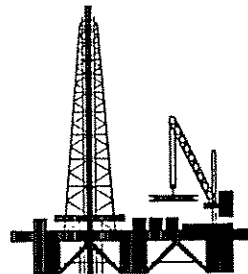


Is There A Future for Posted Prices?

Presentation to the National Stripper Well Association

by

M. Brian McMahon
Hoecker & McMahon
Los Angeles, CA

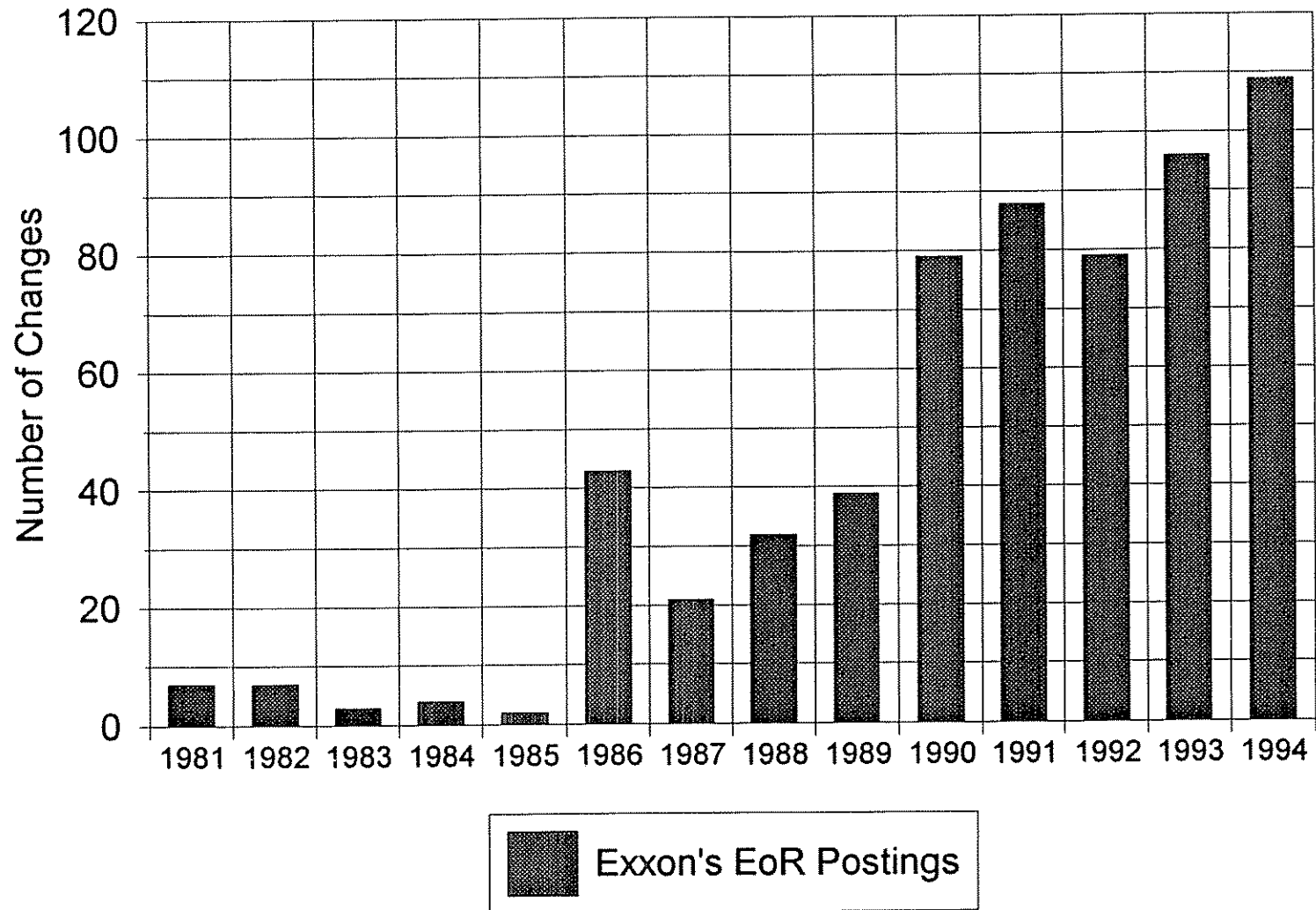


Emergence of Spot Pricing and the Decline of Posted Prices is the Result of a Number of Factors:

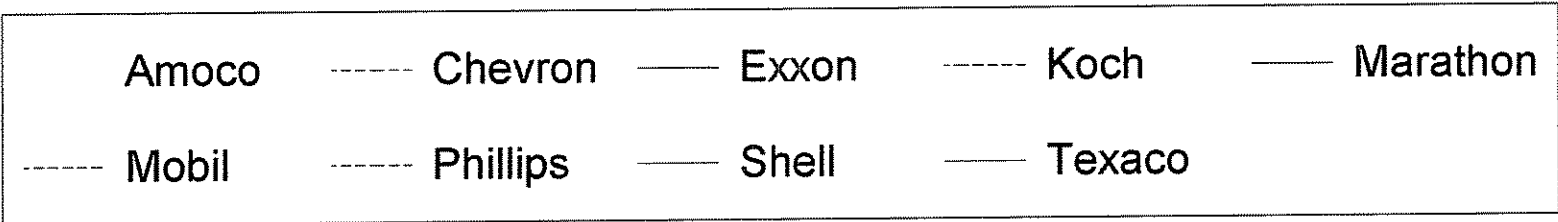
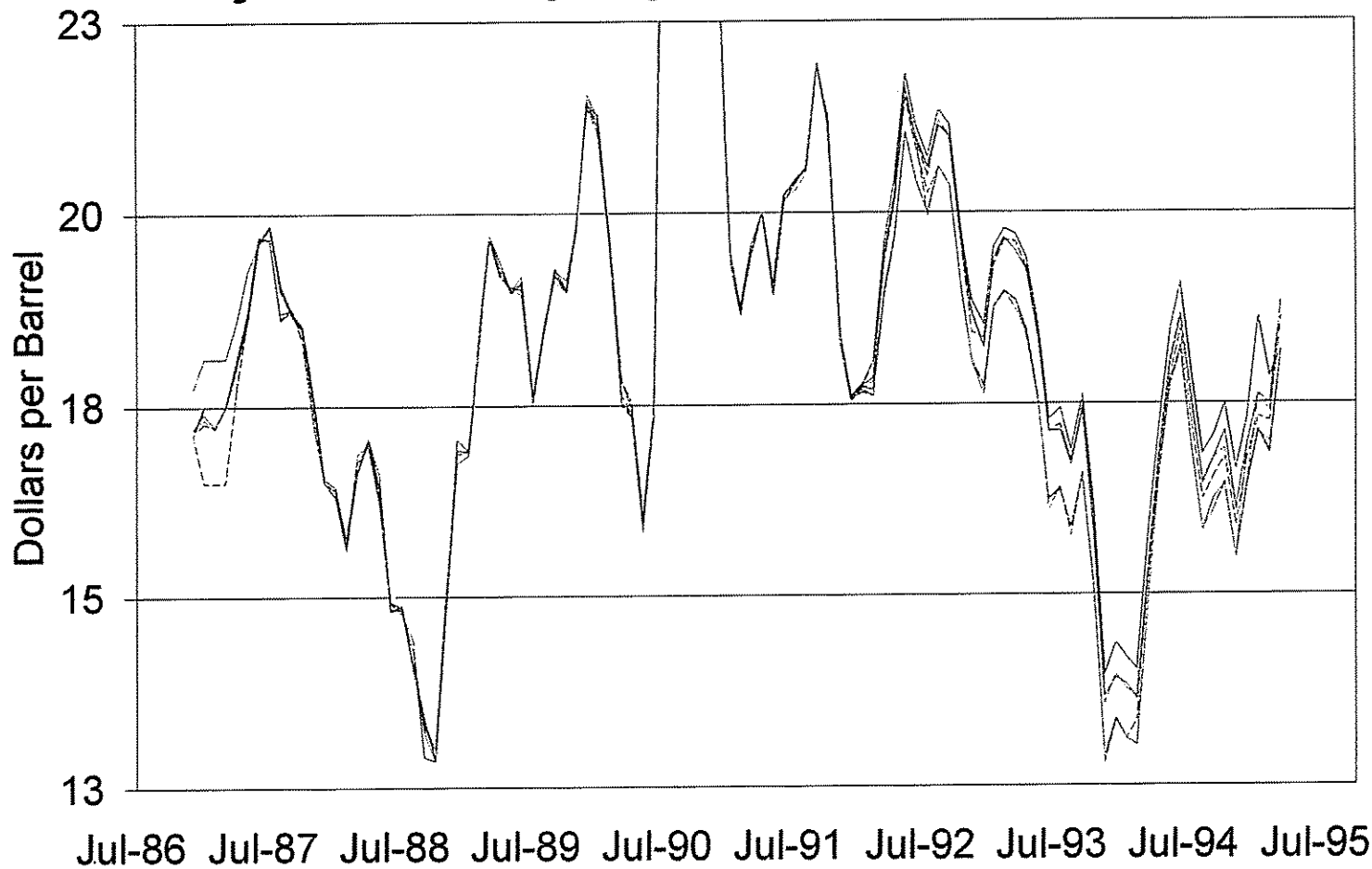
- Very large volume of crude oil now moves on the basis of spot market prices or spot-related prices
- Development of WTI as a global benchmark
- Spot prices considered reliable
- Use of spot prices on term deals
- Relatively small volume of crude oil moves at posting in true arm's length transactions.

Number of Changes in Posted Prices

1981 - 1994



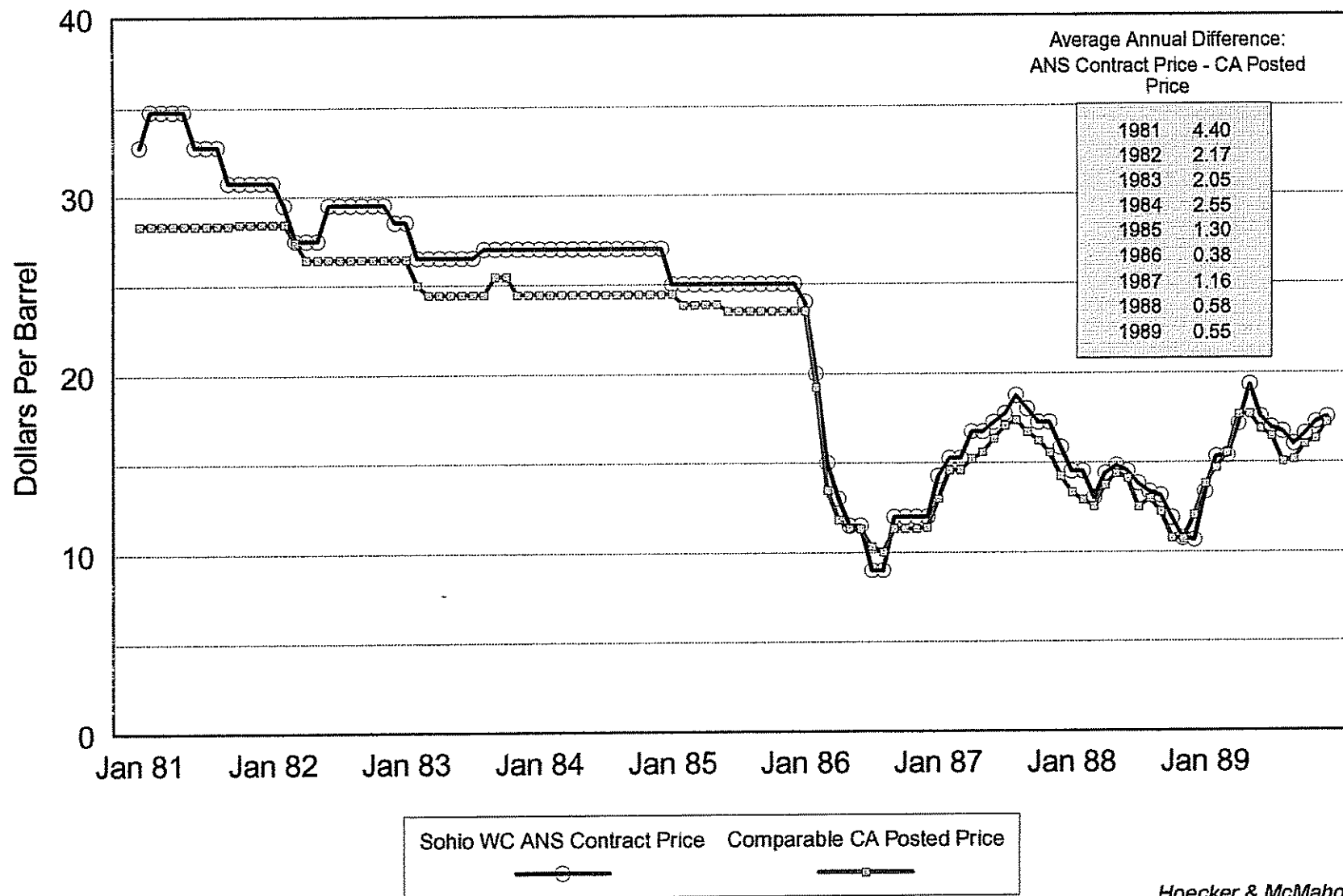
Major Oil Company Postings for WTI



California Posted Prices are and have been historically low in comparison to:

- ANS landed in California
- Spot prices for California crudes
- Sell-offs of California crudes
- Arco sales of Wilmington crude
- Gulf Coast Posted Prices
- Premia over Posted Prices.

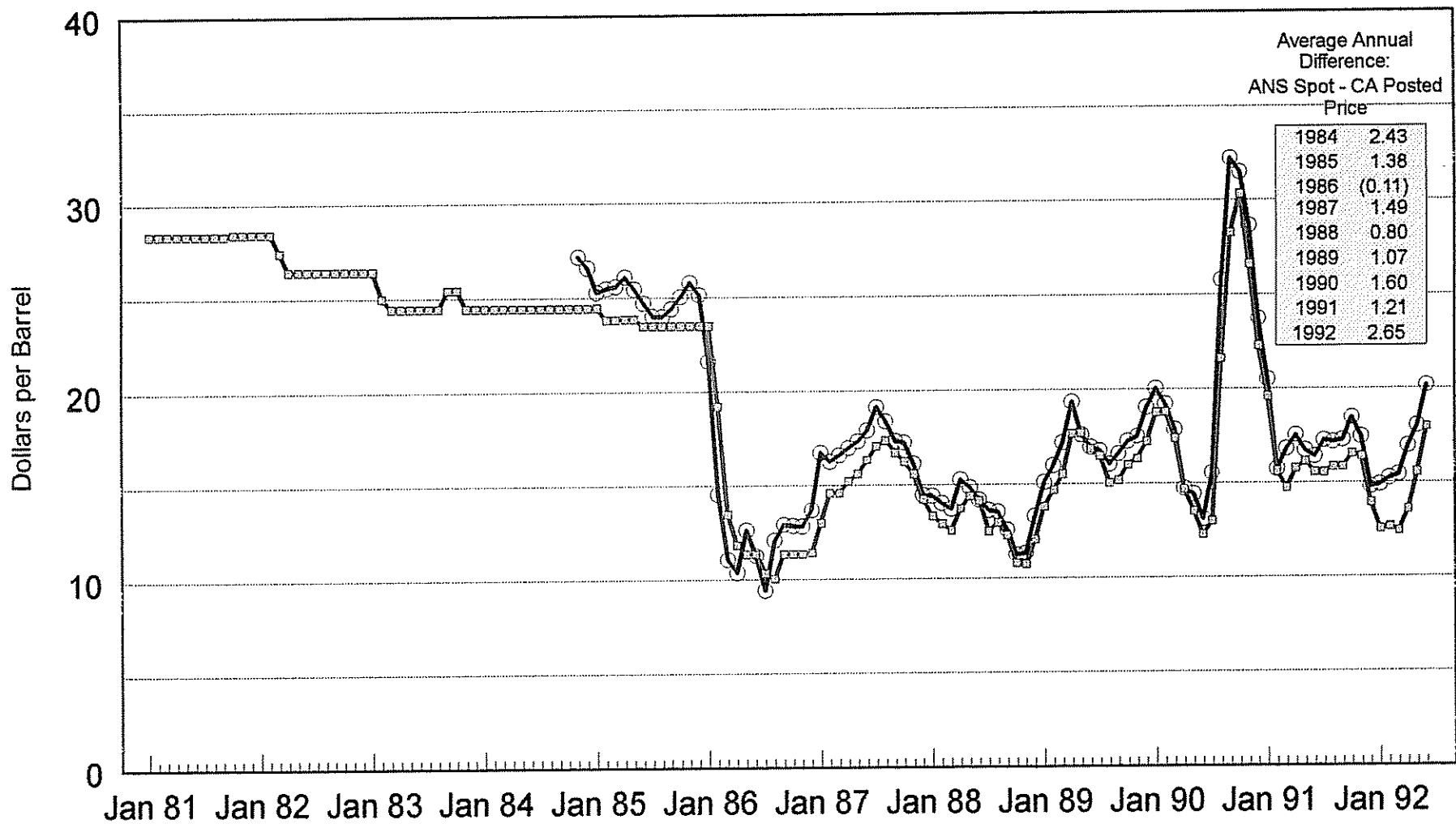
Sohio WC ANS Contract Price vs. Comparable California Posted Prices (1981-1989)



Hoecker & McMahon

ANS WC Spot Price vs. Comparable California Posted Prices

(January 1981 - June 1992)

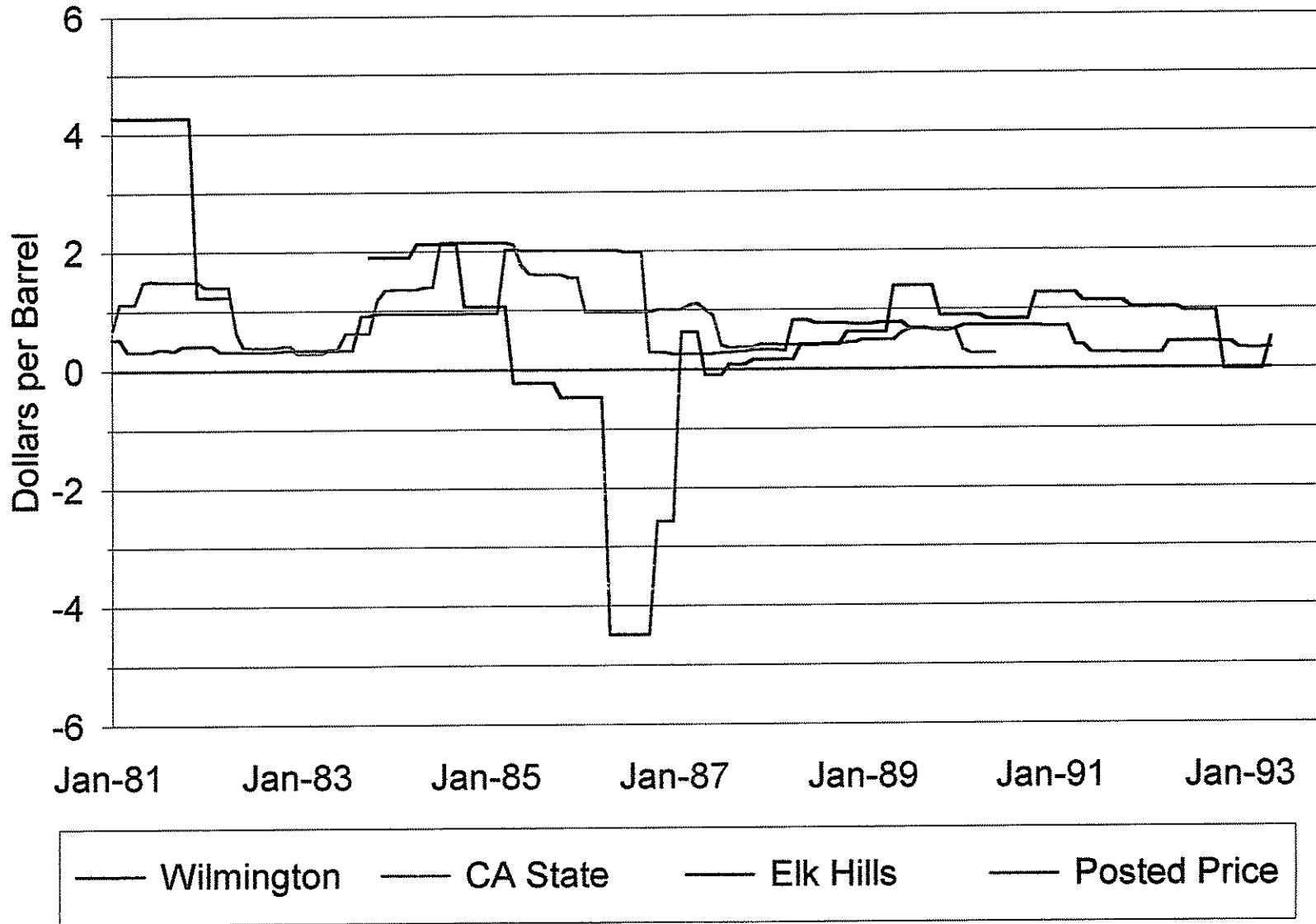


ANS WC Spot Comparable CA Posted Prices

—○— —□—

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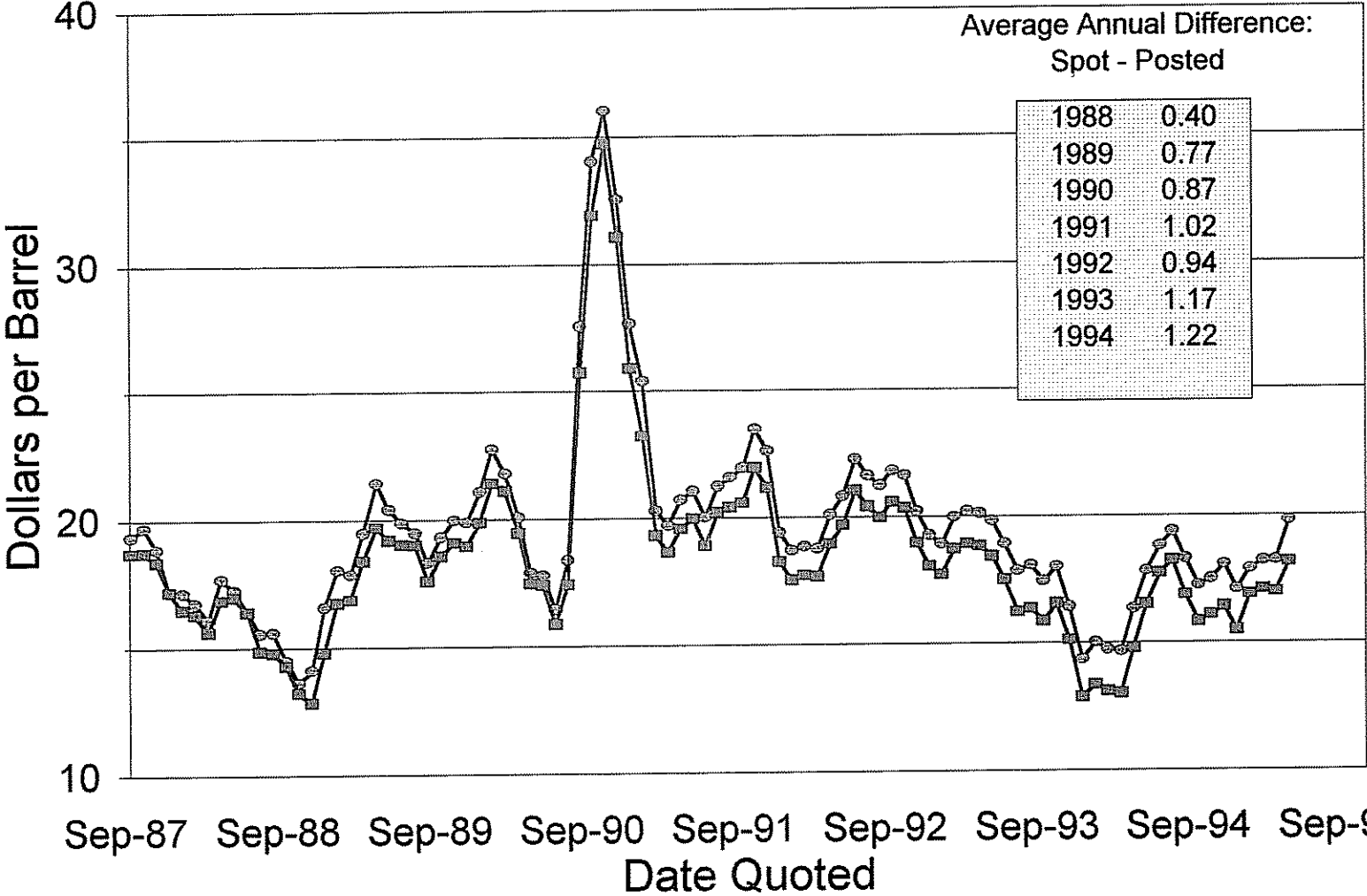
Wilmington, CA State and Elk Hills Sell-Off Premia



Gulf Coast crude oil postings are low in comparison to:

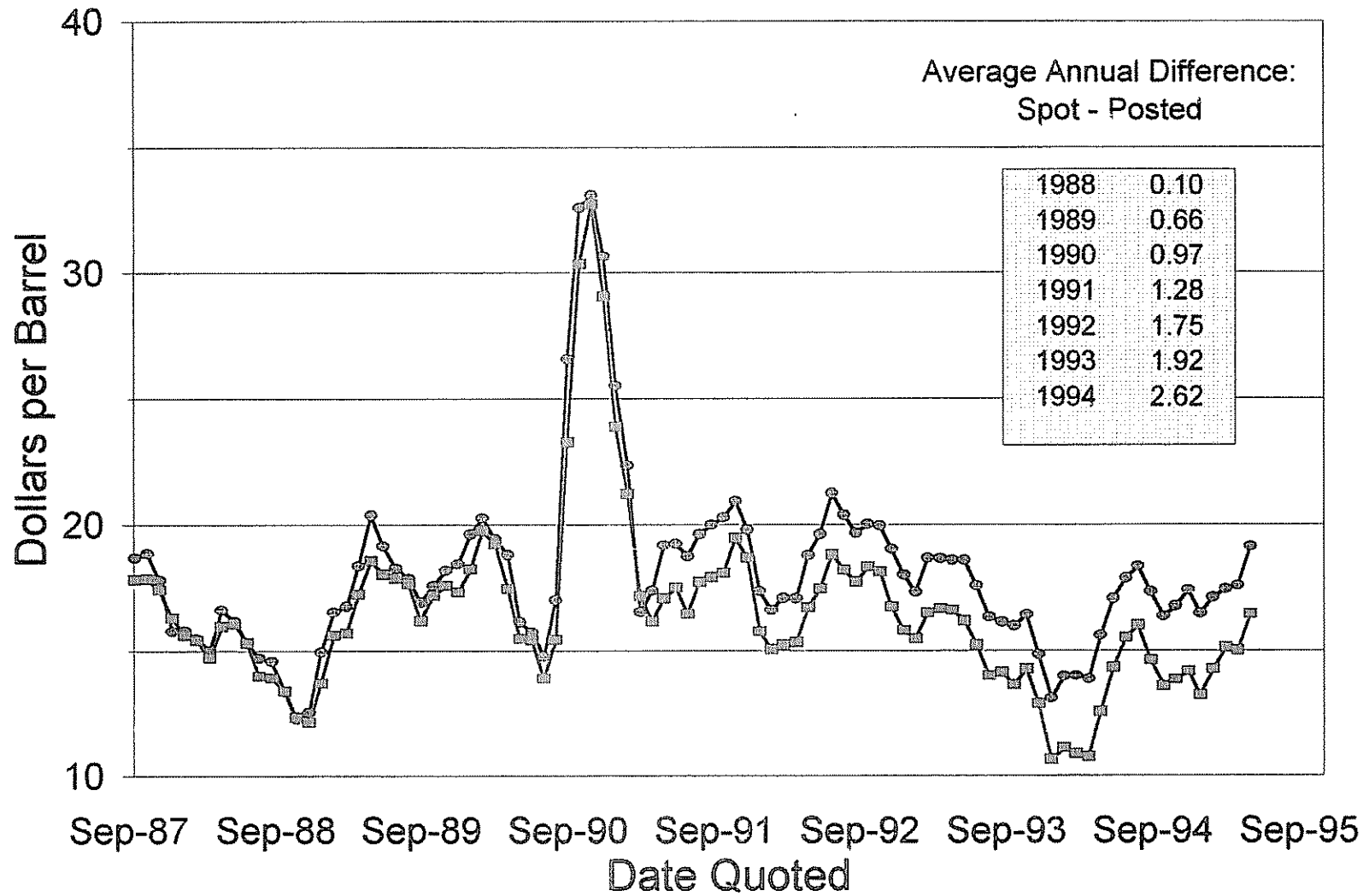
- Gulf Coast crude spot prices
- WTI NYMEX prices
- P-Plus market prices
- State of Texas Royalty-in-Kind sales
- Arco settlement with royalty owners.

WTI: Spot v. Texaco Posting



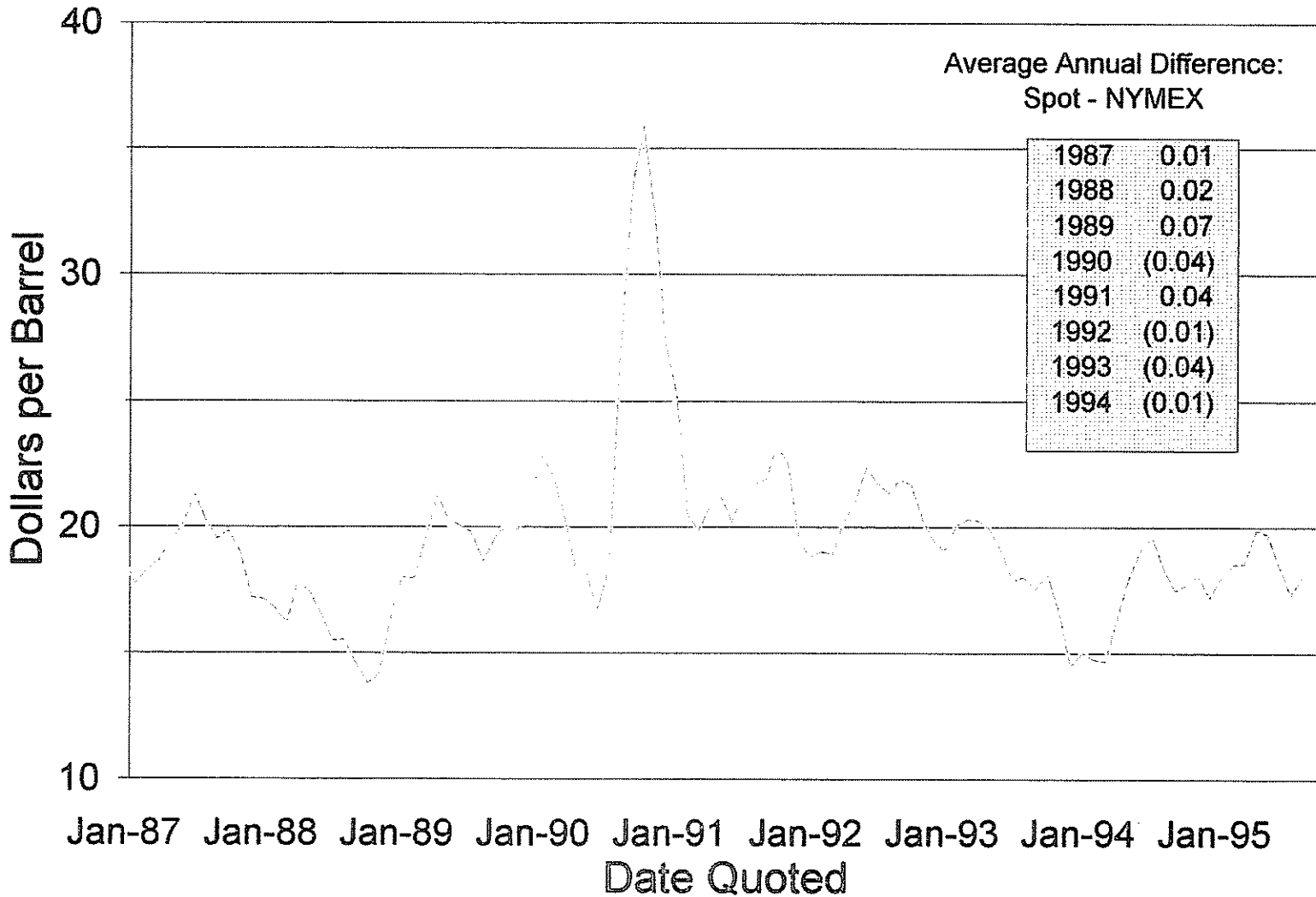
—○— Spot (Midland) —■— Texaco Posting (adj. for trans.)

WTS: Spot v. Texaco Posting



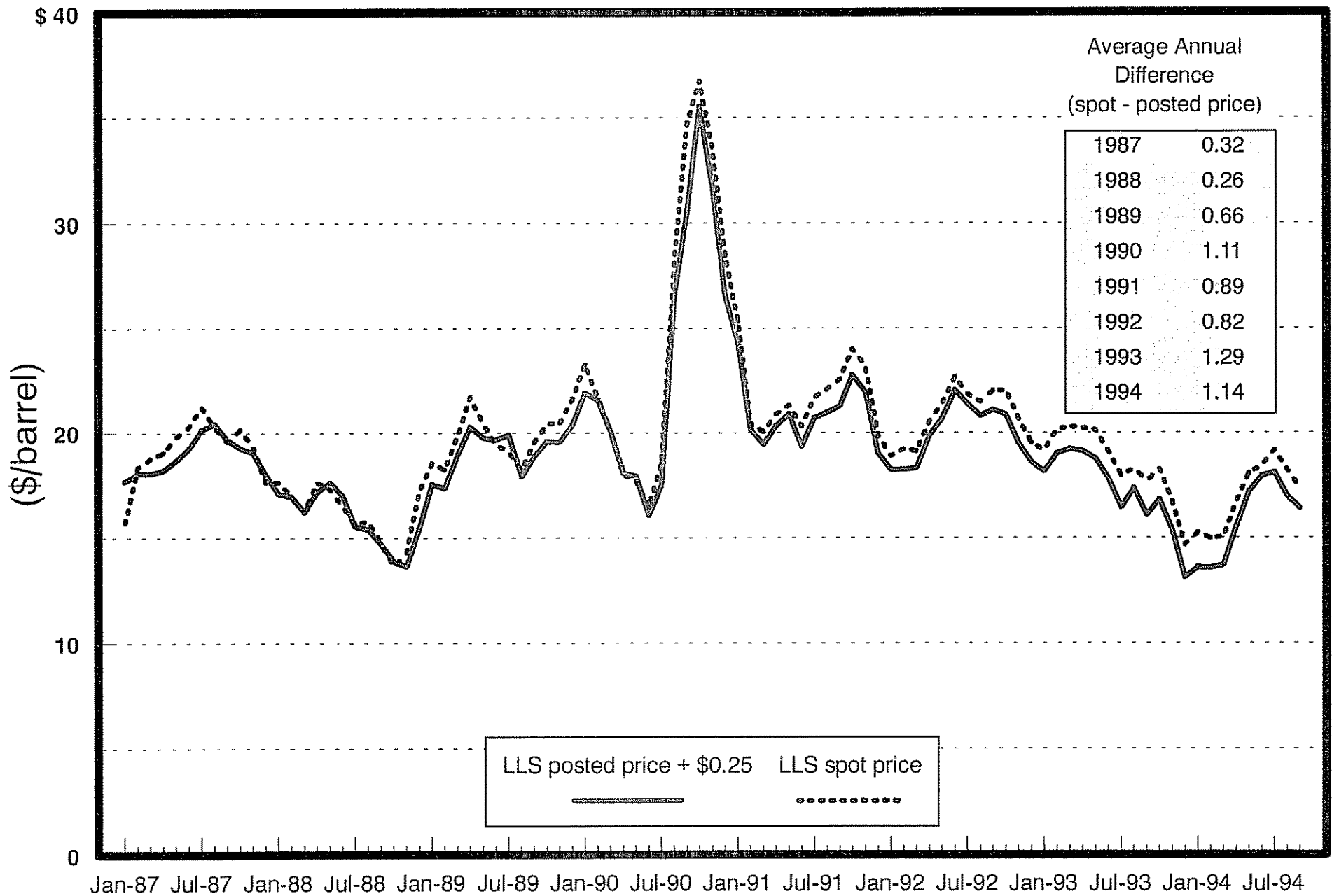
—○— Spot (Midland) —□— Texaco Posting (adj. for trans.)

Spot WTI (C) vs. NYMEX Close



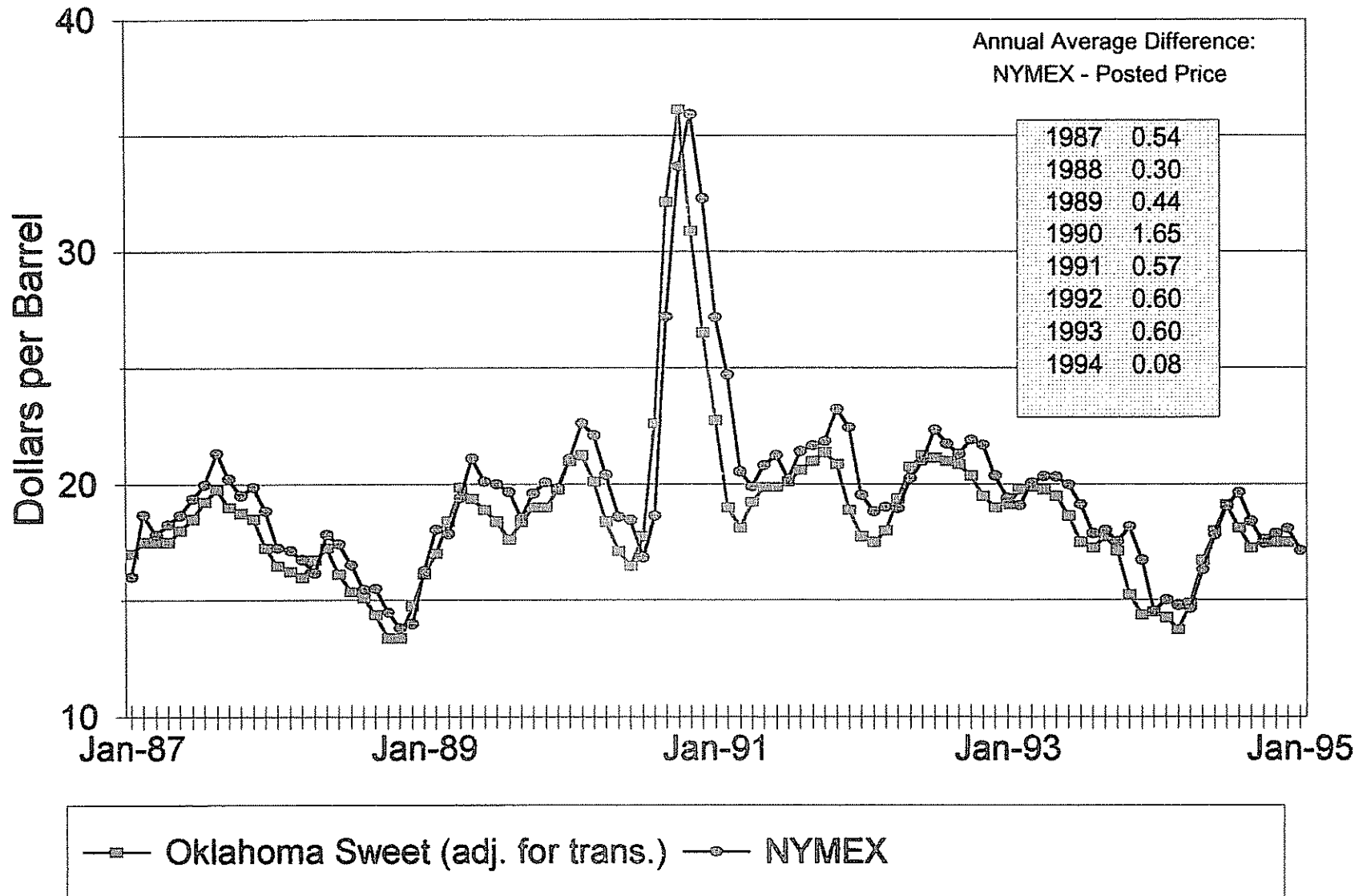
NYMEX Close ----- WTI Spot (C)

Average Spot and Posted Prices for LLS at St. James (38 Degrees API) January 1987 - September 1994



Oklahoma Posted Price vs. NYMEX

1987 - 1994



Premium Over Koch's WTI Posting

