

Indian Oil Valuation Negotiated Rulemaking Committee

Presentation on May 2, 2012 by:

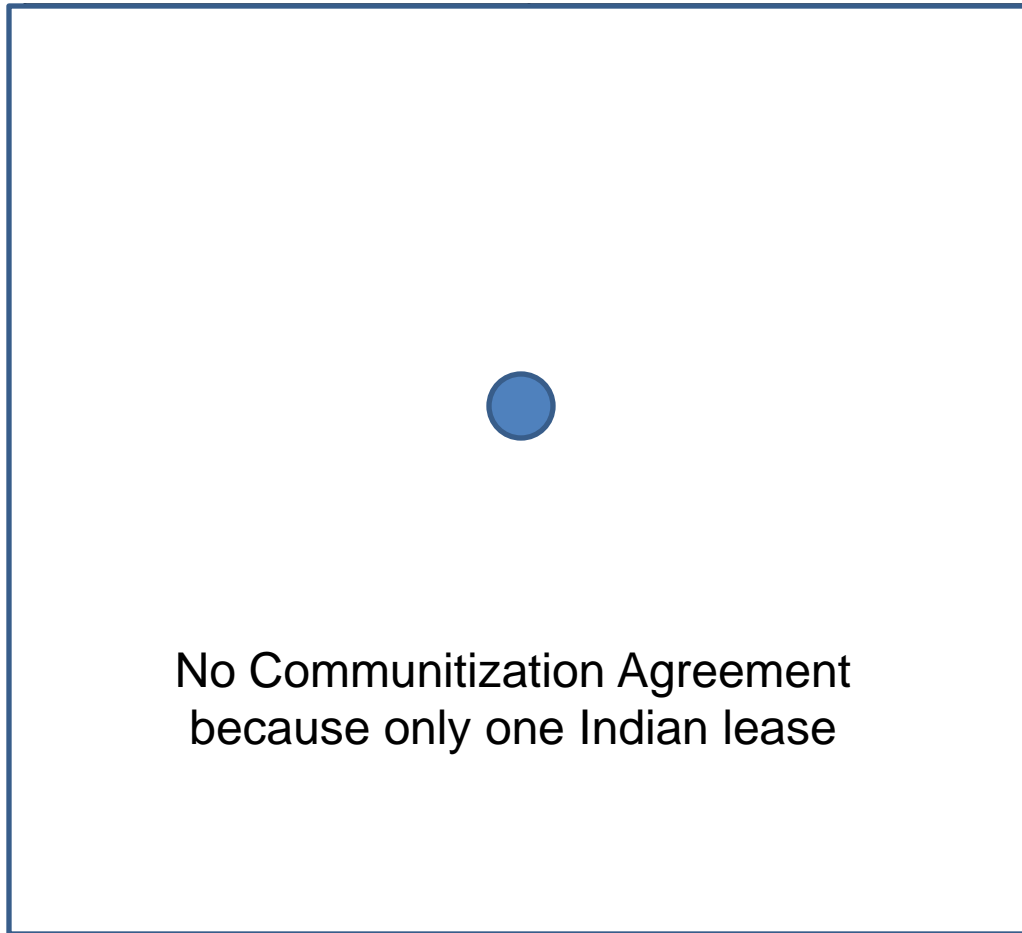
Morris Miller

WPX Energy

EXPLANATION & DISCLAIMER: This presentation is not for the purpose of providing advice or taking a position. This document and the associated presentation merely summarize publically available information from the ONRR. You should not rely on this document to determine what is best for you or your organization. The information presented is presented by Morris Miller as an individual and not on behalf of WPX ENERGY PRODUCTION, LLC , its affiliates or its ultimate parent WPX ENERGY, INC. or its subsidiaries.

Lease Example

640 Acres (One Section)



Division of Interest

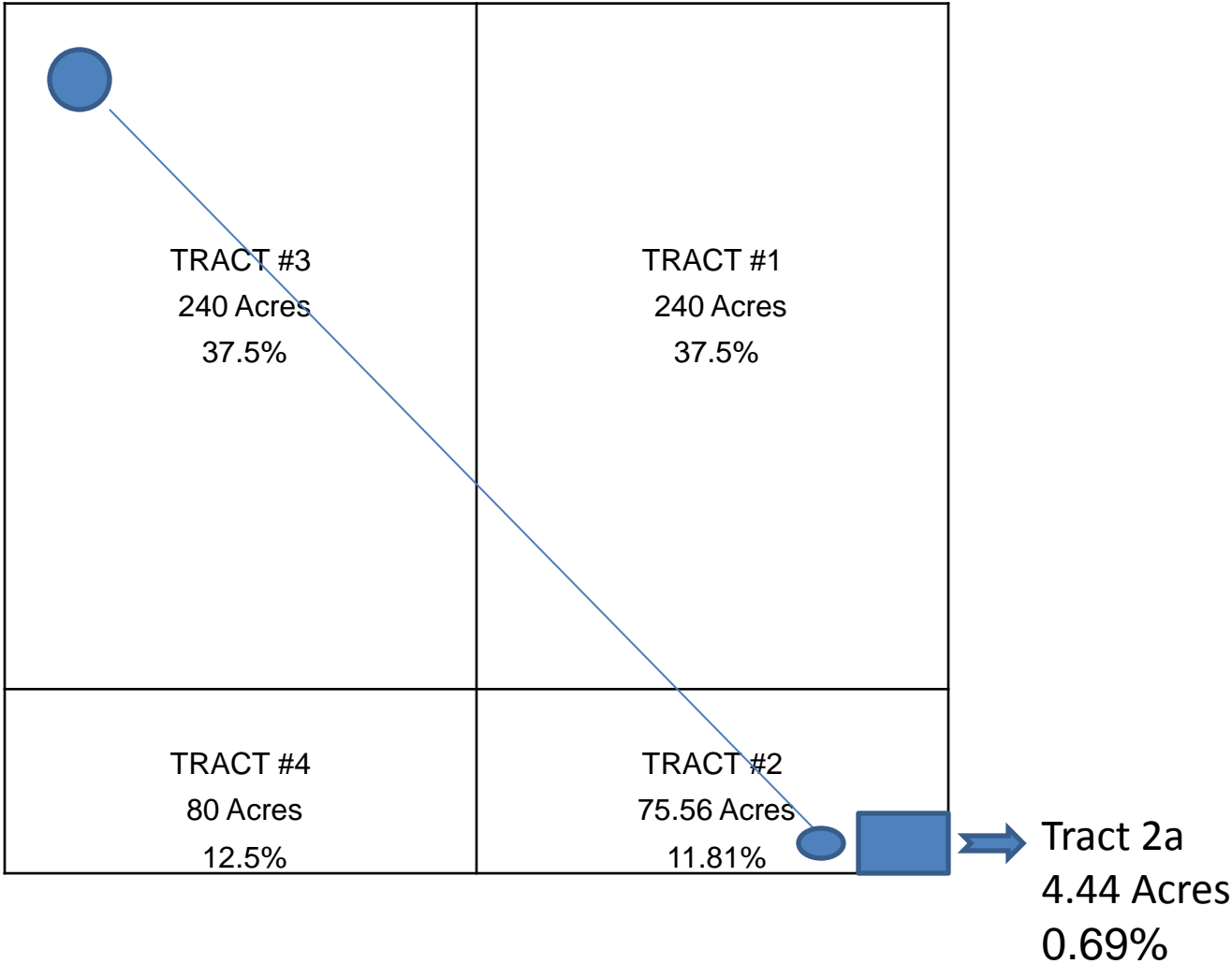
From Recapitulation Table

TRACT #1:	W Energy	70%	100% x 70% x 18% From W Energy
	S Energy	30%	
	Royalty Rate	18%	100% x 30% x 18% From S Energy
	Federal Lease #: 742A123456		

Formula: Tract factor times
working interest decimal times
royalty decimal = royalty decimal
for working interest owner

Communitization Agreement Example

640 Acres (One Section)




Summary of CA Allocation (Recapitulation)

Tract No.	# of Acres Committed	Percentage of Interest in Communitized Area (Tract Factor)
1	240	37.50%
2	75.556	11.81%
2a	4.444	0.69%
3	240	37.50%
4	80	12.50%
<hr/>		
Total:	640	100.00%

Division of Interest

From Recapitulation Table

TRACT #1:	W Energy	70%	 37.5% x 70% From W Energy 37.5% x 30% From S Energy
	S Energy	30%	
	Royalty Rate	18%	
	Federal Lease #: 7420A48769		
TRACT #2:	W Energy	70%	11.81% x 70% From W Energy
	S Energy	30%	11.81% x 30% From S Energy
	Royalty Rate	18%	
	Federal Lease #: 7420A42232		
TRACT #2a:	Fee Acreage		
	Royalty Rate	NA	
TRACT #3:	W Energy	70%	37.5% x 70% From W Energy
	S Energy	30%	37.5% x 30% From S Energy
	Royalty Rate	18%	
	Federal Lease #: 7420A41761		
TRACT #4:	W Energy	70%	12.5% x 70% From W Energy
	S Energy	30%	12.5% x 0% From S Energy
	Royalty Rate	18%	
	Federal Lease #: 7420A41760		

OGOR

Report ID: BOGOR
Run Date 04/13/2012

U.S. Department of the Interior
Mineral Management Service
Basic OGOR Report

Page 2.

OGOR A

Prod Date	Auth Date	Action Code	API Well Number	Opr Well Number	Produced Days	Well Status	Reason Code	Well Actn Code	Oil Prod Vol	Gas Prod Vol	Wtr Prod Vol	Inj Vol	Status Code	Receipt Date	Accepted Date
06/30/11	08/30/11	A	330250094200S01	D-3 PAT CHRGR 40		08			3545	2655	3485	0	ACTV	08/30/2011	08/31/2011

Report ID: BOGOR
Run Date 04/13/2012

U.S. Department of the Interior
Mineral Management Service
Basic OGOR Report

Page 3.

OGOR B

Prod Date	Auth Date	Action Code	Disptn Code	FMP Nbr3	FMP Nbr2	API Gravity	BTU	Oil Disptn Vol	Gas Disptn Vol	Wtr Disptn Vol	Status	Receipt Date	Accepted Date
06/30/2011	08/30/2011	A	10			0.0	0	3545	0	0	ACTV	08/30/2011	08/31/2011
			11		02330533305	0.0	1495	0	2366	0	ACTV	08/30/2011	08/31/2011
			21			0.0	0	0	189	0	ACTV	08/30/2011	08/31/2011
			20			0.0	0	0	100	0	ACTV	08/30/2011	08/31/2011
			17			0.0	0	0	0	3485	ACTV	08/30/2011	08/31/2011

Report ID: BOGOR
Run Date 04/13/2012

U.S. Department of the Interior
Mineral Management Service
Basic OGOR Report

Page 4.

OGOR C

Prod Date	Auth Date	Action Code	Product Code	FMP Nbr	FMP Nbr3	API Gravity	Beg Inv Vol	+	Prod Vol	-	Sales Vol	=	Disptn Code	Adj Vol	End Inv Vol	Status	Receipt Date	Accepted Date
06/30/11	08/30/11	A	01			40.0	580		3545		3803.00			0	322	ACTV	08/30/11	08/31/11

Royalty due on barrels removed/sold from lease

Summary of W Energy Sales

Tract No.	# of Acres Committed	Percentage of Interest in	
		Communitized W Energy's Working Area	Interst by Tract
1	240	37.50%	26.2500%
2	75.556	11.81%	8.2639%
2a	4.444	0.69%	0.0000%
3	240	37.50%	26.2500%
4	80	12.50%	8.7500%
Total:	640	100.00%	69.5139%

Calculation: $69.5139\% \times 3,803 = 2,643.62$

Contract Number	Sales Date	Product SalesVol
5400022320	30-Jun-11	314.28
5400087690	30-Jun-11	998.28
5400017600	30-Jun-11	332.78
5400017610	30-Jun-11	998.28

OGOR Sales (BBIs) 3,803.00

W's 2014 Sales (BBIs) 2,643.62

2,643.62

W Energy Form 2014 Royalty Report

Report ID: Basic Royalty
 Run Date: 04/13/2012
 Payor Code: 03226

U.S. Department of the Interior
 Mineral Management Service

Page 1.

Doc ID	Stat	F/Rpt InDate	PAD Nbr	Ln Nbr	Report Comment	Contract Number	Agreement Number	API Well Number	Prd SIC Cd	Sales Date	TC ARC	Sales Volume	Gas MMBTU	Sales Value	Royalty Prior	Trans Allow	Process Allow	RVLA	PM
ROY100290632	ACCP I	08/2011	0811D3AL	251	D-3 PATRIC	5400022320	M 100745	330250094200S01	01	NARMD6/2011	01	314.28							
				252	D-3 PATRIC	5400022320	M 100745	330250094200S01	03	APOP 06/2011	01	152.56							
				253	D-3 PATRIC	5400022320	M 100745	330250094200S01	05	APOP 06/2011	01	2.11							
				254	D-3 PATRIC	5400022320	M 100745	330250094200S01	07	APOP 06/2011	01	843.83							
				428	D-3 PATRIC	5400087690	M 100745	330250094200S01	01	NARMD6/2011	01	998.28							
				429	D-3 PATRIC	5400087690	M 100745	330250094200S01	03	APOP 06/2011	01	484.56							
				430	D-3 PATRIC	5400087690	M 100745	330250094200S01	05	APOP 06/2011	01	6.67							
				431	D-3 PATRIC	5400087690	M 100745	330250094200S01	07	APOP 06/2011	01	2680.39							
ROY100290633	ACCP I	08/2011	0811D3TR	6	D-3 PATRIC	5400017600	M 100745	330250094200S01	01	NARMD6/2011	01	332.78							
				7	D-3 PATRIC	5400017600	M 100745	330250094200S01	03	APOP 06/2011	01	161.56							
				8	D-3 PATRIC	5400017600	M 100745	330250094200S01	05	APOP 06/2011	01	2.22							
				9	D-3 PATRIC	5400017600	M 100745	330250094200S01	07	APOP 06/2011	01	893.44							
				11	D-3 PATRIC	5400017610	M 100745	330250094200S01	01	NARMD6/2011	01	998.28							

Tract 2

Tract 1

Tract 4

Tract 3

Sum of Sales Volumes: 2,643.62 Barrels.

Net Value to Lessor

- Lease Sales Value times sale price times royalty rate less transportation (if sale is off-lease.)
 - Transportation is deducted for actual costs to transport the oil from the lease to the point of sale.

Payment to ONRR

- W Energy sends 2014 Sales report to ONRR and payment to ONRR or BIA (Lockbox)
 - ONRR will discuss how they distribute payments sent to them in next presentation

End of presentation by Morris Miller