Interest	Operator	Emerging Pliocene	Miocene	Lower Tertiary	Resource Potential (MMBOE)
Lucius	2009	23.33%(1)	Anadarko	✓	✓		106
Phobos	2013	50%	Anadarko	✓	✓	✓	306
Zephir	2014	50%(2)	TBD	✓	✓		104
Kanzi	2015	50%(2)	TBD	✓	✓		97
Giverny	2015	50%(2)	TBD		✓		66
Silver Fox	2014	50%(2)	PXP	✓			49
						Total	**728**

(1) Lucius working interest per contractual unitization; remaining working interests reflective of existing leasehold ownership.
(2) 100% working interest currently held; 50% interest reserved for venture partner.

PXP Operational Development + Risked Exploration Success Plan

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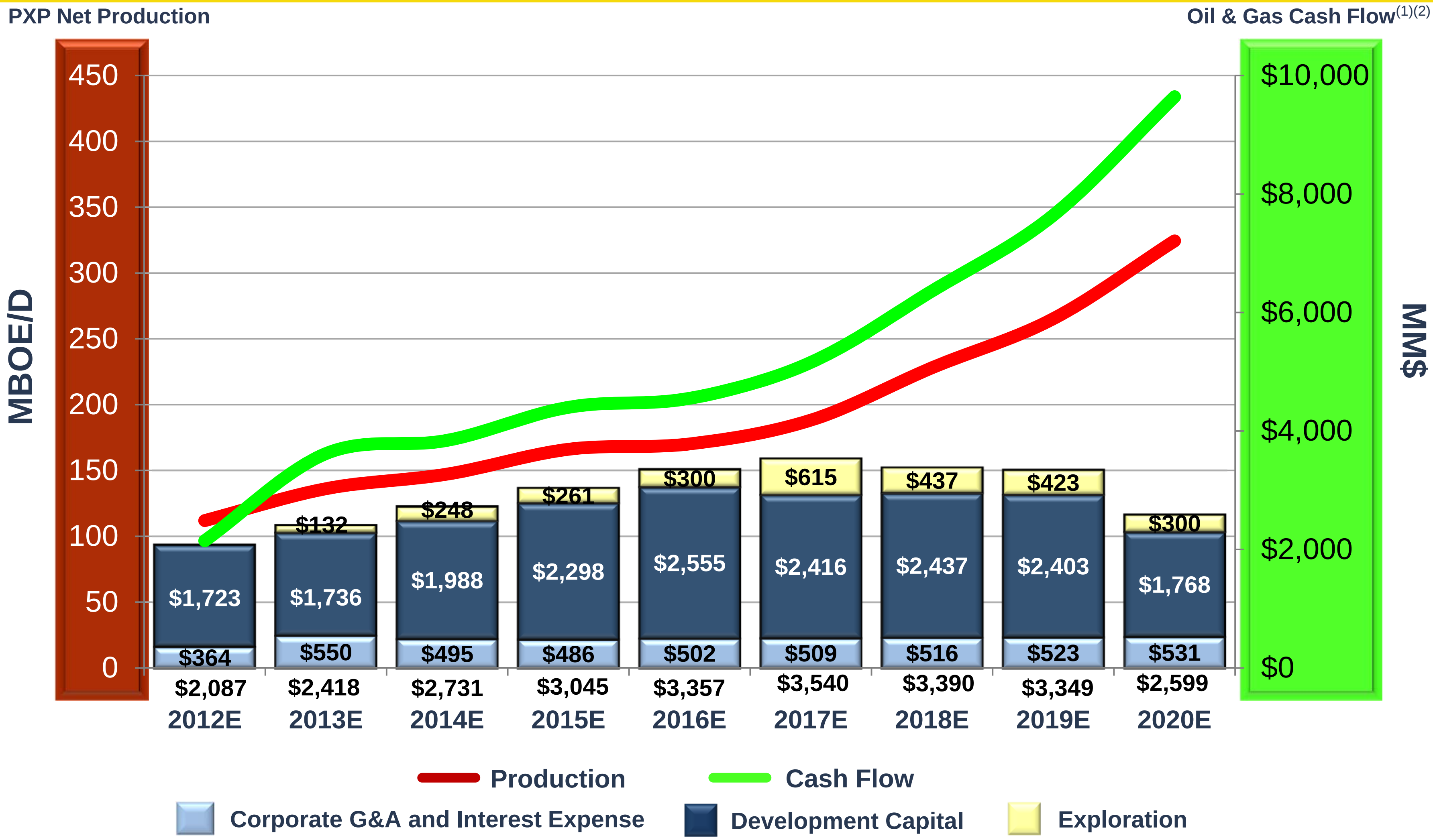

(1) Oil and Gas revenues minus lease expenses.
(2) Assumes $110.00/Bbl Brent based oil pricing. Natural Gas pricing of $3.00/MMBtu in 2012 and 2013, $4.00/MMBtu in 2014 and $5.00/MMBtu 2015 and beyond.

Financial Section

September 2012

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Corporate Return Drivers

- Cash margin(1) per BOE up 60%
- Revenue per BOE up 35%
- Production costs per BOE down 4%
- General and Administrative expense per BOE down 15%

Active hedge program to protect downside oil price risk to ensure strong cash flow return

(1) Cash margin equals revenue minus production expenses, G&A (including capitalized G&A) and interest expense (including capitalized interest) .

Estimates based on 2013 PXP pro forma acquired assets compared to 2012 PXP without acquired assets.

Assumes Brent-based oil pricing of $111.00 in 2012 and $110.00 in 2013. Assumes Natural Gas pricing of $2.70/MMbtu in 2012 and $3.00 in 2013.

GOM Asset Acquisition
Strong Returns

Returns Analysis		
		Purchase Price $6.1 Billion
Base Case $110.00/$3.00		
Pre-Tax IRR		22% - 28%
Strip Case (8/29/12)		
Pre-Tax IRR		17% - 23%
Multiples Analysis		
	EV[1]/ Oil and Gas CF[2] [3]	
Current PXP[4]	$9.23B/$1.725B	5.4x
GOM Acquisition	$6.1B/$1.735B	3.5x

(1) Enterprise Value (EV) for purposes of GOM Acquisition equals purchase price, otherwise, EV equals market capitalization plus long-term debt.
(2) Oil and Gas revenues minus lease expenses.
(3) Assumes $110.00/Bbl Brent based oil pricing and natural gas pricing of $3.00/MMBtu.
(4) As of September 7, 2012.

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Financing and Leverage Reduction Plan

- Initial Funding
  - Committed $7.0 billion facilities to fund initial purchase price and provide liquidity
  - Initial borrowing base for company increases from $2.3 Billion to $5.3 Billion
- Leverage Reduction Plan
  - Hedge up to 90% of oil production through 2015 to lock in strong cash flows and protect downside price risk to achieve $1.0 Billion+ of yearly free cash flow(1)
  - Divest $1.5 – $2.0 Billion of low margin non-operated Natural Gas assets
  - Utilize $2.5 - $3.0 Billion of free cash flow and asset sales proceeds to reduce debt below $7.0 Billion by year-end 2013

(1) Free cash flow, a non-GAAP measure, is defined as net cash provided by operating activities minus capital expenditures.

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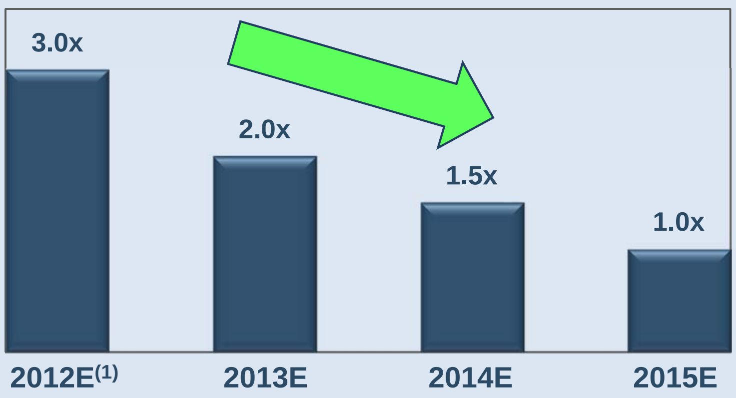
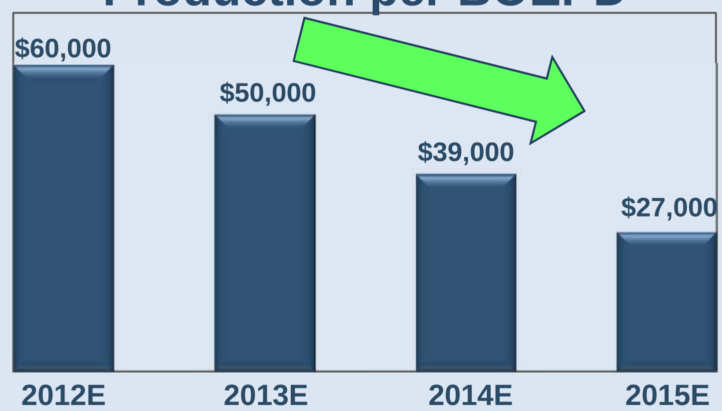
Credit Metric Trend Targets

Net Debt[1] to EBITDAX[2]



Net Debt[1] to Production per BOEPD



EBITDAX[2] to Interest Expense

Net Debt[1] to Total Capitalization

(1) Net debt is calculated as debt minus cash and cash equivalents.
(2) EBITDAX is a non-GAAP measure. See definition and reconciliation in the appendix to this presentation.

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Targeting Investment Grade Credit Metrics in 2015

	PXP Targets 2015	Large-Cap Median(1)	Mid-Cap Median(1)
% Oil Production	90%	42%	60%
Net Debt(2) / BOEPD	$ 27,000	$ 13,000	$ 22,000
Net Debt(2) / EBITDAX(3)	1.0x	1.0x	2.0x
EBITDAX(3) / Interest Expense	10.0x	12.0x	8.0x
Net Debt(2) / Total Capitalization	40%	34%	46%

(1) Source: FactSet as of 8/24/12; balance sheet data as of 6/30/12. Large-cap peer group includes APA, APC, EOG, CHK, DVN, NBL and CLR. Mid-cap peers include PXD, RRC, CXO, DNR, NFX, WLL and FST.
(2) Net debt is calculated as debt minus cash and cash equivalents.
(3) EBITDAX is a non-GAAP measure. See definition and reconciliation in the appendix to this presentation.

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Summary

- Strong Quarterly Operating Results Generating Significant Free Cash Flow(1) for Debt Reduction
- Both Onshore and Offshore Oil Development Growth
- Significant Exploration Highlighted by Phobos Exploration Well with 300+ MMBOE Net Potential
- Continue Rotation from Low Margin Natural Gas Assets to High Margin Oil Assets
- Drive Equity Value Through Aggressive Debt Reduction

(1) Free cash flow, a non-GAAP measure, is defined as net cash provided by operating activities minus capital expenditures.

Addendum

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Full-Year 2013-2014 Operating and Financial Guidance

	Year Ended 12/31/2013		Year Ended 12/31/2014
Estimated Sales Volumes:			
Oil - mmbbls	40 - 42		43 - 46
NGL - mmbbls	3 - 4		3 - 4
Natural gas - bcf	31 - 33		33 - 35
Barrels of oil equivalent - mmboe	48 - 51		52 - 55
Daily barrels of oil equivalent midpoint - mboe (Pro-forma asset sales)	136		147
Natural gas assets held for sale - mmcfe per day	124		-
Year over year estimated production increase including asset sales	22%		8%
Brent Price (for calculation of realized hedging effects only):			
Oil - $/bbl	$110.00		$110.00
NYMEX Price (for calculation of realized hedging effects only):			
Natural gas - $/mcf	$3.00		$4.00
Estimated Realized Hedging Effects (based on assumed Brent/NYMEX prices above):			
Oil - $/bbl (1)	($0.26)		$0.00
Natural gas - $/mcf	$1.57		$0.09
Estimated Realized Price Differentials to Brent/NYMEX Prices:			
Oil - % of Brent	90% - 94%		89% - 93%
NGL - % of NYMEX	38% - 42%		38% - 42%
Natural gas - % Henry Hub	98% - 102%		98% - 102%
Operating Costs per mboe of Projected Sales Volumes:			
Production expense (2)	$13.00 - $14.00		$12.50 - $13.50
Production and ad valorem taxes (3)	$1.50 - $2.00		$2.00 - $2.50
Gathering and transportation costs	$0.95 - $1.15		$1.50 - $1.70
General and administrative	$2.40 - $2.60		$2.50 - $2.70
Stock-based compensation (noncash) (4)	$0.80 - $1.00		$0.80 - $1.00
Depreciation, depletion, amortization and accretion	$36.00 - $38.00		$36.00 - $38.00
Interest expense	$7.00 - $10.00		$5.00 - $8.00
Effective Tax Rate	52% - 54%		37% - 39%
Weighted average shares outstanding (in millions):			
Basic	125 - 130		128 - 132
Diluted	128 - 132		130 - 132
		($ in millions)	
Operating Cash Flow (non-GAAP) (5)	$3,000 - $3,200		$3,100 - $3,500
Capital spending on proved and unproved properties (6)	($1,800 - $2,000)		($2,000 - $2,200)
Asset sales and other transactions	$1,400 - $1,600		$0
Total budgeted cash flow surplus	$2,600 - $2,800		$1,100 - $1,300

(1) The Company currently has deferred premiums and interest of approximately $70 million and $110 million in 2013 and 2014, respectively. PXP currently plans to offset the put spreads by selling calls to cover the estimated deferred premiums and interest.
(2) Includes LOE, steam gas costs and electricity. Steam gas costs assume a base SoCal Border index price of $3.08 per MMBtu for 2013 and $4.12 per MMBtu for 2014. The purchased volumes are anticipated to be 50,000 MMBtu per day for 2013 and 55,000 MMBtu for 2014 .
(3) Production and ad valorem taxes assume base index prices of $110.00 per barrel and $3.00 per MMBtu for 2013 and $4.00 per MMBtu for 2014. (Note: Brent index price for Oil)
(4) Based on current outstanding and projected awards and current stock price.
(5) Operating Cash Flow is a non-GAAP measure calculated by adjusting net income to add back certain non-cash and non-operating items, including the unrealized gain and loss on mark-to-market derivative contracts, to include derivative cash settlements for the realized gain and loss on mark-to-market derivative contracts that are classified as investing activities for GAAP purposes, to include distributions to holders of noncontrolling interest in the form of preferred stock of subsidiary that are classified as financing activities for GAAP purposes and to exclude certain other items. We are unable to provide a reconciliation to projected Cash Flow Provided by Operating Activities, the most comparable GAAP measure, because of uncertainties associated with the most significant component of the reconciliation, projected future changes in assets and liabilities. Distributions to holders of noncontrolling interest in the form of preferred stock of subsidiary is projected to be approximately $27 million for 2013 and 2014 and derivativecash settlements for the realized net gains on mark-to-market derivative contracts is projected to be approximately $40 million and $5 million in 2013 and 2014.
(6) Includes capitalized interest and general and administrative expenses.

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Updated Hedging Position

Crude Oil Derivative Instruments[1]

Period	Instrument Type	Daily Volumes	Average Price	Average Deferred Premium	Index
2012					
Sept – Dec	Three-way collars	40,000 Bbls	$100.00 Floor with an $80.00 Limit $120.00 Ceiling	-	Brent
2013					
Jan – Dec	Put options	17,000 Bbls	$90.00 Floor with a $70.00 Limit	$6.253 per Bbl	Brent
Jan – Dec	Put options	13,000 Bbls	$100.00 Floor with an $80.00 Limit	$6.800 per Bbl	Brent
Jan – Dec	Three-way collars	25,000 Bbls	$100.00 Floor with an $80.00 Limit $124.29 Ceiling	-	Brent
Jan – Dec	Three-way collars	5,000 Bbls	$90.00 Floor with a $70.00 Limit $126.08 Ceiling	-	Brent
Jan – Dec	Swap contracts	37,000 Bbls	$109.21	-	Brent
2014					
Jan – Dec	Put options	50,000 Bbls	$90.00 Floor with a $70.00 Limit	$5.979 per Bbl	Brent
2015					
Jan – Dec	Put options	15,000 Bbls	$90.00 Floor with a $70.00 Limit	$6.730 per Bbl	Brent

(1) As of September 7, 2012.

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Updated Hedging Position

Natural Gas Derivative Instruments(1)

Period	Instrument Type	Daily Volumes	Average Price	Average Deferred Premium	Index
2012					
Sept – Dec	Put options	120,000 MMBtu	$4.30 Floor with a $3.00 Limit	$0.298 per MMBtu	Henry Hub
Sept – Dec	Three-way collars	40,000 MMBtu	$4.30 Floor with a $3.00 Limit $4.86 Ceiling	-	Henry Hub
Sept – Dec	Swap contracts	80,000 MMBtu	$2.72	-	Henry Hub
2013					
Jan – Dec	Swap contracts	110,000 MMBtu	$4.27	-	Henry Hub
2014					
Jan – Dec	Swap contracts	100,000 MMBtu	$4.09	-	Henry Hub

(1) As of September 7, 2012.

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GOM Acquisition Asset Overview

	Holstein	Marlin Hub	Horn Mountain	Diana - Hoover	Ram Powell
Water Depth (ft.)	4,300	3,240	5,400	4,800	3,214
Facility	Truss Spar	Tension Leg Platform	Truss Spar	DDCV/Spar	Tension Leg Platform
Oil API Gravity	31-34	34	34	25-28	25-60
WI/NRI	100.00% / 87.50%	100.00% / 87.50%	100.00% / 87.50%	33.33% / 29.17%	31.00% / 27.13%
Operator	PXP	PXP	PXP	ExxonMobil	Shell
Average Net Production					
(BOEPD)	14,500	38,000	8,500	4,500	1,000
(% Oil)	86%	84%	85%	81%	90%
2012 Realized Oil Price (% of Brent)	89%	96%	96%	90%	96%
2012 Realized Gas Price (% of NYMEX)	72%	89%	90%	82%	86%
1Q12 Average LOE ($/BOE)	$12.36	$4.44	$10.62	$4.11	$32.73
PXP Estimates:					
Oil Transportation & Marketing Costs ($/Bbl)	$3.52	$2.94	$2.10	$2.73	$2.28
Gas Transportation & Marketing Costs ($/Mcf)	$0.85	$0.35	$0.29	$0.53	$0.42
Marketing Route	**Oil:** Caesar Pipeline to Cameron Highway Offshore Pipeline System to Port Neches and Texas City; Oil sales price based on Southern Green Canyon pricing **Gas:** BP's Cleopatra pipeline to Ship Shoal to Enterprise's Neptune processing plant; Gas sales price based on NYMEX	**Oil:** Platform oil lateral to Main Pass 225 platform; Main Pass to Chevron Empire terminal; Oil sales price based on Heavy Louisiana Sweet pricing **Gas:** Platform gas lateral to Destin Pipeline; Gas sales price based on NYMEX	**Oil:** Platform oil lateral to Apache Main Pass Platform; Main Pass to Chevron's Empire Terminal; Oil sales price based on Heavy Louisiana Sweet pricing **Gas:** Platform gas lateral to Destin Pipeline; Gas sales price based on NYMEX	**Oil:** Hoover Offshore Pipeline to DOE pipeline; Oil sales price based on Southern Green Canyon pricing **Gas:** Enterprise's East Breaks Gathering/HIOS Pipelines to ANR and Crosstex's Eunice Processing plant; Gas Sales price based on NYMEX	**Oil:** Platform oil lateral to Apache Main Pass Platform; Main Pass to Chevron's Empire Terminal; Oil sales price based on Heavy Louisiana Sweet pricing **Gas:** Platform gas lateral to VKGS to Destin Pipeline; Gas Sales Price based on NYMEX

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Reconciliation on Non-GAAP Measure

EBITDAX to Cash Flow from Operating Activities

EBITDAX is a non-GAAP measure calculated by adjusting net income to add back depreciation, depletion and amortization expense, interest expense (including capitalized interest), income tax expense and dividends of noncontrolling interest. We are unable to provide a reconciliation to projected Cash Flow Provided by Operating Activities, the most comparable GAAP measure, because of uncertainties associated with projected future gain or loss on investment and changes in assets and liabilities. Items reconciling EBITDAX to Cash Flow Provided by Operating Activities include the following:

(millions of dollars)		**2012**		**2013**		**2014**		**2015**
Interest expense (including capitalized interest)[1]	$	(503)	$	(492)	$	(435)	$	(414)
Current income tax expense	$	(1)	$	(5)	$	(110)	$	(211)
(Gain) loss on mark-to-market derivative contracts	$	(77)	$	28	$	20	$	-
Non-cash compensation	$	44	$	46	$	48	$	50
Accretion expense	$	16	$	18	$	19	$	20

(1) 2012E interest expense is 4th quarter estimated total interest expense annualized to reflect acquisition financing.

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