POGO PRODUCING CO
Form S-4
August 28, 2006
As filed with the Securities and Exchange Commission on August 25, 2006

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Pogo Producing Company

(Exact name of registrant as specified in its charter)

Delaware	**1311**	**74-1659398**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

5 Greenway Plaza, Suite 2700 **Houston, Texas 77046-0504** **(713) 297-5000** (Address, including ZIP code, and telephone number, including area code, of the registrant s principal executive offices)	**Michael J. Killelea** **Senior Vice President and General Counsel** **5 Greenway Plaza, Suite 2700** **Houston, Texas 77046-0504** **(713) 297-5000** (Name, address, including ZIP code, and telephone number, including area code, of agent for service)

Copy to:

Stephen A. Massad
Baker Botts L.L.P.
910 Louisiana
One Shell Plaza
Houston, Texas 77046-0504
(713) 229-1475
Fax: (713)-229-7775

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable following the effectiveness of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the Securities Act), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price Per Unit(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee(1)**
7.875% Senior Subordinated Notes due 2013	$ 450,000,000	100 %	$ 450,000,000	$ 48,150

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) of the Securities Act of 1933.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

SUBJECT TO COMPLETION, DATED AUGUST 25, 2006

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting any offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-130557

PROSPECTUS

$450,000,000

Pogo Producing Company

Offer to Exchange

registered

7.875% Senior Subordinated Notes due 2013

for all outstanding

7.875% Senior Subordinated Notes due 2013

The Exchange Notes:

- will be freely tradable and otherwise substantially identical to the Outstanding Notes;
- will accrue interest at 7.875% per annum, payable semiannually on each May 1 and November 1; and
- will not be listed on any securities exchange or on any automated dealer quotation system, but may be sold in the over-the-counter market, in negotiated transactions or through a combination of those methods.

The exchange offer:

- expires at 5:00 p.m., New York City time, on , , unless sooner terminated or extended; and

- is not conditioned upon any minimum principal amount of Outstanding Notes being tendered.

You should note that:

- we will exchange all Outstanding Notes that are validly tendered and not validly withdrawn for an equal principal amount of Exchange Notes that we have registered under the Securities Act of 1933;

- you may withdraw tenders of Outstanding Notes at any time prior to the expiration of the exchange offer;

- the exchange of Outstanding Notes for Exchange Notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes; and

- the exchange offer is subject to customary conditions, which we may waive in our sole discretion.

Please consider carefully the risk factors beginning on page 14 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 2006.

This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. You should rely only on the information we have provided or incorporated by reference in this prospectus. We have not authorized anyone to provide you with additional or different information. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should assume that the information in this prospectus is accurate only as of the date on the front of this prospectus and that any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference.

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Each broker dealer that receives Exchange Notes pursuant to this exchange offer in exchange for securities acquired for its own account as a result of market making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such new securities. The letter of transmittal attached as an exhibit to the registration statement of which this prospectus forms a part states that by so acknowledging and by delivering a prospectus, a broker dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by such a broker dealer in connection with resales of such new securities. We have agreed that, starting on the date of the completion of the exchange offer to which this prospectus relates for up to 180 days following completion of the exchange offer (or such earlier date as eligible broker-dealers no longer own Exchange Notes), we will make this prospectus available to any broker dealer for use in connection with any such resale. See Plan of Distribution.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public on the SEC s website at *http://www.sec.gov* and on our website at *http://www.pogoproducing.com*. However, the information on our website does not constitute a part of this prospectus. Reports and other information concerning us can also be inspected at the offices of the

New York Stock Exchange, 20 Broad Street, New York, New York 10005. Our common stock is listed and traded on the New York Stock Exchange under the trading symbol PPP.

This prospectus is part of a registration statement we have filed with the SEC relating to the Notes. As permitted by SEC rules, this prospectus does not contain all of the information we have included in the registration statement and the accompanying exhibits and schedules we file with the SEC. You may refer to the registration statement, exhibits and schedules for more information about us and these securities.

The information included in the documents described below is incorporated by reference and is considered to be a part of this prospectus. The most recent information that we file with the SEC automatically updates and supersedes older information. We are incorporating by reference into this prospectus (excluding any information that was furnished to (and not filed with) the SEC) the following documents (File No. 001-07792):

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2005, which was filed with the SEC on March 2, 2006;

- our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2006 and June 30, 2006, which were filed with the SEC on April 28, 2006 and July 28, 2006, respectively;

- our Current Reports on Form 8-K filed with the SEC on January 24, 2006, April 19, 2006, April 26, 2006, May 8, 2006, May 31, 2006, June 2, 2006, June 8, 2006 July 31, 2006 and August 7, 2006;

- Exhibits 99.1 and 99.2 to our Current Report on Form 8-K filed with the SEC on September 20, 2005.

Until the termination of the exchange offer described in this prospectus, we will also incorporate by reference all documents that we may file in the future under Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, excluding any information therein that was furnished to (and not filed with) the SEC. In addition, all documents filed by us pursuant to the Exchange Act after the date of the initial registration statement and prior to effectiveness of the registration statement shall be deemed to be incorporated by reference into this prospectus.

We will provide you without charge a copy of any and all documents that have been incorporated by reference into this prospectus, except that exhibits to such documents will not be provided unless they are specifically incorporated by reference into such documents. Requests for copies of any such document should be directed to:

Pogo Producing Company
5 Greenway Plaza, Suite 2700
Houston, Texas 77046
Attention: Corporate Secretary
Telephone number is (713) 297-5000

To obtain timely delivery of any of our documents, you must make your request to us no later than , 2006. Unless sooner terminated, the exchange offer will expire at 5:00 p.m., New York City time, on , . The exchange offer can be extended by us in our sole discretion, but we currently do not intend to extend the expiration date. Please read The Exchange Offer for more detailed information.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements included or incorporated by reference in this prospectus include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements included or incorporated by reference herein, other than statements of historical fact, are

forward-looking statements. In some cases, you can identify our use of forward-looking statements by the words anticipate, estimate, expect, objective, projection, forecast, goal, and similar expressions. Such forward-looking statements include, without limitation, statements regarding expected production volumes, drilling of wells and related expenditures and other statements herein and therein regarding the timing of future events regarding our operations and our subsidiaries, and the statements under the caption Management s Discussion and Analysis of Financial Condition and Results of Operations regarding our anticipated future financial position and cash requirements contained in our Annual Report on Form 10-K for the year ended December 31, 2005. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct. We disclose the important factors that could cause actual results to differ materially from our expectations in cautionary statements included in this prospectus and in other filings by us with the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and other factors set forth or incorporated by reference in this prospectus. These factors include:

- the cyclical nature of the oil and natural gas industries;
- our ability to successfully and profitably find, produce and market oil and natural gas;
- uncertainties associated with the United States and worldwide economies;
- current and potential governmental regulatory actions in countries where we operate;
- substantial competition from larger companies;
- our ability to implement cost reductions;
- our ability to acquire and integrate additional oil and natural gas reserves;
- operating interruptions (including leaks, explosions, fires, mechanical failure, unscheduled downtime, transportation interruptions, and spills and releases and other environmental risks);
- fluctuations in foreign currency exchange rates in areas of the world where we conduct operations; and
- covenant restrictions in our debt agreements.

Many of these factors are beyond our ability to control or predict. We caution you against putting undue reliance on forward-looking statements or projecting any future results based on such statements or present or prior earnings levels.

All subsequent written and oral forward-looking statements attributable to us and persons acting on our behalf are qualified in their entirety by the cautionary statements contained in this section and elsewhere in this prospectus.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. It is not complete and may not contain all of the information that you should consider before deciding whether to participate in this exchange offer. We encourage you to read this prospectus and the documents incorporated by reference in their entirety before participating in the exchange offer, including the information set forth under the heading Risk Factors. Unless the context requires otherwise or unless otherwise noted, when we use the terms Pogo, we, us, or our, we are referring to Pogo Producing Company and its subsidiaries. The term you refers to a prospective investor.

Pogo Producing Company

We explore for, develop and produce crude oil and natural gas. We are headquartered in Houston, Texas, and our business activities are primarily focused onshore in North America, where we own approximately 4,800,000 gross leasehold acres. Over the last several years, we have transitioned from a predominately offshore-focused company to one with a majority of its reserves located in the onshore regions of North America. As of December 31, 2005, approximately 86% of our reserves were located onshore. We also conduct exploratory activities offshore New Zealand, where we own approximately 3,119,000 gross acres, and offshore Vietnam, where we own approximately 1,480,000 acres.

For the year ended December 31, 2005 and the six months ended June 30, 2006, our revenues were $1,225.7 million and $1,048.1 million (including $308.4 million related to the sale of a 50% interest in our Gulf of Mexico properties discussed below), and net income was $750.7 million and $429.4 million, respectively.

Our 2005 year-end worldwide estimated proven reserves totaled 144,041 thousand barrels (Mbbls) of oil, condensate and natural gas liquids, and 1,177,725 million cubic feet (MMcf) of natural gas, or a combined 2,042 billion cubic feet equivalent (Bcfe). During 2005, we grew our hydrocarbon asset base and achieved full reserves replacement of our worldwide production for the fourteenth consecutive year. In 2005, our average daily production of liquid hydrocarbons was 29,897 bbls, and average daily production of natural gas was 250.2 MMcf. For the six months ended June 30, 2006, our average daily production of liquid hydrocarbons was 38,420 bbls, and average daily production of natural gas was 276.0 MMcf. We drilled 279 gross wells during 2005, successfully completing 91%, or 255, of those wells. For the six months ended June 30, 2006, we drilled 209 wells, successfully completing 88%, or 184, of those wells. As of June 30, 2006, 103 wells were either drilling, completing or testing.

North American Operations

Domestic Onshore

Our domestic onshore operations are concentrated in the Permian Basin area in New Mexico and West Texas, the Panhandle of Texas, the San Juan Basin in New Mexico and the Madden Field in Wyoming, which we collectively refer to as our Western U.S. region, as well as in the Texas and Louisiana gulf coasts, which we refer to as our Gulf Coast region. Domestic onshore reserves as of December 31, 2005 accounted for approximately 54% of our total proven reserves, with the Western U.S. region and the Gulf Coast region contributing approximately 39% and 15%, respectively, of our total proven reserves. During 2005, approximately 79% of our natural gas production and 38% of our oil and condensate production was from our domestic onshore properties, contributing approximately 60% of our consolidated oil and gas revenues.

In our Western U.S. region, we have actively explored in West Texas and New Mexico for more than 26 years, where we have discovered over 41 oil and natural gas fields. We believe that we have been one of the more active companies drilling for and acquiring oil and natural gas in the Permian Basin of

West Texas and southeastern New Mexico. In the last 15 years, we have drilled more than 1,000 wells in West Texas and New Mexico with a success rate of approximately 97%. In 2005, we participated in the drilling of 143 wells in these areas, 96% of which were successfully completed. During 2006, we plan to drill approximately 15 exploratory wells and 200 development wells in various known fields and exploratory prospects in southeastern New Mexico, West Texas and the Texas Panhandle, including activity on properties recently acquired from Latigo Petroleum, Inc., described below. In 2006, we also plan to drill 19 wells in multiple prospects in the San Juan Basin and approximately 64 wells in the Rocky Mountain area.

In the Gulf Coast region, we are actively exploring for, acquiring and developing oil and natural gas reserves, primarily in the coastal onshore areas of Louisiana and Texas. During 2005, we participated in drilling 19 wells in the Gulf Coast region, 95% of which were successfully completed. For 2006, we have budgeted to participate in 21 exploratory wells and 55 development wells on properties in our Gulf Coast region.

Other areas of activity that we operate out of our Gulf Coast region include the East Texas Basin and the Illinois Basin in southwestern Indiana where, in October 2005, we acquired a 50% non-operated working interest in 232,000 gross acres where we and our partner are focusing on unconventional resource opportunities in the New Albany Shale. Our North American unconventional resource opportunities, which include acreage positions in the New Albany Shale, the Mannville and Ardley coal bed methane areas in Alberta, Canada, the Barnett Shale in North Texas and approximately 46,000 net leasehold acres in the Bakken Shale in North Dakota that we acquired in May 2006, now total in excess of 275,000 net leasehold acres. In Utah, we have acquired approximately 69,500 net acres around a recent major discovery in the central Utah thrust belt play. We are currently evaluating opportunities to add additional acreage in this prospective area.

Recent Acquisition of Latigo. On May 2, 2006, we acquired Latigo Petroleum, Inc., a privately owned exploration and production company, for a purchase price of approximately $766 million, including approximately $210 million to retire Latigo s bank debt and purchase price adjustments. As of April 1, 2006, Latigo owned approximately 275 Bcfe of estimated proven reserves on approximately 104,000 net acres, plus approximately 300,000 net acres of undeveloped leasehold. Latigo s reserves are composed of 49% natural gas and 51% oil. Its development activities are concentrated in Texas, including the Collie Field in Reeves and Ward Counties in West Texas, and the Courson Ranches areas located in Roberts and Ochiltree Counties in the Texas Panhandle. Key exploration opportunities have been identified in the 250,000 acres of the Courson Ranches area. As of April 1, 2006, Latigo s production averaged approximately 3,300 net barrels of crude oil and 20 MMcf of natural gas per day. During 2006, we plan to drill approximately 100 exploratory and development wells in the acquired Latigo properties. For additional information regarding the impact on our business of this transaction and the sale of a 50% interest in our Gulf of Mexico properties, please read Recent Developments.

We have implemented a hedging program related to the Latigo acquisition by entering into natural gas and crude oil option agreements designed to establish floor and ceiling prices on anticipated future production, known as costless collars, with volumes equal to approximately 75% of Latigo s production, extending throughout the remainder of 2006 and full years 2007 and 2008. We have in place oil costless collars covering 2,500 barrels of oil per day of that production, each with a floor of $60.00 per barrel and with ceilings averaging $84.25 per barrel for the balance of 2006, $83.15 per barrel for 2007 and $80.13 per barrel for 2008. We also have in place natural gas costless collars covering 15 MMcf per day of Latigo s production, with floors of $7.00 per Mcf and ceilings ranging from $10.60 to $10.70 per Mcf for the remainder of 2006; floors of $8.00 per Mcf and ceilings ranging from $13.40 to $13.65 per Mcf for 2007; and floors of $8.00 per Mcf and ceilings ranging from $12.05 to $12.25 per Mcf for 2008.

Canadian Onshore

In September 2005, we completed the largest acquisition in our history, acquiring Northrock Resources Ltd., a Canadian company, for approximately $1.7 billion. Northrock s principal producing properties are located in the Canadian provinces of Alberta, Saskatchewan and British Columbia. Northrock also participates in an active exploration program in the Northwest Territories and owns unconventional resource acreage positions in the Mannville and Ardley coal bed methane areas in Alberta. As of December 31, 2005, crude oil and natural gas reserves in Canada accounted for approximately 32% of our total proven reserves.

We have significantly expanded Northrock s existing exploration and development program since the acquisition. During the fourth quarter of 2005 (the first full quarter after the acquisition), Northrock contributed approximately 27% of our natural gas production and 41% of our oil and condensate production. Northrock also drilled 43 wells during that period, 39, or 91%, of which were successfully completed. For 2006, Northrock has initiated a very active exploration and development program and expects to drill 184 wells, including 33 exploratory wells.

Northrock also has an acquisition strategy focused on properties complementary to existing initiatives or new areas with anticipated significant development opportunities. In the fourth quarter of 2005, Northrock spent $41.5 million acquiring producing properties located primarily in southern Alberta and southwestern Saskatchewan. We expect that Northrock will continue to selectively pursue incremental acquisition opportunities to supplement its exploration and development program in 2006.

Domestic Offshore

Approximately 14% of our proven reserves as of December 31, 2005 were located in the Gulf of Mexico. During 2005, approximately 14% of our natural gas production and 50% of our oil and condensate production came from our domestic offshore properties in the Gulf of Mexico, contributing approximately 30% of our consolidated oil and gas revenues. Our exploration and development efforts in this region are primarily focused in the shallower waters of the continental shelf.

Due to Hurricanes Katrina and Rita, substantially all of our Gulf of Mexico production was shut-in, and most has been restored incrementally since then. As of August 7, 2006, approximately 3,000 bbls of oil and 10 MMcf of natural gas of our net daily production remained shut-in as a result of the storms. Significant damage to platforms, plants and pipelines operated by others occurred, including facilities that are located in Eugene Island Block 330 and South Marsh Island Block 128. We expect remaining shut-in production to come back on-line by the end of the first quarter of 2007. We maintain business interruption insurance on some of our blocks in the Gulf of Mexico. Coverage commenced 60 days after the blocks were shut in and continues for a period of one year thereafter, unless the production is fully restored earlier. There is no assurance that recoveries under the policy will be sufficient to cover the cash flow we would have otherwise generated from the affected properties.

Sale of 50% Interest in Gulf of Mexico Properties. On May 31, 2006, we completed the sale of one-half of our federal and state Gulf of Mexico oil and gas leasehold interests and related pipelines and equipment for a purchase price of $500 million, or approximately $455 million after customary purchase price adjustments, to MitEnergy Upstream LLC, an affiliate of Mitsui & Co., Ltd., Mitsui & Co. (U.S.A.), Inc. and Mitsui Oil Exploration Co., Ltd. The sale of the 50% interest in these properties is equivalent to approximately 8,000 barrels per day of oil production and 24 MMcf per day of natural gas production, in each case as of March 31, 2006. The reserves sold represent approximately 143 Bcfe, or 6%, of our net estimated proven reserves. For additional information regarding the impact on our business of this transaction and our recent acquisition of Latigo, please read Recent Developments.

Other International Operations

We have conducted international exploration activities since the late 1970s in numerous oil and gas areas throughout the world. In addition to our Canadian operations, we currently hold exploratory acreage in New Zealand and Vietnam. Our explorationists continue to evaluate other international opportunities that are consistent with our exploration strategy and expertise. In August 2005, we sold our Thailand operations for $820 million, and in June 2005, we sold our operations in Hungary for approximately $9 million.

During 2004, we were granted three petroleum exploration permits over approximately 1,044,000 acres offshore of New Zealand and have acquired 428,000 acres of 3-D seismic data. We have a commitment to drill one well on the properties covered by each of the three permits by February 2008 or relinquish the permits. Drilling of the first of these wells is currently scheduled for mid-2007. We were recently granted a permit to explore an additional 2,075,000 acres off the east coast of New Zealand where we will be required to commit to drill a well or relinquish that acreage by May 2008. Production permits of up to 40 years may be applied for if a commercial field is discovered. We have recently taken a 50% industry partner for a portion of the New Zealand license area. In April 2006, we signed a Production Sharing Contract for Block 124, which is offshore Vietnam, with PetroVietnam, the state oil company of Vietnam. Block 124 covers approximately 1,480,000 acres. We serve as operator of the block and currently have a 100% working interest.

Recent Developments

Acquisition of Latigo; Sale of 50% Interest in Gulf of Mexico Properties. Since the beginning of 2005 we have taken significant steps to strategically reposition ourselves as a predominantly onshore North America exploration and development company. As described above, on May 2, 2006, we acquired Latigo for approximately $766 million, featuring assets in the Permian Basin of West Texas and New Mexico, and in the Texas Panhandle area of the Anadarko Basin. In addition, on May 31, 2006, we completed the sale of a 50% interest in all of our Gulf of Mexico properties to an affiliate of Mitsui & Co., Mitsui &Co. (U.S.A.) and Mitsui Oil Exploration Co. for $500 million, or approximately $455 million after customary purchase price adjustments, the proceeds from which we primarily used to repay a portion of the debt used to finance the Latigo acquisition. These steps follow our acquisition of Northrock and sale of Thailand and Hungary operations in 2005.

The following table summarizes our 2005 year-end estimated proven reserves and those of Latigo, and it gives effect to the Latigo acquisition and the sale of the 50% interest in our Gulf of Mexico properties.

	Pogo Total Estimated Proven Reserves	Latigo Estimated Proven Reserves	Estimated Proven Reserves on Gulf of Mexico Sale Properties	Pogo Total Estimated Proven Reserves After Latigo Acquisition and Gulf of Mexico Sale
Oil, condensate and natural gas liquids (Mbbls)	144,041	25,969	15,846	154,164
Natural gas (MMcf)	1,177,725	102,196	48,287	1,231,634
Combined (MMcfe)	2,041,971	258,011 (a)	143,365	2,156,617 (a)

(a) As of April 1, 2006, based on interim drilling activity, we estimate that Latigo s combined proven reserves were approximately 275,000 MMcfe.

In addition to increasing our estimated proven oil and gas reserves on a net basis, we expect the Latigo and Gulf of Mexico transactions to:

- complement one of our existing core operating areas, with Latigo contributing a significant underdeveloped contiguous acreage position;
- extend our indicated reserves life to approximately 10 years;
- add over 400 development and exploration drilling locations to our inventory;
- reduce our total proven oil and gas reserves in the Gulf of Mexico to approximately 143,000 MMcfe, or 6% of our total proven reserves; and
- reduce the weather-related risks associated with operations in the Gulf of Mexico.

For additional information on the Latigo properties we recently acquired and the Gulf of Mexico properties we recently sold, please read North American Operations Domestic Onshore Recent Acquisition of Latigo and Domestic Offshore Sale of 50% Interest in Gulf of Mexico Properties, respectively, above and refer to our Current Report on Form 8-K filed with the SEC on May 31, 2006, which is incorporated in this prospectus by reference.

2006 Capital Budget. We have established an $800 million capital budget (excluding property acquisitions) for 2006. We expect to spend approximately $240 million on exploration and $560 million on development activities. The budget calls for the drilling of approximately 550 wells during 2006. As of June 30, 2006, we had spent approximately 53% of our 2006 capital budget.

Our principal executive offices are located at 5 Greenway Plaza, Suite 2700, Houston, Texas 77046. Our main telephone number is (713) 297-5000. We maintain a website on the Internet at *http://www.pogoproducing.com*. The information on our website is not incorporated by reference into this prospectus.

The Exchange Offer

On June 6, 2006, we completed a private offering of $450 million principal amount of 7.875% Senior Subordinated Notes due 2013, which we refer to as the Outstanding Notes. We sold the Outstanding Notes in transactions exempt from or not subject to the registration requirements under the Securities Act. Accordingly, the Outstanding Notes are subject to transfer restrictions. In general, you may not offer or sell the Outstanding Notes unless either they are registered under the Securities Act or the offer or sale is exempt from or not subject to registration under the Securities Act and applicable state securities laws.

In connection with the sale of the Outstanding Notes, we entered into an Exchange and Registration Rights Agreement with the initial purchasers of the Outstanding Notes. We agreed to use our reasonable best efforts to have the registration statement of which this prospectus is a part declared effective by the SEC within 180 days after the issue date of the Outstanding Notes and to commence and complete the exchange offer no later than 45 days after the registration statement becomes effective. In the exchange offer, you are entitled to exchange your Outstanding Notes for notes registered under the Securities Act with substantially identical terms, except that the existing transfer restrictions will be removed, which we refer to as the Exchange Notes. You should read the discussion under the headings Terms of the Exchange Notes and Description of the Exchange Notes for further information about the Exchange Notes. We refer to the Outstanding Notes and the Exchange Notes (separately or collectively as the context indicates) as the Notes.

We have summarized the terms of the exchange offer below. You should read the discussion under the heading The Exchange Offer for further information about the exchange offer and resale of the Exchange Notes. **If you fail to exchange your Outstanding Notes for Exchange Notes in the exchange offer, the existing transfer restrictions will remain in effect and the market value of your Outstanding Notes likely will be adversely affected because of a smaller float and reduced liquidity.**

Expiration Date	Unless sooner terminated, the exchange offer will expire at 5:00 p.m., New York City time, on , or such later date and time to which we extend it.
Withdrawal of Tenders	You may withdraw your tender of Outstanding Notes at any time prior to the expiration date. We will return to you, without charge, promptly after the expiration or termination of the exchange offer any Outstanding Notes that you tendered but that were not accepted for exchange.
Conditions to the Exchange Offer	We will not be required to accept Outstanding Notes for exchange if, in our reasonable judgment, the exchange offer, or the making of any exchange by a holder of Outstanding Notes, would: • violate applicable law or any applicable interpretation of the staff of the SEC; or • be impaired by any action or proceeding that has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer. The exchange offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered. Please read The Exchange Offer Conditions to the Exchange Offer for more information about the conditions to the exchange offer.

Procedures for Tendering Outstanding Notes

If you wish to participate in the exchange offer, you must complete, sign and date the letter of transmittal that we are providing with this prospectus and mail or deliver the letter of transmittal, together with the Outstanding Notes, to the exchange agent prior to the expiration date. If your Outstanding Notes are held through The Depository Trust Company (DTC), you may effect delivery of the Outstanding Notes by book-entry transfer.

In the alternative, if your Outstanding Notes are held through DTC, you may participate in the exchange offer through DTC s automated tender offer program. If you tender under this program, you will agree to be bound by the letter of transmittal as though you had signed it.

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any Exchange Notes that you receive will be acquired in the ordinary course of your business;
- you have no arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the Exchange Notes within the meaning of the Securities Act of 1933;
- you are not our affiliate, as defined in Rule 405 of the Securities Act, or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;
- if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the Exchange Notes;
- if you are a broker-dealer, you will receive Exchange Notes in exchange for Outstanding Notes that you acquired for your own account as a result of market-making activities or other trading activities, and you will deliver a prospectus in connection with any resale of such Exchange Notes;
- if you are a broker-dealer, you did not purchase the Outstanding Notes to be exchanged for the Exchange Notes from us; and
- you are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

Special Procedures for Beneficial Owners

If you own a beneficial interest in Outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender the Outstanding Notes in the exchange offer, please contact the registered holder as soon as possible and instruct it to tender on your behalf and to comply with our instructions described in this prospectus.

Guaranteed Delivery Procedures	You must tender your Outstanding Notes according to the guaranteed delivery procedures described in The Exchange Offer Guaranteed Delivery Procedures if any of the following apply: • you wish to tender your Outstanding Notes but they are not immediately available; • you cannot deliver your Outstanding Notes, the letter of transmittal or any other required documents to the exchange agent prior to the expiration date; or • you cannot comply with the applicable procedures under DTC s automated tender offer program prior to the expiration date.
Consequences of Failure to Exchange Your Outstanding Notes	Subject only to limited exceptions applicable to persons to whom the exchange offer is not available, if you do not exchange your Outstanding Notes in the exchange offer, you will no longer be entitled to registration rights. You will not be able to offer or sell the Outstanding Notes unless they are later registered, sold pursuant to an exemption from registration or sold in a transaction not subject to the Securities Act or state securities laws. Other than in connection with the exchange offer or as specified in the Exchange and Registration Rights Agreement, we are not obligated to, nor do we currently anticipate that we will, register the Outstanding Notes under the Securities Act. See The Exchange Offer Consequences of Failure to Exchange.
United States Federal Income Tax Consequences	We believe that the exchange of Outstanding Notes for Exchange Notes in the exchange offer should not be a taxable event for U.S. federal income tax purposes. Please read Certain United States Federal Income Tax Considerations.
Use of Proceeds	We will not receive any cash proceeds from the issuance of Exchange Notes in the exchange offer.
Plan of Distribution	All broker-dealers who receive Exchange Notes in the exchange offer have a prospectus delivery obligation. Based on SEC no-action letters, broker-dealers who acquired the Outstanding Notes as a result of market-making or other trading activities may use this exchange offer prospectus, as supplemented or amended, in connection with the resales of the Exchange Notes. We have agreed to make this prospectus available to any broker-dealer delivering a prospectus as required by law in connection with the resales of the Exchange Notes for up to 180 days following the completion of the exchange offer. Broker-dealers who acquired the Outstanding Notes from us may not rely on SEC staff interpretations in no-action letters and instead must comply with the registration and prospectus delivery requirements of the Securities Act, including being named as selling noteholders, in order to resell the Outstanding Notes or the Exchange Notes (or such earlier date as eligible broker-dealers no longer own Exchange Notes).

The Exchange Agent

We have appointed The Bank of New York Trust Company, N.A. as exchange agent for the exchange offer. Please direct questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for the notice of guaranteed delivery to the exchange agent. If you are not tendering under DTC s automated tender offer program, you should send the letter of transmittal and any other required documents to the exchange agent as follows:

The Bank of New York Trust Company, N.A.

(212) 815-3687

By Overnight Delivery, Courier or Mail:
(overnight delivery or courier recommended;
if by mail, registered or certified mail recommended)

The Bank of New York Trust Company, N.A.
Corporate Trust Operations Reorganization Unit
101 Barclay Street 7 East
New York, New York 10286
Attn: David Mauer

Registered or Certified Mail:

The Bank of New York Trust Company, N.A.
Corporate Trust Operations Reorganization Unit
101 Barclay Street 7 East
New York, New York 10286
Attn: David Mauer

By Facsimile Transmission (eligible institutions only):

(212) 298-1915

Confirm by Telephone:

(212) 815-3687

Terms of the Exchange Notes

The Exchange Notes will be freely tradable and otherwise substantially identical to the Outstanding Notes. The Exchange Notes will not have registration rights or provisions for additional interest. The Exchange Notes will evidence the same debt as the Outstanding Notes, and the Outstanding Notes and the Exchange Notes will be governed by the same indenture. The Outstanding Notes and the Exchange Notes will vote together as a single class under the indenture.

Issuer	Pogo Producing Company.
Exchange Notes Offered	$450 million principal amount of registered 7.875% Senior Subordinated Notes due 2013.
Maturity Date	May 1, 2013.
Interest Payment Dates	May 1 and November 1 of each year, commencing on November 1, 2006.
Ranking and Subordination	The Exchange Notes will be our unsecured senior subordinated obligations and will rank: • equally in right of payment with our outstanding 8.25% Senior Subordinated Notes due 2011, our outstanding 6.625% Senior Subordinated Notes due 2015 and our outstanding 6.875% Senior Subordinated Notes due 2017, which aggregate $1 billion in outstanding principal amount, and any of our future senior subordinated debt that does not expressly provide that it is subordinated to the Notes; • senior in right of payment to any of our future debt that expressly provides that it is subordinated to the Notes; • subordinated in right of payment to any of our existing and future senior debt, and structurally subordinated to all of our future secured debt to the extent of the value of the assets securing such debt; and • structurally subordinated to all indebtedness and other liabilities (including trade payables and lease obligations) of our subsidiaries that do not guarantee the Notes. As of June 30, 2006, the Notes were subordinated to approximately $564 million of senior unsecured indebtedness of Pogo.
Possible Subsidiary Guarantees	None of our subsidiaries will guarantee the Notes initially. If our existing or future domestic restricted subsidiaries guarantee any of our other indebtedness, however, they will be required by the indenture governing the Notes to jointly and severally guarantee the Notes on a senior subordinated basis. We do not intend to cause any subsidiary to take any action that would require it to guarantee the Notes.
Sinking Fund	None.

Optional Redemption	At any time prior to May 1, 2009, we may redeem up to 35% of the aggregate original principal amount of the Notes, using the net proceeds of specified equity offerings, at a redemption price equal to 107.875% of the principal amount of the Notes, plus accrued and unpaid interest to the date of redemption. Prior to May 1, 2010, we are entitled to redeem the Notes as a whole or in part at a redemption price equal to the principal amount of the Notes plus the Applicable Premium and accrued and unpaid interest to the date of redemption. The term Applicable Premium is defined under Description of the Exchange Notes Certain Definitions. On or after May 1, 2010, we may redeem all or a portion of the Notes at the redemption prices listed in Description of the Exchange Notes Optional Redemption, plus accrued and unpaid interest to the date of redemption.
Change of Control	If we experience specific kinds of change of control, we would be required to offer to purchase each holder s Notes, in whole or in part, at a price equal to 101% of the principal amount, together with accrued and unpaid interest to the date of purchase.
Certain Covenants	Covenants contained in the indenture that governs the Notes limit our ability and the ability of our restricted subsidiaries, among other things, to: • incur additional indebtedness; • pay dividends or make other distributions on stock, repurchase stock or redeem subordinated obligations; • make investments; • create liens on assets; • sell assets or sell capital stock of our subsidiaries; • enter into agreements that restrict the ability of our restricted subsidiaries to pay dividends or make other payments to us or our other restricted subsidiaries; • merge or consolidate; and • enter into transactions with affiliates. All of these covenants are subject to important exceptions and qualifications that are described under Description of the Exchange Notes. If the Notes receive an investment grade rating from either Standard & Poor s Ratings Services or Moody s Investors Service, Inc. and no default or event of default under the indenture has occurred and is continuing, many of these covenants will be terminated.

Exchange Offer; Registration Rights	If we fail to complete the exchange offer as required by the Exchange and Registration Rights Agreement, we will be obligated to pay additional interest to holders of the Outstanding Notes. See Description of the Exchange Notes Registration Rights; Special Interest for more information regarding your rights as a holder of Outstanding Notes.
Absence of a Market for the Notes	There is no existing trading market for the Notes, and there can be no assurance regarding: • any future development or liquidity of a trading market for the Notes; • your ability to sell your Notes at all; or • the price at which you may be able to sell your Notes. Further trading prices of the Notes will depend on many factors, including: • prevailing interest rates; • our operating results and financial condition; and • the market for similar securities. We do not intend to apply for the Notes to be listed on any securities exchange or to arrange for any quotation system to quote them.

Pogo Ratio of Earnings to Fixed Charges

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods shown.

	Six Months Ended June 30,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Ratio of earnings to fixed charges(a)	7.6x	8.0x	7.1x	13.0x	8.4x	2.4x	1.7x

(a) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. For this purpose, earnings are defined as income before income taxes plus fixed charges excluding capitalized interest and minority interest. Fixed charges consist of interest expense.

Pogo Selected Production (Sales) Data

The following table sets forth our net daily average production and weighted average price data for the periods indicated.

	Six Months Ended June 30,		Year Ended December 31,		
	2006	2005	2005	2004	2003
Natural gas (MMcf per day)	276.0	256.7	250.2	244.3	210.4
Price (per Mcf)	$ 6.68	$ 6.22	$ 7.62	$ 5.73	$ 5.17
Crude oil and condensate (Bbls per day)	32,606	26,448	25,734	29,530	40,173
Price (per Bbl)	$ 57.50	$ 45.19	$ 49.85	$ 38.59	$ 29.08
Natural gas liquids (Bbls per day)	5,814	4,073	4,162	4,220	4,109
Price (per Bbl)	$ 36.59	$ 30.83	$ 34.56	$ 28.09	$ 21.59

RISK FACTORS

In considering whether to participate in the exchange offer, you should consider carefully all of the information that we have included or incorporated by reference into this prospectus. In particular, you should consider carefully the risk factors described below.

Risks Relating to the Exchange Offer

If you fail to exchange your Outstanding Notes, the existing transfer restrictions will remain in effect and the market value of your Outstanding Notes may be adversely affected because they may be more difficult to sell.

If you fail to exchange your Outstanding Notes for Exchange Notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the Outstanding Notes. In general, the Outstanding Notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the Exchange and Registration Rights Agreement, we do not intend to register resales of the Outstanding Notes.

The tender of Outstanding Notes under the exchange offer will reduce the principal amount of the Outstanding Notes outstanding. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any Outstanding Notes that you continue to hold following completion of the exchange offer.

Risks Related to Our Business

Natural gas and oil prices fluctuate widely, and low prices could have a material adverse impact on our business.

Our revenues, profitability and future growth depend substantially on prevailing prices for natural gas and oil. Oil and natural gas market prices have historically been seasonal, cyclical and volatile. The average prices that we have recently received for our production are significantly higher than their historic average. A future drop in oil and natural gas prices could have a material adverse effect on our cash flow and profitability. A sustained period of low prices could have a material adverse effect on our operations and financial condition and could also result in a reduction in funds available under our revolving credit facility and associated prepayments. See We are subject to restrictive debt covenants below. Lower prices may also reduce the amount of natural gas and oil that we can economically produce.

Among the factors that can cause oil and natural gas price fluctuations are:

- the level of consumer product demand;
- weather conditions;
- domestic and foreign governmental regulations;
- the price and availability of alternative fuels;
- political conditions in natural gas and oil producing regions;
- the domestic and foreign supply of natural gas and oil, including the decisions of the Organization of Petroleum Exporting Countries relating to export quotas and its ability to maintain oil price and production controls;
- the price of foreign imports; and
- overall economic conditions.

Our recent acquisitions are significant and may not be successful.

In September 2005, we completed the acquisition of Northrock, the largest acquisition in our history. In May 2006, we completed the acquisition of Latigo, another significant acquisition for us. We may not be able to realize anticipated economic, operational and other benefits from the Northrock or the Latigo acquisitions due to the following risks and difficulties, among others:

- the acquired properties may not produce revenues, earnings or cash flow at anticipated levels;
- we may have exposure to unanticipated liabilities and costs as a result of the acquisitions, some of which may materially exceed our estimates;
- we may lose key employees on whom management is substantially dependent in the operation of Northrock s or Latigo s assets;
- we may lose customers, suppliers, partners and agents of Northrock or Latigo; and
- we may experience material difficulties and additional costs in integrating Northrock s or Latigo s operations, systems and personnel with those of ours.

Please see We will continue to pursue acquisitions and dispositions, below.

The natural gas and oil business involves many operating risks that can cause substantial losses or hinder marketing efforts.

Numerous risks affect our drilling activities, including the risk of drilling non-productive wells or dry holes. The cost of drilling, completing and operating wells and of installing production facilities and pipelines is often uncertain. Also, our drilling operations could diminish or cease because of any of the following:

- title problems;
- weather conditions;
- fires;
- explosions;
- blow-outs and surface cratering;
- uncontrollable flows of underground natural gas, oil and formation water;
- natural disasters;
- pipe or cement failures;
- casing collapses;
- embedded oilfield drilling and service tools;
- abnormally pressured formations;
- environmental hazards such as natural gas leaks, oil spills, pipeline ruptures and discharges of toxic gases;

- noncompliance with governmental requirements; or
- shortages or delays in the delivery or availability of material, equipment or fabrication yards.

Offshore operations are also subject to a variety of operating risks related to the marine environment, such as capsizing, collisions and damage or loss from hurricanes or other adverse weather conditions.

These hazards may interrupt production and can cause substantial losses to us due to injury or loss of life, severe damage to facilities, or pollution or other environmental damage. As a result, we could incur substantial liabilities that could reduce or eliminate the funds available for exploration, development or acquisitions. For information regarding the impact of Hurricanes Katrina and Rita on our operations, please read Prospectus Summary Pogo Producing Company North American Operations Domestic Offshore.

Moreover, effective marketing of our natural gas production depends on a number of factors, such as the following:

- existing market supply of and demand for natural gas;
- the proximity of our reserves to pipelines;
- the available capacity of such pipelines; and
- government regulations.

The marketing of oil and natural gas production similarly depends on the availability of pipelines and other transportation, processing and refining facilities, and the existence of adequate markets. As a result, even if hydrocarbons are discovered in commercial quantities, a substantial period of time may elapse before commercial production commences. If pipeline facilities in an area are insufficient, we may have to wait for the construction or expansion of pipeline capacity before we can market production from that area.

We may not be able to obtain sufficient drilling equipment and experienced personnel to conduct our operations.

In periods of increased drilling activity resulting from high commodity prices, demand exceeds availability for drilling rigs, drilling vessels, supply boats and personnel experienced in the oil and gas industry in general, and the offshore oil and gas industry in particular. This may lead to difficulty and delays in consistently obtaining services and equipment from vendors, obtaining drilling rigs and other equipment at favorable rates, and scheduling equipment fabrication at factories and fabrication yards. This, in turn, may lead to projects being delayed or experiencing increased costs.

Our foreign operations subject us to additional risks.

Our ownership and operations in Canada, New Zealand, Vietnam, and any other foreign areas where we may do business are subject to the various risks inherent in foreign operations. These risks may include the following:

- currency restrictions and exchange rate fluctuations;
- risks of increases in taxes and governmental royalties and renegotiation of contracts with governmental entities; and
- changes in laws and policies governing operations of foreign-based companies.

United States laws and policies on foreign trade, taxation and investment may also adversely affect our international operations. In addition, if a dispute arises from foreign operations, foreign courts may have exclusive jurisdiction over the dispute, or we may not be able to subject foreign persons to the jurisdiction of United States courts.

Local laws and customs in many countries differ significantly from those in the United States. In many foreign countries, particularly in those with developing economies like Vietnam, it is common to engage in business practices that are prohibited by United States regulations applicable to us. The U.S. Foreign Corrupt Practices Act prohibits corporations and individuals, including us and our employees, from

engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. Although we have implemented policies and procedures designed to ensure compliance with these laws, there can be no assurance that all of our employees, contractors and agents, including those based in or from countries where practices which violate such United States laws may be customary, will not take actions in violation of our policies. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business. In addition, our foreign competitors that are not subject to the U.S. Foreign Corrupt Practices Act or similar laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us.

We cannot control the activities on properties we do not operate; operators of those properties may act in ways that are not in our best interests.

Other companies operate a portion of the oil and natural gas properties in which we have an interest. As a result, we have limited influence over operations on some of those properties or their associated costs. Our limited influence on non-operated properties could result in the following:

- the operator may initiate exploration or development projects on a different schedule than we prefer;
- the operator may propose to drill more wells or build more facilities on a project than we have funds for, which may mean that we cannot participate in those projects or share in revenues from those projects; and
- if the operator refuses to initiate an exploration or development project, we may not be able to pursue the project.

Any of these events could significantly affect our anticipated exploration and development activities and the economic value of those properties to us.

Maintaining reserves and revenues in the future depends on successful exploration and development activities and/or acquisitions.

We must continually explore for and develop or acquire new oil and natural gas reserves to replace those produced and sold. Our hydrocarbon reserves and revenues will decline if we are not successful in our drilling, exploration or acquisition activities. Although we have historically maintained our reserves base primarily through successful exploration and development operations, our future efforts may not be similarly successful.

Our operations are subject to casualty risks against which we cannot fully insure.

Our operations are subject to inherent casualty risks such as blowouts, fires, explosions , cratering, uncontrollable flows of oil, natural gas or well fluids, pollution and other environmental risks, marine hazards and natural disasters. If any such event occurred, we could be subject to substantial financial losses due to personal injury, property damage, environmental discharge, or suspension of operations. The impact on us of one of these events could be significant. Although we purchase insurance at levels we believe to be customary for a company of our size in our industry, we are not fully insured against all risks incident to our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. If a significant accident or other event occurs and is not fully covered by insurance, it could adversely affect our operations and financial condition. Moreover, there is no assurance that recoveries for insured events will be sufficient to cover cash flow that we would have otherwise generated from affected properties.

We have substantial capital requirements.

We require substantial capital to replace our reserves and generate sufficient cash flow to meet our financial obligations. If we cannot generate sufficient cash flow from operations or raise funds externally in the amounts and at the times needed, we may not be able to replace our reserves or meet our financial obligations. We recently paid approximately $1.7 billion in cash to acquire Northrock and approximately $766 million in cash to acquire Latigo. Our ongoing capital requirements consist primarily of the following items:

- funding our 2006 capital budget of $800 million;
- other allocations for acquisition, development, production, exploration and abandonment of oil and natural gas reserves; and
- future dividends.

We plan to finance anticipated ongoing expenses and capital requirements with funds generated from the following resources:

- available cash and cash investments;
- cash provided by operating activities;
- funds available under our revolving credit facility;
- our uncommitted money market line(s) of credit; and
- capital we believe we can raise through opportunistic debt and equity offerings.

We financed a substantial part of the Northrock acquisition utilizing cash on hand, proceeds from the offering of our 6.875% Senior Subordinated Notes due 2017 and borrowings under our revolving credit facility. In addition, we financed a portion of our acquisition of Latigo utilizing borrowings under our revolving credit facility. Accordingly, these acquisitions reduced the availability of those resources for other capital requirements. Moreover, the uncertainties and risks associated with future performance and revenues, as described in these Risk Factors, will ultimately determine our liquidity and ability to meet anticipated capital requirements.

We will continue to pursue acquisitions and dispositions.

We will continue to seek opportunities to generate value through business combinations, purchases and sales of assets. We examine potential transactions on a regular basis, depending on market conditions, available opportunities and other factors. In addition, we compete with other companies in pursuing acquisitions, many of which have greater financial and other resources to acquire attractive companies and properties. The successful acquisition of oil and gas properties requires an assessment of several factors, including recoverable reserves, development and exploratory potential, projected future cash flows that are, in part, based upon future oil and gas prices, current and projected operating, general and administrative and other costs, and contingent liabilities associated with the properties or entities acquired, including potential environmental and other liabilities. The accuracy of our assessment of these factors is inherently uncertain, and our review and assessment of potential acquisitions will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties or entities to fully assess their deficiencies and capabilities. Even when problems are identified, the other party may be unwilling or unable to provide effective contractual protection against all or part of the problems. Furthermore, we may not be entitled to contractual indemnification for certain liabilities, or we may acquire the properties on an as is, where is basis.

Dispositions of portions of our existing business or properties would be intended to result in the realization of immediate value but would consequently result in lower cash flows over the longer term, unless the proceeds are reinvested in more productive assets.

Our reserve data are estimates.

No one can measure underground accumulations of oil and natural gas in an exact way. Projecting future production rates and the timing and amount of development expenditures is also an uncertain process. Accuracy of reserve estimates depends on the quality of available data and on economic, engineering and geological interpretation and judgment. As a result, reserve estimates often differ from the quantities of oil and natural gas ultimately recovered. To estimate economically recoverable reserves, various assumptions are made regarding future oil and natural gas prices, production levels and operating and development costs that may prove incorrect. Any significant variance from those assumptions could greatly affect estimates of economically recoverable reserves and future net revenues.

You should not assume that the present value of future net cash flows from our proven reserves is the current value of the estimated natural gas and oil reserves. Estimates of discounted future net cash flows from proven reserves are based on prices and costs on the date of the estimate. Actual future prices and costs may differ materially from those used in net present value estimates, and future net present value estimates using then current prices and costs may be significantly less than current estimates.

We face significant competition and are smaller than many of our competitors.

The oil and gas industry is highly competitive. We compete with major and independent oil and natural gas companies for property acquisitions and for the equipment and labor required to operate and develop properties. Many of our competitors have substantially greater financial and other resources. As a result, those competitors may be better able to withstand sustained periods of unsuccessful drilling. In addition, larger competitors may be able to absorb the burden of any changes in applicable laws and regulations more easily than we can, which would adversely affect our competitive position. These competitors may also be able to pay more for exploratory prospects and productive oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than we can. Our ability to explore for oil and natural gas prospects and to acquire additional properties in the future will depend on our ability to conduct operations and to evaluate and select suitable properties and transactions in this highly competitive environment. Moreover, the oil and natural gas industry itself competes with other industries in supplying the energy and fuel needs of industrial, commercial and other consumers. Increased competition causing oversupply or depressed prices could greatly affect our operational revenues.

Our competitors may use superior technology.

Our industry is subject to rapid and significant advancements in technology, including the introduction of new products and services using new technologies. As our competitors use or develop new technologies, we may be placed at a competitive disadvantage, and competitive pressures may force us to implement new technologies at a substantial cost. In addition, our competitors may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before we can. We cannot be certain that we will be able to implement technologies on a timely basis or at a cost that is acceptable to us. One or more of the technologies that we currently use or that we may implement in the future may become obsolete, and we may be adversely affected.

We are subject to legal limitations that may adversely affect the cost, manner or feasibility of doing business.

We are subject to extensive domestic and foreign laws and regulations on taxation, exploration and development, and environmental and safety matters in countries where we own or operate properties. These laws and regulations are under continuing review for amendment or expansion, and we could be forced to expend significant resources to comply with new laws or regulations or changes to existing requirements. Many laws and regulations require drilling permits and govern the spacing of wells, the prevention of waste, rates of production and other matters. These statutes and regulations, and any others that are passed by the jurisdictions where we have production could limit the total number of wells drilled or the total allowable production from successful wells, which could limit revenues. Noncompliance with these statutes or failure to establish exemptions from regulations could also result in substantial penalties, require the posting of substantial surety bonds, or in the suspension or termination of our operations.

We are subject to various environmental liabilities.

We could incur liability to governments or third parties for any unlawful discharge of oil, natural gas or other pollutants into the air, soil or water, including responsibility for remedial costs. Our onshore and offshore operations could potentially discharge oil or natural gas into the environment in any of the following ways:

- from a well, or drilling equipment at a drill site;
- leakage from storage tanks, pipelines or other gathering and transportation facilities;
- damage to oil or natural gas wells resulting from accidents during normal operations; and
- blowouts, cratering or explosions.

Environmental discharges may move through soil to water supplies or adjoining properties, giving rise to additional liabilities. Some laws and regulations could impose liability for failure to notify the proper authorities of a discharge and other failures to comply with those laws. Environmental laws may also affect our costs to acquire properties. We do not believe that our environmental risks are materially different from those of comparable companies in the oil and gas industry. However, we cannot assure you that environmental laws will not, in the future, result in decreased production, substantially increased operational costs or other adverse effects to our combined operations and financial condition. Pollution and similar environmental risks generally are not fully insurable.

Derivative instruments expose us to risks of financial loss in a variety of circumstances.

We use derivative instruments in an effort to reduce our exposure to fluctuations in the prices of oil and natural gas. Our derivative instruments expose us to risks of financial loss in a variety of circumstances, including when:

- a counterparty to our derivative instruments is unable to satisfy its obligations;
- production is delayed or less than expected; or
- there is an adverse change in the expected differential between the underlying price in the derivative instrument and actual prices received for our production.

Derivative instruments also may limit our ability to realize increased revenue from increases in the prices for oil and natural gas.

We follow the provisions of Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, which generally requires us to record each hedging transaction as an asset or liability measured at its fair value. Each quarter, we must record changes in the fair value of our hedges, which could result in significant fluctuations in net income and stockholders equity from period to period.

Risks Relating to the Notes

The risks described in this Risks Relating to the Notes that apply to the Exchange Notes also apply to any Outstanding Notes not tendered for Exchange Notes in the exchange offer.

We could incur substantial additional debt, which could negatively impact our financial condition, results of operations and business prospects and prevent us from fulfilling our obligations under the Notes.

As of June 30, 2006, we had outstanding total debt of approximately $2.0 billion and approximately $476 million of additional borrowing capacity under our revolving credit facility. Please read Description of Other Indebtedness. Together with our subsidiaries, we may incur substantially more debt in the future, provided we comply with requirements in our revolving credit facility, the indentures governing our outstanding 8.25% Senior Subordinated Notes due 2011, our 6.625% Senior Subordinated Notes due 2015 and our 6.875% Senior Subordinated Notes due 2017 and the indenture governing the Notes. Our debt level could have several important consequences to you, including:

- it may be more difficult for us to satisfy our obligations with respect to the Notes;
- we may have difficulties borrowing money in the future for acquisitions, to meet our operating expenses or for other purposes;
- we will need to use a portion of the money we earn to pay principal and interest on our debt, which will reduce the amount of money we have to finance our operations and other business activities;
- we may be more vulnerable to economic downturns and adverse developments in our industry; and
- our debt level could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate.

These factors could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the Notes.

Your right to receive payments on the Notes may be adversely affected by the rights of our senior creditors.

The Notes are unsecured and

- subordinated in right of payment to all of our existing senior debt, consisting of borrowings under our revolving credit facility and uncommitted money market lines of credit; and
- structurally subordinated to any of our future secured debt, to the extent of the value of the assets securing such debt, and all of the existing debt and other liabilities of our subsidiaries that do not guarantee the Notes, including trade payables and lease obligations.

Except to the extent, if any, that any of our future debt is expressly stated to be on parity with or junior to the Notes, all of our future debt and all future debt or other liabilities, including guarantees, trade payables and lease obligations, of our subsidiaries that do not guarantee the Notes will be senior to the Notes. As a result, upon any distribution to our creditors in a bankruptcy, liquidation, reorganization or similar proceeding relating to us and our subsidiaries, the holders of our senior debt and the holders of the debt and other liabilities, including guarantees, trade payables and lease obligations, of our subsidiaries that do not guarantee the Notes will be entitled to be paid in full in cash before any payment may be made on the

Notes. None of our subsidiaries have guaranteed the Notes. Please read Description of the Exchange Notes Possible Subsidiary Guarantees and Ranking and Subordination.

If we fail to pay our specified senior debt when due, whether upon maturity or as a result of acceleration or otherwise, we could be prohibited from making any payments on the Notes until the default is cured or all of the senior debt is paid in full. In addition, payments on the Notes may be blocked for periods, each up to 179 days, in the event of other defaults relating to specified senior debt.

In the event of our bankruptcy, liquidation, reorganization or similar proceeding, holders of the Notes will participate ratably with general unsecured creditors and ratably with all other holders of senior subordinated debt, if any, in the assets remaining after we have paid all of the senior debt. However, because the indenture governing the Notes requires that amounts otherwise payable to holders of the Notes in a bankruptcy or similar proceeding be paid to holders of the senior debt prior to any payment on the Notes, holders of the Notes may receive less, ratably, that our other general unsecured creditors in any such proceeding. In any of these cases, we may not have sufficient funds to pay all of our creditors, including holders of the Notes.

There may be no public market for the Exchange Notes.

The Exchange Notes will be new securities for which currently there is no trading market. We do not intend to apply for the Exchange Notes to be listed on any securities exchange or to arrange for any quotation system to quote them. The liquidity of any market for the Notes will depend on the number of holders of those Notes, the interest of securities dealers in making a market in those securities and other factors. Accordingly, we cannot assure you as to:

- the liquidity of any such market that may develop;
- your ability to sell your Notes; or
- the price at which you would be able to sell your Notes.

If such a market were to exist, the Notes could trade at prices that may be lower than the principal amount or purchase price, depending on many factors, including prevailing interest rates, the market for similar notes and our financial performance. If an active market does not develop or is not maintained, the price and liquidity of the Notes may be adversely affected.

We may not have the ability to raise the funds necessary to finance any change of control offer required by the indenture.

Upon the occurrence of a change of control, as defined in the indenture governing the Notes, we will be required to offer to repurchase all outstanding Notes. We may not have sufficient funds available to us to make the required repurchase of Notes. In addition, our revolving credit facility provides that the occurrence of any change of control, as defined in the agreement, constitutes an event of default, which could require that we repay all unpaid and outstanding indebtedness under our revolving credit facility and may limit the funds available for us to make payments with respect to the Notes. Our failure to purchase tendered Notes would constitute a default under the indenture governing the Notes which, in turn, could constitute a further event of default under our revolving credit facility. In addition, the indentures governing our Senior Subordinated Notes due 2011, 2015 and 2017 contain change of control provisions similar to the indenture governing the Notes. Consequently, an event triggering a change of control repurchase obligation under the Notes will likely also trigger a change of control repurchase obligation under the 2011 Notes, the 2015 Notes and the 2017 Notes.

We are subject to restrictive debt covenants.

Our revolving credit facility contains covenants that are similar to but generally more restrictive to us than those contained in the indenture governing the Notes, and require us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and we cannot assure you that we will meet those ratios. In addition, if our borrowing base, which is generally a measurement of our oil and natural gas reserves used by our revolving credit facility, were to fall below the amount borrowed under the agreement, we would be obligated to prepay outstanding obligations under the agreement to the extent of the shortfall. A breach of any of these covenants, ratios or restrictions could result in an event of default under our revolving credit facility. Upon the occurrence of an event of default under our revolving credit facility, the lenders could elect to declare all amounts outstanding under the agreement, together with accrued interest, to be immediately due and payable. If the lenders under our revolving credit facility accelerate the payment of the indebtedness, we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness, including the Notes.

The indentures governing the Notes, 2011 Notes, 2015 Notes and 2017 Notes also impose significant operating and financial restrictions on us. The restrictions in our revolving credit facility or in these indentures may adversely affect our ability to finance our future operations and capital needs and to pursue available business opportunities. Moreover, any new indebtedness we incur may impose financial restrictions and other covenants on us that may be more restrictive than the indenture governing the Notes.

If the Notes receive an investment grade rating, many of the covenants in the indenture governing the Notes will terminate, thereby reducing some of the protections for Noteholders in the indenture.

If at any time the Notes receive investment grade ratings from either Standard & Poor s Ratings Services or Moody s Investors Service, Inc., and no default or event of default with respect to the Notes exists, many of the covenants in the indenture governing the Notes applicable to us and our restricted subsidiaries, including, among others, the limitations on indebtedness and restricted payments, will terminate. Upon such termination, Noteholders will not have the protection of these covenants, and we will have greater flexibility under the indenture governing the Notes to incur indebtedness and make restricted payments.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require Noteholders to return payments received from guarantors.

None of our subsidiaries have guaranteed the Notes, but if our existing or future domestic restricted subsidiaries guarantee any of our other indebtedness, they will be required under the indenture governing the Notes to jointly and severally guarantee the Notes on a senior subordinated basis. Federal and state statutes allow courts, under specific circumstances, to void guarantees and require creditors such as the Noteholders to return payments received from guarantors. Under federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee could be voided or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, for example, the guarantor, at the time it issued its guarantee: intended to hinder, delay or defraud any present or future creditor or received less than reasonably equivalent value or fair compensation for the guarantee;

- was insolvent or rendered insolvent by making the guarantee;
- was engaged in a business or transaction for which the guarantor s remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay them as they mature.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;

- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

- it could not pay its debts as they become due.

To the extent a subsidiary s guarantee of the Notes is voided as a result of fraudulent conveyance or held unenforceable for any other reason, the Noteholders would cease to have any claim in respect of that guarantee and would be creditors solely of ours.

PRIVATE PLACEMENT

On June 6, 2006, we completed a private offering of $450 million principal amount of 7.875% Senior Subordinated Notes due 2013 to the initial purchasers of the Outstanding Notes in transactions exempt from or not subject to registration under the Securities Act. The initial purchasers then offered and resold the Outstanding Notes to qualified institutional buyers and non-U.S. persons.

We received net proceeds of approximately $441.5 million from the private placement. We used the net proceeds to repay indebtedness under our revolving credit facility.

USE OF PROCEEDS

We will not receive any cash proceeds from the issuance of the Exchange Notes. In consideration for issuing the Exchange Notes, we will receive in exchange a like principal amount of Outstanding Notes. The Outstanding Notes surrendered in exchange for the Exchange Notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the Exchange Notes will not result in any change in our capitalization.

CAPITALIZATION

The following table sets forth the unaudited capitalization of Pogo and our subsidiaries at June 30, 2006, including the Outstanding Notes, which were issued on June 6, 2006. This table should be read in conjunction with the consolidated financial statements and related notes that are incorporated by reference in this prospectus.

	As of June 30, 2006 (Unaudited (in millions)
Cash and cash equivalents	$ 26.9
Long-term debt, including current portion:	
Revolving credit facility(a)	$ 524.0
LIBOR rate advances(b)	40.0
8.25% Senior Subordinated Notes due 2011	200.0
7.875% Senior Subordinated Notes due 2013	450.0
6.625% Senior Subordinated Notes due 2015	300.0
6.875% Senior Subordinated Notes due 2017	500.0
Unamortized discount on 2015 Notes	(2.4)
Total long-term debt	$ 2,011.6
Total shareholders equity	$ 2,618.4
Total capitalization	$ 4,630.0

(a) As of August 17, 2006, we had approximately $601 million of outstanding borrowings under our revolving credit facility.

(b) These advances are made under unsecured, uncommitted lines of credit.

DESCRIPTION OF OTHER INDEBTEDNESS

Revolving Credit Facility

Our revolving credit facility, dated December 16, 2004, as amended, is with various financial institutions and provides for unsecured revolving credit borrowings up to a maximum principal amount of $1 billion at any one time outstanding, with borrowings not to exceed a borrowing base determined at least semiannually using the administrative agent s usual and customary criteria for oil and gas reserve valuation, adjusted for incurrences of other indebtedness since the last redetermination of the borrowing base. The facility provides that in specified circumstances involving an increase in ratings assigned to our debt, we may elect for the borrowing base limitation to no longer apply to restrict available borrowings.

The revolving credit facility also includes procedures for additional financial institutions selected by us to become lenders under the agreement, or for any existing lender to increase its commitment in an amount approved by us and the lender, subject to a maximum of $250 million for all such increases in commitments of new or existing lenders. Additionally, the facility permits short-term swing-line loans up to $10 million and the issuance of letters of credit up to $75 million which in each case reduce the credit available for revolving credit borrowings.

All outstanding amounts owed under the revolving credit facility become due and payable no later than the final maturity date of December 16, 2009, and are subject to acceleration upon the occurrence of events of default which we consider usual and customary for an agreement of this type, including:

- failure to make payments under the facility;
- non-performance of covenants and obligations continuing beyond any applicable grace period;
- default in the payment of other indebtedness in excess in principal amount of $25 million or a default accelerating or permitting the acceleration of any such indebtedness; or
- the occurrence of a change in control of our company, including the acquisition of beneficial ownership of in excess of 50% of our capital stock.

If at any time the outstanding credit extended under the facility exceeds the applicable borrowing base, the deficiency is required to be amortized in four monthly installments commencing 90 days after the deficiency arises, and until the deficiency is eliminated, increases in some applicable interest rate margins apply.

Borrowings under the revolving credit facility bear interest, at our election, at a prime rate or Eurodollar rate, plus in each case an applicable margin. In addition, a commitment fee is payable on the unused portion of each lender s commitment. The applicable interest rate margin varies from 0% to 0.25% in the case of borrowings based on the prime rate and from 1.00% to 2.00% in the case of borrowings based on the Eurodollar rate, depending on the utilization level in relation to the borrowing base and, in the case of Eurodollar borrowings, ratings assigned to our debt.

The revolving credit facility contains various covenants, including among others:

- restrictions on liens;
- restrictions on incurring other indebtedness if a default under the facility exists or would result or if a borrowing base deficiency would result;
- restrictions on dividends and other restricted payments if a default under the facility exists or would result;
- restrictions on mergers;
- restrictions on investments;

- restrictions on hedging activity of a speculative nature or with counterparties having credit ratings below specified levels;

- a covenant not to permit our ratio of consolidated debt to consolidated total capitalization (determined without reduction for any non-cash write downs after the date of the facility) to exceed 60% at any time; and

- a covenant not to permit our consolidated ratio of EBITDAX to Fixed Charges (as those terms are defined in the facility) for the four most recent fiscal quarters to be equal to or less than 2.5 to 1.0 at the end of any quarter.

Senior Subordinated Notes due 2011, 2015 and 2017.

On April 10, 2001, we issued $200 million principal amount of Senior Subordinated Notes due 2011; on March 29, 2005, we issued $300 million principal amount of Senior Subordinated Notes due 2015; and on September 21, 2005, we issued $500 million principal amount of Senior Subordinated Notes due 2017. The 2011 Notes bear interest at a rate of 8.25%, payable semi-annually in arrears on April 15 and October 15 of each year; the 2015 Notes bear interest at a rate of 6.625%, payable semi-annually in arrears on March 15 and September 15 of each year; and the 2017 Notes bear interest at a rate of 6.875%, payable semi-annually in arrears on April 1 and October 1 of each year. The 2011 Notes, the 2015 Notes and the 2017 Notes are our general unsecured senior subordinated obligations and are subordinated in right of payment to our senior indebtedness, which currently includes our obligations under the revolving credit facility. The Notes will rank equally in right of payment with the 2011 Notes, the 2015 Notes and the 2017 Notes.

We, at our option, may redeem the 2011 Notes in whole or in part, at any time on or after April 15, 2006, at a redemption price of 104.125% of their principal amount and decreasing percentages thereafter. We may redeem the 2015 Notes at our option in whole or in part, at any time on or after March 15, 2010, at a redemption price of 103.3125% of their principal amount and decreasing percentages thereafter. We may also redeem a portion of the 2015 Notes prior to March 15, 2008 and some or all of those notes prior to March 15, 2010, in each case by paying specified premiums. Similarly, we may redeem the 2017 Notes at our option in whole or in part, at any time on or after October 1, 2010, at a redemption price of 103.438% of their principal amount and decreasing percentages thereafter, and we may also redeem a portion of the 2017 Notes prior to October 1, 2008 and some or all of those notes prior to October 1, 2010, in each case by paying specified premiums.

The events of default in the indentures governing the 2011 Notes, the 2015 Notes and the 2017 Notes are similar to the events of default described herein for the Notes. The indentures governing the 2011 Notes, the 2015 Notes and the 2017 Notes also impose certain covenants on us and our restricted subsidiaries, including covenants limiting our ability, and the ability of our restricted subsidiaries, to, among other things:

- incur additional indebtedness;

- pay dividends or make other distributions on stock repurchase stock or redeem subordinated obligations;

- make investments;

- create liens on assets;

- sell assets or sell capital stock of our subsidiaries;

- enter into agreements that restrict the ability of our restricted subsidiaries to pay dividends or make other payments to us or our other restricted subsidiaries;

- merge or consolidate; and
- enter into transactions with affiliates.

Acquisition Loan Facility

On May 2, 2006, we entered into a senior unsecured acquisition loan facility with Goldman Sachs Credit Partners L.P. as lender, sole lead arranger and administrative agent. We borrowed $450 million under the acquisition loan facility in the form of a senior term loan. The loan proceeds were used to finance a portion of our acquisition of Latigo. The facility was repaid in full on May 31, 2006 with proceeds from the sale of a 50% interest in our Gulf of Mexico properties.

LIBOR Rate Advances

We also maintain unsecured, uncommitted lines of credit separately from the revolving credit facility. As of June 30, 2006, we had $40 million outstanding under these lines of credit.

THE EXCHANGE OFFER

Participation in the exchange offer is voluntary, and we urge you to consider carefully whether to accept. Please consult your financial and tax advisors in making your own decision on what action to take.

We are offering to issue new registered 7.875% Senior Subordinated Notes due 2013 in exchange for a like principal amount of our outstanding 7.875% Senior Subordinated Notes due 2013. We refer to our offer to exchange the Outstanding Notes for Exchange Notes as the exchange offer. We may extend, delay or terminate the exchange offer. Holders of Outstanding Notes who wish to exchange their notes will need to complete the exchange offer documentation related to the exchange.

Purpose and Effect of the Exchange Offer

We sold the Outstanding Notes in transactions that were exempt from or not subject to the registration requirements under the Securities Act. Accordingly, the Outstanding Notes are subject to transfer restrictions. In general, you may not offer or sell the Outstanding Notes unless either they are registered under the Securities Act or the offer or sale is exempt from or not subject to registration under the Securities Act and applicable state securities laws.

In connection with the sale of the Outstanding Notes, we entered into an Exchange and Registration Rights Agreement with the initial purchasers of the Outstanding Notes. In that agreement, we agreed to file a registration statement relating to an offer to exchange the Outstanding Notes for Exchange Notes within 90 days after the issue date of the Outstanding Notes and to use our reasonable best efforts to have that registration statement declared effective by the SEC within 180 days after the issue date of the Outstanding Notes. We also agreed to use our reasonable best efforts to commence and complete the exchange offer no later than 45 days after the registration statement becomes effective and to keep the exchange offer open for at least 30 days. We are offering the Exchange Notes under this prospectus in an exchange offer for the Outstanding Notes to satisfy our obligations under the Exchange and Registration Rights Agreement.

If,

- on or prior to the time the exchange offer is completed, existing SEC interpretations are changed such that the Exchange Notes generally would not be freely transferable without restriction under the Securities Act;
- the exchange offer has not been completed within 255 days following the date the Outstanding Notes were first issued; or

- the exchange offer is not available to any holder because of applicable law or SEC interpretations and, unless it is an initial purchaser, such holder notifies us of such unavailability prior to the 60th day following consummation of the exchange offer,

we will use our reasonable best efforts to file with the SEC a shelf registration statement to cover resales of the Outstanding Notes.

Resale of Exchange Notes

Based on interpretations of the SEC staff in no action letters issued to third parties, we believe that each Exchange Note issued in the exchange offer may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act if:

- you are not our affiliate within the meaning of Rule 405 under the Securities Act;
- you acquire such Exchange Notes in the ordinary course of your business; and
- you are not engaged in, do not intend to engage in and have no arrangement or understanding with any person to participate in, a distribution of Exchange Notes.

The SEC has not, however, considered the legality of our exchange offer in the context of a no action letter, and there can be no assurance that the staff of the SEC would make a similar determination with respect to our exchange offer as it has in other circumstances.

If you tender your Outstanding Notes in the exchange offer with the intention of participating in any manner in a distribution of the Exchange Notes, you:

- cannot rely on these interpretations by the SEC staff; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction of the Exchange Notes.

Unless an exemption from registration is otherwise available, the resale by any holder intending to distribute Exchange Notes should be covered by an effective registration statement under the Securities Act containing the selling holder s information required by Item 507 or Item 508, as applicable, of Regulation S-K under the Securities Act. This prospectus may be used for an offer to resell, resale or other retransfer of Exchange Notes only as specifically described in this prospectus. We have agreed to make the prospectus available in connection with resales of the Exchange Notes for up to 180 days from the completion of the exchange offer. Failure to comply with the registration and prospectus delivery requirements by a holder subject to these requirements could result in that holder incurring liability for which it is not indemnified by us. With respect to broker-dealers, only those that acquired the Outstanding Notes for their own account as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives Exchange Notes in exchange for Outstanding Notes acquired for its own account as a result of market-making activities or other trading activities may be deemed to be an underwriter within the meaning of the Securities Act and must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. Please read Plan of Distribution for more details regarding the transfer of Exchange Notes.

Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus and in the letter of transmittal, we will accept for exchange any Outstanding Notes properly tendered and not withdrawn prior to the expiration date of the exchange offer. We will issue $1,000 principal amount of Exchange Notes in exchange for each $1,000 principal amount of Outstanding Notes surrendered under the exchange offer.

Outstanding Notes may be tendered only in integral multiples of $1,000. The exchange offer is not conditioned upon any minimum aggregate principal amount of Outstanding Notes being tendered for exchange.

As of the date of this prospectus, $450 million principal amount of Outstanding Notes is outstanding. This prospectus and the letter of transmittal are being sent to all registered holders of Outstanding Notes. There will be no fixed record date for determining registered holders of Outstanding Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the Exchange and Registration Rights Agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934 and the rules and regulations of the SEC. Outstanding Notes that are not tendered for exchange in the exchange offer will:

- remain outstanding;
- continue to accrue interest; and
- be entitled to the rights and benefits that holders have under the indenture and, if applicable, the Exchange and Registration Rights Agreement.

However, these Outstanding Notes will not be freely tradable. Other than in connection with the exchange offer and as specified in the Exchange and Registration Rights Agreement, we are not obligated to, nor do we currently anticipate that we will, register the Outstanding Notes under the Securities Act. See Consequences of Failure to Exchange below.

By signing or agreeing to be bound by the letter of transmittal, you acknowledge that, upon request, you will execute and deliver any additional documents deemed by the exchange agent or us to be necessary or desirable to complete the exchange, assignment and transfer of the Outstanding Notes tendered by you, including the transfer of such Outstanding Notes on the account books maintained by DTC.

We will be deemed to have accepted for exchange properly tendered Outstanding Notes when we have given oral or written notice of the acceptance to the exchange agent and complied with the applicable provisions of the Exchange and Registration Rights Agreement. The exchange agent will act as agent for the tendering holders for the purposes of receiving the Exchange Notes from us.

If you tender Outstanding Notes in the exchange offer, you will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of Outstanding Notes. We will pay all charges and expenses, other than certain applicable taxes described below, in connection with the exchange offer. It is important that you read the section Fees and Expenses for more details about fees and expenses incurred in the exchange offer.

We will return any Outstanding Notes that we do not accept for exchange for any reason without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer.

Expiration Date

The exchange offer will expire at 5:00 p.m., New York City time, on , , unless sooner terminated or, in our sole discretion, we extend it.

Extensions; Delay in Acceptance; Termination or Amendment

We reserve the right, at any time or at various times, to extend the period of time during which the exchange offer is open. During any extensions, all Outstanding Notes you have previously tendered and not

withdrawn will remain subject to the exchange offer, and we may accept them for exchange. We do not currently intend to extend the expiration date.

To extend the exchange offer, we will notify the exchange agent orally or in writing of any extension. We also will make a public announcement of the extension no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we have no obligation to publish, advertise or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

If any of the conditions described below under Conditions to the Exchange Offer have not been satisfied, we reserve the right, in our sole discretion to:

- delay accepting for exchange any Outstanding Notes;
- extend the exchange offer; or
- terminate the exchange offer.

We will give oral or written notice of such delay, extension or termination to the exchange agent. Subject to the terms of the Exchange and Registration Rights Agreement, we also reserve the right to amend the terms of the exchange offer in any manner.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the registered holders of the Outstanding Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose that amendment by means of a prospectus supplement. We will distribute the supplement to the registered holders of the Outstanding Notes. Depending upon the significance of the amendment and the manner of disclosure to the registered holders, we will extend the exchange offer if the exchange offer would otherwise expire during such period.

Conditions to the Exchange Offer

Despite any other term of the exchange offer, if in our reasonable judgment the exchange offer, or the making of any exchange by a holder of Outstanding Notes, would violate applicable law or any applicable interpretation of the staff of the SEC or would be impaired by any action or proceeding that has been instituted or threatened in any court or by or before any governmental agency with respect to the exchange offer:

- we will not be required to accept for exchange, or exchange any Exchange Notes for, any Outstanding Notes; and
- we may terminate the exchange offer before accepting any Outstanding Notes for exchange.

In addition, we will not be obligated to accept for exchange the Outstanding Notes of any holder that has not made to us:

- the representations described below under Procedures for Tendering and in the letter of transmittal; and
- such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registering the Exchange Notes under the Securities Act.

We reserve the right to amend or terminate the exchange offer, and to reject for exchange any Outstanding Notes not previously accepted for exchange in the exchange offer, upon the occurrence of any of the conditions to that exchange offer specified above. We will give oral or written notice of any

extension, amendment, nonacceptance or termination to the holders of Outstanding Notes as promptly as practicable.

These conditions are for our sole benefit, and we may assert them or waive them in whole or in part at any time or at various times in our sole discretion. Our failure at any time to exercise any of these rights will not mean that we have waived our rights. Each right will be deemed an ongoing right that we may assert at any time or at various times.

In addition, we will not accept for exchange any Outstanding Notes tendered, and will not issue Exchange Notes in exchange for any such Outstanding Notes, if at that time any stop order has been threatened or is in effect with respect to the registration statement of which this prospectus constitutes a part or the qualification of the indenture relating to the notes under the Trust Indenture Act of 1939.

Procedures for Tendering

How to Tender Generally

Only a registered holder of Outstanding Notes may tender its Outstanding Notes in the exchange offer. If you are a beneficial owner of Outstanding Notes and wish to have the registered owner tender on your behalf, please see How to Tender if You Are a Beneficial Owner below. To tender in the exchange offer, a holder must either comply with the procedures for manual tender or comply with the automated tender offer program procedures of DTC described below under Tendering Through DTC s Automated Tender Offer Program.

To complete a manual tender, a holder must:

- complete, sign and date the letter of transmittal or a facsimile of the letter of transmittal;
- have the signature on the letter of transmittal guaranteed if the letter of transmittal so requires; and
- mail or deliver the letter of transmittal or facsimile of the letter of transmittal to the exchange agent prior to the expiration date; and
- deliver, and the exchange agent must receive, before the expiration date:
- the Outstanding Notes along with the letter of transmittal, or
- a timely confirmation of book-entry transfer of the Outstanding Notes into the exchange agent s account at DTC according to the procedure for book-entry transfer described below under Book Entry Transfer.

If you wish to tender your Outstanding Notes and cannot comply with the requirement to deliver the letter of transmittal and your Outstanding Notes (including by book-entry transfer) or use the automated tender offer program of DTC described below before the expiration date, you must tender your Outstanding Notes according to the guaranteed delivery procedures described below.

To be tendered effectively, the exchange agent must receive any physical delivery of the letter of transmittal and other required documents at its address provided above under Prospectus Summary The Exchange Agent prior to the expiration date.

The tender by a holder that is not withdrawn prior to the expiration date and our acceptance of that tender will constitute a legally binding agreement between the holder and us in accordance with the terms and subject to the conditions described in this prospectus and in the letter of transmittal.

The method of delivery of Outstanding Notes, the letter of transmittal and all other required documents to the exchange agent is at your election and risk. Rather than mail these items, we recommend that you use an overnight or courier service. In all cases, you should allow sufficient time to assure delivery to the exchange agent before the expiration date. You should not send the letter of transmittal or Outstanding Notes to us. You may request your broker, dealer, commercial bank, trust company or other nominee to effect the above transactions for you.

Book-Entry Transfer

The exchange agent will make a request to establish an account with respect to the Outstanding Notes at DTC for purposes of the exchange offer promptly after the date of this prospectus. Any financial institution participating in DTC s system may make book-entry delivery of Outstanding Notes by causing DTC to transfer such Outstanding Notes into the exchange agent s account at DTC in accordance with DTC s procedures for transfer. If you are unable to deliver confirmation of the book-entry tender of your Outstanding Notes into the exchange agent s account at DTC or all other documents required by the letter of transmittal to the exchange agent on or prior to the expiration date, you must tender your Outstanding Notes according to the guaranteed delivery procedures described below.

Tendering Through DTC s Automated Tender Offer Program

The exchange agent and DTC have confirmed that any financial institution that is a participant in DTC s system may use DTC s automated tender offer program to tender its Outstanding Notes. Accordingly, participants in the program may, instead of physically completing and signing the letter of transmittal and delivering it to the exchange agent, transmit their acceptance of the exchange offer electronically. They may do so by causing DTC to transfer the Outstanding Notes to the exchange agent in accordance with its procedures for transfer. DTC will then send an agent s message to the exchange agent.

An agent s message is a message transmitted by DTC to and received by the exchange agent and forming part of the book-entry confirmation, stating that:

- DTC has received an express acknowledgment from a participant in DTC s automated tender offer program that is tendering Outstanding Notes that are the subject of such book-entry confirmation;

- the participant has received and agrees to be bound by the terms of the letter of transmittal or, in the case of an agent s message relating to guaranteed delivery, the participant has received and agrees to be bound by the applicable notice of guaranteed delivery; and

- we may enforce the agreement against the participant.

How to Tender if You Are a Beneficial Owner

If you beneficially own Outstanding Notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender those notes, you should contact the registered holder as soon as possible and instruct the registered holder to tender on your behalf. If you are a beneficial owner and wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your Outstanding Notes, either:

- make appropriate arrangements to register ownership of the Outstanding Notes in your name; or

- obtain a properly completed bond power from the registered holder of your Outstanding Notes.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date.

Signatures and Signature Guarantees

You must have signatures on a letter of transmittal or a notice of withdrawal described below under Withdrawal of Tenders guaranteed by an eligible institution unless the Outstanding Notes are tendered:

- by a registered holder who has not completed the box entitled Special Issuance Instructions or Special Delivery Instructions on the letter of transmittal and the Exchange Notes are being issued directly to the registered holder of the Outstanding Notes tendered in the exchange offer for those Exchange Notes; or

- for the account of an eligible institution.

An eligible institution is a member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States, or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, in each case that is a member of one of the recognized signature guarantee programs identified in the letter of transmittal.

When Endorsements or Bond Powers Are Needed

If a person other than the registered holder of any Outstanding Notes signs the letter of transmittal, the Outstanding Notes must be endorsed properly or accompanied by a properly completed bond power. The registered holder must sign the bond power as the registered holder s name appears on the Outstanding Notes. An eligible institution must guarantee that signature.

If the letter of transmittal or any Outstanding Notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, those persons should so indicate when signing. Unless we waive this requirement, they also must submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

Determinations Under the Exchange Offer

We will determine, in our sole discretion, all questions as to the validity, form, eligibility, time of receipt, acceptance of tendered Outstanding Notes and withdrawal of tendered Outstanding Notes. Our determinations will be final and binding. We reserve the absolute right to reject any Outstanding Notes not properly tendered or any Outstanding Notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defects, irregularities or conditions of the exchange offer as to particular Outstanding Notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of Outstanding Notes must be cured within the time we determine. Neither we, the exchange agent nor any other person will be under any duty to give notification of defects or irregularities with respect to tenders of Outstanding Notes, nor will we or those persons incur any liability for failure to give such notification. Tenders of Outstanding Notes will not be deemed made until such defects or irregularities have been cured or waived. Any Outstanding Notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

When We Will Issue Exchange Notes

In all cases, we will issue Exchange Notes for Outstanding Notes that we have accepted for exchange in the exchange offer only after the exchange agent timely receives:

- Outstanding Notes or book-entry confirmation of such Outstanding Notes into the exchange agent s account at DTC; and

- a properly completed and duly executed letter of transmittal and all other required documents or a properly transmitted agent s message.

Return of Outstanding Notes Not Accepted or Exchanged

If we do not accept any tendered Outstanding Notes for exchange for any reason described in the terms and conditions of the exchange offer or if Outstanding Notes are submitted for a greater principal amount than the holder desires to exchange, we will return the unaccepted or non-exchanged Outstanding Notes without expense to their tendering holder. In the case of Outstanding Notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such non-exchanged Outstanding Notes will be credited to an account maintained with DTC. These actions will occur as promptly as practicable after the expiration or termination of the exchange offer.

Your Representations to Us

By signing or agreeing to be bound by the letter of transmittal, you will represent to us that, among other things:

- any Exchange Notes that you receive will be acquired in the ordinary course of your business;

- you have no arrangement or understanding with any person to participate in the distribution of the Outstanding Notes or the Exchange Notes within the meaning of the Securities Act;

- you are not our affiliate, as defined in Rule 405 of the Securities Act, or, if you are our affiliate, you will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable;

- if you are not a broker-dealer, you are not engaged in, and do not intend to engage in, the distribution of the Exchange Notes;

- if you are a broker-dealer, you will receive Exchange Notes in exchange for Outstanding Notes that you acquired for your own account as a result of market-making activities or other trading activities, and you will deliver a prospectus in connection with any resale of such Exchange Notes. It is understood that you are not admitting that you are an underwriter within the meaning of the Securities Act by acknowledging that you will deliver, and by delivery of, a prospectus;

- if you are a broker-dealer, you did not purchase the Outstanding Notes to be exchanged for the Exchange Notes from us; and

- you are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

If you tender in the exchange offer for the purpose of participating in a distribution of the Exchange Notes:

- you cannot rely on the applicable interpretations of the SEC; and

- you must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

Guaranteed Delivery Procedures

If you wish to tender your Outstanding Notes but they are not immediately available or if you cannot deliver your Outstanding Notes (including by book-entry transfer), the letter of transmittal or any other required documents to the exchange agent or comply with the applicable procedures under DTC s automated tender offer program prior to the expiration date, you may tender if:

- the tender is made by or through an eligible institution;

- prior to 5:00 p.m., New York City time, on the expiration date, the exchange agent receives from that eligible institution either a properly completed and duly executed notice of guaranteed delivery by facsimile transmission, mail, courier or overnight delivery or a properly transmitted agent s message relating to a notice of guaranteed delivery:

- stating your name and address, the registration number or numbers of your Outstanding Notes and the principal amount of Outstanding Notes tendered;

- stating that the tender is being made thereby; and

- guaranteeing that, within three New York Stock Exchange trading days after the expiration date of the exchange offer, the letter of transmittal or facsimile thereof or agent s message in lieu thereof, together with the Outstanding Notes or a book-entry confirmation, and any other documents required by the letter of transmittal, will be deposited by the eligible institution with the exchange agent; and

- the exchange agent receives such properly completed and executed letter of transmittal or facsimile or agent s message, as well as all tendered Outstanding Notes in proper form for transfer or a book-entry confirmation, and all other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the expiration date.

Upon request to the exchange agent, the exchange agent will send a notice of guaranteed delivery to you if you wish to tender your Outstanding Notes according to the guaranteed delivery procedures described above.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw your tender at any time prior to 5:00 p.m., New York City time, on the expiration date unless we have previously accepted your Outstanding Notes for exchange. For a withdrawal to be effective:

- the exchange agent must receive a written notice of withdrawal at one of the addresses listed above under Prospectus Summary The Exchange Agent ; or

- the withdrawing holder must comply with the appropriate procedures of DTC s automated tender offer program.

Any notice of withdrawal must:

- specify the name of the person who tendered the Outstanding Notes to be withdrawn;

- identify the Outstanding Notes to be withdrawn, including the registration number or numbers and the principal amount of such Outstanding Notes;

- be signed by the person who tendered the Outstanding Notes in the same manner as the original signature on the letter of transmittal used to deposit those Outstanding Notes, or be accompanied by documents of transfer sufficient to permit the trustee to register the transfer into the name of the person withdrawing the tender; and

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- specify the name in which such Outstanding Notes are to be registered, if different from that of the person who tendered the Outstanding Notes.

If Outstanding Notes have been tendered under the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn Outstanding Notes and otherwise comply with the procedures of DTC.

We will determine, in our sole discretion, all questions as to the validity, form, eligibility and time of receipt of notice of withdrawal, and our determination will be final and binding on all parties. We will deem any Outstanding Notes so withdrawn not to have been validly tendered for exchange for purposes of the exchange offer.

Any Outstanding Notes that have been tendered for exchange but that are not exchanged for any reason will be returned to their holder without cost to the holder or, in the case of Outstanding Notes tendered by book-entry transfer into the exchange agent s account at DTC according to the procedures described above, such Outstanding Notes will be credited to an account maintained with DTC for the Outstanding Notes. This return or crediting will take place as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. You may retender properly withdrawn Outstanding Notes by following one of the procedures described under Procedures for Tendering above at any time on or prior to 5:00 p.m. New York City time, on the expiration date.

Fees and Expenses

We will bear the expenses of soliciting tenders. The principal solicitation is being made by mail; however, we may make additional solicitation by facsimile, email, telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out-of-pocket expenses. We may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of this prospectus, letters of transmittal and related documents to the beneficial owners of the Outstanding Notes and in handling or forwarding tenders for exchange.

We will pay the cash expenses to be incurred in connection with the exchange offer including:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

We will pay all transfer taxes, if any, applicable to the exchange of Outstanding Notes in the exchange offer. The tendering holder will, however, be required to pay any transfer taxes, whether imposed on the registered holder or any other person, if:

- certificates representing Exchange Notes or Outstanding Notes for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be issued in the name of, any person other than the registered holder of Outstanding Notes tendered;

- tendered Outstanding Notes are registered in the name of any person other than the person signing the letter of transmittal; or

- a transfer tax is imposed for any reason other than the exchange of Outstanding Notes in the exchange offer.

If satisfactory evidence of payment of any transfer taxes payable by a tendering holder is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to that tendering holder. The exchange agent will retain possession of Exchange Notes with a face amount at least equal to the amount of the transfer taxes due until it receives payment of the taxes.

Consequences of Failure to Exchange

If you do not tender your Outstanding Notes for Exchange Notes in the exchange offer, or if you tender your Outstanding Notes but subsequently withdraw them, your Outstanding Notes will remain outstanding and continue to accrue interest, but will not retain any exchange or registration rights under the Exchange and Registration Rights Agreement (except in limited circumstances involving the initial purchasers of the Outstanding Notes and certain persons to whom the exchange offer is not available) or accrue additional interest under that agreement. In addition, your notes will remain subject to the existing restrictions on transfer. In general, you may not offer or sell the Outstanding Notes unless they are registered under the Securities Act or the offer or sale is exempt from registration under the Securities Act and applicable state securities laws. Except as required by the Exchange and Registration Rights Agreement, we do not intend to register resales of the Outstanding Notes under the Securities Act.

The tender of Outstanding Notes in the exchange offer will reduce the principal amount of the Outstanding Notes outstanding. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any Outstanding Notes that you continue to hold following completion of the exchange offer.

Accounting Treatment

We will not recognize a gain or loss for accounting purposes upon the consummation of the exchange offer. We will amortize our expenses of the exchange offer over the term of Exchange Notes in accordance with U.S. generally accepted accounting principles.

Other

Participation in the exchange offer is voluntary, and you should carefully consider whether to accept. You are urged to consult your financial and tax advisors in making your decision on what action to take. In the future, we may seek to acquire untendered Outstanding Notes in open market or privately negotiated transactions, through subsequent exchange offers or otherwise. We have no present plan to acquire any Outstanding Notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any untendered Outstanding Notes, except as required by the Exchange and Registration Rights Agreement.

DESCRIPTION OF THE EXCHANGE NOTES

The Outstanding Notes were, and the Exchange Notes will be issued under an indenture dated as of June 6, 2006 (the Indenture), between Pogo and The Bank of New York Trust Company, N.A., as trustee (the Trustee). 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 Trust Indenture Act). We may issue an unlimited principal amount of additional notes having identical terms and conditions as the Notes (the Additional Notes). We will only be permitted to issue such Additional Notes if, at the time of such issuance, we are in compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes and will vote on all matters with the holders of the Notes.

This Description of the Exchange Notes is intended to be a useful overview of the material provisions of the Exchange Notes, and the Indenture. As this Description of the Exchange Notes is only a summary, you should refer to the Indenture for a complete description of the obligations of Pogo and your rights. We have filed the Indenture and the Exchange and Registration Rights Agreement as exhibits to the registration statement of which this prospectus is a part. See Where You Can Find More Information.

As described below under Registration Rights; Special Interest, we are filing a registration statement to enable holders of outstanding Notes to exchange their Notes for publicly registered Notes having substantially identical terms, except for provisions relating to transfer restrictions and additional interest. The Outstanding Notes and the Exchange Notes issued in the exchange offer will constitute a single series of securities under the Indenture and therefore will vote together as a single class for purposes of determining whether holders of the requisite percentage in aggregate principal amount thereof have taken actions or exercised rights they are entitled to take or exercise under the Indenture. We are required under specified circumstances to file a shelf registration statement to cover resales of the Outstanding Notes. If we fail to satisfy specified obligations under the Exchange and Registration Rights Agreement, we may be required to pay additional interest to holders of the Outstanding Notes.

You will find the definitions of certain capitalized terms used in this description under Certain Definitions. For purposes of this description, references to Pogo, we, our and us refer only to Pogo Producing Company and not to its subsidiaries. All references to $, U.S.$ or U.S. are to the lawful currency of the United States of America.

General

The Notes

The Notes:

- are our general unsecured, senior subordinated obligations;
- are initially issued in an aggregate principal amount of $450 million, subject to our ability to issue Additional Notes;
- are subordinated in right of payment to all of our existing and future Senior Indebtedness;
- rank equally in right of payment with our outstanding 2011 Notes, our outstanding 2015 Notes, our outstanding 2017 Notes and any of our future Senior Subordinated Indebtedness;
- mature on May 1, 2013;
- are subject to registration with the SEC pursuant to the Exchange and Registration Rights Agreement (see Registration Rights; Special Interest); and

- are represented by one or more Notes in global form registered in the name of The Depository Trust Company (DTC) or its nominee, but in certain circumstances may be represented by Notes in definitive form (see Book-Entry, Delivery and Form).

As of the date of this prospectus, all of our Subsidiaries are Restricted Subsidiaries. However, under the circumstances described in the definition of Unrestricted Subsidiary under Certain Definitions below, we may designate certain of our Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture and will not guarantee the Notes.

Interest

Interest on each of the Notes:

- accrues at the rate of 7.875% per annum;
- has accrued from June 6, 2006 or, if interest has already been paid, from the most recent interest payment date;
- will be payable in cash semi-annually in arrears on May 1 and November 1, commencing on November 1, 2006;
- will be payable to the holders of record on the April 15 and October 15 immediately preceding the related interest payment dates; and
- will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Additional interest may accrue on the Notes in the circumstances described below under Registration Rights; Special Interest, and all references to interest in this description include any such additional interest that may be payable on the Notes.

Payments on the Notes; Paying Agent and Registrar

If a holder of any Notes has given wire transfer instructions to us, we will make all principal, premium and interest payments on those Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency designated by us in The City of New York, New York, except that we may, at our option, pay interest on the Notes by check mailed to holders of the Notes at their registered address as it appears in the Registrar s books. We have initially designated the Trustee to act as the Paying Agent and Registrar for the Notes, and we have also initially designated the offices of The Bank of New York at 101 Barclay Street, Lobby, as our office or agency for payments on the Notes in The City of New York, New York. We may, however, change the Paying Agent or Registrar without prior notice to the holders of the Notes, and we or any of our Subsidiaries may act as Paying Agent or Registrar.

Principal of, premium, if any, and interest on, Notes in global form registered in the name of or held by The Depository Trust Company or its nominee will be paid in immediately available funds to The Depository Trust Company or its nominee, as the case may be, as the registered holder of the Notes.

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. No service charge will be imposed by us, the Trustee or the Registrar for any registration of transfer or exchange of Notes, but we may require a holder to pay a sum sufficient to cover any transfer tax or other governmental taxes and fees required by law or permitted by the Indenture. We are not required to transfer or exchange any Notes if any Notes have been selected for redemption. Also, we are not

required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

The registered holder of a Note will be treated as the owner of such Note and as the owner, for each Note held, of the underlying principal amount of Notes for all purposes, and all references to holders are to registered holders, unless otherwise indicated.

Possible Subsidiary Guarantees

None of our Subsidiaries have Guaranteed the Notes. However, in the future one or more of our domestic Restricted Subsidiaries may be required to Guarantee the Notes in the circumstances described under Certain Covenants Future Subsidiary Guarantees. Any Subsidiary Guarantors will jointly and severally guarantee our obligations under the Notes on a senior subordinated unsecured basis. The obligations of each Subsidiary Guarantor under its Subsidiary Guarantee will be limited in a manner intended to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance or transfer under applicable law, although no assurance can be given that a court would give holders of notes the benefit of such provision. See Risk Factors Risks Relating to the Notes Federal and state statutes allow courts, under specific circumstances, to void guarantees and require Noteholders to return payments received from guarantors.

Optional Redemption

Except as described below, the Notes are not redeemable until May 1, 2010.

On and after May 1, 2010, we may redeem all or, from time to time, part of the Notes upon not less than 10 nor more than 60 days notice mailed to each holder of Notes at the address appearing in the Note register, in amounts of $1,000 or an integral multiple of $1,000, at the following redemption prices (expressed as a percentage of principal amount) plus accrued and unpaid interest on the Notes, if any, to the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), if redeemed during the 12-month period beginning on May 1 of the years indicated below:

Year	Percentage
2010	103.938 %
2011	101.969 %
2012	100.000 %

Prior to May 1, 2009, we may on any one or more occasions redeem up to 35% of the aggregate original principal amount of the Notes and any Additional Notes, with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 107.875% of the principal amount of the Notes, plus accrued and unpaid interest, if any, 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 original principal amount of the Notes and any Additional Notes remains outstanding after each such redemption; and

(2) the redemption occurs within 120 days after the closing of such Equity Offering.

We are entitled, at our option, prior to May 1, 2010, to redeem the Notes (and the Additional Notes, if any), as a whole at any time or in part from time to time, at a redemption price equal to the sum of:

(1) the principal amount thereof, plus

(2) accrued and unpaid interest, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the redemption date), plus

(3) the Applicable Premium at the redemption date.

In the case of any partial redemption, selection of the Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not listed, then on a pro rata basis, although no Note will be redeemed in part. Notes in a principal amount equal to, and representing the same Indebtedness as, the unredeemed portion thereof will be issued in the name of the holder thereof upon cancellation of the original Notes.

Mandatory Redemption

We are not required to make mandatory redemption payments or sinking fund payments with respect to the Notes, except as set forth below under Change of Control and Certain Covenants Limitation on Sales of Assets and Subsidiary Stock.

Ranking and Subordination

The Notes are our unsecured Senior Subordinated Indebtedness, are subordinated in right of payment to all of our existing and future Senior Indebtedness, rank equally in right of payment with our outstanding 2011 Notes, our outstanding 2015 Notes, our outstanding 2017 Notes and all of our future Senior Subordinated Indebtedness and will be senior in right of payment to all of our future Subordinated Obligations. The Notes also are effectively subordinated to all of our future secured Indebtedness to the extent of the value of the assets securing such Indebtedness.

The Notes will be structurally subordinated to the liabilities of our Subsidiaries that do not Guarantee the Notes. As of June 30, 2006:

- our outstanding Senior Indebtedness consisted of approximately $564 million in principal amount of unsecured Indebtedness under the Existing Credit Facility and under uncommitted money market lines of credit;

- we had approximately $476 million of available credit under our Existing Credit Facility, which constitutes Senior Indebtedness;

- we had no Senior Subordinated Indebtedness outstanding other than the Notes, the 2011 Notes, the 2015 Notes and the 2017 Notes; and

- we had no Subordinated Obligations outstanding.

Although the Indenture limits the amount of Indebtedness that we and our Restricted Subsidiaries may Incur, such Indebtedness may be substantial and all of it may be Senior Indebtedness or structurally senior to the Notes.

Only our Indebtedness that is Senior Indebtedness ranks senior to the Notes in accordance with the provisions of the Indenture. The Notes rank in all respects equally with all of our other Senior Subordinated Indebtedness. As described in Certain Covenants Limitation on Layering, we may not Incur any Indebtedness that is senior in right of payment to the Notes, but junior in right of payment to our Senior Indebtedness. Our unsecured Indebtedness is not deemed to be subordinate or junior to secured Indebtedness merely because it is unsecured.

We may not pay principal of, premium, if any, or interest on, or other payment obligations in respect of, the Notes (except in Permitted Junior Securities or from the trusts described under Defeasance

or Satisfaction and Discharge) or make any deposit pursuant to the provisions described under Defeasance or Satisfaction and Discharge below and may not otherwise repurchase, redeem or retire any Notes (collectively, pay the Notes) if:

(1) any of our Designated Senior Indebtedness is not paid when due beyond applicable grace periods; or

(2) any other default on our Designated Senior Indebtedness occurs and the maturity of such Senior Indebtedness is accelerated in accordance with its terms,

unless, in either case, the default has been cured or waived and any such acceleration has been rescinded or such Senior Indebtedness has been paid in full in cash or Cash Equivalents.

However, we may pay the Notes if we and the Trustee receive written notice approving such payment from the Representative of the Senior Indebtedness with respect to which either of the events set forth in clause (1) or (2) of the immediately preceding sentence has occurred and is continuing.

We also are not permitted to pay the Notes for a Payment Blockage Period (as defined below) during the continuance of any default, other than a default described in clause (1) or (2) of the preceding paragraph, on any of our Designated Senior Indebtedness that permits the holders of the Designated Senior Indebtedness to accelerate its maturity immediately without either further notice (except such notice as may be required to effect such acceleration) or the expiration of any applicable grace periods.

A Payment Blockage Period commences on the receipt by the Trustee (with a copy to us) of written notice (a Blockage Notice) of a default of the kind described in the immediately preceding paragraph from the Representative of the holders of such Designated Senior Indebtedness specifying an election to effect a Payment Blockage Period and ends 179 days after receipt of the notice. The Payment Blockage Period will end earlier if such Payment Blockage Period is terminated:

(1) by written notice to the Trustee and us from the Person or Persons who gave such Blockage Notice;

(2) because the default giving rise to such Blockage Notice is no longer continuing; or

(3) because such Designated Senior Indebtedness has been repaid in full in cash or Cash Equivalents.

We may resume payments on the Notes after the end of the Payment Blockage Period (including any missed payments), unless the holders of such Designated Senior Indebtedness or the Representative of such holders has accelerated the maturity of such Designated Senior Indebtedness. Not more than one Blockage Notice may be given in any consecutive 360-day period, irrespective of the number of defaults with respect to Designated Senior Indebtedness during such period. In no event, however, may the total number of days during which any Payment Blockage Period or Periods is in effect exceed 179 days in the aggregate during any 360 consecutive day period. For purposes of this paragraph, no default or event of default that existed or was continuing on the date of the commencement of any Payment Blockage Period with respect to the Designated Senior Indebtedness initiating such Payment Blockage Period shall be, or be made, the basis of the commencement of a subsequent Payment Blockage Period by the Representative of such Designated Senior Indebtedness, whether or not within a period of 360 consecutive days, unless such default or event of default shall have been cured or waived for a period of not less than 90 consecutive days.

In the event of:

(1) our liquidation or our dissolution;

(2) a reorganization, bankruptcy, insolvency, receivership of or similar proceeding relating to us or our property; or

(3) an assignment for the benefit of creditors or marshaling of our assets and liabilities, then:

the holders of our Senior Indebtedness will be entitled to receive payment in full in cash or Cash Equivalents in respect of Senior Indebtedness (including interest accruing after, or which would accrue but for, the commencement of any such proceeding at the rate specified in the applicable Senior Indebtedness, whether or not a claim for such interest would be allowed) before the holders of the Notes will be entitled to receive any payment with respect to their Notes. In addition, until our Senior Indebtedness is paid in full in cash or Cash Equivalents, any payment or distribution to which holders of the Notes would be entitled but for the subordination provisions of the Indenture (except payment in Permitted Junior Securities or from the trusts described under Defeasance or Satisfaction and Discharge) will be made to holders of our Senior Indebtedness as their interests may appear. If a payment or distribution is made to holders of the Notes that, due to the subordination provisions, should not have been made to them, such holders are required to hold it in trust for the holders of our Senior Indebtedness and pay the payment or distribution over to Pogo.

If payment of the Notes is accelerated because of an Event of Default, we or the Trustee will promptly notify the holders of our Designated Senior Indebtedness or the Representative of such holders of the acceleration.

None of our Subsidiaries have Guaranteed the Notes. However, in the circumstances described under Certain Covenants Future Subsidiary Guarantees, in the future one or more of our domestic Restricted Subsidiaries may be required to Guarantee the Notes pursuant to a Subsidiary Guarantee. All obligations under a Subsidiary Guarantee would represent Senior Subordinated Obligations of the Subsidiary Guarantor. As such, the rights of Noteholders to receive payment by a Subsidiary Guarantor pursuant to its Subsidiary Guarantee would be subordinated in right of payment to the rights of holders of all Senior Indebtedness of such Subsidiary Guarantor. The terms of the subordination provisions described above with respect to Pogo s obligations under the Notes apply equally to a Subsidiary Guarantor and its obligations under its Subsidiary Guarantee.

By reason of the subordination provisions contained in the Indenture, in the event of a liquidation or an insolvency or similar proceeding, creditors of Pogo or a Subsidiary Guarantor who are holders of Senior Indebtedness of Pogo or the Subsidiary Guarantor, as the case may be, may recover more, ratably, than the holders of the Notes.

The terms of the subordination provisions described above will not apply to payments from money or the proceeds of U.S. Government Obligations held in trust by the Trustee for the payment of principal of and interest on the Notes pursuant to the provisions described under Defeasance or Satisfaction and Discharge.

Change of Control

If a Change of Control occurs, each holder has the right to require us to repurchase all or any part (equal to $1,000 in principal amount or an integral multiple thereof) of such holder s Notes, at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the Change of Control Payment Date referred to below).

Within 30 days following any Change of Control, we will mail a notice (the Change of Control Offer) to each holder, with a copy to the Trustee, stating:

(1) that a Change of Control has occurred and that such holder has the right to require us to purchase such holder s Notes, at a purchase price in cash equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the date of purchase (subject to the right of holders of record on the relevant record date to receive interest due on an interest payment date that is on or prior to the Change of Control Payment Date referred to below) (the Change of Control Payment);

(2) the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the Change of Control Payment Date); and

(3) the procedures determined by us, consistent with the Indenture, that a holder must follow in order to have its Notes repurchased.

On or before the Change of Control Payment Date, we will, to the extent lawful:

(1) accept for payment all Notes (in integral multiples of $1,000) 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 thereof) so tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers Certificate stating the Notes (or portions thereof) being purchased by us.

The Paying Agent will promptly mail to each holder of Notes so tendered the Change of Control Payment for such Notes (or, if the Notes are 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, and evidencing the same Indebtedness as, any unpurchased portions of Notes surrendered, if any, *provided* that each Note will be in a principal amount of $1,000 or an integral multiple of $1,000.

Pogo 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 Change of Control provisions described above will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders to require that we repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Prior to mailing a Change of Control Offer, and as a condition to such mailing, (a) all Senior Indebtedness of Pogo or any Subsidiary Guarantor must be repaid in full, or we must offer to repay all such Senior Indebtedness and make payment to the holders that accept such offer and obtain waivers of any event of default from the remaining holders of such Senior Indebtedness or (b) the requisite holders of each issue of Senior Indebtedness must consent to such Change of Control Offer being made. We covenant to effect such repayment or obtain such consent prior to the Change of Control Payment Date, it being a default of the Change of Control provisions if we fail to comply with such covenant. Either a Change of Control or a default under the Indenture may result in a default under the Existing Credit Facility. In the event of a default under the Existing Credit Facility, the subordination provisions of the Indenture would likely restrict payments to the holders of the Notes.

We will not be required to make a Change of Control Offer upon a Change of Control if 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 us and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

We will comply, to the extent applicable, with the requirements of Section 14(e) of the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws or regulations in connection with the repurchase of Notes pursuant to this covenant. To the extent that the provisions of any securities laws or regulations conflict with provisions of this covenant, we will comply with the applicable securities laws and regulations and will not be deemed to have breached our obligations under this covenant by virtue of the conflict.

Our ability to repurchase Notes pursuant to a Change of Control Offer may be limited by a number of factors. The occurrence of certain of the events that constitute a Change of Control would constitute a default under the Existing Credit Facility. In addition, certain events that may constitute a change of control under the Existing Credit Facility and cause a default under the agreements comprising that facility may not constitute a Change of Control under the Indenture. The indentures governing the 2011 Notes, the 2015 Notes and the 2017 Notes contain, and our future Indebtedness and the future Indebtedness of our Subsidiaries may also contain, prohibitions of certain events that would constitute a Change of Control or require such Indebtedness to be repurchased or repaid upon a Change of Control. Moreover, the exercise by the holders of their right to require us to repurchase the Notes could cause a default under such Indebtedness, even if the Change of Control itself does not, due to the financial effect of such repurchase on us. Finally, our ability to pay cash to the holders upon a repurchase may be limited by our then existing financial resources. We cannot assure you that sufficient funds will be available when necessary to make any required repurchases.

Even if sufficient funds were otherwise available, the terms of the Existing Credit Facility may (and other Indebtedness may) prohibit the prepayment of the Notes before their scheduled maturity. Consequently, if we are not able to prepay the Bank Indebtedness and any such other Indebtedness containing similar restrictions or obtain requisite consents, as described above, we will be unable to fulfill our repurchase obligations if holders of Notes exercise their repurchase rights following a Change of Control, resulting in a default under the Indenture. A default under the Indenture may result in a cross-default under the Existing Credit Facility. In the event of a default under the Existing Credit Facility, the subordination provisions of the Indenture would likely restrict payments to the holders of the Notes.

The Change of Control provisions described above may deter certain mergers, tender offers and other takeover attempts involving us by increasing the capital required to effectuate such transactions. The definition of Change of Control includes a disposition of all or substantially all of our property and assets and those of our 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, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of all or substantially all of the property or assets of a Person. As a result, it may be unclear as to whether a Change of Control has occurred and whether we may be required to make an offer to repurchase the Notes as described above.

Effectiveness of Covenants

The covenants described under Certain Covenants Limitation on Indebtedness, Limitation on Restricted Payments, Limitation on Restrictions Distributions from Restricted Subsidiaries, Limitation on Sales of Assets and Subsidiary Stock, Limitation on Affiliate Transactions, Limitatio on Sale of Capital Stock of Restricted Subsidiaries and Future Subsidiary Guarantees and clause (3) under Merger and Consolidation will no longer be in effect from and after the time we notify the Trustee that the Notes have an Investment Grade Rating from either S&P or Moody s, *provided* that no Default or Event of Default (other than with respect to any of the terminating covenants) has occurred and is continuing under the Indenture at the time of such notification.

Certain Covenants

Limitation on Indebtedness

Pogo will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); *provided, however,* that Pogo and any Subsidiary Guarantor may Incur Indebtedness if on the date of such Incurrence:

(1) the Consolidated Coverage Ratio for Pogo and its Restricted Subsidiaries is at least 2.25 to 1.00; and

(2) no Default or Event of Default will have occurred or be continuing or would occur as a consequence of Incurring the Indebtedness or transactions relating to such Incurrence.

The first paragraph of this covenant will not prohibit the Incurrence of any of the following, to the extent constituting Indebtedness:

(1) additional Indebtedness of Pogo and its Restricted Subsidiaries Incurred pursuant to any Credit Facility, so long as the aggregate amount of all Indebtedness Incurred under this clause (1) that is at any time outstanding (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Pogo and its Restricted Subsidiaries thereunder) does not exceed the greater of (x) $1.25 billion and (y) $600 million plus 12.5% of ACNTA as of the date of such Incurrence;

(2) Indebtedness of Pogo owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by Pogo or any Restricted Subsidiary; *provided, however,*

(a) if Pogo is the obligor on such Indebtedness, such Indebtedness is expressly subordinated to the prior payment in full in cash of all obligations with respect to the Notes; and

(b) (i) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than Pogo or a Restricted Subsidiary and

(ii) any sale or other transfer of any such Indebtedness to a Person other than Pogo or a Restricted Subsidiary,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by Pogo or such Restricted Subsidiary, as the case may be;

(3) Indebtedness represented by (a) the Notes issued on the Issue Date and any Subsidiary Guarantees, (b) any other Indebtedness (other than the Indebtedness described in clauses (1) and (2)) outstanding on the Issue Date and (c) any Refinancing Indebtedness Incurred in respect of any Indebtedness described in this clause (3) or clause (4) or Incurred pursuant to the first paragraph of this covenant;

(4) Indebtedness of a Restricted Subsidiary Incurred and outstanding on the date on which such Restricted Subsidiary was acquired by Pogo (other than Indebtedness Incurred (a) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Restricted Subsidiary became a Restricted Subsidiary or was otherwise acquired by Pogo or (b) otherwise in connection with, or in contemplation of, such acquisition); *provided, however,* that at the time such Restricted Subsidiary is acquired by Pogo, Pogo would have been able to Incur $1.00 of additional Indebtedness pursuant to the first paragraph of this covenant after giving effect to the Incurrence of such Indebtedness pursuant to this clause (4);

(5) any Hedging Obligations; *provided*, that such Hedging Obligations are related to business transactions of Pogo or its Restricted Subsidiaries entered into in the ordinary course of business and are Incurred for bona fide hedging purposes (and not for speculative purposes) of Pogo or its Restricted Subsidiaries (as determined in good faith by the Board of Directors or senior management of Pogo);

(6) any Indebtedness arising from any agreement of Pogo or a Restricted Subsidiary providing for indemnities, Guarantees, purchase price adjustments, holdbacks, contingent payment obligations based on the performance of acquired or disposed assets or similar obligations (but excluding Guarantees of Indebtedness) Incurred by Pogo or any Restricted Subsidiary in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary;

(7) the Guarantee by Pogo of Indebtedness of any of its Restricted Subsidiaries or by any Restricted Subsidiary of Indebtedness of Pogo or another Restricted Subsidiary, in each case, that was permitted to be Incurred by another provision of this covenant; and

(8) in addition to the items referred to in clauses (1) through (7) above, Indebtedness of Pogo and its Restricted Subsidiaries (including Indebtedness of a Restricted Subsidiary Incurred and outstanding on the date such Restricted Subsidiary was acquired by Pogo) in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this clause (8) and then outstanding, will not exceed $50 million at any time outstanding.

For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this covenant:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, Pogo, in its sole discretion, will classify such item of Indebtedness on the date of Incurrence, and thereafter may reclassify such item of Indebtedness, and only be required to include the amount and type of such Indebtedness in one of such clauses;

(2) all Indebtedness outstanding on the date of the Indenture under a Credit Facility shall be deemed initially Incurred on the Issue Date under clause (1) of the second paragraph of this covenant and not the first paragraph or clause (3) of the second paragraph of this covenant;

(3) Guarantees of, or obligations in respect of letters of credit relating to, Indebtedness which is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit are Incurred pursuant to a Credit Facility and are being treated as Incurred pursuant to clause (1) of the second paragraph above and the letters of credit relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of Pogo or Preferred Stock of a Restricted Subsidiary will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined in accordance with GAAP.

Accrual of interest, accrual of dividends, the accretion of accreted value, the payment of interest in the form of additional Indebtedness and the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock will not be deemed to be an Incurrence of Indebtedness for purposes of this covenant. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness.

If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Limitation on Indebtedness covenant, Pogo shall be in Default of this covenant).

For purposes of determining compliance with any U.S. dollar-denominated restriction on the Incurrence of Indebtedness, the U.S. Dollar-Equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or first committed, in the case of revolving credit Indebtedness; *provided, however,* that if such Indebtedness is Incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness (including any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such Indebtedness being refinanced and fees and other transactional expenses Incurred in connection therewith) does not exceed the principal amount of such Indebtedness being refinanced. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that Pogo may Incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rates of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

Limitation on Restricted Payments

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

(1) declare or pay any dividend or make any distribution on or in respect of its Capital Stock (including any payment in connection with any merger or consolidation involving Pogo or any of its Restricted Subsidiaries) except:

(a) dividends or distributions payable in Capital Stock of Pogo (other than Disqualified Stock), including options, warrants or other rights to purchase such Capital Stock of Pogo; and

(b) dividends or distributions payable to Pogo or a Restricted Subsidiary (and if such Restricted Subsidiary is not a Wholly-Owned Subsidiary, to its other holders of Capital Stock on a *pro rata* basis);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of Pogo or any direct or indirect parent of Pogo held by Persons other than Pogo or a Restricted Subsidiary;

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Obligations of Pogo or a Subsidiary Guarantor (other than the purchase, repurchase, redemption, defeasance or other acquisition or retirement of any such Subordinated Obligations 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, redemption, defeasance or other acquisition or retirement); or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) is referred to herein as a Restricted Payment), if at the time Pogo or such Restricted Subsidiary makes such Restricted Payment:

(a) a Default has occurred and is continuing (or would result therefrom); or

(b) Pogo is not able to Incur an additional $1.00 of Indebtedness pursuant to the first paragraph under the Limitation on Indebtedness covenant after giving effect, on a pro forma basis, to such Restricted Payment; or

(c) the aggregate amount of such Restricted Payment and all other Restricted Payments declared or made subsequent to the Issue Date (other than as set forth in clauses (1), (2), (3), (7), (8) and (9) of the next paragraph) would exceed the sum of:

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from April 1, 2001 to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal financial statements are in existence (or, in case such Consolidated Net Income is a deficit, minus 100% of such deficit); plus

(ii) 100% of the aggregate Net Cash Proceeds, or the Fair Market Value of property other than cash (including Capital Stock of Persons engaged in the Oil and Gas Business or property used in the Oil and Gas Business), received by Pogo from the issue or sale of its Capital Stock (other than Disqualified Stock) subsequent to the Issue Date (other than any Net Cash Proceeds or property received from an issuance or sale of such Capital Stock to (x) a Subsidiary of Pogo, (y) an employee stock ownership plan or (z) a trust established by Pogo or any of its Subsidiaries for the benefit of employees) and 100% of any cash contribution to its common equity capital subsequent to the Issue Date; plus

(iii) the amount by which Indebtedness of Pogo or its Restricted Subsidiaries is reduced on Pogo s balance sheet upon the conversion or exchange (other than by a Subsidiary of Pogo) subsequent to the Issue Date of any Indebtedness of Pogo or its Restricted Subsidiaries convertible or exchangeable for Capital Stock (other than Disqualified Stock) of Pogo (less the amount of any cash, or the Fair Market Value of any other property, distributed by Pogo upon such conversion or exchange); plus

(iv) to the extent that any Restricted Investment (other than an Investment made pursuant to clause (9) of the following paragraph) that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of:

(A) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any); and

(B) the initial amount of such Restricted Investment; plus,

(v) to the extent that any Unrestricted Subsidiary of Pogo designated as such after the Issue Date is redesignated as a Restricted Subsidiary after the Issue Date, the lesser of:

(A) the Fair Market Value of Pogo s Investment in such Subsidiary as of the date of such redesignation; or

(B) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the Issue Date;

provided, however, that no amount will be included under clause (iv) or (v) to the extent it is already included in Consolidated Net Income.

The provisions of the preceding paragraph will not prohibit:

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock of Pogo or its direct or indirect parent or Subordinated Obligations of Pogo or a Subsidiary Guarantor made by exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale of, Capital Stock of Pogo (other than Disqualified Stock and other than Capital Stock issued or sold to (x) a Subsidiary of Pogo, (y) an employee stock ownership plan or (z) a trust established by Pogo or any of its Subsidiaries for the benefit of employees); *provided, however,* that the amount of any such Net Cash Proceeds that are utilized for any such acquisition or retirement will be excluded from clause (c)(ii) of the preceding paragraph;

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Obligations of Pogo or a Subsidiary Guarantor made by exchange for, or out of the proceeds of the substantially concurrent sale of, Subordinated Obligations of Pogo or a Subsidiary Guarantor that are permitted to be Incurred pursuant to the covenant described under Limitation on Indebtedness and that constitutes Refinancing Indebtedness;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Disqualified Stock of Pogo or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Disqualified Stock of Pogo or such Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to the covenant described under Limitation on Indebtedness and that in each case constitutes Refinancing Indebtedness;

(4) dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision; *provided, however,* that such dividends will be included in subsequent calculations of the amount of Restricted Payments;

(5) so long as no Default or Event of Default has occurred and is continuing, the repurchase, redemption or other acquisition, cancellation or retirement for value of Capital Stock of Pogo or any of its Restricted Subsidiaries, held by any current or former officer, director or employee of Pogo or any Restricted Subsidiary pursuant to any equity subscription agreement, stock option agreement, shareholders agreement or similar agreement; *provided, however,* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Capital Stock may not exceed $5 million in the aggregate in any calendar year (with 50% of the unused amounts in any calendar year being carried over to succeeding calendar years);

(6) so long as no Default or Event of Default has occurred and is continuing, the declaration and payment of dividends to holders of any class or series of Disqualified Stock of Pogo issued in accordance with the terms of the Indenture to the extent such dividends are included in the definition of Consolidated Interest Expense ;

(7) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other convertible securities if such Capital Stock represents a portion of the exercise price thereof;

(8) the purchase by Pogo of fractional shares arising out of stock dividends, splits or combinations or business combinations; and

(9) Restricted Payments in an aggregate amount not to exceed $50 million since the Issue Date (after giving effect to any subsequent reduction in the amount of any Investment made pursuant to this clause (9) as a result of the repayment or other disposition thereof for cash, the amount of such reduction not to exceed the initial amount of such Investment).

The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of such Restricted Payment of the securities or other assets proposed to be paid, transferred or issued by Pogo or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The Fair Market Value of any non-cash Restricted Payment shall be determined in the manner contemplated by the definition of the term Fair Market Value, and the results of such determination will be evidenced by an Officers Certificate delivered to the Trustee.

Limitation on Layering

Pogo will not, and will not permit any Subsidiary Guarantor to, Incur any Indebtedness that is subordinate or junior in right of payment to any of its Senior Indebtedness and senior in right of payment to the Notes or its Subsidiary Guarantee, as the case may be. Unsecured Indebtedness of Pogo or a Subsidiary Guarantor is not deemed to be subordinate or junior to its secured Indebtedness merely because it is unsecured.

Limitation on Liens

Pogo will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens) securing Indebtedness upon any of its property or assets (including Capital Stock of its Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, unless contemporaneously with the Incurrence of such Liens effective provision is made to secure the Notes or any Subsidiary Guarantee of such Restricted Subsidiary, as applicable, equally and ratably with (or prior to in the case of Liens with respect to its Subordinated Obligations) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured.

Limitation on Restrictions on Distributions from Restricted Subsidiaries

Pogo will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to, or pay any Indebtedness or other obligations owed to, Pogo or any Restricted Subsidiary (it being understood that the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock shall not be deemed a restriction on the ability to make distributions on Capital Stock);

(2) make any loans or advances to Pogo or any Restricted Subsidiary (it being understood that the subordination of loans or advances made to Pogo or