VINTAGE PETROLEUM INC
Form 424B3
June 13, 2002

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SEC File No. 333-89182

PROSPECTUS

[Logo]

VINTAGE PETROLEUM, INC.

$350,000,000

Offer to Exchange all Outstanding
8 1/4% Senior Notes due 2012
for 8 1/4% Senior Notes due 2012
of Vintage Petroleum, Inc.

Material Terms of the Exchange Offer:

- We are offering to exchange the outstanding notes that we sold in a private offering for new registered exchange notes.
- The exchange offer expires at 5:00 p.m., New York City time, on July 12, 2002, unless extended by us.
- Tenders of outstanding notes may be withdrawn at any time prior to the expiration of the exchange offer.
- All outstanding notes that are validly tendered and not validly withdrawn will be exchanged.
- We believe that the exchange of notes will not be a taxable exchange for U.S. federal income tax purposes.
- We will not receive any proceeds from the exchange offer.
- The terms of the new notes to be issued in the exchange offer are substantially identical to terms of the outstanding notes, except that the transfer restrictions and registration rights relating to the outstanding notes will not apply to the new notes.
- The notes to be exchanged for the outstanding notes will not be listed on any securities exchange or stock market.

You should consider carefully the "Risk Factors" beginning on page 13 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.

This Prospectus is dated June 12, 2002.

TABLE OF CONTENTS

	Page
Where You Can Find More Information	ii
Forward-Looking Statements	iii
Summary	1
Risk Factors	13
Use of Proceeds	24
Capitalization	24
The Exchange Offer	25
Description of Certain Indebtedness	35
Description of the Notes	38
Certain U.S. Federal Income Tax Consideration	71
Plan of Distribution	72
Legal Matters	72
Experts	72
Glossary of Oil and Gas Terms	74

You should rely only on the information incorporated by reference or contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front of this prospectus.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document we file at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our common stock is listed and traded on the New York Stock Exchange under the trading symbol "VPI." Our reports, proxy statements and other information filed with the SEC can also be inspected and copied at the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

This prospectus, which constitutes a part of a registration statement on Form S-4 filed by us with the SEC under the Securities Act of 1933, as amended, or the "Securities Act," omits certain of the information set forth in the registration statement. Accordingly, you should refer to the registration statement and its exhibits for further information with respect to us and the exchange notes. Copies of the registration statement and its exhibits are on file at the offices of the SEC. Furthermore, statements contained in this prospectus concerning any document filed as an exhibit are not necessarily complete and, in each instance, we refer you to the copy of such document filed as an exhibit to the registration statement.

We are incorporating by reference in this prospectus the documents we file with the SEC. This means that we can disclose important business and financial information about us to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information in this prospectus. We incorporate by reference the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the "Exchange Act," until the offering made under this prospectus is terminated:

- Our Annual Report on Form 10-K for the year ended December 31, 2001;
- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2002; and
- Our Current Reports on Form 8-K dated May 2, 2001 (as amended May 18, 2001), April 3, 2002, April 17, 2002, and April 26, 2002.

These filings have not been included in or delivered with this prospectus. You may request a copy of these filings at no cost, by writing or telephoning us at the following address or telephone number:

William C. Barnes, Secretary
Vintage Petroleum, Inc.
110 West Seventh Street
Tulsa, Oklahoma 74119-1029
(918) 592-0101

To ensure timely delivery, you should request these filings no later than July 5, 2002.

FORWARD-LOOKING STATEMENTS

This prospectus and the documents we incorporate by reference include "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or incorporated by reference in this prospectus, which address activities, events or developments which we expect or anticipate will or may occur in the future are forward-looking statements. The words "believe," "intend," "expect," "anticipate," "project," "estimate," "predict" and similar expressions are also intended to identify forward-looking statements.

These forward-looking statements include, among others, such things as:

- amounts and nature of future capital expenditures;
- wells to be drilled or reworked;
- oil and gas prices and demand;
- exploitation and exploration prospects;
- estimates of proved oil and gas reserves;
- reserve potential;

- development and infill drilling potential;
- expansion and other development trends of the oil and gas industry;
- business strategy;
- production of oil and gas reserves;
- planned asset sales or dispositions; and
- expansion and growth of our business and operations.

These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate in the circumstances. However, whether actual results and developments will conform with our expectations and predictions is subject to a number of risks and uncertainties which could cause actual results to differ materially from our expectations, including:

- risk factors discussed in this prospectus and in the documents we incorporate by reference;
- oil and gas prices;
- exploitation and exploration successes;
- actions taken and to be taken by Argentina as a result of its economic instability;
- continued availability of capital and financing;
- general economic, market or business conditions;
- acquisitions and other business opportunities (or lack thereof) that may be presented to and pursued by us;
- changes in laws or regulations; and
- other factors, most of which are beyond our control.

Consequently, all of the forward-looking statements made in this prospectus and in the documents we incorporate by reference are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. We assume no obligation to update publicly any such forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

The following summary highlights selected information from this prospectus and may not contain all of the information that is important to you. For a more complete understanding of this exchange offer, we encourage you to read this entire prospectus and the documents to which we have referred you. The term "outstanding notes" refers to the 8 1/4% Senior Notes due 2012 that were issued on May 2, 2002. The term "exchange notes" refers to the 8 1/4% Senior Notes due

2012 issuable in the exchange offer. The term "notes" collectively refers to the outstanding notes, the exchange notes and any additional notes or additional series of notes issued under the indenture. Certain oil and gas industry terms used in this prospectus are defined under the section "Glossary of Oil and Gas Terms."

Vintage Petroleum, Inc.

We are an independent oil and gas company engaged in the development, exploitation, exploration and production of oil and gas properties. We are also focused on the acquisition of oil and gas properties which contain the potential for increased value through exploitation and exploration. Through our experienced management and technical staff, we have been successful in realizing value from prior acquisitions through workovers, recompletions, secondary recovery operations, operating cost reductions and the drilling of development and exploratory wells. We believe that our primary strengths are our ability to add reserves at favorable prices, our technical expertise and our low cost structure.

At December 31, 2001, we owned and operated producing properties in nine states in the U.S., with our domestic proved reserves located primarily in four core areas: West Coast, Gulf Coast, East Texas and Mid-Continent (62.0, 36.9, 20.7 and 11.6 MMBOE, respectively). During 2001, we significantly expanded our North American operations in Canada through the $617 million acquisition of Genesis Exploration Ltd. ("Genesis," now Vintage Petroleum Canada, Inc.). The Genesis acquisition added 62.1 MMBOE of proved reserves (56 percent gas) to our reserve base. Additionally, we have international core areas located in Argentina, Bolivia and Ecuador. In Argentina, we own 20 oil concessions, 16 of which are operated by us. Fourteen of these operated concessions are located in the south flank of the San Jorge Basin in southern Argentina. We recently expanded our Argentina core area into the Cuyo Basin in western Argentina with the purchase of the Piedras Colorados and Cachueta concessions in 2000, and the purchase of the La Ventana and Rio Tunuyan concessions in 2001. In Bolivia, we own and operate three blocks in the Chaco Plains area of southern Bolivia and the Naranjillos concession located in the Santa Cruz Province. We also currently operate three blocks in the Oriente Basin in Ecuador and this area provides substantial undeveloped acreage which we believe has significant development and exploration potential. We operate approximately 82 percent of our productive wells.

As of December 31, 2001, our properties had proved reserves of 535.0 MMBOE, comprised of 332.3 MMBbls of oil (62 percent) and 1.2 Tcf of gas (38 percent) and a relatively long estimated reserve life of 15.5 years. As of December 31, 2001, our proved reserves had a present value of estimated future net revenues before income taxes (utilizing a 10 percent discount rate) of $1.9 billion and a standardized measure of discounted future net cash flows of $1.4 billion. As of December 31, 2001, our North American properties represented approximately 36 percent of our proved reserves and had an estimated reserve life of 9.9 years. Approximately 81 percent of our North American reserves were proved developed as of that date. From the first quarter of 1999 through the fourth quarter of 2001, we increased our average net daily production from 42,100 Bbls of oil to 64,300 Bbls of oil and from 120,900 Mcf of gas to 240,300 Mcf of gas. Pro forma after giving effect to the Genesis acquisition, for the year ended December 31, 2001, we generated $542 million of consolidated EBITDA and produced 36.6 MMBOE, 58 percent of which was produced from our North American properties.

1

The following table sets forth (a) estimates of our proved oil and gas

reserves at December 31, 2001 (as estimated by the independent petroleum consultants of Netherland, Sewell & Associates, Inc. for the U.S., Argentina, Ecuador, and Trinidad, DeGolyer and MacNaughton for Bolivia and Outtrim Szabo Associates Ltd. for Canada), (b) our productive wells at December 31, 2001, (c) our 2001 production and (d) our 2001 oil and gas sales less production (lifting) costs:

	Reserves at December 31, 2001			Productive Wells at December 31, 2001			2001	
Region	Total (MMBOE)	% Oil	% of Total Reserves	Gross	Net	% Operated	Total (MMBOE)	% Oil
U.S	131.1	58.7%	24.5%	3,058	2,591	89.1%	14.1	59.6
Canada	61.2	35.7	11.4	808	446	54.8	5.2	29.4
North America	192.3	51.4	35.9	3,866	3,037	81.9	19.3	51.5
Argentina	197.7	88.9	37.0	1,484	1,329	83.0	12.3	86.1
Bolivia	82.7	7.4	15.5	15	14	100.0	1.6	6.3
Ecuador	50.4	100.0	9.4	9	7	100.0	1.4	100.0
Trinidad	11.9	9.9	2.2	2	1	100.0	0.0	100.0
Total	535.0	62.1%	100.0%	5,376	4,388	82.3%	34.6	63.5

Business Strategy

Our overall goal is to maximize our value through profitable growth in our oil and gas reserves and production. We have been successful at achieving this goal through our ongoing strategy of (a) acquiring producing oil and gas properties with significant upside potential at favorable prices, (b) focusing on exploitation, development and exploration activities to maximize production and ultimate reserve recovery on existing properties, (c) exploring undeveloped properties, (d) maintaining a low cost structure, and (e) maintaining financial flexibility. Key elements of our strategy include:

- Acquisitions of Producing Properties. We have an experienced management and technical team which focuses on acquisitions of operated producing properties that meet our selection criteria, which include (a) significant potential for increasing reserves and production through exploitation, development and exploration, (b) favorable purchase price, and (c) opportunities for improved operating efficiency. From January 1, 1999, through December 31, 2001, we spent $865.5 million acquiring 190.3 MMBOE of proved oil and gas reserves at an average acquisition cost of $4.55 per BOE. We replaced, through acquisitions, approximately 215 percent of our production of 88.3 MMBOE during the same period. We are continually identifying and evaluating acquisition opportunities, including acquisitions that would be significantly larger than those we have consummated to date. We cannot assure you that any such acquisitions will be successfully consummated.

- Exploitation and Development. We pursue workovers, recompletions, secondary recovery operations and other production optimization techniques on our properties, as well as development and infill drilling, to offset normal production declines and replace our annual

production. From January 1, 1999, through December 31, 2001, we spent approximately $277.7 million on exploitation and development activities. As a result of all of our exploitation activities, including development and infill drilling, during the three-year period ended December 31, 2001, we succeeded in adding 61.9 MMBOE to our proved reserves (excluding the 35.3 MMBOE positive impact of price changes and a 10.9 MMBOE upward revision to proved reserves resulting from the 2001 devaluation of the Argentine peso), replacing approximately 70 percent of production during the same period at an average cost of $4.49 per BOE. One example of our success is that over the past three years, we have drilled 121 net wells in Argentina with a success rate of 98 percent. We continue to maintain an extensive inventory of exploitation and development opportunities. Due to the anticipated lower oil and gas price environment for 2002, as compared to 2001, and the economic instability in Argentina, we have decreased our budgeted level of spending to $105 million in 2002 on exploitation and development projects, primarily in North America and Ecuador. By comparison, we spent $169 million on exploitation and

development projects in the higher commodity price environment of 2001. We believe that one of our strengths is our ability to significantly reduce our capital spending in times of low commodity prices due to the relatively low amount of committed capital dollars in our annual spending budgets.

- Exploration. Our overall exploration strategy balances high potential international prospects with lower risk drilling in known formations in North America. This prospect mix and our practice of risk-sharing with industry partners is intended to lower the incidence and costs of dry holes. We make extensive use of geophysical studies, including 3-D seismic data, which further reduces the cost of our exploration program by increasing our success. From January 1, 1999, through December 31, 2001, we spent approximately $189.8 million on exploration activities, excluding $53.6 million to acquire the large acreage inventory of Genesis in May 2001. During this period, we drilled 92 gross (63 net) exploration wells, of which approximately 62 percent were productive. As a result of all of our exploration activities during the three-year period ended December 31, 2001, we succeeded in adding 44.1 MMBOE to our proved reserves, replacing approximately 50 percent of production during this period at an average cost of $4.31 per BOE. Our exploration activities in 2001 were focused on our core areas in the U.S. and Canada and additionally in Trinidad and Yemen. Due to the anticipated lower oil and gas price environment for 2002, as compared to 2001, we anticipate reduced 2002 spending of approximately $39 million on exploration projects, primarily in North America and Yemen, down from the 2001 spending level of $62 million (excluding the $54 million related to the acquisition of Genesis).

- Low Cost Structure. We are an efficient operator and capitalize on our low cost structure in evaluating acquisition opportunities. We generally achieve substantial reductions in labor and other field level costs from those experienced by the previous operators. In addition, we target acquisition candidates which are located in our core areas and provide opportunities for cost efficiencies through consolidation with our other operations. Our lower cost structure has generally allowed us to substantially improve the cash flow of newly acquired properties.

- Financial Flexibility. We are committed to maintaining financial flexibility, which we believe is important for the successful execution of our acquisition, exploitation and exploration strategy. Since 1990, we have completed five public equity offerings, two public debt offerings and three private debt offerings under Rule 144A of the Securities Act, all of which have provided us with aggregate net proceeds of approximately $1.2 billion. From December 31, 2000, to December 31, 2001, our net long-term debt-to-book capitalization ratio increased from 41.6 percent to 57.7 percent, primarily as a result of the acquisition of Genesis. We plan to reduce this ratio during 2002. To achieve this reduction, we have restricted our planned non-acquisition capital expenditures and announced plans to sell properties in Ecuador and Trinidad and, if necessary, we plan to pursue potential equity-financed acquisitions or additional capital markets transactions. Internally generated cash flow, availability under our credit facility and our ability to adjust our level of capital expenditures are our major sources of liquidity.

Vintage Petroleum, Inc. is incorporated under the laws of Delaware. Our principal office is located at 110 West Seventh Street, Tulsa, Oklahoma 74119, and our telephone number is (918) 592-0101.

3

The Exchange Offer

On May 2, 2002, we sold the outstanding notes to Deutsche Bank Securities Inc., BMO Nesbitt Burns Corp., Salomon Smith Barney Inc., Fleet Securities, Inc., BNY Capital Markets, Inc., Credit Lyonnais Securities (USA) Inc. and SG Cowen Securities Corporation in a private offering exempt from the registration requirements of the Securities Act. We collectively refer to these parties as the "initial purchasers." The initial purchasers subsequently resold these outstanding notes (i) to qualified institutional buyers pursuant to Rule 144A under the Securities Act and (ii) outside the United States, or U.S., in accordance with Regulation S under the Securities Act.

When we issued the outstanding notes, we entered into a registration rights agreement with the initial purchasers in which we agreed to use our best efforts to complete the exchange offer.

The Exchange Offer	Under the terms of the exchange offer, we are offering to exchange the exchange notes, which have been registered under the Securities Act, for your outstanding notes. In order to be exchanged, an outstanding note must be properly tendered and accepted. The outstanding notes may be tendered only in integral multiples of $1,000. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. We will issue the exchange notes promptly after the expiration of the exchange offer.
Resales of Exchange Notes	We believe that the exchange notes issued in the exchange offer may be

offered for resale, resold or otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that:

- you are acquiring the exchange notes in the ordinary course of your business;
- you are not participating, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you in the exchange offer; and
- you are not an "affiliate" of ours.

If any of the foregoing are not true and you transfer any exchange note without delivering a prospectus meeting the requirements of the Securities Act or without an exemption from the registration requirements of the Securities Act, you may incur liability under the Securities Act. We will not assume, nor will we indemnify you against, any such liability.

If you are a broker-dealer and receive exchange notes for your own account in exchange for outstanding notes that you acquired as a result of market making or other trading activities, you must acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the exchange notes. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the exchange notes. See "Plan of Distribution."

Failure to Exchange Outstanding Notes May Affect You Adversely .. If you do not exchange your outstanding notes for exchange notes, you will no longer be able to require us to register the outstanding notes under the Securities Act. In addition, you will not be able to offer or sell the outstanding notes unless:

- they are registered under the Securities Act; or
- you offer or sell them under an

exemption from the requirements of, or in a transaction not subject to, the Securities Act.

Expiration Date .... The exchange offer will expire at 5:00 p.m., New York City time, on July 12, 2002, unless we decide to extend the expiration date.

Interest on the Exchange Notes ...... The exchange notes will accrue interest at 8 1/4 percent per year, beginning on the last date we paid interest on the outstanding notes you exchanged or, if no interest has been paid on such outstanding notes, from May 2, 2002. We will pay interest on the exchange notes on May 1 and November 1 of each year, beginning on November 1, 2002.

Conditions to the Exchange Offer .... We will proceed with the exchange offer, so long as:

- the exchange offer does not violate any applicable law or applicable interpretation of law by the staff of the SEC;
- no litigation materially impairs our ability to proceed with the exchange offer; and
- we obtain all the governmental approvals we deem necessary for the exchange offer.

Procedures for Tendering Notes ...... If you wish to accept the exchange offer, you must:

- complete, sign and date the letter of transmittal, or a facsimile of it; and
- send the letter of transmittal and all other documents required by it, including the outstanding notes to be exchanged, to JPMorgan Chase Bank, as exchange agent at the address set forth on the cover page of the letter of transmittal. Alternatively, you can tender your outstanding notes by following the procedures for book-entry transfer, as described in this prospectus.

Guaranteed Delivery Procedure .... If you wish to tender your outstanding notes and you cannot get your required documents to the exchange agent by the expiration date, you may tender your outstanding notes according to the guaranteed delivery procedure described under the section "The Exchange Offer" under the heading "Terms of the Exchange

Offer--Guaranteed Delivery Procedure."

Withdrawal Rights .... You may withdraw the tender of your outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date. To withdraw, you must send a written or facsimile transmission notice of withdrawal to the exchange agent at its address set forth in this prospectus under the section "The Exchange Offer" under the heading "Exchange Agent" by 5:00 p.m., New York City time, on the expiration date.

Acceptance of Outstanding Notes and Delivery of Exchange Notes .... If all of the conditions to the exchange offer are satisfied or waived, we will accept any and all outstanding notes that are properly tendered in the exchange offer prior to 5:00 p.m., New York City time, on the expiration date. We will deliver the exchange notes promptly after the expiration date.

Use of Proceeds .... We will not receive any cash proceeds from the issuance of the exchange notes.

Tax Considerations .... We believe that the exchange of outstanding notes for exchange notes will not be a taxable exchange for federal income tax purposes. However, you should consult your tax adviser about the tax consequences of this exchange as they apply to your individual circumstances.

Exchange Agent .... JPMorgan Chase Bank is serving as exchange agent for the exchange offer.

Fees and Expenses .... We will bear all expenses related to consummating the exchange offer and complying with the registration rights agreement.

Description of 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 are, and the exchange notes will be, governed by the same indenture.

Issuer .... Vintage Petroleum, Inc.

Notes Offered	$350,000,000 aggregate principal amount of 8 1/4% Senior Notes due 2012.
Maturity	May 1, 2012.
Interest Rate	8 1/4 percent per year (calculated using 360-day year).
Interest Payment Dates	May 1 and November 1 of each year, commencing November 1, 2002.
Mandatory Redemption	We will not be required to make mandatory redemption or sinking fund payments with respect to the exchange notes.
Optional Redemption	Except as described below, we cannot redeem the exchange notes until May 1, 2007. Thereafter, we may redeem some or all of the exchange notes at any time at the redemption prices described under "Description of the Notes--Optional Redemption."
Optional Redemption After Equity Offerings	At any time on or before May 1, 2005, we may redeem on one or more occasions up to 35 percent of the original aggregate principal amount of the exchange notes (including the original aggregate principal amount of any additional notes issued after the date hereof) with the proceeds of certain underwritten public offerings of our common stock at a redemption price of 108.25 percent of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption, if at least 65 percent of the original aggregate principal amount of the exchange notes (including the original aggregate principal amount of any additional notes issued after the date hereof) would remain outstanding after giving effect to any such redemption. See "Description of the Notes--Optional Redemption."
Change of Control	If we experience specific kinds of changes of control, we must offer to repurchase the exchange notes at 101 percent of the principal amount of the exchange notes, plus accrued and unpaid interest, if any, to the date of repurchase. For more details, see "Description of the Notes--Repurchase at the Option of Holders Upon a Change of Control."
Ranking	The exchange notes will be our unsecured senior obligations. The exchange notes will rank equally with all of our existing and future senior indebtedness

and senior to all of our existing and future subordinated indebtedness. The exchange notes will be effectively subordinated to any existing or future secured indebtedness, including our new credit facility to the extent of the assets securing such indebtedness, and to indebtedness of our subsidiaries as to their assets. As of March 31, 2002, after giving effect to the sale of the outstanding

notes, including the application of the net proceeds as described in "Use of Proceeds" and borrowings under our new credit facility, we would have had approximately $172.5 million of secured senior indebtedness outstanding.

Certain Covenants .... We will issue the exchange notes under an indenture with JPMorgan Chase Bank, as trustee. The indenture, among other things, contains limitations on:

- our ability to incur additional indebtedness;
- the incurrence of certain liens on assets to secure debt;
- the payment of dividends and other distributions with respect to our capital stock and the purchase, redemption or retirement of our capital stock;
- the making of certain investments;
- the issuance and sale of capital stock of our restricted subsidiaries;
- asset sales;
- transactions with affiliates;
- payment restrictions affecting the right of our restricted subsidiaries to make certain payments and distributions; and
- certain consolidations, mergers and transfers of assets.

All of these covenants are subject to a number of important qualifications and some of these covenants will be suspended before the exchange notes

mature if the exchange notes attain investment grade ratings in the future and no default or event of default exists under the indenture. For more details, see the sections "Description of the Notes--Certain Covenants" and "Description of the Notes--Merger, Consolidation and Sale of Assets."

Risk Factors

For a discussion of certain factors that should be considered in connection with the exchange offer, see "Risk Factors" beginning on page 13 of this prospectus.

Summary Financial Data

The following table presents a summary of our historical and pro forma financial information for the periods indicated. The historical and pro forma financial information should be read in conjunction with our consolidated financial statements and related notes and our pro forma combined financial statements and related notes incorporated by reference in this prospectus. The summary historical financial information as of and for the three months ended March 31, 2001 and 2002, and the pro forma financial information are unaudited. Significant acquisitions of producing oil and gas properties in 1997, 1999 and 2001, and significant dispositions of oil and gas properties in 1999 and 2001, affect the comparability of the financial data for the periods presented below.

	Historical					
	Years Ended December 31,					Three Month March
	1997(b)	1998	1999	2000	2001	2001
						(Unaud
	(Dollars in thousands, except ratios)					
Statement of Operations Data:						
Oil and gas sales(c)	$ 358,366	$ 270,251	$ 376,924	$ 680,350	$ 731,386	$ 206,879
Gas marketing revenues	45,981	54,108	60,275	128,836	130,209	59,323
Gathering revenues	18,063	7,741	6,955	19,998	17,032	8,109
Total revenues(c)	420,466	333,323	502,928	806,181	909,241	275,490
Operating expenses(c)	176,552	184,932	184,367	300,477	357,683	113,537
Exploration costs	12,667	24,056	14,674	25,242	22,073	2,203
Depreciation, depletion and amortization	96,307	108,975	107,807	100,109	168,944	27,591
Impairment of oil and gas properties	8,785	70,913	3,306	225	29,050	-
Amortization of goodwill ..	-	-	-	-	11,940	-
Interest expense	36,762	43,680	58,665	48,437	64,728	10,917
Net income (loss)	54,954	(87,665)	73,371	195,893	133,507	70,698

Cash Flow Data:						
Cash provided (used) by:						
Operating activities	$ 177,665	$ 47,767	$ 160,980	$ 395,687	$ 295,685	$ 129,940
Investing activities	(291,711)	(256,836)	(153,400)	(261,518)	(722,901)	(30,043)
Financing activities	117,069	208,517	29,862	(157,350)	423,593	(57,686)
Balance Sheet Data (end of period):						
Total assets	$ 915,394	$1,014,175	1,168,134	1,338,397	2,096,788	1,354,677
Long-term debt	451,096	672,507	625,318	464,229	1,010,673	399,257
Stockholders' equity	337,578	273,958	431,129	624,857	729,443	695,239
Other Financial Data:						
EBITDA(d)	$ 216,350	$ 116,395	$ 282,152	$ 462,866	$ 500,714	$ 149,974
Ratio of EBITDA to interest expense(d)	5.9x	2.7x	4.8x	9.6x	7.7x	13.7x
Ratio of earnings to fixed charges(e)(f)	2.6x	N/A	2.6x	6.7x	4.0x	10.4x

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(a) The pro forma income statement data and the pro forma other financial data have been prepared assuming we consummated the acquisition of Genesis on January 1, 2001, with advances provided under our credit facility and available cash on hand. See our Current Report on Form 8-K dated April 17, 2002.

(b) These amounts have been restated to reflect the change in accounting method for our oil and gas properties effective January 1, 1998, from the full cost method to the successful efforts method.

(c) The 1997, 1998 and 1999 amounts have been restated to reflect the reclassification of transportation and storage costs to lease operating costs.

(d) EBITDA represents earnings before interest, income taxes, depreciation, depletion and amortization, exploration costs, impairment of oil and gas properties and amortization of goodwill. EBITDA is included as a supplemental disclosure because it is commonly accepted as providing useful information regarding a company's ability to service and incur debt. EBITDA, however, should not be considered in isolation or as a substitute for net income, cash flow provided by operating activities or other income or cash flow data prepared in accordance with generally accepted accounting principles or as a measure of a company's profitability or liquidity. EBITDA as used by us may not be comparable to similarly titled measures reported by other companies.

(e) Computed by dividing earnings by fixed charges. For this purpose, earnings are defined as consolidated income before income taxes and cumulative effect of change in accounting principle and fixed charges. Fixed charges consist of interest expense, including amortization of financing costs and any discount or premium related to any indebtedness.

(f) Earnings for the year ended December 31, 1998, were insufficient to cover fixed charges by $131.2 million.

Summary Operating and Reserve Data
(Unaudited)

The following table presents a summary of our historical and pro forma operating information and our historical reserve information for the periods indicated. Significant acquisitions of producing oil and gas properties in 1997, 1999 and 2001, and significant dispositions of oil and gas properties in 1999 and 2001, affect the comparability of the operating and reserve data for the periods presented below.

	Historical				
	Years Ended December 31,				
	1997	1998	1999	2000	2001
Production:					
Oil (MBbls)	15,457	16,434	16,877	19,861	21,9
Gas (MMcf)	42,691	47,238	48,354	53,729	75,6
Oil equivalent (MBOE)	22,573	24,307	24,936	28,816	34,5
Average Sales Prices:					
Oil (per Bbl)(b)(c)(d)	$ 17.20	$ 11.06	$ 16.92	$ 25.55	$ 21.
Gas (per Mcf)(b)	2.17	1.87	1.89	3.22	3.
Production costs (per BOE)(b)(e)(f)	5.24	5.23	4.88	5.54	6.
Three-year average finding cost (per BOE)(g)	3.30	4.50	2.56	2.64	4.
Proved reserves (end of period):					
Oil (MBbls)	187,768	164,457	303,190	318,560	332,2
Gas (MMcf)	552,163	806,833	988,989	1,023,208	1,216,7
Total proved reserves (MBOE)	279,795	298,929	468,022	489,095	535,0
Proved developed reserves (MBOE)	204,874	207,745	331,932	328,490	338,7
Annual reserve replacement ratio(h)	268%	181%	806%	175%	2
Estimated reserve life (in years)(i)	12.4	12.3	18.8	17.0	15
Present value of estimated future net revenues before income taxes (discounted at 10 percent) (in thousands):					
Oil and gas properties	$1,222,560	$ 703,211	$2,989,6?6	$ 4,338,616	$ 1,914,0
Gathering systems and plant	5,940	4,493	13,764	14,188	1,1
Standardized measure of discounted future net cash flows (in thousands)	1,016,645	648,222	2,247,237	2,951,121	1,438,1

(a) The pro forma operating data have been prepared assuming we consummated the acquisition of Genesis on January 1, 2001. See our Current Report on Form 8-K dated April 17, 2002.

(b) The 1997, 1998 and 1999 amounts have been restated to reflect the reclassification of transportation and storage costs to lease operating costs.

(c) Reflects the impact of oil hedges, which decreased our average oil price per Bbl by $0.24, $0.06 and $1.86 for the years ended December 31, 1997, 1999 and 2000, respectively, and which increased our average oil price per Bbl by $0.89, $1.19 and $0.14 for the year ended December 31, 2001, and each of the three months ended March 31, 2001 and 2002, respectively.

(d) The average oil price for the three months ended March 31, 2002, before the impact of Argentine government-mandated settlements was $17.64 per Bbl. No ongoing impact from these settlements is expected.

(e) Production costs for 1997 have been restated to reflect the change in accounting method for our oil and gas properties effective January 1, 1998, from the full cost method to the successful efforts method.

(f) Includes lease operating costs, production taxes and ad valorem taxes.

(g) Represents the average finding cost per BOE during the three years ended December 31 of the year shown in the column.

(h) The annual reserve replacement ratio is a percentage determined on a BOE basis by dividing the estimated reserves added during a year from exploitation, development and exploration activities, acquisitions of proved reserves and revisions of previous estimates, excluding property sales, by the oil and gas volumes produced during that year.

(i) Estimated reserve life is calculated on a BOE basis by dividing the estimated proved reserves at year end by the total production during the year. This calculation can be affected by the timing of major acquisitions and dispositions.

RISK FACTORS

You should consider carefully the following risk factors, together with all of the other information in this prospectus and the documents that are incorporated by reference, before you decide to exchange your outstanding notes for exchange notes in the exchange offer.

Risks Relating to Vintage and the Oil and Gas Industry

Oil and gas prices fluctuate widely, and low oil and gas prices could adversely affect, and in the past have adversely affected, our financial results.

Our revenues, operating results, cash flow and future rate of growth depend substantially upon prevailing prices for oil and gas. Historically, oil and gas prices and markets have been volatile and are likely to continue to be volatile in the future. The average prices that we currently receive for our production

are comparable to their historical averages. However, a future significant decrease in oil and gas prices, such as that experienced in 1998 and the first half of 1999, could have a material adverse effect on our cash flow and profitability. The substantial and extended decline in oil and gas prices during 1998 and 1999 adversely affected our financial condition and results of operations. A sustained period of low prices could have a material adverse effect on our earnings and financial condition.

Prices for oil and gas are subject to wide fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors that are beyond our control, including:

- political conditions in oil producing regions, including the Middle East;
- domestic and foreign supplies of oil and gas;
- levels of consumer demand;
- weather conditions;
- domestic and foreign government regulations;
- prices and availability of alternative fuels; and
- overall economic conditions.

In addition, various factors may adversely affect our ability to market our oil and gas production, including:

- capacity and availability of oil and gas gathering systems and pipelines;
- effects of federal and state regulation of production and transportation;
- general economic conditions;
- changes in supply due to drilling by other producers;
- availability of drilling rigs; and
- changes in demand.

Lower oil and gas prices may adversely affect our level of capital expenditures, reserve estimates and borrowing capacity.

Lower oil and gas prices, such as those experienced by us in 1998 and the first half of 1999, have various adverse effects on our business, including reducing cash flow, which, among other things, have caused us in the past, and may cause us in the future, to decrease our capital expenditures. A smaller capital expenditure program may adversely affect our ability to increase or maintain our reserve and production levels. Lower prices may also result in reduced reserve estimates, one-time write-offs of impaired assets and decreased earnings or losses due to lower reserves and

higher depreciation, depletion and amortization expense. For example, in the

fourth quarter of 1998 we recorded a significant non-cash charge for the impairment of our oil and gas properties due to lower oil and gas prices.

The amount we can borrow under our credit facility is subject to periodic redetermination based, in part, on expectations of future oil and gas prices applied to our oil and gas reserve estimates. Lower oil and gas prices could result in future reductions in the borrowing base under our credit facility because lower oil and gas reserve values would reduce our liquidity and possibly trigger mandatory loan repayments. Furthermore, reduction in our liquidity could impede our ability to fund future acquisitions. Lower prices may also cause us to not be in compliance with maintenance covenants under our credit facility, and may negatively affect our credit statistics and coverage ratios.

Our significant level of indebtedness requires that a significant portion of our cash flow be used to pay interest and may limit our ability to fund capital expenditures or obtain additional financing to fund other obligations.

We currently have a significant amount of indebtedness. At March 31, 2002, our total long-term debt outstanding was approximately $1.0 billion and we had a net long-term debt to total capitalization ratio of 58.3 percent. Our significant indebtedness could have important consequences to you. For example:

- our ability to obtain any necessary financing in the future for working capital, capital expenditures, acquisitions, debt service requirements or other purposes may be limited;

- a portion of our cash flow from operations must be utilized for the payment of interest on our indebtedness and will not be available for financing capital expenditures or other purposes; for example, interest payments for 2001 represented approximately 16 percent of our cash flows from operations before working capital changes and interest expense, net of tax;

- our level of indebtedness and the covenants governing our current indebtedness could limit our flexibility in planning for, or reacting to, changes in our business because certain financing options may be limited or prohibited;

- we are more highly leveraged than some of our competitors, which may place us at a competitive disadvantage;

- our level of indebtedness may make us more vulnerable during periods of low oil and gas prices or in the event of a downturn in our business because of our fixed debt service obligations; and

- the terms of our credit facility require interest and principal payments and maintenance of stated financial covenants. If the requirements of our credit facility are not satisfied, the lenders under this facility would be entitled to accelerate the payment of all outstanding indebtedness under this facility, and a default would be deemed to have occurred under the terms of the notes as well as under our outstanding senior subordinated notes. In such event, we cannot assure you that we would have sufficient funds available or could obtain the financing required to meet our obligations.

We may incur additional debt to fund our business which would increase the risks our debt levels pose.

We may be able to incur substantial additional indebtedness in the future. As of March 31, 2002, our new credit facility would have permitted additional borrowings of up to approximately $115.2 million (net of letters of credit of $12.3 million) after giving effect to the sale of the outstanding notes and our

entering into our new credit facility, and such borrowings, to the extent they are secured, would effectively be senior to the notes. In addition, the terms of the indentures governing the notes and our outstanding senior subordinated notes permit us to incur additional indebtedness. If we were to add additional indebtedness to our current debt levels, the related risks discussed above, that we now face, could intensify.

Our future performance depends upon our ability to find or acquire additional oil and gas reserves that are economically recoverable.

Unless we successfully replace the reserves that we produce, our reserves will decline, eventually resulting in a decrease in oil and gas production and lower revenues and cash flow from operations. We have historically succeeded in substantially replacing reserves through acquisitions, exploitation, development and exploration. We have conducted such activities on our existing oil and gas properties as well as on newly acquired properties. We may not be able to continue to replace reserves from such activities at acceptable costs. Lower oil and gas prices may further limit the kinds of reserves that can be developed at acceptable costs. Lower prices also decrease our cash flow and may cause us to decrease capital expenditures. The business of exploring for, developing or acquiring reserves is capital intensive. We may not be able to make the necessary capital investments to maintain or expand our oil and gas reserves if cash flow from operations is reduced and external sources of capital become limited or unavailable. In addition, exploitation, development and exploration involve numerous risks that may result in dry holes, the failure to produce oil and gas in commercial quantities and the inability to fully produce discovered reserves.

We are continually identifying and evaluating acquisition opportunities, including acquisitions that would be significantly larger than those we have consummated to date. We cannot assure you that we will successfully consummate any acquisition, that we will be able to acquire producing oil and gas properties that contain economically recoverable reserves or that any acquisition will be profitably integrated into our operations.

Acquisitions carry unknown risks including potential for environmental problems.

Our focus on acquiring producing oil and gas properties may increase our potential exposure to liabilities and costs for environmental and other problems existing on such properties. We expect to continue to focus, as we have done in the past, on acquiring producing oil and gas properties to replace reserves. Although we perform reviews of the acquired properties that we believe are consistent with industry practice, such reviews are inherently incomplete. In general, it is not feasible to review in depth each individual property being acquired. Ordinarily, we focus our review efforts on the higher-valued properties and sample the remainder. However, even an in-depth review of all properties and records may not necessarily reveal existing or potential problems, nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections may not always be performed on each well included in an acquisition, and environmental problems, such as ground water contamination and surface and subsurface damages from leakage, spills, disposal or other releases of hazardous substances on such properties or from adjoining properties that have migrated to such properties, are not necessarily observable even when an inspection is performed.

Estimating reserves and future net revenues involves uncertainties and oil and gas price declines may lead to impairment of oil and gas assets.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of developmental expenditures, including many factors beyond the control of the producer. The reserve data included or incorporated by reference in this prospectus represent only estimates. In addition, the estimates of future net revenues from our proved reserves and the present value of such estimates are based upon certain assumptions about future production levels, prices and costs that may not prove to be correct over time.

Quantities of proved reserves are estimated based on economic conditions in existence during the period of assessment. Lower oil and gas prices may have the impact of shortening the economic lives of certain fields because it becomes uneconomic to produce all recoverable reserves on such fields, thus reducing proved property reserve estimates. If such revisions in the estimated quantities of proved reserves occur, they would have the effect of increasing the rates of depreciation, depletion and amortization on the affected properties, which would decrease earnings or result in losses through higher depreciation, depletion and amortization expense. The revisions may also be sufficient to trigger impairment losses on certain properties which would result in a further non-cash charge to

earnings. For example, we recorded a significant non-cash charge for the impairment of oil and gas properties in the fourth quarter of 1998 due to lower oil and gas prices.

Our international operations may be adversely affected by political and economic instability, changes in the legal and regulatory environment and other factors.

International investments represent, and are expected to continue to represent, a significant portion of our total assets. We have international operations in Canada, Argentina, Bolivia, Ecuador, Yemen and Trinidad. For 2001, our operations in Argentina accounted for approximately 27 percent of our revenues, 39 percent of our net operating profit (pre-tax income before impairments of oil and gas properties, goodwill amortization, and general and administrative and interest expenses) and 25 percent of our total assets. During 2001, our operations in Argentina represented our only foreign operations accounting for more than 10 percent of our revenues or net operating profit (pre-tax income before impairments of oil and gas properties, goodwill amortization and general and administrative and interest expenses). Our operations in Canada accounted for approximately 39 percent of our total assets, including goodwill, at December 31, 2001. A majority of these Canadian assets were purchased on May 2, 2001, as part of the acquisition of Genesis. Our exploration and production operations include only eight months of the operations of Genesis in 2001. At December 31, 2001, none of our other international operations accounted for more than 10 percent of our total assets. We continue to identify and evaluate international opportunities, but currently have no binding agreements or commitments to make any material international investment.

Our foreign properties, operations or investments in Canada, Argentina, Bolivia, Ecuador, Yemen and Trinidad may be adversely affected by a number of factors. For example:

- local political and economic developments could restrict or increase the cost of our foreign operations;
- exchange controls and currency fluctuations could result in financial losses;

- royalty and tax increases and retroactive tax claims could increase costs of our foreign operations;
- expropriation of our property could result in loss of revenue, property and equipment;
- civil uprisings, riots and war could make it impractical to continue operations, adversely affect both budgets and schedules and expose us to losses;
- import and export regulations and other foreign laws or policies could result in loss of revenues; and
- laws and policies of the U.S. affecting foreign trade, taxation and investment could restrict our ability to fund foreign operations or may make foreign operations more costly.

In particular, our Bolivian projects are dependent, at least in part, on the operation of the Bolivia-to-Brazil gas pipeline. The operation of this pipeline is subject to various factors outside our control. In addition, in the event of a dispute arising from foreign operations, we may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of the courts in the U.S. We may also be hindered or prevented from enforcing our rights with respect to actions taken by a foreign government or its agencies.

We do not currently maintain political risk insurance. However, we will consider obtaining such coverage in the future if conditions so warrant.

Our operations have been, and may continue to be, adversely affected by the recent economic instability in Argentina.

As a result of economic instability and substantial withdrawals from the banking system, in early December 2001, the Argentine government instituted restrictions that prohibit foreign money transfers without Central Bank approval and only allow cash withdrawals from bank accounts for personal transactions in small amounts with certain limited exceptions. While the legal exchange rate remained at one peso to one U.S. dollar, financial institutions were allowed to conduct only limited activity due to these controls, and currency exchange activity was effectively halted except for personal transactions in small amounts.

On January 6, 2002, the Argentine government abolished the one peso to one U.S. dollar legal exchange rate. On January 9, 2002, Decree 71 created a dual exchange market whereby foreign trade transactions were conducted at an official exchange rate of 1.4 pesos to one U.S. dollar and other transactions were conducted in a free floating exchange market. On February 8, 2002, Decree 260 unified the dual exchange markets and allowed the pesos to float freely with the U.S. dollar. The exchange rate at May 20, 2002, was 3.22 pesos to one U.S. dollar.

On February 3, 2002, Decree 214 required all contracts that were previously payable in U.S. dollars to be payable in pesos. U.S. dollars in Argentine banks on this date were converted to pesos at the government-imposed rate of 1.4 pesos to one U.S. dollar and U.S. dollar obligations with banks were converted to pesos at the government-imposed rate of one peso to one U.S. dollar. On January 10, 2002, all bank accounts above a certain amount were converted to fixed-term

deposits scheduled to be returned to deposit holders in pesos beginning in January 2003. Pursuant to an emergency law passed on January 10, 2002, U.S. dollar obligations between private parties due after January 6, 2002, are to be liquidated in pesos at a negotiated rate of exchange which reflects a sharing of the impact of the devaluation. This emergency law requires the obligor to make an interim payment of one peso per U.S. dollar of the claim and provides a period of 180 days for the parties to negotiate the final amount to settle the U.S. dollar obligation. The settlements in pesos of our existing U.S. dollar-denominated agreements were substantially completed by March 31, 2002; thus, future periods should not be impacted by this mandate. This government-mandated "equitable sharing" of the impact of the devaluation resulted in a reduction in our first quarter 2002 oil revenues from domestic sales in Argentina of approximately $8 million, or $2.73 per Argentina Bbl produced or $1.46 per total Bbl produced. Our Argentine lease operating costs were also reduced as a result of this mandate, and the positive impact of devaluation on our peso-denominated costs essentially offset the negative impact on Argentine oil revenues.

On February 13, 2002, the Argentine government announced a 20 percent tax on oil exports, effective March 1, 2002. The tax is limited by law to a term of no more than five years. We exported approximately 70 percent of our Argentina oil production in May 2002. However, we believe that this export tax will have the effect of decreasing all future Argentina oil revenues (not only export revenues) by the tax rate for the duration of the tax. We also believe that the U.S. dollar equivalent value for domestic Argentina oil sales (now paid in pesos) will move over time to parity with the U.S. dollar-denominated export values, net of the export tax, thus impacting domestic Argentina values by a like percentage to the tax. The adverse impact of this tax will be partially offset by the net cost savings resulting from the devaluation of the peso on peso-denominated costs and may be further reduced by the Argentina income tax savings related to deducting such impact.

On May 24, 2002, the executive branch of the Argentine government declared the supply of hydrocarbons to the domestic market to be in a state of emergency. The Secretary of Energy was authorized to determine the national production volumes necessary to supply the domestic market through September 30, 2002. On May 30, 2002, by Administrative Resolution 140, the Argentina Secretary of Energy resolved to correct the deficiency by imposing restrictions on exports during the period June 1, 2002, to September 30, 2002. These restrictions generally limit each producer's exports to 36 percent of its previous month's production volume and will end on the sooner of October 1, 2002, or the end of the supply crisis as determined by the Secretary of Energy.

We continue to monitor the political and economic environment in Argentina. Because of the recent instability in the country, our capital budgets have been adjusted to reflect a reduced level of drilling in the country. In addition, the devaluation of the peso is expected to result in a near-term reduction in revenues, substantially offset by a reduction in peso-denominated operating, administrative and capital costs, and the recognition of translation gains and losses, the impact of which cannot currently be accurately estimated.

The economic and political situation in Argentina evolves continuously and the Argentine government has adopted numerous decrees, is considering implementing various alternatives and may enact future regulations or policies that may materially impact, among other items:

- the realized prices we receive for oil and gas that we produce and sell;

- the timing and amount of repatriations of cash to the U.S.;
- the amount of permitted export sales;
- the Argentine banking system;
- our asset valuations; and
- peso-denominated monetary assets and liabilities.

Our hedging activities may expose us to the risk of financial loss in certain circumstances.

We have previously engaged in oil and gas hedging activities and intend to continue to consider various hedging arrangements to realize commodity prices which we consider favorable. The impact of changes in the market prices for oil and gas on the average oil and gas prices received by us may be reduced based on the level of our hedging activities. These hedging arrangements may limit our potential gains if the market prices for oil and gas were to rise substantially over the price established by the hedge. In addition, our hedging arrangements expose us to the risk of financial loss in certain circumstances, including instances in which:

- production is less than expected;
- a change in the difference between published price indexes established by pipelines in which our hedged production is delivered and the reference price established in the hedging arrangements is such that we are required to make payments to the counterparties to our arrangements; or
- the counterparties to our hedging arrangements fail to honor their financial commitments.

During 2001 and 2002, we entered into various oil price swap agreements covering approximately 2.2 MMBbls of our U.S. and Argentina oil production at a weighted average NYMEX reference price of $23.77 per Bbl for various periods in the first half of 2002. As of March 31, 2002, swap agreements remaining covered approximately 1,055,000 Bbls of future U.S. and Argentina oil production at a weighted average NYMEX reference price of $23.82 per Bbl. We have also entered into various gas price swap agreements covering approximately 11.3 million MMBtu of our gas production over the period April 1 through October 31, 2002. The Canadian portion of the gas price swap agreements (approximately 6.1 million MMBtu) is at an average AECO gas price index reference price of 3.67 Canadian dollars per MMBtu and will be settled in Canadian dollars. The U.S. portion of the gas swap agreements (approximately 5.2 million MMBtu) is at an average NYMEX reference price of $2.72 per MMBtu.

Additionally, we have entered into two costless price collar arrangements for U.S. gas production. The first price collar covers production of 6,500 MMBtu per day for the period from June 1 through October 31, 2002, with a floor NYMEX reference price of $3.50 per MMBtu and a cap NYMEX reference price of $4.00 per MMBtu. The second price collar covers production of 20,000 MMBtu per day for the period November 1 through December 31, 2002, with a floor NYMEX reference price of $3.50 per MMBtu and a cap NYMEX reference price of $5.10 per MMBtu.

In conjunction with each of the U.S. gas price swaps and costless price collars, we entered into basis swap agreements covering identical periods of time and volumes. These basis swaps establish a differential between the NYMEX reference price and the various delivery points at levels that are comparable to the historical differentials received by us.

We had no derivative or hedging arrangements with Enron Corp. or its affiliates but do have credit exposure as of March 31, 2002, of approximately $300,000 to Enron North America Corp., which, along with Enron Corp., filed a voluntary petition for Chapter 11 reorganization in U.S. bankruptcy court.

If we were required to record an impairment of our goodwill, our results of operations and stockholders' equity could be materially adversely affected.

As a result of our acquisition of Genesis, we have approximately $156.9 million of net unamortized goodwill recorded on our consolidated balance sheet as of March 31, 2002. Due to the implementation of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," starting in the current year goodwill will no longer be amortized but must be tested for impairment at least annually based on a fair value concept. If we are required to record a material impairment of our goodwill, our results of operations and financial position could be materially adversely affected.

Uninsured risks associated with our operations could result in a substantial financial loss.

Our operations are subject to all of the risks and hazards typically associated with the exploitation, development and exploration for and the production and the transportation of oil and gas. These operating risks include but are not limited to:

- blowouts, cratering and explosions;
- uncontrollable flows of oil, natural gas or well fluids;
- fires;
- formations with abnormal pressures;
- pollution and other environmental risks; and
- natural disasters.

Any of such events could result in loss of human life, significant damage to property, environmental pollution, impairment of our operations and substantial losses to us. In accordance with customary industry practice, we maintain insurance against some, but not all, of such risks and losses. The occurrence of such an event not fully covered by insurance could have a material adverse effect on our financial position and results of operations.

Governmental and environmental regulations could adversely affect our business.

Our business is subject to certain foreign, federal, state and local laws and regulations on taxation, the exploration for and development, production and marketing of oil and gas, and environmental and safety matters. Many laws and regulations require drilling permits and govern the spacing of wells, rates of production, prevention of waste and other matters. Such laws and regulations have increased the costs of planning, designing, drilling, installing, operating and abandoning our oil and gas wells and other facilities. In addition, these laws 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 allowable production from successful wells, which could limit our revenues.

Our operations are subject to complex environmental laws and regulations adopted by the various jurisdictions where we operate. We could incur liability to governments or third parties for any unlawful discharge of oil, gas or other pollutants into the air, soil or water, including responsibility for remedial costs. We could potentially discharge such materials into the environment in any of the following ways:

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

Because the requirements imposed by such laws and regulations are frequently changed, we cannot assure you that laws and regulations enacted in the future, including changes to existing laws and regulations, will not adversely affect our business. In addition, because we acquire interests in properties that have been operated in the past by others, we may be liable for environmental damage caused by such former operators.

Industry competition may impede our growth.

The oil and gas industry is highly competitive, and we may not be able to compete successfully or grow our business. We compete in the areas of property acquisitions and the development, production and marketing of, and exploration for, oil and gas with major oil companies, other independent oil and gas concerns and individual producers and operators. We also compete with major and independent oil and gas concerns in recruiting and retaining qualified employees. Many of these competitors have substantially greater financial and other resources than we do. We may not be able to successfully expand our business or attract or retain qualified employees.

Risks Related to the Notes

Structural subordination to debt of our subsidiaries resulting from our company's structure may limit our ability to make payments on the notes.

The notes are our unsecured debt obligations. We conduct a significant portion of our operations through our subsidiaries. Accordingly, we may be dependent upon receipt of dividends or advances from our subsidiaries to be able to meet our debt obligations, including our obligations under the notes. The notes are not guaranteed by our subsidiaries and our subsidiaries are not obligated to pay dividends or make advances to us. Creditors of a subsidiary are entitled to be paid what is due them before assets of the subsidiary become available for creditors of its parent. Therefore, the liabilities, including trade payables and accrued liabilities, of our subsidiaries will, in effect, be prior in right of payment to the notes with regard to the assets of our subsidiaries. This can substantially reduce the portion of our consolidated assets which are available for payment of the notes. Also, any agreements of our subsidiaries which prohibit or limit our subsidiaries' payment of dividends will eliminate or reduce our access to cash flows of such subsidiaries to pay interest or principal with regard to the notes. While the indenture governing the notes permits our foreign subsidiaries to enter into agreements restricting their ability to pay dividends to us, there are no such agreements currently in

place.

The notes are unsecured and effectively subordinated to our secured indebtedness.

The notes are not secured. Concurrently with the closing of our sale of the outstanding notes on May 2, 2002, we entered into a new credit facility. Our new credit facility will be secured by first mortgage liens and security interests on our U.S. oil and gas properties constituting at least 80 percent of the then present value of our U.S. oil and gas reserves. If we become insolvent or are liquidated, or if payment under our new credit facility or any of our other secured debt obligations is accelerated, our lenders would be entitled to exercise the remedies available to a secured lender under applicable law and would have a claim on those assets before the holders of the notes. As a result, the notes are effectively subordinated to our secured indebtedness to the extent of the value of the assets securing such indebtedness and the holders of the notes may recover ratably less than the lenders of our secured debt in the event of our bankruptcy or liquidation. As of March 31, 2002, on a pro forma basis giving effect to our sale of the outstanding notes and our entering into our new credit facility, we had $172.5 million of senior secured indebtedness outstanding, and approximately $115.2 million of additional unborrowed funds available to be borrowed under our new credit facility (net of letters of credit of $12.3 million), subject to compliance with our financial and other covenants and the terms of our loan agreement.

We may be unable to repay or repurchase indebtedness, including the notes, if a change of control occurs.

Upon the occurrence of certain specific change of control events:

- the lenders under our credit facility could demand repayment of all outstanding indebtedness under the facility; and
- holders of the notes and of our outstanding senior subordinated indebtedness, in the aggregate principal amount of $850 million (after giving effect to the planned redemption of a portion of our 9% senior subordinated notes), will have the right to require us, subject to certain conditions, to repurchase all or any part of such holders' indebtedness at a price equal to 101 percent of the principal amount, plus accrued and unpaid interest, if any, to the date of repurchase.

Upon such an occurrence, we would be required to repay the lenders under our credit facility and offer to purchase all the outstanding notes and our outstanding senior subordinated indebtedness. In addition, future indebtedness of ours may include similar change of control provisions.

A change of control under our credit facility, the indenture governing the notes and the senior subordinated indentures includes:

- the acquisition of 50 percent or more of our voting stock by any individual or group;
- the sale, lease, transfer or conveyance of substantially all of our assets;
- the reconstitution of our Board of Directors under certain circumstances; and

- our merger or consolidation with another entity in any transaction in which our outstanding voting stock is exchanged for cash, securities or property, other than a transaction where our outstanding voting capital stock is reclassified into or exchanged for voting capital stock of the surviving corporation and the holders of our voting stock immediately prior to the transaction own not less than a majority of the voting stock of the surviving corporation after the transaction in substantially the same proportion as before the transaction.

The term "Change of Control" with respect to the notes is defined in "Description of the Notes--Repurchase at the Option of Holders Upon a Change of Control." Except as described above, the indenture for the notes does not contain any other provisions that permit the holders of the notes to require us to repurchase or redeem the notes in the event of a takeover, recapitalization or similar restructuring.

We may not have sufficient funds available and may not be able to obtain the financing required to repay or repurchase such outstanding indebtedness, including the notes, following such a change of control. If a change of control occurred and we had inadequate funds or financing available to pay for such indebtedness, an event of default would be triggered under the terms of such indebtedness, which could have adverse consequences for us and the holders of the indebtedness. In such event, we cannot assure you that we would have sufficient funds available or could obtain the financing required to meet our obligations.

There are limited restrictive covenants under the indenture.

The indenture governing the notes contains only limited covenants that place restrictions on our ability to incur additional indebtedness, to create liens or other encumbrances, to make payments and investments and to sell or otherwise dispose of assets, to merge or consolidate with other entities, or to do other things. Further, certain of the covenants will become inapplicable during any period of time when the notes have an investment grade rating from both Moody's Investors Service, Inc. and Standard & Poor's Ratings Group and no default or event of default under such indenture exists. See "Description of the Notes--Certain Covenants." The indenture governing the notes does not contain covenants specifically designed to protect holders of the notes in case there is a material adverse change in our financial position.

21

If you do not participate in the exchange offer, your outstanding notes will continue to be subject to transfer restrictions.

If you do not exchange your outstanding notes for exchange notes pursuant to the exchange offer, your outstanding notes will continue to be subject to the restrictions on transfer of your outstanding notes. We do not intend to register the outstanding notes under the Securities Act. To the extent outstanding notes are tendered and accepted in the exchange offer, the trading market, if any, for the outstanding notes would be adversely affected.

The lack of public market for the exchange notes may adversely affect the liquidity and price of the exchange notes.

There is no existing trading market for the exchange notes, and there can be no assurance a market for the exchange notes will develop in the future, that holders of the exchange notes will be able to sell the exchange notes or of the price at which such holders may be able to sell the exchange notes. If a market for the exchange notes were to develop, future trading prices of the exchange

notes will depend on many factors, including prevailing interest rates, our financial condition and results of operations and the market for similar notes. The initial purchasers of the outstanding notes have advised us that they currently intend to make a market in the exchange notes. However, the initial purchasers are not obligated to do so, and they may cease their market-making activities at any time without notice. Therefore, there can be no assurance as to the liquidity of any trading market for the exchange notes or that an active public market for the exchange notes will develop. If an active market does not develop, the market price and liquidity of the exchange notes may be adversely affected. In addition, we do not intend to apply (and are not obligated to apply) for listing or quotation of the exchange notes on any securities exchange or stock market.

Arthur Andersen LLP is our independent public accountant. Our access to capital markets and timely financial reporting may be impaired and we may incur significant costs if we are required to engage a new independent public accountant.

On March 14, 2002, Arthur Andersen LLP, our independent public accountant for the three years ended December 31, 2001, was indicted by the U.S. Department of Justice on obstruction of justice charges in connection with its role as auditors for Enron Corp. Arthur Andersen LLP has pled not guilty and has stated that it intends to contest the indictment. While we are unable to predict the impact of the indictment on Arthur Andersen LLP or whether other indictments or other adverse actions may be taken by governmental authorities or private parties against Arthur Andersen LLP, it is possible that such indictment or actions may cause Arthur Andersen LLP to file for bankruptcy protection, cease or curtail the conduct of its business, lose key personnel or merge with or be acquired by another firm.

The SEC has stated that it will continue accepting financial statements of an issuer that were audited by Arthur Andersen LLP after March 14, 2002, so long as Arthur Andersen LLP is able to make representations to the issuer that Arthur Andersen LLP's audit of the issuer's financial statements was subject to Arthur Andersen LLP's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagement was conducted in compliance with professional standards, and that there was appropriate continuity of Arthur Andersen LLP personnel working on the audit, availability of national office consultation and availability of personnel at foreign affiliates of Arthur Andersen LLP to conduct relevant portions of the audit. Even though Arthur Andersen LLP completed its audit of our financial statements for the year ended December 31, 2001, prior to its indictment on March 14, 2002, it has provided us with a letter containing such representations with respect thereto. Arthur Andersen LLP and various of its foreign affiliates, including its affiliates in Argentina and Canada, have been in discussions, or have signed agreements, with other public accounting firms to combine the operations of certain offices or affiliates with such other public accounting firms. Such combinations could cause Arthur Andersen LLP to be unable to make such representations with respect to any future audits by it of our financial statements.

We are considering replacing Arthur Andersen LLP as our independent public accountant. We are currently soliciting bids for 2002 audit services from members of the "big five" independent public accounting firms, including Arthur Andersen LLP. In addition, in the event the SEC ceases accepting financial statements audited by Arthur

Andersen LLP or Arthur Andersen LLP ceases or curtails the conduct of its

business or is otherwise unable to perform required audit-related functions, we may be compelled to engage another accounting firm to replace them. In the event that we replace Andersen LLP, it may take our new independent public accountant some time to become sufficiently acquainted with our business to enable us to file our financial statements with the SEC by the usual filing dates or for such accountant to be able to render customary accountants' letters. While the SEC has permitted companies affected by the indictment of Arthur Andersen LLP additional time to file their audited financial statements, use of such additional time may cause investors to receive our audited financial information later than they usually would, which may have a negative impact on the market prices for our securities. Since it is customary for securities underwriters to require certain letters to be delivered to them by an issuer's independent public accountant, underwriters may be unwilling to underwrite our securities until our new independent public accountant is able to deliver such letters, and thus our access to liquidity and capital resources may be impaired until that time.

In addition, in the event Arthur Andersen LLP files for bankruptcy protection or ceases the conduct of its business, investors in our securities may not have the ability to recover against Arthur Andersen LLP for any claims they may have under securities or other laws as a result of Arthur Andersen LLP's activities as our independent public accountant.

23

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 form and terms of which are the same as the form and terms of the exchange notes, except as otherwise described in this prospectus. The outstanding notes surrendered in exchange for the exchange notes will be retired and canceled and cannot be reissued. Accordingly, the issuance of the exchange notes will not result in any change in our capitalization. We have agreed to bear the expenses of the exchange offer.

The net proceeds received from the sale of the outstanding notes were used to (i) redeem $100 million of our outstanding $150 million 9% senior subordinated notes due 2005 and pay a related redemption premium of $3 million, and, (ii) together with borrowings under our new credit facility, repay all of our outstanding indebtedness under our previous credit facility and the fees and expenses related to the new credit facility.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2002: (a) on an actual basis and (b) as adjusted to give effect to the sale of the outstanding notes, the application of the net proceeds from such sale as described above under "Use of Proceeds" and borrowings under our new credit facility. This table should be read in conjunction with our consolidated financial statements and related notes incorporated by reference in this prospectus.

	As of March 31, 2002	
	Actual	As Adjust

	(In thousands)	
Cash and cash equivalents	$ 16,711	$ 16,7
Long-term debt:		
Old credit facility	$ 412,500	$
New credit facility	-	172,5
8 1/4% Senior Notes due 2012	-	350,0
Total senior debt	412,500	522,5
9% Senior Subordinated Notes Due 2005, net of discount	149,847	49,9
8 5/8% Senior Subordinated Notes Due 2009, net of discount	99,521	99,5
9 3/4% Senior Subordinated Notes Due 2009	150,000	150,0
7 7/8% Senior Subordinated Notes Due 2011, net of discount	199,935	199,9
Total long-term debt	1,011,803	1,021,9
Stockholders' equity	712,400	712,4
Total capitalization	$1,724,203	$1,734,3

THE EXCHANGE OFFER

Terms of the Exchange Offer

General

In connection with the issuance of the outstanding notes, we entered into a Registration Rights Agreement dated April 25, 2002, with the initial purchasers of the outstanding notes. Pursuant to the Registration Rights Agreement, we agreed to file a registration statement (the "Exchange Offer Registration Statement"), of which this prospectus is a part, with the SEC with respect to the exchange of the outstanding notes for registered notes having terms substantially identical in all material respects. A copy of the Registration Rights Agreement has been filed as an exhibit to the Exchange Offer Registration Statement.

Under the Registration Rights Agreement, we also agreed to, at our cost:

- file the Exchange Offer Registration Statement not later than 90 days of the date of original issuance of the outstanding notes;
- use our best efforts to cause the Exchange Offer Registration Statement to be declared effective under the Securities Act not later than 165 days of the date of original issuance of the outstanding notes; and
- keep the exchange offer open for not less than 20 business days nor more than 30 business days (or longer if required by applicable law) after the date notice of the exchange offer is mailed to the holders of the outstanding notes.

We are conducting the exchange offer to satisfy our obligations under the Registration Rights Agreement. The form and terms of the exchange notes are the same as the form and terms of the outstanding notes, except the exchange notes will be registered under the Securities Act and not contain transfer restrictions and holders of the exchange notes will not be entitled to payment

of any additional interest.

Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, all outstanding notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date will be accepted for exchange. Exchange notes of the same class will be issued in exchange for an equal principal amount of outstanding notes accepted in the exchange offer. Outstanding notes may be tendered only in integral multiples of $1,000. This prospectus, together with the letter of transmittal, is being sent to all registered holders of outstanding notes. The exchange offer is not conditioned upon any minimum principal amount of outstanding notes being tendered in exchange. However, our obligation to accept outstanding notes for exchange is subject to certain conditions as set forth in this section under the heading "-Conditions."

Outstanding notes will be deemed accepted when, as and if we have given oral (promptly confirmed in writing) or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders of outstanding notes for the purposes of receiving the exchange notes and delivering them to the holders.

Resale of Exchange Notes

Based on interpretations of the SEC staff in no-action letters issued to third parties, we believe that the exchange notes will be freely transferable by holders of the outstanding notes, other than our affiliates, after the exchange offer without further registration under the Securities Act if the holder of the exchange notes represents that:

- it is acquiring the exchange notes in the ordinary course of its business;
- it has no arrangement or understanding with any person to participate in the distribution of the exchange notes; and
- it is not an "affiliate" of ours, as that term is defined in Rule 405 under the Securities Act;

provided that broker-dealers ("Participating Broker-Dealers") receiving exchange notes in the exchange offer will have a prospectus delivery requirement with respect to resales of such exchange notes.

The SEC has taken the position that Participating Broker-Dealers may fulfill their prospectus delivery requirements with respect to exchange notes (other than a resale of an unsold allotment from the original sale of the outstanding notes) with the prospectus contained in the Exchange Offer Registration Statement. Under the Registration Rights Agreement, we are required to allow Participating Broker-Dealers to use the prospectus contained in the Exchange Offer Registration Statement in connection with the resale of such exchange notes.

A holder of outstanding notes who wishes to exchange such notes for exchange notes in the exchange offer will be required to represent that:

- any exchange notes to be received by it will be acquired in the ordinary course of its business;
- it has no arrangement or understanding with any person to participate

in the distribution (within the meaning of the Securities Act) of the exchange notes; and

- it is not an "affiliate" of ours, as defined in Rule 405 under the Securities Act, or, if it is an affiliate, that it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

If the holder is not a broker-dealer, it will be required to represent that it is not engaged in, and does not intend to engage in, the distribution of the exchange notes. If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for outstanding notes that were acquired as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

If a holder of outstanding notes is engaged in or intends to engage in a distribution of the exchange notes or has any arrangement or understanding with respect to the distribution of the exchange notes to be acquired pursuant to the exchange offer, the holder may not rely on the applicable interpretations of the staff of the SEC and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction.

Expiration Date; Extensions; Amendments; Termination

The term "expiration date" shall mean July 12, 2002 (30 calendar days following the commencement of the exchange offer), unless the exchange offer is extended by us, in which case the term "expiration date" shall mean the latest date to which the exchange offer is extended.

In order to extend the expiration date, we will notify the exchange agent of any extension and may notify the holders of the outstanding notes by mailing an announcement or by means of a press release or other public announcement, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, (1) to delay acceptance of any outstanding notes, to extend the exchange offer or to terminate the exchange offer and not permit acceptance of outstanding notes not previously accepted if any of the conditions set forth in this section under the heading "-Conditions" shall have occurred and shall not have been waived by us (if permitted to be waived), by giving notice of such delay, extension or termination to the exchange agent, or (2) to amend the terms of the exchange offer. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral (promptly confirmed in writing) or written notice of the delay to the exchange agent. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose the amendment in a manner reasonably calculated to inform the holders of the outstanding notes of the amendment including providing public announcement, or giving oral or written notice to the holders of the outstanding notes.

Interest on the Exchange Notes

Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the outstanding note surrendered in exchange thereof or, if no interest has been paid on such outstanding note, from the date of its original issue.

Single Class of Notes

The outstanding notes and the exchange notes will be treated as a single class for all purposes under the Indenture (except for provisions dealing specifically with registration and exchange offer issues).

Procedures for Tendering

To tender in the exchange offer, a holder of outstanding notes must:

- complete, sign and date the letter of transmittal or a facsimile of it; have the signatures guaranteed if the letter of transmittal so requires; and mail or otherwise deliver the letter of transmittal or facsimile to the exchange agent prior to 5:00 p.m., New York City time, on the expiration date; or

- comply with the Automated Tender Offer Program procedures of The Depository Trust Company ("DTC") described below.

In addition, either:

- the exchange agent must receive certificates for the outstanding notes along with the letter of transmittal;

- the exchange agent must receive, prior to the expiration date, a timely confirmation of a book-entry transfer of the outstanding notes into the exchange agent's account at DTC and an agent's message according to the procedure for book-entry transfer described below; or

- the holder must comply with the guaranteed delivery procedures described below.

The method of delivery of outstanding notes, letters of transmittal and all other required documents is at the election and risk of the holders. As an alternative to delivery by mail, it is recommended that holders use an overnight or hand-delivery service. If such delivery is by mail, it is recommended that registered mail, properly insured, with return receipt requested, be used. In all cases, sufficient time should be allowed to assure timely delivery. No letters of transmittal or outstanding notes should be sent to us. Holders of outstanding notes may request their respective brokers, dealers, commercial banks, trust companies or nominees to tender outstanding notes for them.

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 ("ATOP") to tender. Participants in ATOP 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. The term "agent's message" means a computer generated message transmitted by means of DTC's ATOP, received by the exchange agent and forming a part of a confirmation of book-entry transfer. The agent's message contains an express acknowledgment from the participant in the book-entry transfer facility tendering the outstanding notes that (1) such participant has received and agrees to be bound by the terms of the letter of transmittal and (2) we may enforce the agreement against the participant.

The tender by a holder of outstanding notes will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth here and in the letter of transmittal.

Only a holder of outstanding notes may tender the outstanding notes in the exchange offer. The term "holder" for this purpose means any person in whose name outstanding notes are registered on our books or a person whose name

appears on a security position listing provided by DTC or any other person who has obtained a properly completed bond power from the registered holder.

Any beneficial owner whose outstanding notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact the registered holder promptly and instruct the registered holder to tender on his or her behalf. If the beneficial owner wishes to tender on his or her own behalf, such beneficial owner must, prior to completing and executing the letter of transmittal and delivering his or her outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in such owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed by 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 (each, an "Eligible Institution"), unless the outstanding notes are tendered:

- by a registered holder (or by a participant in DTC whose name appears on a security position listing as the owner) 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 such registered holder (or deposited into the participant's account at DTC); or

- for the account of an Eligible Institution.

If the letter of transmittal is signed by the recordholder(s) of the outstanding notes tendered, the signature must correspond with the name(s) written on the face of the outstanding notes without alteration, enlargement or any change whatsoever. If the letter of transmittal is signed by a participant in DTC, the signature must correspond with the name as it appears on the security position listing as the holder of the outstanding notes.

If the letter of transmittal is signed by a person other than the registered holder of any outstanding notes listed therein, those outstanding notes must be endorsed or accompanied by a properly completed bond power and a proxy that authorize such person to tender the outstanding notes on behalf of the registered holder, in each case as the name of the registered holder or holders appears on the outstanding notes.

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, such persons should so indicate when signing, and, unless waived by us, evidence satisfactory to us of their authority to so act must be submitted with the letter of transmittal.

A tender will be deemed to have been received as of the date when the tendering holder's duly signed letter of transmittal accompanied by outstanding

notes, or a timely confirmation of a book-entry transfer of outstanding notes into the exchange agent's account at DTC with an agent's message, or a notice of guaranteed delivery from an Eligible Institution is received by the exchange agent. Issuances of exchange notes in exchange for outstanding notes tendered pursuant to a notice of guaranteed delivery by an Eligible Institution will be made only against receipt of the letter of transmittal and any other required documents and the tendered outstanding notes by the exchange agent or receipt of a timely confirmation of a book-entry transfer of outstanding notes with an agent's message into the exchange agent's account at DTC.

All questions as to the validity, form, eligibility, time of receipt, acceptance and withdrawal of the tendered outstanding notes will be determined by us in our sole discretion, which determination will be final and binding. We reserve the absolute right to reject any and all outstanding notes not properly tendered or any outstanding notes which, if accepted, would, in our or our counsel's opinion, be unlawful. We also reserve the absolute right to waive any conditions of the exchange offer or irregularities or defects in tender 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

shall be under any duty to give notification of defects or irregularities with respect to tenders of outstanding notes, nor shall we, the exchange agent or any other person incur any liability for failure to give such notification. Tenders of outstanding notes will not be deemed to have been made until the 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 without cost by the exchange agent to the tendering holders of such outstanding notes, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right in our sole discretion, subject to the provisions of the Indenture, to:

- purchase or make offers for any outstanding notes that remain outstanding subsequent to the expiration date or, as set forth in this section under the heading "-Expiration Date; Extensions; Amendments; Termination," to terminate the exchange offer in accordance with the terms of the Registration Rights Agreement; and

- to the extent permitted by applicable law, purchase outstanding notes in the open market, in privately negotiated transactions or otherwise.

The terms of any such purchases or offers could differ from the terms of the exchange offer.

Acceptance of Outstanding Notes for Exchange; Delivery of Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, all outstanding notes properly tendered will be accepted, promptly after the expiration date, and the exchange notes will be issued promptly after acceptance of the outstanding notes. See the heading "-Conditions" below. For purposes of

the exchange offer, outstanding notes shall be deemed to have been accepted as validly tendered for exchange when, as and if we have given oral (promptly confirmed in writing) or written notice thereof to the exchange agent.

In all cases, issuance of exchange notes for outstanding notes that are accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of certificates for such outstanding notes or a timely book-entry confirmation of such outstanding notes into the exchange agent's account at DTC, properly completed and duly executed letter of transmittal and all other required documents or an agent's message in lieu thereof. If any tendered outstanding notes are not accepted for any reason set forth 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, such unaccepted or non-exchanged outstanding notes will be returned without expense to the tendering holder as promptly as practicable after the expiration or termination of the exchange offer. In the case of outstanding notes tendered by the book-entry transfer procedures described below, the non-exchanged outstanding notes will be credited to an account maintained with DTC.

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 facilitating the exchange offer promptly after the date of this prospectus. Any financial institution that is a participant 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 procedures for transfer. Although delivery of outstanding notes may be effected through book-entry transfer into the exchange agent's account at DTC, unless an agent's message is received by the exchange agent in compliance with ATOP, a properly completed and signed letter of transmittal or facsimile thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the exchange agent at one of the addresses set forth below under the heading "-Exchange Agent" prior to the expiration date or the guaranteed delivery procedures described below must be complied with. Delivery of documents to DTC does not constitute delivery to the exchange agent. All references in this prospectus to deposit of outstanding notes shall be deemed to include DTC's book-entry delivery method.

Guaranteed Delivery Procedure

Holders who desire to tender their outstanding notes and (1) whose outstanding