UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from _____to_____

Commission file number: 0-7062

NOBLE AFFILIATES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	73-0785597
(STATE OF INCORPORATION)	(I.R.S. EMPLOYER IDENTIFICATION NUMBER)

350 Glenborough Drive, Suite 100 Houston, Texas	77067
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(Registrant's telephone number, including area code)
(281) 872-3100

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $3.33-1/3 par value	New York Stock Exchange, Inc.
Preferred Stock Purchase Rights	New York Stock Exchange, Inc.

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No / /

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. /X/

Aggregate market value of Common Stock held by nonaffiliates as of February 15, 2002: $1,747,001,553.

Number of shares of Common Stock outstanding as of February 15, 2002: 57,007,724.

DOCUMENT INCORPORATED BY REFERENCE

Portions of the Registrant's definitive proxy statement for the 2002 Annual Meeting of Stockholders to be held on April 23, 2002, which will be filed with the Securities and Exchange Commission within 120 days after December 31, 2001, are incorporated by reference into Part III.

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PART I

ITEM 1. BUSINESS.

CAUTIONARY STATEMENT FOR PURPOSES OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 AND OTHER FEDERAL SECURITIES LAWS

GENERAL. We are including the following discussion to inform our existing and potential security holders generally of some of the risks and uncertainties that can affect the Company and to take advantage of the "safe harbor" protection for forward-looking statements afforded under federal securities laws. From time to time, the Company's management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about the Company. These statements may include projections and estimates concerning the timing and success of specific projects and the Company's future

(1) income, (2) oil and gas production, (3) oil and gas reserves and reserve replacement and (4) capital spending. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "plan," "goal" or other words that convey the uncertainty of future events or outcomes. Sometimes we will specifically describe a statement as being a forward-looking statement. In addition, except for the historical information contained in this Form 10-K, the matters discussed in this Form 10-K are forward-looking statements. These statements by their nature are subject to certain risks, uncertainties and assumptions and will be influenced by various factors. Should any of the assumptions underlying a forward-looking statement prove incorrect, actual results could vary materially.

We believe the factors discussed below are important factors that could cause actual results to differ materially from those expressed in a forward-looking statement made herein or elsewhere by us or on our behalf. The factors listed below are not necessarily all of the important factors. Unpredictable or unknown factors not discussed herein could also have material adverse effects on actual results of matters that are the subject of forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises. We advise our stockholders that they should (1) be aware that important factors not described below could affect the accuracy of our forward-looking statements and (2) use caution and common sense when analyzing our forward-looking statements in this document or elsewhere. All of such forward-looking statements are qualified in their entirety by this cautionary statement.

VOLATILITY AND LEVEL OF HYDROCARBON COMMODITY PRICES. Historically, natural gas and crude oil prices have been volatile. These prices rise and fall based on changes in market demand and changes in the political, regulatory and economic climate and other factors that affect commodities markets generally and are outside of our control. Some of our projections and estimates are based on assumptions as to the future prices of natural gas and crude oil. These price assumptions are used for planning purposes. We expect our assumptions will change over time and that actual prices in the future may differ from our estimates. Any substantial or extended decline in the actual prices of natural gas and/or crude oil could have a material adverse effect on (1) the Company's financial position and results of operations (including reduced cash flow and borrowing capacity), (2) the quantities of natural gas and crude oil reserves that we can economically produce, (3) the quantity of estimated proved reserves that may be attributed to our properties and (4) our ability to fund our capital program.

PRODUCTION RATES AND RESERVE REPLACEMENT. Projecting future rates of oil and gas production is inherently imprecise. Producing oil and gas reservoirs generally have declining production rates. Production rates depend on a number of factors, including geological, geophysical and engineering factors, weather, production curtailments or restrictions, prices for natural gas and crude oil, available transportation capacity, market demand and the political, economic and regulatory climate. Another factor affecting production rates is our ability to replace depleting reservoirs with new reserves through exploration success or acquisitions. Exploration success is difficult to predict, particularly over the short term, where results can vary widely from year to year. Moreover, our ability to replace reserves over an extended period depends not only on the total volumes found, but also on the cost of finding and developing such reserves. Depending on the general price environment for natural gas and crude oil, our finding

and development costs may not justify the use of resources to explore for and develop such reserves. There can be no assurances as to the level or timing of success, if any, that we will be able to achieve in finding and developing or acquiring additional reserves. Acquisitions that result in successful exploration or exploitation projects require assessment of numerous factors, many of which are beyond our control. There can be no assurance that any acquisition of property interests by us will be successful and, if unsuccessful, that such failure will not have an adverse effect on our financial condition, results of operations and cash flows.

RESERVE ESTIMATES. Our forward-looking statements may be predicated on our estimates of our oil and gas reserves. All of the reserve data in this Form 10-K or otherwise made by or on behalf of the Company are estimates. Reservoir engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. There are numerous uncertainties inherent in estimating quantities of proved natural gas and oil reserves. Projecting future rates of production and timing of future development expenditures is also inexact. Many factors beyond our control affect these estimates. In addition, the accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Therefore, it is common that estimates made by different engineers will vary. The results of drilling, testing and production after the date of an

estimate may also require a revision of that estimate, and these revisions may be material. As a result, reserve estimates are generally different from the quantities of oil and gas that are ultimately recovered.

LAWS AND REGULATIONS. Our forward-looking statements are generally based on the assumption that the legal and regulatory environment will remain stable. Changes in the legal and/or regulatory environment could have a material adverse effect on our future results of operations and financial condition. Our ability to economically produce and sell our oil and gas production is affected and could possibly be restrained by a number of legal and regulatory factors, including federal, state and local laws and regulations in the U.S. and laws and regulations of foreign nations, affecting (1) oil and gas production, including allowable rates of production by well or proration unit, (2) taxes applicable to the Company and/or our production, (3) the amount of oil and gas available for sale, (4) the availability of adequate pipeline and other transportation and processing facilities and (5) the marketing of competitive fuels. Our operations are also subject to extensive federal, state and local laws and regulations in the U.S. and laws and regulations of foreign nations relating to the generation, storage, handling, emission, transportation and discharge of materials into the environment. These environmental laws and regulations continue to change and may become more onerous or restrictive in the future. Our forward-looking statements are generally based upon the expectation that we will not be required in the near future to expend amounts to comply with environmental laws and regulations that are material in relation to our total capital expenditures program. However, inasmuch as such laws and regulations are frequently changed, we are unable to accurately predict the ultimate cost of such compliance.

DRILLING AND OPERATING RISKS. Our drilling operations are subject to various risks common in the industry, including cratering, explosions, fires and uncontrollable flows of oil, gas or well fluids. In addition, a substantial amount of our operations are currently offshore, domestically and internationally, and subject to the additional hazards of marine operations, such as loop currents, capsizing, collision and damage or loss from severe weather. Our drilling operations are also subject to the risk that no commercially productive natural gas or oil reserves will be encountered. The cost of drilling, completing and operating wells is often uncertain, and drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including drilling conditions, pressure or irregularities in formations, equipment failures or accidents and adverse weather conditions.

COMPETITION. The Company's forward-looking statements are generally based on a stable competitive environment. Competition in the oil and gas industry is intense both domestically and internationally. We actively compete for reserve acquisitions and exploration leases and licenses, as well as in the gathering and marketing of natural gas and crude oil. Our competitors include the major oil companies, independent oil and gas concerns, individual producers, natural gas and crude oil marketers and major pipeline companies, as well as participants in other industries supplying energy and fuel to industrial, commercial and individual consumers. To the extent our competitors have greater financial resources than currently available to us, we may be disadvantaged in effectively competing for certain reserves, leases and licenses. Recently announced consolidations in the industry may

enhance the financial resources of certain of our competitors. From time to time, the level of industry activity may result in a tight supply of labor or equipment required to operate and develop oil and gas properties. The availability of drilling rigs and other equipment, as well as the level of rates charged, may have an effect on our ability to compete and achieve success in our exploration and production activities.

In marketing our production, we compete with other producers and marketers on such factors as deliverability, price, contract terms and quality of product and service. Competition for the sale of energy commodities among competing suppliers is influenced by various factors, including price, availability, technological advancements, reliability and creditworthiness. In making projections with respect to natural gas and crude oil marketing, we assume no material decrease in the availability of natural gas and crude oil for purchase. We believe that the location of our properties, our expertise in exploration, drilling and production operations, the experience of our management and the efforts and expertise of our marketing units generally enable us to compete effectively. In making projections with respect to numerous aspects of our business, we generally assume that there will be no material change in competitive conditions that would adversely affect us.

GENERAL

Noble Affiliates, Inc. is a Delaware corporation organized in 1969, and is principally engaged, through its subsidiaries, in the exploration, production and marketing of oil and gas.

In this report, unless otherwise indicated or the context otherwise requires, the "Company" or the "Registrant" refers to Noble Affiliates, Inc. and its subsidiaries, "Samedan" refers to Samedan Oil Corporation and its subsidiaries, "EDC" refers to Energy Development Corporation and its subsidiaries, "NGM" refers to Noble Gas Marketing, Inc. and its subsidiary and "NTI" refers to Noble Trading, Inc. Effective December 31, 2001, EDC (but not its subsidiaries) was merged into Samedan. In this report, quantities of oil or natural gas liquids are expressed in barrels ("BBLS"), thousands of barrels ("MBBLS") and millions of barrels ("MMBBLS"); quantities of natural gas are expressed in thousands of cubic feet ("MCF"), millions of cubic feet ("MMCF"), billions of cubic feet ("BCF"), trillions of cubic feet ("TCF") and million British Thermal Units ("MMBTU"). Equivalent units are expressed in thousand cubic feet of gas equivalents ("MCFe"), million cubic feet of gas equivalents ("MMCFe"), billion cubic feet of gas equivalents ("BCFe"), trillion cubic feet of gas equivalents ("TCFe"), converting oil to gas at one barrel of oil equaling six thousand cubic feet of gas, or barrel of oil equivalents ("BOE"), millions of barrels of oil equivalents ("MMBOE"), converting gas to oil at six thousand cubic feet of gas to one barrel of oil.

The Company's wholly-owned subsidiary, NGM, markets the majority of the Company's natural gas as well as third-party gas. The Company's wholly-owned subsidiary, NTI, markets a portion of the Company's oil as well as third-party oil. For more information regarding NGM's operations and NTI's operations, see "Item 1. Business--Oil and Gas--Marketing" of this Form 10-K.

The Company's unconsolidated subsidiary, Atlantic Methanol Capital Company ("AMCCO"), is a 50 percent owned joint venture that owns an indirect 90 percent interest in Atlantic Methanol Production Company ("AMPCO"), which completed construction of a methanol plant in Equatorial Guinea in the second quarter of 2001. Through 2001, AMCCO was accounted for using the equity method within the Registrant's wholly owned subsidiary, Samedan of North Africa, Inc. For more information, see "Item 1. Business--Unconsolidated Subsidiary" and "Item 8. Financial Statements and Supplementary Data--Note 9 - Unconsolidated Subsidiary" of this Form 10-K.

OIL AND GAS

The Company's wholly-owned subsidiary, Samedan, directly or through various arrangements with other companies, explores for, develops and produces oil and gas hydrocarbons. Exploration activities include geophysical and geological evaluation and exploratory drilling on properties for which the Company has exploration rights. Samedan has been engaged in the exploration, production and marketing of oil and gas since 1932. Samedan has exploration, exploitation and production operations domestically and internationally. The

domestic areas consist of: offshore in the Gulf of Mexico and California; the Gulf Coast Region (Louisiana, New Mexico and Texas); the Mid-Continent Region (Oklahoma and Southern Kansas); and the Rocky Mountain Region (Colorado, Montana, North Dakota, Wyoming and California). The international areas of operations include Argentina, China, Ecuador, Equatorial Guinea, the Mediterranean Sea, the North Sea and Vietnam. For more information regarding Samedan's oil and gas properties, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

EXPLORATION ACTIVITIES

DOMESTIC OFFSHORE. Samedan has been actively engaged in exploration, exploitation and development of oil and gas properties in the Gulf of Mexico (offshore Texas, Louisiana, Mississippi and Alabama) and offshore California since 1968. Generally, offshore properties are characterized by prolific reservoirs with high production rates, which therefore tend to deplete more rapidly than the Company's onshore properties. The Company's current offshore production is derived from 237 wells operated by Samedan and 309 wells operated by others. During the past 33 years, Samedan has drilled or participated in the drilling of 1,084 gross wells offshore. At December 31, 2001, the Company held offshore federal leases covering 995,178 gross developed acres and 690,974 gross undeveloped acres on which the Company currently intends to conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

DOMESTIC ONSHORE. Samedan has been actively engaged in exploration, exploitation and development of oil and gas properties in three regions since the 1930's. The Gulf Coast Region covers onshore Louisiana, New Mexico and Texas. Properties in the Gulf Coast Region are characterized by gas reservoirs with strong production rates and oil fields with primary and secondary recovery operations that tend to deplete more gradually than the Company's offshore properties. The Mid-Continent Region covers Oklahoma and Southern Kansas. Properties in the Mid-Continent Region tend to be characterized by stable oil and gas production from primary and secondary recovery operations and the reservoirs tend to produce for longer periods compared to the Company's offshore properties. The Rocky Mountain Region

covers Colorado, Montana, North Dakota, Wyoming and California. Reservoirs in the Rocky Mountain Region are primarily characterized by oil and gas production from primary and secondary recovery operations.

During the fourth quarter of 2001, the Company acquired all of Aspect Energy's interests in 110 wells located along the Texas and Louisiana Gulf Coast. Current production is approximately 1,900 BBLS of oil per day and 57 MMCF of gas per day. We acquired approximately 59 BCFe of reserves along with working capital and hedging positions. Also acquired was a 50 percent interest in Aspect's future drilling prospects in this region. As part of the transaction, the Company paid $107 million in cash, issued $14 million of common stock previously held in treasury and assumed a $40 million note payable.

Samedan's current onshore production is derived from 1,743 wells operated by Samedan and 1,295 wells operated by others. At December 31, 2001, the Company held 643,260 gross developed acres and 347,628 gross undeveloped acres onshore on which the Company may conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

ARGENTINA. Samedan, through its subsidiary, Energy Development Corporation (Argentina), Inc., has been actively engaged in exploration, exploitation and development of oil and gas properties in Argentina since 1996. The Company's producing properties are located in southern Argentina in the El Tordillo field, which is characterized by secondary recovery oil production from a 10,000 acre reservoir. At December 31, 2001, the Company held 28,988 gross developed acres and 2,398,970 gross undeveloped acres in Argentina on which the Company may conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

CHINA. Samedan, through its subsidiary, Energy Development Corporation (China), Inc., has been actively engaged in exploration, exploitation and development of oil and gas properties in China since 1996. The Company has two concessions in South Bohai Bay, offshore China. These concessions, Cheng Dao Xi and Cheng Zi Kou, are contiguous and adjoin non-owned production in the southern portion of Bohai Bay. At December 31, 2001, the

Company held 7,413 gross developed acres and 3,728,198 gross undeveloped acres in China on which the Company may conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

ECUADOR. Samedan, through its subsidiary, EDC Ecuador Ltd., has been actively engaged in exploration, exploitation and development of oil and gas properties in Ecuador since 1996. The Company's objective in Ecuador is to develop the gas market for the Amistad gas field (offshore Ecuador) which was discovered in the late 1970's. The gas will be used to generate electricity from a power generation facility, owned 100 percent by the Company, near the city of Machala. The facility will ultimately be capable of generating 240 megawatts of electricity into the Ecuadorian power grid. The concession covers 12,355 gross developed acres and 851,771 gross undeveloped acres encompassing the Amistad field. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

EQUATORIAL GUINEA. Samedan, through its subsidiary, Samedan of North Africa, Inc., has been actively engaged in exploration, exploitation and development of oil and gas properties offshore Equatorial Guinea (West Africa) since 1990. The primary offshore Equatorial Guinea production is from the Alba field, which produces gas and condensate. The gas production is being utilized as feedstock by a methanol plant, which began production in the second quarter of 2001. The plant is owned by AMPCO, in which the Company indirectly owns a 45 percent interest through its 50 percent ownership of AMCCO. For more information on the methanol plant, see "Item 1. Business--Unconsolidated Subsidiary" of this Form 10-K. Based on reserve estimates, the Alba field can deliver sufficient gas for the plant to operate for 30 years. At December 31, 2001, the Company held 45,203 gross developed acres and 266,754 gross undeveloped acres offshore Equatorial Guinea on which the Company may conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

NORTH SEA. Samedan, through its subsidiaries, EDC (Europe) Limited, EDC (Denmark) Inc. and EDC Ireland, has been actively engaged in exploration, exploitation and development of oil and gas properties in the North Sea since 1996. The Company's current oil and gas production in the North Sea is derived from 141 wells operated by others. Reservoirs in the North Sea tend to have the same attributes as Gulf of Mexico reservoirs. At December 31, 2001, the Company held 202,199 gross developed acres and 805,177 gross undeveloped acres on which the Company may conduct future exploration activities. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

MEDITERRANEAN SEA. The Company, through its subsidiary, Samedan, Mediterranean Sea, owns a 47 percent interest in 11 licenses, permits or leases. At December 31, 2001, the Company held 123,552 gross developed acres and 1,122,053 gross

undeveloped acres. The acreage is located about 20 miles offshore Israel in water depths ranging from 700 feet to 5,000 feet. The Company and its partners expect to provide approximately 170 MMCF of natural gas per day to Israeli Electric Corporation beginning in early 2004. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

VIETNAM. The Company, through its subsidiary, Samedan Vietnam Limited, owns a 60 percent interest in two offshore blocks totaling 1,701,812 gross undeveloped acres in the Nam Con Son basin. Samedan drilled two exploration wells in 2001. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

PRODUCTION ACTIVITIES

OPERATED PROPERTY STATISTICS. The percentage of oil and gas wells operated and the percentage of sales volume from operated properties are shown in the following table as of December 31:

	2001		2000		1999	
(IN PERCENTAGES)	OIL	GAS	OIL	GAS	OIL	GAS
Operated well count basis	24.8	60.6	23.1	66.0	22.8	61.2
Operated sales volume basis	37.2	52.3	48.3	64.5	48.1	59.8

NET PRODUCTION. The following table sets forth Samedan's net oil and natural gas production including royalty, for the three years ended December 31:

	2001	2000	1999
Oil Production (MMBBLS)	11.2	9.4	11.0
Gas Production (BCF)	154.2	148.7	166.1

OIL AND GAS EQUIVALENTS. The following table sets forth Samedan's net production stated in oil and gas equivalent volumes, for the three years ended December 31:

2001	2000	1999

Total Oil
Equivalents
(MMBOE)
36.9 34.2
38.6 Total
Gas
Equivalents
(BCFe)
221.3
205.4
231.8

ACQUISITIONS OF OIL AND GAS PROPERTIES, LEASES AND CONCESSIONS

During 2001, Samedan spent approximately $98 million on the purchase of proved oil and gas properties. Samedan spent approximately $99 million in 2000 and $.1 million in 1999 on proved properties. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

During 2001, Samedan spent approximately $81 million on acquisitions of unproved properties. Samedan spent approximately $17.6 million in 2000 and $7.9 million in 1999 on acquisitions of unproved properties. These properties were acquired primarily through various offshore lease sales, domestic onshore lease acquisitions and international concession negotiations. For more information, see "Item 2. Properties--Oil and Gas" of this Form 10-K.

MARKETING

NGM seeks opportunities to enhance the value of the Company's gas by marketing directly to end users and aggregating gas to be sold to gas marketers and pipelines. During 2001, approximately 70 percent of NGM's total sales were to end users. NGM is also actively involved in the purchase and sale of gas from other producers. Such third-party gas may be purchased from non-operators who own working interests in the Company's wells or from other producers' properties in which the Company may not own an interest. NGM, through its wholly-owned subsidiary, Noble Gas Pipeline, Inc., engages in the installation, purchase and operation of gas gathering systems.

Samedan has short-term gas sales contracts with NGM, whereby Samedan is paid an index price for all gas sold to NGM. Samedan sold approximately 83 percent of its natural gas production to NGM in 2001. Sales, including hedging transactions, are recorded as gathering, marketing and processing revenues. NGM records the amount paid to Samedan and third parties as cost of sales in gathering, marketing and processing. All intercompany sales and expenses are eliminated in the Company's consolidated financial statements. The Company has a small number of long-term gas contracts representing less than two percent of its total gas sales.

Oil produced by the Company is sold to purchasers in the United States and foreign locations at various prices depending on the location and quality of the oil. The Company has no long-term contracts with purchasers of its oil production. Crude oil and condensate are distributed through pipelines and by trucks to gatherers, transportation companies and end users. NTI markets approximately 38 percent of the Company's oil production as well as certain third-party oil. The Company records all of NTI's sales as gathering, marketing and processing revenues and records cost of sales in gathering, marketing and processing costs. All intercompany sales and expenses are eliminated in the Company's consolidated financial statements.

Oil prices are affected by a variety of factors that are beyond the control of the Company. The principal factors influencing the prices received by producers of domestic crude oil continue to be the pricing and production of the

members of the Organization of Petroleum Exporting Countries. The Company's average oil price decreased $2.21 from $24.37 per BBL in 2000 to $22.16 per BBL in 2001. Due to the volatility of oil prices, the Company, from time to time, has used hedging instruments and may do so in the future as a means of controlling its exposure to price changes. For additional information, see "Item 7a. Quantitative and Qualitative Disclosures About Market Risk" and "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

Substantial competition in the natural gas marketplace continued in 2001. Gas prices, which were once determined largely by governmental regulations, are now determined by the marketplace. The Company's average gas price increased from $3.77 per MCF in 2000 to $3.94 per MCF in 2001. Due to the volatility of gas prices, the Company, from time to time, has used hedging instruments and may do so in the future as a means of controlling its exposure to price changes. For additional information, see "Item 7a. Quantitative and Qualitative Disclosures About Market Risk" and "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

The largest single non-affiliated purchaser of the Company's oil production in 2001 accounted for approximately 16 percent of the Company's oil sales, representing approximately two percent of total revenues. The five largest purchasers accounted for approximately 37 percent of total oil sales. The largest single non-affiliated purchaser of the Company's gas production in 2001 accounted for approximately three percent of its gas sales. The five largest purchasers accounted for approximately 10 percent of total gas sales. The Company does not believe that its loss of a major oil or gas purchaser would have a material effect on the Company.

REGULATIONS AND RISKS

GENERAL. Exploration for and production and sale of oil and gas are extensively regulated at the international, national, state and local levels. Oil and gas development and production activities are subject to various laws and regulations (and orders of regulatory bodies pursuant thereto) governing a wide variety of matters, including allowable rates of production, prevention of waste and pollution, and protection of the environment. Laws affecting the oil and gas industry are under constant review for amendment or expansion and frequently increase the regulatory burden on companies. Our ability to economically produce and sell our oil and gas production is affected and could possibly be restrained by a number of legal and regulatory factors, including federal, state and local laws and regulations in the U.S. and laws and regulations of foreign nations. Many of these governmental bodies have issued rules and regulations that are often difficult and costly to comply with, and that carry substantial penalties for failure to comply. These laws, regulations and orders may restrict the rate of oil and gas production below the rate that would otherwise exist in the absence of such laws, regulations and orders. The regulatory burden on the oil and gas industry increases its costs of doing business and consequently affects the Company's profitability.

CERTAIN RISKS. In the Company's exploration operations, losses may occur before any accumulation of oil or gas is found. If oil or gas is discovered, no assurance can be given that sufficient reserves will be developed to enable the Company to recover the costs incurred in obtaining the reserves or that reserves will be developed at a sufficient rate to replace reserves currently being produced and sold. The Company's international operations are also subject to certain political, economic and other uncertainties including, among others, risk of war, expropriation, renegotiation or modification of existing contracts, taxation policies, foreign exchange restrictions, international monetary fluctuations and other hazards arising out of foreign governmental sovereignty over areas in which the Company conducts operations.

ENVIRONMENTAL MATTERS. As a developer, owner and operator of oil and gas properties, the Company is subject to various federal, state, local and foreign country laws and regulations relating to the discharge of materials into, and the protection of, the environment. The unauthorized release or discharge of oil or certain other regulated substances from the Company's domestic onshore or offshore facilities could subject the Company to liability under federal laws and regulations, including the Oil Pollution Act of 1990, the Outer Continental Shelf Lands Act and the Federal Water Pollution Control Act, as amended. These laws, among others, impose liability for such a release or discharge for pollution cleanup costs, damage to natural resources and the environment, various forms of direct and indirect economic losses, civil or criminal penalties, and orders or injunctions, including those that can require the suspension or cessation of operations causing or impacting or potentially impacting such release or discharge.

The liability under these laws for a substantial such release or discharge, subject to certain specified limitations on liability, may be extraordinarily large. If any pollution was caused by willful misconduct, willful negligence or gross negligence within the privity and knowledge of the Company, or was caused primarily by a violation of federal regulations, the Federal Water Pollution Control Act provides that such limitations on liability do not apply. Certain of the Company's facilities are subject to regulations that require the preparation and implementation of spill prevention control and countermeasure plans relating to the prevention of, and preparation for, the possible discharge of oil into navigable waters.

The Comprehensive Environmental Response, Compensation and Liability Act, as

amended ("CERCLA"), also known as "Superfund," imposes liability on certain classes of persons that generated a hazardous substance that has been released into the environment or that own or operate facilities or vessels onto or into which hazardous substances are disposed. The Resource Conservation and Recovery Act, as amended, ("RCRA") and regulations promulgated thereunder, regulate hazardous waste, including its generation, treatment, storage and disposal. CERCLA currently exempts crude oil, and RCRA currently exempts certain oil and gas exploration and production drilling materials, such as drilling fluids and produced waters, from the definitions of hazardous substance and hazardous waste, respectively. The Company's operations, however, may involve the use or handling of other materials that may be classified as hazardous substances and hazardous wastes, and therefore, these statutes and regulations promulgated under them would apply to the Company's generation, handling and disposal of these materials. In addition, there can be no assurance that such exemptions will be preserved in future amendments of such acts, if any, or that more stringent laws and regulations protecting the environment will not be adopted.

Certain of the Company's facilities may also be subject to other federal environmental laws and regulations, including the Clean Air Act with respect to emissions of air pollutants.

Certain state or local laws or regulations and common law may impose liabilities in addition to, or restrictions more stringent than, those described herein.

The environmental laws, rules and regulations of foreign countries are generally less stringent than those of the United States, and therefore, the requirements of such jurisdictions do not generally impose an additional compliance burden on the Company or on its subsidiaries.

The Company has made and will continue to make expenditures in its efforts to comply with environmental requirements. The Company does not believe that it has to date expended material amounts in connection with such activities or that compliance with such requirements will have a material adverse effect upon the capital expenditures, earnings or competitive position of the Company. Although such requirements do have a substantial impact upon the energy industry, generally they do not appear to affect the Company any differently or to any greater or lesser extent than other companies in the industry.

INSURANCE. The Company has various types of insurance coverages as are customary in the industry which include, in various degrees, general liability, control of well, loss of production, pollution, political risks and physical damage insurance. The Company believes the coverages and types of insurance are adequate.

COMPETITION

The oil and gas industry is highly competitive. Since many companies and individuals are engaged in exploring for oil and gas and acquiring oil and gas properties, a high degree of competition for desirable exploratory and producing properties exists. A number of the companies with which the Company competes are larger and have greater financial resources than the Company.

The availability of a ready market for the Company's oil and gas production depends on numerous factors beyond its control, including the level of consumer demand, the extent of worldwide oil and gas production, the costs and availability of alternative fuels, the costs and proximity of pipelines and other transportation facilities, regulation by state and federal authorities and the costs of complying with applicable environmental regulations.

UNCONSOLIDATED SUBSIDIARY

The Company has an unconsolidated subsidiary, Atlantic Methanol Capital Company ("AMCCO"), a 50 percent owned joint venture that owns an indirect 90 percent interest in Atlantic Methanol Production Company ("AMPCO"). The Company accounted for its interest in AMCCO through 2001 using the equity method within the Company's wholly-owned subsidiary, Samedan of North Africa, Inc. The Company participated with a 50 percent expense interest (45 percent ownership net of a five percent government carried interest) in the construction of a methanol plant in Equatorial Guinea. The total construction costs of the plant and supporting facilities as of December 31, 2001 were $403 million including various contingencies, with the Company responsible for $201.5 million. AMPCO estimates that an additional $32 million will be incurred to complete various supporting facilities to finalize the project. The Company will be responsible for $16 million in 2002. The plant is designed to produce 2,500 metric tons of methanol per day, which equates to approximately 20,000 BBLS per day. At this level of production, the plant would use approximately 125 MMCF of gas per day from the 34 percent owned Alba field as feedstock. Reserve estimates indicate the Alba field can deliver sufficient gas for the plant to operate 30 years. The methanol plant was completed and on line in the second quarter of 2001. During 1999, AMCCO issued $250 million senior secured notes due 2004 that are not

included in the Company's balance sheet. On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged. For more information, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 8. Financial Statements and Supplementary Data--Note 9 - Unconsolidated Subsidiary" of this Form 10-K.

EMPLOYEES

The total number of employees of the Company increased during the year from 576 at December 31, 2000, to 610 at December 31, 2001.

ITEM 2. PROPERTIES.

OFFICES

The principal executive office of the Registrant is located in Houston, Texas. The Company maintains offices for international, domestic onshore and domestic offshore operations in Houston, Texas. The Company also maintains offices in China, Ecuador, Israel, the United Kingdom and Vietnam. NGM's office and NTI's office are located in Houston, Texas. The Company also maintains offices in Ardmore, Oklahoma for centralized accounting, division orders, human resources and related administrative functions.

OIL AND GAS

The Company, directly or through various arrangements with others, searches for potential oil and gas properties, seeks to acquire exploration rights in areas of interest and conducts exploratory activities. These activities include geophysical and geological evaluation and exploratory drilling, where appropriate, on properties for which it acquired exploration rights. During 2001, Samedan drilled or participated in the drilling of 293 gross (118.1 net) wells, comprised of 103 gross (21.3 net) international wells and 190 gross (96.8 net) domestic wells. For more information regarding Samedan's oil and gas properties, see "Item 1. Business--Oil and Gas" of this Form 10-K.

DOMESTIC OFFSHORE. The Lost Ark prospect on East Breaks 421 is the Company's first operated commercial deepwater discovery in the Gulf of Mexico. The East Breaks 421 #1 well was drilled to a total depth of 7,700 feet

in 2,700 feet of water. The well, in which the Company owns a 48 percent working interest, encountered a gross gas pay section from 6,695 feet to 6,805 feet, with high porosity and permeability.

Other deepwater gas discoveries include Mississippi Canyon 278 and 837, in which Samedan owns a 30 percent and a 40 percent working interest, respectively; Garden Banks 240, in which Samedan owns a 100 percent working interest; and Green Canyon 136, in which Samedan owns a 25 percent working interest.

Deepwater oil discoveries include Green Canyon 282, in which Samedan owns a 25 percent working interest, and Viosca Knoll 917/962, in which Samedan owns a 20 percent working interest.

The Mound Point prospect, located offshore Louisiana on State Lease 340, was drilled to 18,704 feet, logging two potential pay sections. Production casing has been run and a completion and testing program is being designed. The Company owns a 25 percent working interest.

Samedan was the successful bidder, alone or with partners, on 33 lease blocks at the Central Gulf of Mexico Outer Continental Shelf Sale 178. The high bids totaled approximately $27.5 million net to the Company's interest. Nineteen of the high bids were on blocks in deepwater and 14 were on blocks located on the shelf. Samedan will be the designated operator on 19 of the blocks.

DOMESTIC ONSHORE. During the fourth quarter of 2001, the Company acquired all of Aspect Energy's interests in 110 wells located along the Texas and Louisiana Gulf Coast. Current production is approximately 1,900 BBLS of oil per day and 57 MMCF of gas per day. We acquired approximately 59 BCFe of reserves along with working capital and hedging positions. Also acquired was a 50 percent interest in Aspect's future drilling prospects in this region. As part of the transaction, the Company paid $107 million in cash, issued $14 million of common stock previously held in treasury and assumed a $40 million note payable.

Key domestic onshore exploration projects in 2001 included the exploitation of

the Miogyp Trend in southwest Louisiana. Discoveries in this trend include the Thompson #1, which was tested at a rate of 10 MMCF of gas per day and 52 BBLS of condensate per day, and the McConnell #4, which tested at a rate of 15 MMCF of gas per day and 62 BBLS of condensate per day. Samedan owns a 63 percent and a 20 percent working interest, respectively.

The Runnells #5 in Matagorda County, Texas was completed and tested at a rate of 21 MMCF of gas per day and 710 BBLS of condensate per day. The Runnells #5 is a follow-up to the Runnells #3 discovery. The Company owns a 23 percent working interest in both wells.

ARGENTINA. The Company's wholly-owned subsidiary, Energy Development Corporation (Argentina), Inc., participated with a 13 percent working interest in 70 exploitation wells in the El Tordillo field during 2001. The Company is awaiting government approval on an oil and gas exploration permit of approximately 1.2 million acres. The permit is located in the Cuyo Basin of Mendoza Province in western Argentina. The Company was the successful bidder on an adjacent permit of approximately 1.1 million acres.

CHINA. The Company's wholly-owned subsidiary, Energy Development Corporation (China), Inc., entered into an agreement to acquire a 50 percent working interest in South China Sea blocks 16/02, 16/05 and 26/35. The blocks encompass approximately two million acres in the Pearl River Mouth Basin. The HuizhouSag block 16/02 tested 1,581 BBLS of oil per day and 2 MMCF of natural gas per day.

ECUADOR. EDC Ecuador Ltd. completed the successful testing of a well located offshore Ecuador in the Gulf of Guayaquil block 3. The Amistad #7 is an exploratory well that is part of a four-well work program on the block. The well was drilled from a platform located 30 miles offshore in 134 feet of water. The well tested 19.4 MMCF of gas per day from 172 feet of perforations on a 32/64-inch choke with 3,208 pounds per square inch of flowing tubing pressure at the wellhead. It logged 472 feet of gross sand thickness in the Miocene Age Progreso formation. The Company owns a 100 percent working interest in the field.

The gas will be used to generate electricity from a power generating facility, owned 100 percent by the Company, near the city of Machala. The facility will ultimately be capable of generating 240 megawatts of electricity into the Ecuadorian power grid.

EQUATORIAL GUINEA. The Alba #9 was successfully completed and tested as a major natural gas and condensate well in the Alba field offshore Equatorial Guinea. The well is located 2.4 miles from the nearest producing well in the Alba field, which is located 18 miles offshore, northwest of Bioko Island. The well tested at a rate of 37.5 MMCF of gas per day and 2,400 BBLS of condensate per day from 120 feet of perforations on a one-inch choke at 2,473 pounds per square inch flowing tubing pressure. Estimated proven and probable reserves for the Alba field now total more than 300 MMBBLS of liquid hydrocarbons associated with 1.6 TCF of natural gas. The Company owns a 34 percent working interest in the field.

The Estrella #1, in which the Company owns a 34 percent working interest, was drilled to a depth of 10,324 feet in approximately 200 feet of water 22 miles northwest of Bioko Island. The well flow tested at a combined stabilized rate of 6,780 BBLS of condensate and 47 MMCF of natural gas per day from two intervals between 6,950 feet and 7,200 feet. The well results are currently being evaluated for possible early production. The Alba field "A" platform is located approximately five miles south of the Estrella well. Further drilling to determine the ultimate size of the Estrella accumulation is being evaluated.

The Company's unconsolidated subsidiary, AMCCO, is a 50 percent owned joint venture that owns an indirect 90 percent interest in AMPCO, which completed construction of a methanol plant in Equatorial Guinea in the second quarter of 2001. The plant construction started during 1998 and initial production of commercial grade methanol commenced May 2, 2001. Operating at full capacity, the facility converts approximately 125 MMCF of gas per day into approximately 2,500 metric tons (20,000 BBLS) of methanol per day for commercial markets. During 2001, 12 shipments of methanol were delivered, five to European markets and seven to markets in the United States.

ISRAEL. The Company's wholly-owned subsidiary, Samedan, Mediterranean Sea, and its partners expect to provide approximately 170 MMCF of natural gas per day to Israeli Electric Corporation beginning in early 2004, for use in IEC's power plants. The gas will be produced from the Mari-B and Noa prospects, which had discovery wells drilled in 2000 and 1999, respectively, offshore Israel and production is anticipated to begin in 2004.

NORTH SEA. The Company's wholly-owned subsidiary, EDC (Europe) Limited, received United Kingdom approval for a $50 million development of the Hannay oil field. The Hannay field is located in the UK sector of the North Sea in block 20/5c. The operator has estimated reserves of eight MMBBLS of oil equivalent with a

field life of eight years. The Company owns a 15 percent working interest in the field.

Oil production commenced in August from the Hanze field in the North Sea, off the coast of the Netherlands. Production started at a rate of 11,000 BBLS of oil per day in August 2001 and by year-end the block was producing approximately 30,000 BBLS of oil per day. The Company owns a 15 percent working interest in the field which is located in block F2a and is the first offshore oil chalk reservoir ever developed in the Netherlands.

VIETNAM. The Company's wholly-owned subsidiary, Samedan Vietnam Limited, successfully tested a discovery well in the Swan prospect, which is located in block 12W offshore Vietnam. The well, 12W-TN-1X, is located approximately 230 miles southeast of Ho Chi Minh City in the Nam Con Son Basin in 260 feet of water. It was drilled to a total depth of 14,626 feet and tested natural gas at a stabilized flow rate of 20 MMCF of gas per day with 150 BBLS of condensate per day from a perforated interval of 131 feet during a drill stem test at 12,884 feet in the Upper Oligocene Cau formation. Further evaluation, including a 3D seismic survey and a confirmation well, will be needed to determine the commercial significance of the discovery. The Company owns a 60 percent working interest in the 567,000 acre block.

The Lark prospect, located offshore Vietnam in block 12E, was non-commercial.

NET EXPLORATORY AND DEVELOPMENTAL WELLS. The following table sets forth, for each of the last three years, the number of net exploratory and development wells drilled by or on behalf of Samedan. An exploratory well is a well drilled to find and produce oil or gas in an unproved area, to find a new reservoir in a field previously found to be productive of oil or gas in another reservoir, or to extend a known reservoir. A development well, for purposes of the following table and as defined in the rules and regulations of the Securities and Exchange Commission, is a well drilled within the proved area of an oil or gas reservoir to the depth of a stratigraphic horizon known to be productive. The number of wells drilled refers to the number of wells completed at any time during the respective year, regardless of when drilling was initiated. Completion refers to the installation of permanent equipment for the production of oil or gas, or in the case of a dry hole, to the reporting of abandonment to the appropriate agency.

NET
EXPLORATORY
WELLS NET
DEVELOPMENT
WELLS ------

--------- --

--
PRODUCTIVE(1)
DRY(2)
PRODUCTIVE(1)
DRY(2) -----

---------- -

--- YEAR
ENDED
DECEMBER 31,
U.S. INT'L
U.S. INT'L
U.S. INT'L
U.S. INT'L -

--- 2001
4.87 .63
10.79 5.41
68.30 13.67
12.88 1.62
2000 17.86
3.94 10.59
1.00 101.89
5.99 4.17
.57 1999

6.97 2.00
6.14 .55
26.10 4.82
2.42 .01

- ----------

(1) A productive well is an exploratory or a development well that is not a dry hole.

(2) A dry hole is an exploratory or development well found to be incapable of producing either oil or gas in sufficient quantities to justify completion as an oil or gas well.

At January 31, 2002, Samedan was drilling 6 gross (2.7 net) exploratory wells and 11 gross (4.0 net) development wells. These wells are located onshore in Texas, Colorado, Argentina, and offshore in the Gulf of Mexico, China, Equatorial Guinea and the North Sea. These wells have objectives ranging from approximately 2,600 feet to 16,900 feet. The drilling cost to Samedan of these wells is approximately $21 million if all are dry and approximately $31 million if all are completed as producing wells.

OIL AND GAS WELLS. The number of productive oil and gas wells in which Samedan held an interest as of December 31 follows:

	2001(1)(3)		2000(1)(3)		1999(1)(2)(3)	
	GROSS	NET	GROSS	NET	GROSS	NET
OIL WELLS						
United States - Onshore	1,364.5	573.6	1,341.5	564.0	1,512.5	683.2
United States - Offshore	212.5	120.0	210.5	119.2	254.5	128.2
INTERNATIONAL	670.0	75.7	604.0	66.2	1,041.0	122.9
TOTAL	2,247.0	769.3	2,156.0	749.4	2,808.0	934.3

GAS WELLS
United
States -
Onshore
1,673.5
1,025.7
1,532.5
947.1
1,435.5
873.9 United
States -
Offshore
333.5 143.3
300.5 133.4
406.5 150.4
INTERNATIONAL
38.0 8.4
31.0 3.5
27.0 2.5 - -

--- TOTAL
2,045.0
1,177.4
1,864.0
1,084.0
1,869.0
1,026.8 - --

--

(1) Productive wells are producing wells and wells capable of production. A gross well is a well in which a working interest is owned. The number of gross wells is the total number of wells in which a working interest is owned. A net well is deemed to exist when the sum of fractional ownership working interests in gross wells equals one. The number of net wells is the sum of the fractional working interests owned in gross wells expressed as whole numbers and fractions thereof.

(2) During 1999, the Company sold 250 net non-strategic wells.

(3) One or more completions in the same bore hole are counted as one well in this table.

The following table summarizes multiple completions and non-producing wells as of December 31 for the years shown. Included in wells not producing are productive wells awaiting additional action, pipeline connections or shut-in for various reasons.

2001 2000
1999 -----

-- GROSS
NET GROSS
NET GROSS
NET - ----

MULTIPLE
COMPLETIONS
Oil 13.5
6.9 13.5
6.9 14.0
9.2 Gas
36.5 14.0
36.5 14.0
49.0 23.2
NOT
PRODUCING
(SHUT-IN)
Oil 391.0
179.2
386.0
177.5
857.0
233.5 Gas
100.0 36.3
62.0 20.6
33.0 4.5

At year-end 2001, Samedan had less than two percent of its oil and gas sales volumes committed to long-term supply contracts and had no similar agreements with foreign governments or authorities in which Samedan acts as producer.

Since January 1, 2001, no oil or gas reserve information has been filed with, or included in any report to any federal authority or agency other than the Securities and Exchange Commission and the Energy Information Administration ("EIA"). Samedan files Form 23, including reserve and other information, with the EIA.

AVERAGE SALES PRICE. The following table sets forth, for each of the last three years, the average sales price per unit of oil produced and per unit of natural gas produced, and the average production cost per unit.

YEAR ENDED
DECEMBER 31,

------- 2001
2000 1999 -

Average
sales price
per BBL of
oil (1):
United
States $
22.88 $
23.75 $
16.37
International
$ 21.06 $
26.09 $
16.01
Combined (2)
$ 22.16 $
24.37 $
16.29
Average
sales price

per MCF of natural gas (1): United States $ 4.24 $ 3.90 $ 2.30
International $ 1.40 $ 2.08 $ 1.38
Combined (3) $ 3.94 $ 3.77 $ 2.23
Average production (lifting) cost per unit of oil and natural gas production, excluding depreciation (MCFe) (4): United States $ .66 $ .59 $ .51
International $ .46 $ .64 $ .49
Combined $ .60 $ .59 $ .50

- ----------

(1) Net production amounts used in this calculation include royalties.

(2) Reflects a reduction of $2.92 per BBL in 2000 from hedging in the United States.

(3) Reflects an increase of $.03 per MCF in 2001 from hedging in the United States.

(4) Oil production is converted to gas equivalents (MCFe) based on one BBL of oil equals six MCF of gas.

[MAP OF FACILITY]

NET WORKING BLOCK INTEREST (%) - ---- ---------- ---------- ---- EAST BREAKS 279 33 464* 48 465* 48 475* 100 510* 33 519* 100 563* 100 GREEN CANYON 23* 50 24* 43 25* 43 27* 43 85* 50 227* 50 228* 50 303* 40 507* 50 723* 100 724* 100 768* 100 955* 7 958* 25 WEST CAMERON 136 40 392

100 393
100 400
100 419
100 422 50
438 100
443 100
446 100
MUSTANG
ISLAND 829
80 830 80
831 100
VERMILION
195 25 207
25 208 25
232 50 278
100 280 50
285 100
293 50 300
50 310 50
353 100
360 67 361
67 365 50
377 100
391 100
GARDEN
BANKS 25
50 35 100
116 100
122 100
154 100
326* 100
751* 100
795* 100
841* 39
MAIN PASS
107 25 109
25 110 25
192 100
293 100
EAST
CAMERON
342 67 355
100 SOUTH
TIMBALIER
98 50 156
67 201 100
316 40
GALVESTON
249-L 50
250-L 50
274-L 50
275-L 50
277-L 50
340-S 50
341-S 50
SOUTH
MARSH
ISLAND 38
100 62 67
63 67 64
67 65 67
70 50 104
100 145
100 167
100 195 50
MISSISSIPPI
CANYON 26*
75 70* 75
71* 75
123* 75
159* 75
524* 50
583* 50
595* 24
602* 75
639* 24
661 25
665* 50
837* 40
849* 48
855* 40
857* 40
900* 40

901* 40
911* 40
999* 30
1000* 30
SHIP SHOAL
73 50
BRAZOS
308-L 50
336-L 50
337-L 50
543 100
EWING BANK
833* 14
834* 14
879* 40
949 97 993
48 995 43
996 43
EUGENE
ISLAND 96
25 97 25
109 25 317
67 HIGH
ISLAND A-
218 100 A-
230 100 A-
426 33 A-
435 33 A-
516 100
VIOSCA
KNOLL 23
100 344
100 697 50
820 50
864* 35
908* 100
ATWATER
VALLEY 10*
100 11*
100 23*
100 67*
100 327*
39 533* 40

*Located in water deeper than 1,000 feet.

The developed and undeveloped acreage (including both leases and concessions) that Samedan held as of December 31, 2001, is as follows:

DEVELOPED
ACREAGE (1)
(2)
UNDEVELOPED
ACREAGE (2)
(3)(4) -----

LOCATION
GROSS ACRES
NET ACRES
GROSS ACRES
NET ACRES -

United
States
Onshore
Alabama

2,396 506
California
5,170 2,109
4,899 3,712
Colorado
61,678
59,105
20,380
15,599
Kansas
92,281
52,833
17,803
11,907
Louisiana
28,188 8,563
27,590 9,420
Michigan
1,876 427
Mississippi
878 34 1,884
51 Montana
172,683
119,113
8,292 2,064
New Mexico
3,117 1,766
1,520 933
North Dakota
1,932 1,554
4,431 2,061
Oklahoma
141,603
54,915
31,869
11,142 Texas
99,348
43,316
154,331
65,984 Utah
5,160 2,433
1,832 1,556
Wyoming
31,222
18,682
68,525
44,750 - ---

---- Total
United
States
Onshore
643,260
364,423
347,628
170,112 - --

----- United
States
Offshore
(Federal
Waters)
Alabama
80,640
39,168
31,363
19,425

California
38,834
12,039
52,364 9,422
Florida
11,520 2,304
Louisiana
618,006
261,285
372,160
218,784
Mississippi
22,411
10,141
34,560
14,216 Texas
235,287
98,672
189,007
124,623 - --

----- Total
United
States
Offshore
(Federal
Waters)
995,178
421,305
690,974
388,774 - --

International
Argentina
28,988 3,977
2,398,970
2,326,204
China 7,413
4,225
3,728,198
1,927,547
Denmark
80,902
32,361
Ecuador
12,355
12,355
851,771
851,771
Equatorial
Guinea
45,203
15,727
266,754
92,808
Ireland
263,803
105,521
Israel
123,552
58,142
1,122,053
382,671
Netherlands
70,672
10,601

97,952
39,181
United
Kingdom
131,527
4,566
362,520
104,603
Vietnam
1,701,812
1,021,087 -

Total
International
419,710
109,593
10,874,735
6,883,754 -

Total
2,058,148
895,321
11,913,337
7,442,640 -

----

(1) Developed acreage is acreage spaced or assignable to productive wells.

(2) A gross acre is an acre in which a working interest is owned. A net acre is deemed to exist when the sum of fractional ownership working interests in gross acres equals one. The number of net acres is the sum of the fractional working interests owned in gross acres expressed as whole numbers and fractions thereof.

(3) Undeveloped acreage is considered to be those leased acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves. Included within undeveloped acreage are those leased acres (held by production under the terms of a lease) that are not within the spacing unit containing, or acreage assigned to, the productive well so holding such lease.

(4) The Argentina acreage includes two concessions totaling 2,314,633 acres subject to final regulatory approval.

ITEM 3. LEGAL PROCEEDINGS.

The Company has various lawsuits pending but does not believe the outcome of the lawsuits, individually or collectively, will materially impair the Company's financial and operational condition.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There were no matters submitted to a vote of security holders during the fourth quarter of 2001.

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information, as of March 11, 2002, with respect to the executive officers of the Registrant.

Name	Age	Position
Charles D. Davidson (1)	52	Chairman of the Board, President, Chief Executive Officer and Director
Alan R. Bullington (2)	50	Vice President, International
Robert K. Burleson (3)	44	Vice President, Business Administration and President, Noble Gas Marketing, Inc.
Susan M. Cunningham (4)	46	Senior Vice President, Exploration
Albert D. Hoppe (5)	57	Senior Vice President, General Counsel and Secretary
James L. McElvany (6)	48	Vice President, Chief Financial Officer, Treasurer and Assistant Secretary
Richard A. Peneguy, Jr. (7)	51	Vice President, Offshore
William A. Poillion, Jr. (8)	52	Senior Vice President, Production and Drilling
Ted A. Price (9)	42	Vice President, Onshore

Kenneth P. Wiley (10) 49 Vice President, Information Systems

- ----------

(1) Charles D. Davidson was elected Chairman of the Board on April 24, 2001 and President and Chief Executive Officer of the Company on October 2, 2000. Prior to October 2000, he served as President and Chief Executive Officer of Vastar Resources, Inc. from March 1997 to September 2000 (Chairman from April 2000) and was a Vastar Director from March 1994 to September 2000. From September 1993 to March 1997, he served as a Senior Vice President of Vastar.

(2) Alan R. Bullington was promoted to Vice President, International of Noble Affiliates, Inc. effective April 24, 2001 and to Vice President and General Manager, International Division of Samedan on January 1, 1998. Prior thereto, he served as Manager-International Operations and Exploration and as Manager-International Operations. Prior to his employment with Samedan in 1990, he held various management positions within the exploration and production division of Texas Eastern Transmission Company.

3) Robert K. Burleson was appointed Vice President, Business Administration of Noble Affiliates, Inc. on January 29, 2002. Prior thereto, he was promoted to Vice President of Noble Affiliates, Inc. effective April 24, 2001 and has served as President of Noble Gas Marketing, Inc. since June 14, 1995. Prior to June 1995, he served as Vice President-Marketing for Noble Gas Marketing since its inception in 1994. Previous to his employment with the Company, he was employed by Reliant Energy as Director of Business Development for their interstate pipeline, Reliant Gas Transmission.

(4) Susan M. Cunningham joined Noble Affiliates, Inc. in March 2001 as Senior Vice President, Exploration. Previous to her employment with the Company, she was employed by Texaco as Vice President - Worldwide Exploration. Prior thereto, she held senior exploration management positions with Statoil and Amoco.

(5) Albert D. Hoppe was elected Senior Vice President, General Counsel and Secretary of Noble Affiliates, Inc. on December 5, 2000. Prior thereto, he served as Vice President, General Counsel and Secretary of Vastar Resources, Inc. from 1994 through 2000.

(6) James L. McElvany has served as Vice President, Chief Financial Officer, Treasurer and Assistant Secretary of Noble Affiliates, Inc. since July 1, 1999. Prior to July 1999, he had served as Vice President-Controller since December 1997. Prior thereto, he served as Controller since December 1983.

(7) Richard A. Peneguy, Jr. was promoted to Vice President, Offshore of Noble Affiliates, Inc. on January 29, 2002. Prior thereto, he was promoted to Vice President of Noble Affiliates, Inc. effective April 24, 2001. Prior to April 2001, he served as Vice President and General Manager, Onshore Division of Samedan since January 1, 2000 and he had served as General Manager, Onshore Division of Samedan since January 1, 1991.

(8) William A. Poillion, Jr. was promoted to Senior Vice President, Production and Drilling of Noble Affiliates, Inc. on January 1, 1998. Prior thereto, he had served as Vice President-Production and Drilling of Samedan since November 1990. From March 1, 1985 to October 31, 1990, he served as Manager of Offshore Production and Drilling for Samedan.

(9) Ted A. Price was promoted to Vice President, Onshore of Noble Affiliates, Inc. on January 29, 2002. Prior thereto, he served as Manager of Onshore Exploration since 1999. He had served as Onshore Region Geologist since March 1994 and as a Staff Geologist for Samedan since May 1981.

(10) Kenneth P. Wiley has served as Vice President, Information Systems of Noble Affiliates, Inc. since July 1998. Prior thereto, he served as Manager-Information Systems for Samedan since November 1994.

The terms of office for the officers of the Registrant continue until their successors are chosen and qualified. No officer or executive officer of the

Registrant currently has an employment agreement with the Registrant or any of its subsidiaries, although Mr. Davidson had an employment agreement with the Registrant until February 1, 2002. There are no family relationships between any of the Registrant's officers.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

COMMON STOCK. The Registrant's Common Stock, $3.33 1/3 par value ("Common Stock"), is listed and traded on the New York Stock Exchange under the symbol "NBL." The declaration and payment of dividends are at the discretion of the Board of Directors of the Registrant and the amount thereof will depend on the Registrant's results of operations, financial condition, contractual restrictions, cash requirements, future prospects and other factors deemed relevant by the Board of Directors.

STOCK PRICES AND DIVIDENDS BY QUARTERS. The following table sets forth, for the periods indicated, the high and low sales price per share of Common Stock on the New York Stock Exchange and quarterly dividends paid per share.

	HIGH	LOW	DIVIDENDS PER SHARE
2001			
First quarter	$ 51.09	$ 39.63	$ .04
Second quarter	$ 45.20	$ 34.26	$ .04
Third quarter	$ 38.19	$ 27.50	$ .04
Fourth quarter	$ 40.00	$ 30.00	$ .04
2000			
First quarter	$ 33.63	$ 19.19	$ .04
Second quarter	$ 42.38	$ 29.13	$ .04
Third quarter	$ 41.50	$ 28.88	$ .04
Fourth quarter	$ 48.38	$ 34.69	$ .04

TRANSFER AGENT AND REGISTRAR. The transfer agent and registrar for the Common Stock is First Union National Bank, NC1153, 1525 West W. T. Harris Blvd., 3C3, Charlotte, North Carolina 28262-1153.

STOCKHOLDERS' PROFILE. As of December 31, 2001, the number of holders of record of Common Stock was 1,125. The following chart indicates the common stockholders by category.

	SHARES DECEMBER 31, 2001 OUTSTANDING
Individuals	682,804
Joint accounts	56,176
Fiduciaries	121,177
Institutions	2,513,452
Nominees	53,623,611
Foreign	8,581
Total-excluding Treasury Shares	57,005,801

SALES OF UNREGISTERED SECURITIES. The Company's unconsolidated subsidiary, AMCCO, is a 50 percent owned joint venture that owns an indirect 90 percent interest in AMPCO, which completed construction of a methanol plant in Equatorial Guinea in the second quarter of 2001. On November 10, 1999, AMCCO issued $125 million of 10.875% Series A-1 Senior Secured Notes ("Series A-1 Notes") and $125 million of 8.95% Series A-2 Senior Secured Notes ("Series A-2 Notes") due 2004, which are not included in the Company's balance sheet, to fund the Company's portion of the construction payments. For more information, see "Item 8. Financial Statements and Supplementary Data--Note 9 - Unconsolidated Subsidiary" of this Form 10-K.

On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged.

At the same time the Series A-2 Notes were issued, the Company guaranteed the payment of interest on the Series A-2 Notes and issued, in a private placement pursuant to Section 4(2) of the Securities Act, 125,000 shares of its Series B Mandatorily Convertible Preferred Stock, par value $1.00 per share (the "Series B Preferred") to Noble Share Trust, which is a Delaware statutory business

trust, in exchange for all of the beneficial ownership interests in the Noble Share Trust.

Noble Share Trust holds the 125,000 shares of Series B Preferred for the benefit of the holders of the Series A-2 Notes. The Series A-2 indenture trustee, and the holders of 25 percent of the outstanding principal amount of the Series A-2 Notes, would have the right to require a public offering of the Series B Preferred to generate proceeds sufficient to repay the Series A-2 Notes, upon the occurrence of certain events ("Trigger Dates"), including (i) defaults under the Indenture governing the Series A-2 Notes, (ii) a default and acceleration of the Company's debt exceeding five percent of the Company's consolidated net tangible assets, and (iii) the simultaneous occurrence of a downgrade of the Company's unsecured senior debt rating to "Ba1" or below by Moody's or "BB+" or below by Standard & Poor's and a decline in the closing price of the Company's common stock for three consecutive trading days to below $17.50. The exercise of this mandatory remarketing right is subject to certain forbearance provisions that would allow the Company the opportunity to obtain funds for the repayment of the Series A-2 Notes by alternative means for a specified period of time.

The terms of the Series B Preferred, including dividend and conversion features, would be reset at the time of the remarketing, based on the recommendation of Credit Suisse First Boston, as Remarketing Agent, as to the terms necessary to generate proceeds to repay the Series A-2 Notes. If the Remarketing Agent is not able to complete a registered public offering of the Series B Preferred, it may under certain circumstances conduct a private placement of such stock. If it is impossible for legal reasons to remarket the Series B Preferred, the Company would be obligated to repay the Series A-2 Notes.

The Series B Preferred stock would be mandatorily convertible into the Company's common stock three years after remarketing (or failed remarketing). Generally, each share of Series B Preferred would then be mandatorily convertible at the "Mandatory Conversion Rate," which is equal to the following number of shares of the Company's common stock:

(a) if the Mandatory Conversion Date Market Price is greater than or equal to the Threshold Appreciation Price, the quotient of (i) $1,000 divided by (ii) the Threshold Appreciation Price;

(b) if the Mandatory Conversion Date Market Price is less than the Threshold Appreciation Price but is greater than the Reset Price, the quotient of $1,000 divided by the Mandatory Conversion Date Market Price; and

(c) if the Mandatory Conversion Date Market Price is less than or equal to the Reset Price, the quotient of $1,000 divided by the Reset Price.

"Mandatory Conversion Date Market Price" means the average closing price per share of the Company's common stock for the 20 consecutive trading days immediately prior to, but not including, the mandatory conversion date.

"Threshold Appreciation Price" means the product of (i) the Reset Price (as the same may be adjusted from time to time) and (ii) 110 percent.

"Reset Price" means the higher of (i) the closing price of a share of the Company's common stock on the Trigger Date or (ii) the quotient (rounded up to the nearest cent) of $125,000,000 divided by the number, as of the Trigger Date, of the authorized but unissued shares of common stock that have not been reserved as of the Trigger Date by the Company's Board of Directors for other purposes.

In addition to the mandatory conversion discussed above, each share of the Series B Preferred is generally convertible, at the option of the holder thereof at any time before the mandatory conversion date, into 36.364 shares of the Company's common stock (the "Optional Conversion Rate"); provided, however, that the Optional Conversion Rate shall adjust, as of the earlier to occur of remarketing or failed remarketing, to the quotient of (i) $1,000 divided by (ii) the Threshold Appreciation Price.

ITEM 6. SELECTED FINANCIAL DATA.

YEAR ENDED
DECEMBER 31,
- ----------

------------ ------------ --- (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS AND RATIOS) 2001 2000 1999 1998 1997 - ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ - REVENUES AND INCOME Revenues $ 1,572,263 $ 1,393,591 $ 909,842 $ 911,616 $ 1,116,623 Net cash provided by operating activities 635,772 570,334 343,100 382,010 492,473 Net income (loss) 133,575 191,597 49,461 (164,025) 99,278 PER SHARE DATA Basic earnings (loss) per share $ 2.36 $ 3.42 $ .87 $ (2.88) $ 1.75 Cash dividends $ .16 $ .16 $ .16 $ .16 $ .16 Year-end stock price $ 35.29 $ 46.00 $ 21.44 $ 24.63 $ 35.25 Basic weighted average shares outstanding 56,549 55,999 57,005 56,955 56,872 FINANCIAL POSITION (at year end) Property, plant and equipment, net: Oil and gas mineral interests, equipment and facilities $

1,953,211 $
1,485,123 $
1,242,370 $
1,429,667 $
1,546,426
Total assets
2,479,848
1,879,280
1,420,351
1,686,080
1,852,782
Long-term
obligations:
Long-term
debt, net of
current
portion
837,177
525,494
445,319
745,143
644,967
Deferred
income taxes
176,259
117,048
83,075
106,823
144,083
Other 75,629
61,639
53,877
52,868
56,425
Shareholders'
equity
1,010,198
849,682
683,609
642,080
812,989
Ratio of
debt to book
capital .45
.38 .39 .54
.44 CAPITAL
EXPENDITURES
Oil and gas
mineral
interests,
equipment
and
facilities $
765,291 $
502,430 $
121,077 $
445,910 $
320,561
Methanol and
power
projects
95,716
98,737
89,728
25,131 Other
1,932 4,430
1,410 2,733
8,499 - ----

Total
Capital
Expenditures
$ 862,939 $
605,597 $

212,215 $
473,774 $
329,060 - --

For additional information, see "Item 8. Financial Statements and Supplementary Data" of this Form 10-K.

OPERATING STATISTICS

YEAR ENDED DECEMBER 31, - ---- ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- -------- 2001 2000 1999 1998 1997 - --- ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- ---------- --------- GAS Sales (in millions) $ 592.3 $ 549.9 $ 359.8 $ 441.8 $ 499.4 Production (MMCF per day) 422.4 406.3 455.1 566.6 565.4 Average price (per MCF) $ 3.94 $ 3.77 $ 2.23 2.18 $ 2.48 OIL Sales (in millions) $ 242.6 $ 224.2 $ 174.9 $ 154.3 $ 243.6 Production (BBLS per day) 30,661 25,805 30,003 37,217 38,345

Average
price (per
BBL) $
22.16 $
24.37 $
16.29 $
11.66 $
17.86
Royalty
sales (in
millions)
$ 20.9 $
17.3 $
14.0 $
13.1 $
18.1

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CRITICAL ACCOUNTING POLICIES AND PRACTICES

The use of estimates is necessary in the preparation of the Company's financial statements. The circumstances that make these judgments difficult, subjective and complex have to do with the need to make estimates about the effect of matters that are inherently uncertain. The use of estimates and assumptions affects the reported amounts of assets and liabilities. Such estimates and assumptions also affect the disclosure of legal reserves, platform abandonment reserves, oil and gas reserves, income taxes and other contingent assets and liabilities at the date of the financial statements, as well as amounts of revenues and expenses recognized during the reporting period. Of the estimates and assumptions that affect reported results, estimates of the Company's oil and gas reserves are the most significant. Changes in oil and gas reserve estimates impact the Company's calculation of depletion and abandonment expense and is critical in the Company's assessment of asset impairments. Management believes it is necessary to understand the Company's significant accounting policies, "Item 8. Financial Statements and Supplementary Data--Note 1 - Summary of Significant Accounting Policies" of this Form 10-K, in order to understand the Company's financial condition, changes in financial condition and results of operations.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

The Company's net cash provided from operations in 2001 was higher than 2000 due to higher natural gas prices during the first half of 2001 and increased oil and gas production volumes.

The oil price received by the Company in 2001 decreased nine percent from 2000 and the natural gas price received by the Company increased five percent in 2001 over the price received in 2000. In 2000, the Company's oil price increased 50 percent and the natural gas price increased 69 percent compared to 1999.

CASH PROVIDED FROM OPERATIONS

[CHART OF CASH PROVIDED FROM OPERATIONS]

[CHART OF CASH PROVIDED FROM OPERATIONS]

The Company's unconsolidated subsidiary, AMCCO, is a 50 percent owned joint venture that owns an indirect 90 percent interest in AMPCO, which completed construction of a methanol plant in Equatorial Guinea in the second quarter of 2001. During 1999, AMCCO issued $250 million senior secured notes due 2004, which are not included in the Company's balance sheet at December 31, 2001. On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged.

The plant construction started during 1998 and commercial production began on May 2, 2001. The total construction costs of the plant and supporting facilities as of December 31, 2001 were $403 million including various

contingencies, with the Company responsible for $201.5 million. AMPCO estimates that an additional $32 million will be incurred to complete various supporting facilities to finalize the project. The Company will be responsible for $16 million in 2002. During 2001, the Company recorded costs of $49 million toward the project.

During 2001, $765 million was spent on acquisition, exploration and development projects, $49 million on the methanol project and $47 million on the Machala power project in Ecuador for total expenditures of $861 million. The 2002 exploration and development budget is approximately $520 million, including $20 million on the Machala power project.

During the fourth quarter of 2001, the Company acquired all of Aspect Energy's interests in 110 wells located along the Texas and Louisiana Gulf Coast. Current production is approximately 1,900 BBLS of oil per day and 57 MMCF of gas per day. We acquired approximately 59 BCFe of reserves along with working capital and hedging positions. Also acquired was a 50 percent interest in Aspect's future drilling prospects in this region. As part of the transaction, the Company paid $107 million in cash, issued $14 million of common stock previously held in treasury and assumed a $40 million note payable.

The Company's current ratio (current assets divided by current liabilities) was .92:1 at December 31, 2001, compared with .83:1 at December 31, 2000. The increase in the current ratio was primarily due to an increase in cash and short-term investments along with a $43.5 million increase in other current assets primarily composed of various prepaid foreign income taxes, value added taxes and miscellaneous receivables. The Company's cash and short-term investments increased from $23.2 million at December 31, 2000, to $73.2 million at December 31, 2001.

FINANCING

The Company's total long-term debt, net of unamortized discount, at December 31, 2001, was $837 million compared to $525 million at December 31, 2000. The ratio of debt to book capital (defined as the Company's debt plus its equity) was 45 percent at December 31, 2001, compared with 38 percent at December 31, 2000.

The Company's long-term debt, net of current portion, is comprised of: $100 million of 7 1/4% Notes Due 2023, $250 million of 8% Senior Notes Due 2027, $100 million of 7 1/4% Senior Debentures Due 2097, $11 million on the note obtained in the acquisition and the outstanding balance of $380 million on a $400 million five-year credit facility. Payments of $11 million on the note obtained in the acquisition will be made as follows: 2003, $4 million and 2004, $7 million. The $380 million due on the credit facility that matures November 30, 2006 is the only other amount due on long-term debt during the next five years. There are no scheduled payments prior to maturity. In addition, $19.5 million of the current installment of long-term debt obtained in the acquisition will be repaid during 2002.

The Company had a $300 million credit agreement that exposed the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate was based upon a Eurodollar rate plus a range of 17.5 to 50 basis points. There was an outstanding balance of $250 million on this credit agreement which was repaid on November 30, 2001. At year-end 2000, the Company had $80 million outstanding on this credit facility. For more information, see "Item 8. Financial Statements and Supplementary Data--Note 3 - Debt" of this Form 10-K.

The Company entered into a new $400 million five-year credit agreement on November 30, 2001 with certain commercial lending institutions which exposes the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate is based upon a Eurodollar rate plus a range of 60 to 145 basis points depending upon the percentage of utilization and credit rating. At December 31, 2001, there was $380 million borrowed against this credit agreement, which has a maturity date of November 30, 2006. For more information, see "Item 8. Financial Statements and Supplementary Data--Note 3 - Debt" of this Form 10-K.

The Company also entered into a new $200 million 364-day credit agreement on November 30, 2001 with certain commercial lending institutions which exposes the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate is based upon a Eurodollar rate plus a range of 62.5 to 150 basis points

depending upon the percentage of utilization and credit rating. At December 31, 2001, there were no amounts outstanding under this credit agreement, which has a maturity date of November 27, 2002 for the revolving commitment and a maturity

date of November 27, 2003 for the term commitment which includes any balance remaining after the revolving commitment matures. For more information, see "Item 8. Financial Statements and Supplementary Data--Note 3 - Debt" of this Form 10-K.

The Company had a $25 million short-term note payable outstanding December 31, 2001, which was repaid January 28, 2002. The note was an uncommitted facility with an interest rate of 3.25 percent for the period December 28, 2001 to January 28, 2002.

On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged.

OTHER

The Company has paid quarterly cash dividends of $.04 per share since 1989, and currently anticipates it will continue to pay quarterly dividends of $.04 per share.

The Company's Board of Directors, in February 2000, authorized a repurchase of up to $50 million in the Company's common stock. Under the original $50 million authorization, the Company repurchased approximately $30 million of common stock in the first quarter of 2000. The 2000 repurchase of 1,386,400 shares at an average cost of $21.84 per share was funded from the Company's current cash flow. On September 17, 2001 the Company's Board of Directors approved an expansion of the original repurchase program from $50 million to $100 million. During the fourth quarter of 2001, the Board approved a stock repurchase forward program. In January 2002, one of the Company's banks purchased $35 million of the Company's stock or 1,044,454 shares to be settled in early 2003.

The Company has sold a number of non-strategic oil and gas properties over the past three years. Total amounts of oil and gas reserves associated with the 2000 and 1999 dispositions were 1.2 MMBBLS of oil and 4.8 BCF of gas and 5.1 MMBBLS of oil and 34.2 BCF of gas, respectively. There were no significant sales of oil or gas properties in 2001. The Company believes the disposition of non-strategic properties furthers the goal of concentrating its efforts on strategic properties.

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," in June 1998. The Statement established accounting and reporting standards requiring every derivative instrument (including certain derivative instruments embedded in other contracts) to be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met wherein gains and losses are reflected in shareholders' equity as other comprehensive income until the hedged item is recognized. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The Company adopted SFAS No. 133 effective January 1, 2001. The adoption of this statement did not have a material impact on the Company's results of operations or financial position.

RESULTS OF OPERATIONS

NET INCOME AND REVENUES

The Company's net income for 2001 was $133.6 million, a decrease of $58 million from 2000. The decrease was due primarily to a $61.2 million increase in dry hole expense, offset by a $3.8 million decrease in abandoned asset expense. The increase in net income for 2000 compared to 1999, is primarily due to significantly higher oil and gas prices, 50 percent and 69 percent, respectively, received during 2000.

NATURAL GAS INFORMATION

Natural gas revenues increased eight percent in 2001, due to a four percent increase in average daily production coupled with a five percent increase in the average price. Gas production increased primarily due to the Aspect acquisition

in the fourth quarter of 2001 coupled with the startup of the methanol plant in Equatorial Guinea. Natural gas accounted for 71 percent of the Company's total gas and oil revenues in 2001. Gas sales for 2000 increased 53 percent, due primarily to a 69 percent increase in average gas price offset by an 11 percent decrease in the average daily gas production compared to 1999. The table below depicts daily natural gas production in MMCF by area for the last three years.

	2001	2000	1999
Offshore	264.8	291.3	304.9
Onshore	113.6	86.9	116.9
INTERNATIONAL	44.0	28.1	33.3
TOTAL	422.4	406.3	455.1

Natural gas production during 2001 ranged from a low of 372.0 MMCF per day in October, to a high of 437.7 MMCF per day in May.

2001 DAILY PRODUCTION BY QUARTER

[CHART OF 2001 DAILY PRODUCTION BY QUARTER]

[CHART OF 2001 DAILY PRODUCTION BY QUARTER]

CRUDE OIL INFORMATION

Crude oil revenues increased eight percent during 2001, due to a 19 percent increase in average daily production. The increase in average daily production for the Company's oil offset a decline of nine percent in the average price received for 2001. Crude oil accounted for 29 percent of the Company's total oil and gas revenues in 2001. Oil sales increased 28 percent and average daily production decreased 14 percent in 2000, compared to 1999.

The table below depicts daily oil production in BBLS by area for the last three years.

	2001	2000	1999
Offshore	11,393	12,077	13,501
Onshore	7,219	6,942	9,901
International	12,049	6,786	

6,601 - ----

------ Total
30,661
25,805
30,003 - ---

Crude oil production during 2001 ranged from a low of 27,858 BBLS per day in February, to a high of 35,105 BBLS per day in December.

HEDGING ACTIVITY

The Company, through its subsidiaries, from time to time, uses various hedging arrangements in connection with anticipated crude oil and natural gas sales to minimize the impact of product price fluctuations. Such arrangements include fixed price hedges, costless collars and other contractual arrangements. Although these hedging arrangements expose the Company to credit risk, the Company monitors the creditworthiness of its counterparties, which generally are major financial institutions, and believes that losses from nonperformance are unlikely to occur. Hedging gains and losses related to the Company's oil and gas production are recorded in oil and gas sales and royalties. For more information, see "Item 7a. Quantitative and Qualitative Disclosures About Market Risk" of this Form 10-K.

COSTS AND EXPENSES

Oil and gas operations expense, consisting of lease operating expense, workover expenses, production taxes and other related lifting costs increased 10 percent in 2001 from 2000, due to higher daily production volumes and increased four percent in 2000 from 1999. Included in operations expense were workover costs of $15.1 million, $21.1 million and $5.7 million for 2001, 2000 and 1999, respectively. The workovers, which enhanced production during 2001 and 2000, increased operations expense by $.07 and $.10 per MCFe, respectively. Workover costs for 1999 were held to a minimum due to low product prices.

[CHART OF OPERATING EXPENSES]

[CHART OF DD&A EXPENSES]

In 2001, depreciation, depletion and amortization ("DD&A") expense increased 23 percent, compared to 2000. The unit rate of DD&A per BOE was $7.70 in 2001, compared to $6.75 in 2000. The increase in the unit rate per BOE is due primarily to increased development costs incurred in the Gulf of Mexico to stabilize the Company's oil and gas production volumes, which are being amortized in the current and subsequent periods.

The Company provides for the cost of future liabilities related to restoration and dismantlement costs for offshore facilities. This provision is based on the Company's best estimate of such costs to be incurred in future years based on information from the Company's engineers. These estimated costs are provided through charging DD&A expense using a ratio of production divided by reserves multiplied by the estimated costs to dismantle and restore. The

Company's accumulated provision for future dismantlement and restoration cost was $80.0 million at December 31, 2001, $79.7 million at December 31, 2000 and $83.0 million at December 31, 1999. Total estimated future dismantlement and restoration costs of $168.2 million are included in future production and development costs for purposes of estimating the future net revenues relating to the Company's proved reserves.

Oil and gas exploration expense consists of dry hole expense, undeveloped lease amortization, abandoned assets, seismic and other miscellaneous exploration expense. The table below depicts the exploration expense for the last three years.

(IN
THOUSANDS)
2001 2000
1999 - ----

Dry hole expense	$ 99,684	$ 38,463	$ 19,204
Undeveloped lease amortization	17,213	16,075	9,645
Abandoned assets	(415)	3,375	2,483
Seismic	15,607	18,738	7,797
Other	19,592	11,592	7,655
Total Exploration Expense	$ 151,681	$ 88,243	$ 46,784

IMPAIRMENT OF OPERATING ASSETS

Developed oil and gas properties and other long-lived assets are periodically assessed to determine if circumstances indicate that the carrying amount of an asset may not be recoverable. The Company performs this review of recoverability by estimating future cash flows. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment is recognized based on the discounted amount of such cash flows. The Company recorded no operating asset impairments during 2001, 2000 or 1999. Individually significant undeveloped oil and gas properties are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES ("SG&A")

SG&A expenses decreased $3.1 million in 2001 compared to 2000 and $.6 million in 2000 compared to 1999. The decreases reflect the Company's effort to reduce SG&A through efficiencies and other cost reduction measures.

GATHERING, MARKETING AND PROCESSING

NGM markets the majority of the Company's natural gas, as well as certain third-party gas. NGM sells gas directly to end-users, gas marketers, industrial users, interstate and intrastate pipelines, and local distribution companies. NTI markets a portion of the Company's oil, as well as certain third-party oil. The Company records all of NGM's and NTI's sales and expenses as gathering, marketing and processing revenues and expenses. All intercompany sales and expenses have been eliminated in the Company's consolidated financial statements.

The gathering, marketing and processing revenues less expenses for both NGM and NTI are reflected in the table below.

(IN THOUSANDS) (AMOUNTS INCLUDE INTER-COMPANY ELIMINATIONS)	2001		2000		1999	
	NTI	NGM	NTI	NGM	NTI	NGM
Revenues	$ 75,550	$ 645,400	$ 91,204	$ 498,729	$ 62,671	$ 275,375
Expenses						
Cost of goods sold	49,191	607,170	63,005	464,600	35,974	237,475
Transportation	19,739	27,779	19,455	24,014	19,128	27,816
General and administrative	199	3,176	190	3,002	180	2,742
Total Expenses	$ 69,129	$ 638,125	$ 82,650	$ 491,616	$ 55,282	$ 268,033
Gross Margin	$ 6,421	$ 7,275	$ 8,554	$ 7,113	$	

7,389 $ 7,342
- -----------

The margins for NGM on a per MMBTU basis were $.035 for 2001, $.027 for 2000 and $.026 for 1999. The increase in NGM's margin on a per MMBTU basis for 2001 compared to 2000, and 2000 compared to 1999, was due primarily to the improvement in gas prices. The margins for NTI on a per BBL basis were $.95 for 2001, $1.28 for

2000 and $.87 for 1999. The decrease in NTI's margin for 2001 compared to 2000 was due primarily to lower crude oil prices. The increase in the 2000 margin compared to 1999 was due to improved crude oil prices coupled with lower transportation costs.

FUTURE TRENDS

The Company expects oil and gas production to increase in 2002 and 2003 compared to 2001. The increase in 2002 will be due primarily to a full year of production from the expansion of the Alba field in Equatorial Guinea and the Hanze field in the North Sea. The increase in 2003 will be due primarily to a full year of production in China and Ecuador.

The Company recently set its 2002 exploration and development budget at approximately $520 million. Such expenditures are planned to be funded through internally generated cash flows. The Company believes that it has the capital structure to take advantage of strategic acquisitions, as they become available, through internally generated cash flows or borrowings.

On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged.

The Company's total long-term debt at December 31, 2001 was $837 million and the ratio of debt to book capital (defined as the Company's debt plus its equity) was 45 percent. If the $125 million off balance sheet financing were included, the long-term debt would be $962 million with a ratio of debt to book capital of 48 percent.

Management believes that the Company is well positioned with its balanced reserves of oil and gas and downstream projects. The uncertainty of commodity prices continues to affect the oil, gas and methanol industries. The Company cannot predict the extent to which its revenues will be affected by inflation, government regulation or changing prices.

ITEM 7a. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company is exposed to market risk in the normal course of its business operations. Management believes that the Company is well positioned with its mix of oil and gas reserves to take advantage of future price increases that may occur. However, the uncertainty of oil and gas prices continues to impact the oil and gas industry. Due to the volatility of oil and gas prices, the Company, from time to time, has used derivative hedging instruments and may do so in the future as a means of controlling its exposure to price changes.

On August 16, 2001, the Company (floating price payor) entered into a total of three natural gas costless collar contracts related to its production. The first contract, for the fourth quarter of 2001, for 50,000 MMBTU of gas per day, had a floor price of $3.25 per MMBTU and a ceiling price of $4.60 per MMBTU. The net effect of this fourth quarter 2001 hedge was a $.02 per MCF increase in the average natural gas price for the year 2001. The other two contracts, for calendar year 2002, each for 25,000 MMBTU of gas per day, have a floor price of $3.25 per MMBTU and ceiling prices ranging from $5.05 to $5.10 per MMBTU. These contracts entitle the Company to receive settlement from the counterparty (fixed price payor) on a calendar quarterly basis, in amounts, if any, by which the

average settlement price for the last scheduled NYMEX trading day applicable for each month, per calendar quarter, is less than the floor price. The Company would pay the counterparty if the average settlement price for the last scheduled NYMEX trading day applicable for each month, per calendar quarter, is more than the ceiling price. The amount payable by the floating price payor, if the floating price is above the ceiling price, is the product of the notional quantity per calculation period and the excess, if any, of the floating price over the ceiling price in respect of each calendar quarter. The amount payable by the fixed price payor, if the floating price is below the floor price, is the product of the notional quantity per calculation period and the excess, if any, of the floor price over the floating price in respect of each calendar quarter. Of the 50,000 MMBTU per day of costless collars mentioned in this

paragraph, 25,000 MMBTU per day were terminated and, as a result, the Company will recognize an additional $.70 per MMBTU on 25,000 MMBTU per day in 2002.

In addition, the Company has entered into a number of costless collar hedges for 2002 and 2003. For the period January to March 2002, the Company has entered into collars for 25,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. For the period February to March 2002, the Company has entered into collars of 100,000 MMBTU of natural gas production per day with an average floor price of $2.04 per MMBTU and an average ceiling price of $2.54 per MMBTU. For the period April to June 2002, the Company has entered into collars for 30,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. Subsequent to December 31, 2001, the Company entered into collars for April to June 2002, for 50,000 MMBTU of natural gas production per day with an average floor price of $2.00 per MMBTU and an average ceiling price of $3.09 per MMBTU. The collars for April to June with a floor of $2.00 per MMBTU have a knockout price of $1.70 per MMBTU. For the third quarter of 2002, the Company has collars for 35,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. For the fourth quarter of 2002, the Company has collars for 40,000 MMBTU of natural gas production per day with a floor price of $3.00 per MMBTU and a ceiling price of $3.75 per MMBTU.

The Company has collars related to calendar year 2003, for 45,000 MMBTU of natural gas production per day with a floor price of $3.25 per MMBTU and a ceiling price of $4.00 per MMBTU.

The Company purchased collars and swaps related to the Aspect transaction that cover the period October 2001 through March 2004 for 6,337 MMBTU of natural gas production per day and 162 BBLS of oil production per day . Based on the cost of these collars and swaps, the Company will realize prices of approximately $3.20 per MMBTU and $22.00 per BBL for this time period related to these hedged volumes. The net effect of this fourth quarter 2001 purchased hedge was a $.01 per MCF increase in the average natural gas price for the year 2001.

The Company adopted SFAS No. 133 effective January 1, 2001. The adoption of this statement did not have a material impact on the Company's results of operations or financial position, as of the date of adoption. At December 31, 2001, the Company recorded oil and gas hedge receivables of $33.4 million, oil and gas hedge liabilities of $25.4 million and other comprehensive income, net of tax, of $5.1 million related to the Company's hedging contracts. The Company estimates that during the next 12 months, $4.4 million of the $5.1 million stated above, is expected to be reclassified into earnings.

The Company entered into three crude oil premium swap contracts related to its production for calendar year 2000. Two of the contracts provided for payments based on daily NYMEX settlement prices. These contracts related to 2,500 BBLS per day and 2,000 BBLS per day and had trigger prices of $21.73 per BBL and $22.45 per BBL, respectively, and both had knockout prices of $17.00 per BBL. These two contracts entitled the Company to receive settlements from the counterparties in amounts, if any, by which the settlement price for each NYMEX trading day was less than the trigger price, provided the NYMEX price was also greater than the $17.00 per BBL knockout price. If a daily settlement price was $17.00 per BBL or less, then neither party had any liability to the other for that day. If a daily settlement price was above the applicable trigger price, then the Company would owe the counterparty for the excess of the settlement price over the trigger price for that day. Payment was made monthly under each of these contracts, in an amount equal to the net amount due to either party based on the sum of the daily amounts determined as described in this paragraph for that month.

The third contract related to 2,500 BBLS per day and provided for payments based on monthly average NYMEX settlement prices. The contract entitled the Company to receive monthly settlements from the counterparty in an amount, if any, by which the arithmetic average of the daily NYMEX settlement prices for the month was less than the trigger price, which was $21.73 per BBL, multiplied by the number of days in the month, provided such average NYMEX price was also greater than

the $17.00 per BBL knockout price. If the average NYMEX settlement price for the month was $17.00 per BBL or less, then neither party would have any liability to the other for that month. If the average NYMEX settlement price for the month was above the trigger price, then the Company would pay the

counterparty an amount equal to the excess of the average settlement price over the trigger price, multiplied by the number of days in the month.

The net effect of these premium swap contracts was a $2.87 per BBL reduction in the average crude oil price realized by the Company in 2000.

The Company has treated the swap component of these contracts as a hedge (for accounting purposes only), at swap prices ranging from $19.40 per BBL to $20.20 per BBL, which existed at the dates it entered into these contracts. In addition, the Company has separately accounted for the premium component of these contracts by marking them to market, resulting in a gain of $2,921,000 recorded in other income for the year ended December 31, 2000.

In addition to the premium swap crude oil hedging contracts, the Company entered into crude oil costless collar hedges from January 1, 2000 to April 30, 2000 for volumes of 2,000 BBLS per day. These costless collars had a floor price ranging from $21.53 per BBL to $23.27 per BBL and a cap price ranging from $25.83 per BBL to $27.31 per BBL. These costless collar contracts entitled the Company to receive settlements from the counterparties in amounts, if any, by which the monthly average settlement price for each NYMEX trading day during a contract month was less than the floor price. If the monthly average settlement price was above the applicable cap price, then the Company would owe the counterparties for the excess of the monthly average settlement price over the applicable cap price. If the monthly average settlement price fell between the applicable floor and cap price, then neither party would have any liability to the other party for that month. Payment, if any, was made monthly under each of the contracts in an amount equal to the net amount due either party based on the volumes per day multiplied by the difference between the NYMEX average price and the cap, if the NYMEX average price exceeded the cap price, or if the NYMEX average price was less than the floor price, then the volumes per day multiplied by the difference between the floor price and the NYMEX average price.

The net effect of these costless collar hedges was a $.05 per BBL reduction in the average crude oil price realized by the Company in 2000.

During 1999, the Company had no oil or gas hedging transactions for its production.

NGM, from time to time, employs hedging arrangements in connection with its purchases and sales of production. While most of NGM's purchases are made for an index-based price, NGM's customers often require prices that are either fixed or related to NYMEX. In order to establish a fixed margin and mitigate the risk of price volatility, NGM may convert a fixed or NYMEX sale to an index-based sales price (such as by purchasing an index-based futures contract obligating NGM for delivery of production). Due to the size of such transactions and certain restraints imposed by contract and by Company guidelines, as of December 31, 2001, the Company had no material market risk exposure from NGM's hedging activity.

The Company has a $400 million credit agreement that exposes the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate is based upon a Eurodollar rate plus a range of 60 to 145 basis points depending upon the percentage of utilization and credit rating. At December 31, 2001, there was $380 million borrowed against this credit agreement, which has a maturity date of November 30, 2006. All other Company long-term debt is fixed-rate and, therefore, does not expose the Company to the risk of earnings or cash flow loss due to changes in market interest rates. For more information, see "Item 8. Financial Statements and Supplementary Data--Note 3 - Debt" of this Form 10-K.

The Company does not invest in foreign currency derivatives. The U.S. dollar is considered the primary currency for each of the Company's international operations. Transactions that are completed in a foreign currency are translated into U.S. dollars and recorded in the financial statements. Translation gains or losses were not material in any of the periods presented and the Company does not believe it is currently exposed to any material risk of loss on this basis. Such gains or losses are included in other expense on the income statement. However, certain sales transactions are concluded in foreign currencies and the Company, therefore, is exposed to potential risk of loss based on fluctuation in exchange rates from time to time.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

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All other financial statement schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements, including the notes thereto.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders and Board of Directors of Noble Affiliates, Inc.:

We have audited the accompanying consolidated balance sheet of Noble Affiliates, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity and other comprehensive income and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Noble Affiliates, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Oklahoma City, Oklahoma
January 24, 2002

CONSOLIDATED BALANCE SHEET
NOBLE AFFILIATES, INC. AND SUBSIDIARIES

DECEMBER 31,
- -----------

-------------------------- --- (IN THOUSANDS, EXCEPT SHARE AMOUNTS) 2001 2000 - ------ --- -------- ASSETS CURRENT ASSETS: Cash and short-term investments $ 73,237 $ 23,152 Accounts receivable - trade 182,979 235,843 Oil and gas hedges receivable 33,424 Materials and supplies inventories 10,828 4,645 Other current assets 51,103 7,621 - ----- --- --------- Total current assets 351,571 271,261 - --- --- ----------- PROPERTY, PLANT AND EQUIPMENT, AT COST: Oil and gas mineral interests, equipment and facilities (successful efforts method of accounting) 3,929,226 3,213,223 Other 45,528 43,244 - ---- --------------------------------------

----

3,974,754
3,256,467
Accumulated
depreciation,
depletion and
amortization
(2,021,543)
(1,771,344) -

- Total
property,
plant and
equipment,
net 1,953,211
1,485,123 - -

INVESTMENT IN
UNCONSOLIDATED
SUBSIDIARY
117,735
74,159 - ----

OTHER ASSETS
57,331 48,737
- -----------

--- TOTAL
ASSETS $
2,479,848 $
1,879,280 - -

LIABILITIES

AND SHAREHOLDERS' EQUITY CURRENT LIABILITIES: Accounts payable - trade $ 270,091 $ 279,379 Short-term note payable 25,000 Current installments of long-term debt 19,507 Oil and gas hedges payable 25,363 Other current liabilities 40,624 30,730 Income taxes - current 15,308 - -- Total current liabilities 380,585 325,417 - -- DEFERRED INCOME TAXES 176,259 117,048 - -- OTHER DEFERRED CREDITS AND NONCURRENT LIABILITIES 75,629 61,639 - -- --- LONG-TERM DEPT 837,177

525,494 - ---

SHAREHOLDERS'
EQUITY:
Preferred
stoc$1.00;
4,000,000
shares
authorized,
none issued
Common stock
- par value
$3.33 1/3;
100,000,000
shares
authorized;
59,511,323
and
59,002,162
shares issued
in 2001 and
2000,
respectively
198,369
196,672
Capital in
excess of par
value 396,104
373,259
Accumulated
other
comprehensive
income 5,070
Retained
earnings
449,985
325,452 - ---

1,049,528
895,383 Less
common stock
in treasury
at cost
(December 31,
2001,
2,505,522
shares and
December 31,
2000,
2,911,300
shares)
(39,330)
(45,701) - --

Total
shareholders'

equity
1,010,198
849,682 - ---

TOTAL
LIABILITIES
AND
SHAREHOLDERS'
EQUITY $
2,479,848 $
1,879,280 - -

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF OPERATIONS
NOBLE AFFILIATES, INC. AND SUBSIDIARIES

YEAR ENDED
DECEMBER 31,
- -----------

--- (IN
THOUSANDS,
EXCEPT PER
SHARE
AMOUNTS) 2001
2000 1999 - -

REVENUES: Oil
and gas sales
and royalties
$ 855,800 $
791,353 $
548,733
Gathering,
marketing and
processing
721,000
589,933
338,046 Other
income 538
10,816 23,100
Income (loss)

from
investment in
unconsolidated
subsidiary
(5,075) 1,489
(37) - ------

Total Revenue
1,572,263
1,393,591
909,842 - ---

COSTS AND
EXPENSES: Oil
and gas
exploration
151,681
88,243 46,784
Oil and gas
operations
133,549
121,866
116,698
Gathering,
marketing and
processing
708,292
574,266
323,314
Depreciation,
depletion and
amortization
284,016
230,800
254,515
Selling,
general and
administrative
44,164 47,291
47,859
Interest
41,904 37,968
48,935
Interest
capitalized
(15,953)
(6,326)
(5,894) - ---

Total
Expenses
1,347,653
1,094,108
832,211 - ---

INCOME BEFORE
TAXES 224,610
299,483
77,631 - ----

INCOME TAX
PROVISION:
Current
31,595 74,616
24,508
Deferred
59,440 33,270
3,662 - -----

Total Tax
Provision
91,035
107,886
28,170 - ----

NET INCOME $
133,575 $
191,597 $
49,461 - ----

BASIC
EARNINGS PER
SHARE $ 2.36
$ 3.42 $ .87
- -----------

--- DILUTED EARNINGS PER SHARE $ 2.33 $ 3.38 $ .86
- ----------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- -------------
--- WEIGHTED AVERAGE SHARES OUTSTANDING: Basic 56,549 55,999 57,005 Diluted 57,303 56,755 57,349 - ---- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ----------

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF CASH FLOWS
NOBLE AFFILIATES, INC. AND SUBSIDIARIES

YEAR ENDED DECEMBER 31, - ----------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ---- (IN THOUSANDS) 2001 2000 1999 - ------ ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ---------
CASH FLOWS FROM OPERATING ACTIVITIES: Net income $ 133,575 $ 191,597 $ 49,461 Adjustments to reconcile net income to net cash provided by operating

activities:
Depreciation,
depletion and
amortization
284,016
230,800
254,515 Dry
hole 99,684
38,463 19,204
Amortization
of
undeveloped
leasehold
costs, net
17,213 16,075
9,645 (Gain)
loss on
disposal of
assets
(2,098)
(3,799)
(12,079)
Noncurrent
deferred
income taxes
59,212 33,973
(23,749)
(Income) loss
from
unconsolidated
subsidiary
5,075 (1,489)
37 Increase
(decrease) in
other
deferred
credits
13,990 7,762
1,011
(Increase)
decrease in
other (2,224)
(3,747)
(1,295)
Changes in
working
capital, not
including
cash:
(Increase)
decrease in
accounts
receivable
57,973
(137,049)
7,719
(Increase)
decrease in
other current
assets
(64,951)
3,557 16,571
Increase
(decrease) in
accounts
payable
(17,960)
198,871
(4,785)
Increase
(decrease) in
other current
liabilities
52,267
(4,680)
26,845 - ----

NET CASH PROVIDED BY OPERATING ACTIVITIES
635,772
570,334
343,100 - ---

CASH FLOWS FROM INVESTING ACTIVITIES:
Capital expenditures
(738,706)
(536,901)
(142,124)
Investment in unconsolidated subsidiary
(48,651)
(57,045)
(51,962)
Proceeds from the transfer of our interest to unconsolidated subsidiary
61,987
Proceeds from sale of property, plant and equipment
1,434 12,608
58,137 Aspect acquisition
(107,078)
Cash obtained in acquisition
9,286 - -----

NET CASH USED IN INVESTING ACTIVITIES
(883,715)
(581,338)
(73,962) - --

CASH FLOWS FROM

FINANCING ACTIVITIES: Exercise of stock options 16,675 13,717 1,188 Cash dividends paid (9,042) (8,958) (9,120) Proceeds from bank debt 675,000 137,000 Repayment of bank debt (375,000) (57,000) (300,000) Repayment of notes payable - unconsolidated subsidiary (23,245) (38,101) Proceeds from notes payable - unconsolidated subsidiary 60,720 Repayment of note payable obtained in acquisition (9,605) Purchase of treasury stock (30,283) - -- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES 298,028 31,231 (285,313) - - ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- ------------- - INCREASE (DECREASE) IN CASH AND SHORT-TERM CASH INVESTMENTS 50,085 20,227 (16,175) CASH AND SHORT-TERM CASH INVESTMENTS AT BEGINNING OF YEAR 23,152 2,925

19,100 - ----

CASH AND SHORT-TERM CASH INVESTMENTS AT END OF YEAR $ 73,237 $ 23,152 $ 2,925 - -----
----

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION: Cash paid during the year for: Interest (net of amount capitalized) $ 26,590 $ 32,976 $ 44,845 Income taxes $ 66,131 $ 56,890 $ 30,000 Non-cash financing and investing activities: Issuance of treasury stock for acquisition $ 14,238 Debt assumed in acquisition $ 40,043

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY AND OTHER COMPREHENSIVE INCOME
NOBLE AFFILIATES, INC. AND SUBSIDIARIES

ACCUMULATED OTHER CAPITAL IN OTHER TREASURY TOTAL COMPREHENSIVE COMMON EXCESS OF RETAINED COMPREHENSIVE STOCK SHAREHOLDERS' (IN

THOUSANDS) INCOME STOCK PAR VALUE EARNINGS INCOME AT COST EQUITY
- --
- DECEMBER 31, 1998 $ 195,018 $ 360,008 $ 102,472 $ (15,418) $ 642,080 ---
Net Income 49,461 49,461
Exercise of stock options 213 975 1,188
Cash dividends ($.16 per share) (9,120) (9,120) ---
DECEMBER 31, 1999 $ 195,231 $ 360,983 $ 142,813 $ (15,418) $ 683,609 ---
Net Income 191,597 191,597
Purchase of treasury stock (30,283) (30,283)
Exercise of stock options 1,441 12,276 13,717
Cash dividends ($.16 per share) (8,958) (8,958) ----

DECEMBER 31,
2000 $
196,672 $
373,259 $
325,452 $
(45,701) $
849,682 ----

Net Income $
133,575
133,575
133,575
Hedge
derivatives
marked to
market 5,070
5,070 5,070
Treasury
stock issued
for
acquisition
7,867 6,371
14,238
Exercise of
stock
options
1,697 14,978
16,675 Cash
dividends
($.16 per
share)
(9,042)
(9,042) ----

- Total $
138,645 ----

DECEMBER 31,
2001 $
198,369 $
396,104 $
449,985 $
5,070 $
(39,330)
$1,010,198 -

SEE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLAR AMOUNTS IN TABLES, UNLESS OTHERWISE INDICATED, ARE IN THOUSANDS,
EXCEPT PER SHARE AMOUNTS)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated accounts include Noble Affiliates, Inc. (the "Company") and the consolidated accounts of its wholly-owned subsidiaries: Noble Gas Marketing, Inc. ("NGM"); Noble Trading, Inc. ("NTI"); NPM, Inc.; and Samedan Oil Corporation ("Samedan"). Effective December 31, 2001, Energy Development Corporation, a previously wholly-owned subsidiary of Samedan, was merged into Samedan. Listed below are consolidated entities at December 31, 2001.

- NOBLE AFFILIATES, INC.
  - LaTex Resources Inc.
  - Noble Gas Marketing, Inc.
    - Noble Gas Pipeline, Inc.
  - Noble Trading, Inc.
  - NPM, Inc.
  - Samedan Oil Corporation
    - Samedan North Sea, Inc.
    - Samedan of North Africa, Inc.
      - EDC Ireland
      - Samedan International
        - Machalapower Cia. Ltda.
        - Samedan, Mediterranean Sea
        - Samedan Transfer Sub
      - Samedan Vietnam Limited
    - Samedan, Mediterranean Sea, Inc.
    - Samedan of Tunisia, Inc.
    - Samedan Oil of Canada, Inc.
    - Samedan Oil of Indonesia, Inc.
    - Samedan Pipe Line Corporation
    - Samedan Royalty Corporation
    - EDC Australia, Ltd.
    - EDC Ecuador Ltd.
      - EDC Ecuador Limited
    - EDC Portugal Ltd.
    - EDC (UK) Limited
      - EDC (Denmark) Inc.
      - EDC (Europe) Limited
        - EDC (ISE) Limited
        - EDC (Oilex) Limited
        - Brabant Oil Limited
    - Energy Development Corporation (Argentina), Inc.
    - Energy Development Corporation (China), Inc.
    - Energy Development Corporation (HIPS), Inc.
    - Gasdel Pipeline System Incorporated
    - HGC, Inc.
    - Producers Service, Inc.

NATURE OF OPERATIONS

The Company is an independent energy company engaged through its subsidiaries in the exploration, development, production and marketing of oil and gas. Samedan operates throughout the major basins in the United States, including the Gulf of Mexico, as well as international operations in Argentina, China, Ecuador, Equatorial Guinea, the Mediterranean Sea, the North Sea and Vietnam. The Company markets its oil and gas production through NGM, NTI and Samedan.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Such estimates and assumptions also affect the disclosure of contingent assets and liabilities at the date of the financial statements as well as amounts of revenues and expenses recognized during the reporting period. Of the estimates and assumptions that affect reported results, the estimate of the Company's oil and gas reserves is the most significant.

FOREIGN CURRENCY TRANSLATION

The U.S. dollar is considered the primary currency for each of the Company's international operations. Transactions that are completed in a foreign currency are translated into U.S. dollars and recorded in the financial statements. Translation gains or losses were not material in any of the periods presented and are included in other expense on the income statement.

INVENTORIES

Materials and supplies inventories, consisting principally of tubular goods and production equipment, are stated at the lower of cost or market, with cost being determined by the first-in, first-out method.

PROPERTY, PLANT AND EQUIPMENT

The Company accounts for its oil and gas properties under the successful efforts method of accounting. Under this method, costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells that find proved reserves and to drill and equip development wells are capitalized. Capitalized costs of producing oil and gas properties are amortized to operations by the unit-of-production method based on proved developed oil and gas reserves on a property-by-property basis as estimated by Company engineers. Estimated future restoration and abandonment costs are recorded by charges to depreciation, depletion and amortization ("DD&A") expense over the productive lives of the related properties. The Company has provided $80.0 million for such future costs classified with accumulated DD&A in the December 31, 2001 balance sheet. The total estimated future dismantlement and restoration costs of $168.2 million are included in future production and development costs for purposes of estimating the future net revenues relating to the Company's proved reserves. Upon sale or retirement of depreciable or depletable property, the cost and related accumulated DD&A are eliminated from the accounts and the resulting gain or loss is recognized.

Individually significant undeveloped oil and gas properties are periodically assessed for impairment of value and a loss is recognized at the time of impairment by providing an impairment allowance. Other undeveloped properties are amortized on a composite method based on the Company's experience of successful drilling and average holding period. Geological and geophysical costs, delay rentals and costs to drill exploratory wells which do not find proved reserves are expensed. Repairs and maintenance are charged to expense as incurred.

Developed oil and gas properties and other long-lived assets are periodically assessed to determine if circumstances indicate that the carrying amount of an asset may not be recoverable. The Company performs this review of recoverability by estimating future cash flows. If the sum of the expected future cash flows is less than the carrying amount of the asset, an impairment is recognized based on the discounted amount of such cash flows.

INCOME TAXES

The Company files a consolidated federal income tax return. Deferred income taxes are provided for temporary differences between the financial reporting and tax bases of the Company's assets and liabilities.

CAPITALIZATION OF INTEREST

The Company capitalizes interest costs associated with the development and construction of significant properties or projects.

STATEMENT OF CASH FLOWS

For purposes of reporting cash flows, cash and short-term investments include cash on hand and investments purchased with original maturities of three months or less.

BASIC EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Basic income per share of common stock has been computed on the basis of the weighted average number of shares outstanding during each period. The diluted net income per share of common stock includes the effect of outstanding stock options. The following table summarizes the calculation of basic earnings per share ("EPS") and diluted EPS components as of December 31:

2001 2000 1999 ------- ------------ -------- --- ------------ ----------- ------------ ------------ --- (IN THOUSANDS INCOME SHARES INCOME SHARES INCOME

SHARES
EXCEPT PER
SHARE
AMOUNTS)
(NUMERATOR)
(DENOMINATOR)
(NUMERATOR)
(DENOMINATOR)
(NUMERATOR)
(DENOMINATOR)
- ----------

Net
income/shares
$133,575
56,549
$191,597
55,999
$49,461
57,005 - ---

------ BASIC
EPS $2.36
$3.42 $.87 -

Net
income/shares
$133,575
56,549
$191,597
55,999
$49,461
57,005
Effect of
Dilutive
Securities
Stock
options 754
756 344 - --

Adjusted net
income and
shares
$133,575
57,303
$191,597
56,755
$49,461
57,349 - ---

DILUTED EPS
$2.33 $3.38
$.86 - -----

REVENUE RECOGNITION AND GAS IMBALANCES

Samedan has gas sales contracts with NGM, whereby Samedan is paid an index price for all gas sold to NGM. NGM records sales, including hedging transactions, as gathering, marketing and processing revenues. NGM records the amount paid to Samedan and third parties as cost of sales in gathering, marketing and processing. All intercompany sales and costs have been eliminated.

The Company follows an entitlements method of accounting for its gas imbalances. Gas imbalances occur when the Company sells more or less gas than its entitled ownership percentage of total gas production. Any excess amount received above the Company's share is treated as a liability. If less than the Company's entitlement is received, the underproduction is recorded as a receivable. The Company records the noncurrent liability in Other Deferred Credits and Noncurrent Liabilities, and the current liability in Other Current Liabilities. The Company's gas imbalance liabilities were $15.5 million and $14.2 million for 2001 and 2000, respectively. The Company records the noncurrent receivable in Other Assets, and the current receivable in Other Current Assets. The Company's gas imbalance receivables were $20.9 million and $18.5 million for 2001 and 2000, respectively, and are valued at the amount which is expected to be received.

TAKE-OR-PAY SETTLEMENTS

The Company records gas contract settlements which are not subject to recoupment in Other Income when the settlement is received.

TRADING AND HEDGING ACTIVITIES

The Company, through its subsidiaries, from time to time, uses various hedging arrangements in connection with anticipated crude oil and natural gas sales to minimize the impact of product price fluctuations. Such arrangements include fixed price hedges, costless collars, and other contractual arrangements. Although these hedging arrangements expose the Company to credit risk, the Company monitors the creditworthiness of its counterparties, which generally are major financial institutions, and believes that losses from nonperformance are unlikely to occur. Hedging gains and losses related to the Company's oil and gas production are recorded in oil and gas sales and royalties.

On August 16, 2001, the Company (floating price payor) entered into a total of three natural gas costless collar contracts related to its production. The first contract, for the fourth quarter of 2001, for 50,000 MMBTU of gas per day, had a floor price of $3.25 per MMBTU and a ceiling price of $4.60 per MMBTU. The net effect of this fourth quarter 2001 hedge was a $.02 per MCF increase in the average natural gas price for the year 2001. The other two contracts, for calendar year 2002, each for 25,000 MMBTU of gas per day, have a floor price of $3.25 per MMBTU and ceiling prices ranging from $5.05 to $5.10 per MMBTU. These contracts entitle the Company to receive settlement from the counterparty (fixed price payor) on a calendar quarterly basis, in amounts, if any, by which the average settlement price for the last scheduled NYMEX trading day applicable for each month, per calendar quarter, is less than the floor price. The Company would pay the counterparty if the average settlement price for the last scheduled NYMEX trading day applicable for each month, per calendar quarter, is more than the ceiling price. The amount payable by the floating price payor, if the floating price is above the ceiling price, is the product of the notional

quantity per calculation period and the excess, if any, of the floating price over the ceiling price in respect of each calendar quarter. The amount payable by the fixed price payor, if the floating price is below the floor price, is the product of the notional quantity per calculation period and the excess, if any, of the floor price over the floating price in respect of each calendar quarter. Of the 50,000 MMBTU per day of costless collars mentioned in this paragraph, 25,000 MMBTU per day were terminated and, as a result, the Company will recognize an additional $.70 per MMBTU on 25,000 MMBTU per day in 2002.

In addition, the Company has entered into a number of costless collar hedges for 2002 and 2003. For the period January to March 2002, the Company has entered into collars for 25,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. For the period February to March 2002, the Company has entered into collars of 100,000 MMBTU of natural gas production per day with an average floor price of $2.04 per MMBTU and an average ceiling price of $2.54 per MMBTU. For the period April to June 2002, the Company has entered into collars for 30,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. Subsequent to December 31, 2001, the Company entered into collars for April to June 2002, for 50,000 MMBTU of natural gas production per day with an average floor price of $2.00 per MMBTU and an average ceiling price of $3.09 per MMBTU. The collars for April to June with a floor of $2.00 per MMBTU have a knockout price of $1.70 per MMBTU. For the third quarter of 2002, the Company has collars for 35,000 MMBTU of natural gas production per day with a floor price of $2.75 per MMBTU and a ceiling price of $3.50 per MMBTU. For the fourth quarter of 2002, the Company has collars for 40,000 MMBTU of natural gas production per day with a floor price of $3.00 per MMBTU and a ceiling price of $3.75 per MMBTU.

The Company has collars related to calendar year 2003, for 45,000 MMBTU of natural gas production per day with a floor price of $3.25 per MMBTU and a ceiling price of $4.00 per MMBTU.

The Company purchased collars and swaps related to the Aspect transaction that cover the period October 2001 through March 2004 for 6,337 MMBTU of natural gas production per day and 162 BBLS of oil production per day.

Based on the cost of these collars and swaps, the Company will realize prices of approximately $3.20 per MMBTU and $22.00 per BBL for this time period related to these hedged volumes. The net effect of this fourth quarter 2001 purchased hedge was a $.01 per MCF increase in the average natural gas price for the year 2001.

The Company adopted SFAS No. 133 effective January 1, 2001. The adoption of this statement did not have a material impact on the Company's results of operations or financial position, as of the date of adoption. At December 31, 2001, the Company recorded oil and gas hedge receivables of $33.4 million, oil and gas hedge liabilities of $25.4 million and other comprehensive income, net of tax, of $5.1 million related to the Company's hedging contracts. The Company estimates that during the next 12 months, $4.4 million of the $5.1 million stated above, is expected to be reclassified into earnings.

The Company entered into three crude oil premium swap contracts related to its production for calendar year 2000. Two of the contracts provided for payments based on daily NYMEX settlement prices. These contracts related to 2,500 BBLS per day and 2,000 BBLS per day and had trigger prices of $21.73 per BBL and $22.45 per BBL, respectively, and both had knockout prices of $17.00 per BBL. These two contracts entitled the Company to receive settlements from the counterparties in amounts, if any, by which the settlement price for each NYMEX trading day was less than the trigger price, provided the NYMEX price was also greater than the $17.00 per BBL knockout price. If a daily settlement price was $17.00 per BBL or less, then neither party had any liability to the other for that day. If a daily settlement price was above the applicable trigger price, then the Company would owe the counterparty for the excess of the settlement price over the trigger price for that day. Payment was made monthly under each of these contracts, in an amount equal to the net amount due to either party based on the sum of the daily amounts determined as described in this paragraph for that month.

The third contract related to 2,500 BBLS per day and provided for payments based on monthly average NYMEX settlement prices. The contract entitled the Company to receive monthly settlements from the counterparty in an amount, if any, by which the arithmetic average of the daily NYMEX settlement prices for the month was less than the trigger price, which was $21.73 per BBL, multiplied by the number of days in the month, provided such average NYMEX price was also greater than the $17.00 per BBL knockout price. If the average NYMEX settlement price for the month was $17.00 per BBL or less, then neither party would have any liability to the other for that month. If the average NYMEX settlement price for the month was above the trigger price, then the Company would pay the counterparty an amount equal to the excess of the average settlement price over the trigger price, multiplied by the number of days in the month.

The net effect of these premium swap contracts was a $2.87 per BBL reduction in the average crude oil price realized by the Company in 2000.

The Company has treated the swap component of these contracts as a hedge (for accounting purposes only), at swap prices ranging from $19.40 per BBL to $20.20 per BBL, which existed at the dates it entered into these contracts. In addition, the Company has separately accounted for the premium component of these contracts by marking them to market, resulting in a gain of $2,921,000 recorded in other income for the year ended December 31, 2000.

In addition to the premium swap crude oil hedging contracts, the Company entered into crude oil costless collar hedges from January 1, 2000 to April 30, 2000 for volumes of 2,000 BBLS per day. These costless collars had a floor price ranging from $21.53 per BBL to $23.27 per BBL and a cap price ranging from $25.83 per BBL to $27.31 per BBL. These costless collar contracts entitled the Company to receive settlements from the counterparties in amounts, if any, by which the monthly average settlement price for each NYMEX trading day during a contract month was less than the floor price. If the monthly average settlement price was above the applicable cap price, then the Company would owe the counterparties for the excess of the monthly average settlement price over the applicable cap price. If the monthly average settlement price fell between the applicable floor and cap price, then neither party would have any liability to the other party for that month. Payment, if any, was made monthly under each of the contracts in an amount equal to the net amount due either party based on the volumes per day multiplied by the difference between the NYMEX average price and the cap, if the NYMEX average price exceeded the cap price, or if the NYMEX

average price was less than the floor price, then the volumes per day multiplied by the difference between the floor price and the NYMEX average price.

The net effect of these costless collar hedges was a $.05 per BBL reduction in the average crude oil price realized by the Company in 2000.

During 1999, the Company had no oil or gas hedging transactions for its production.

In addition to the hedging arrangements pertaining to the Company's production as described above, NGM employs various hedging arrangements in connection with its purchases and sales of third party production to lock in profits or limit exposure to gas price risk. Most of the purchases made by NGM are on an index basis; however, purchasers in the markets in which NGM sells often require fixed or NYMEX related pricing. NGM may use a hedge to convert the fixed or NYMEX sale to an index basis thereby determining the margin and minimizing the risk of price volatility. During 2001, NGM had hedging transactions with broker-dealers that ranged from 1,157,000 MMBTU to 1,388,000 MMBTU of gas per day. At December 31, 2001, NGM had in place hedges ranging from approximately 20,000 MMBTU to 1,439,000 MMBTU of gas per day for January 2002 to May 2006 for future physical transactions.

In 2000, NGM had hedging transactions with broker-dealers that ranged from 423,000 MMBTU to 1,023,000 MMBTU of gas per day. During 1999, NGM had hedging transactions with broker-dealers that ranged from 146,000 MMBTU to 815,000 MMBTU of gas per day. NGM records hedging gains or losses relating to fixed term sales as gathering, marketing and processing revenues in the periods in which the related contract is completed.

SELF-INSURANCE

The Company self-insures the medical and dental coverage provided to certain of its employees, certain workers' compensation and the first $250,000 of its general liability coverage.

A provision for self-insured claims is recorded when sufficient information is available to reasonably estimate the amount of the loss.

UNCONSOLIDATED SUBSIDIARY

The Company has an unconsolidated subsidiary, Atlantic Methanol Capital Company ("AMCCO"), a 50 percent owned joint venture that owns an indirect 90 percent interest in Atlantic Methanol Production Company ("AMPCO"). The Company accounted for its interest in AMCCO through 2001 using the equity method within the Company's wholly-owned subsidiary, Samedan of North Africa, Inc. The Company participated with a 50 percent expense interest (45 percent ownership net of a five percent government carried interest) in the construction of a methanol plant in Equatorial Guinea. For more information, see "Note 9 - Unconsolidated Subsidiary" of this Form 10-K.

RECLASSIFICATION

Certain reclassifications have been made to the 1999 consolidated financial statements to conform to the 2001 presentation.

RECENTLY ISSUED PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," in June 1998. The Statement established accounting and reporting standards requiring every derivative instrument (including certain derivative instruments embedded in other contracts) to be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met wherein gains and losses are reflected in shareholders' equity as other

comprehensive income until the hedged item is recognized. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

The Company adopted SFAS No. 133 effective January 1, 2001. The adoption of this statement did not have a material impact on the Company's results of operations or financial position, as of the date of adoption. At December 31, 2001, the Company recorded oil and gas hedge receivables of $33.4 million, oil and gas hedge liabilities of $25.4 million and other comprehensive income, net of tax, of $5.1 million related to the Company's hedging contracts.

SFAS No. 143, "Accounting for Asset Retirement Obligations," was issued in June 2001. This statement addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying cost of the asset. The Company has not quantified the impact of adopting SFAS No. 143, but plans to adopt the statement by January 1, 2003.

SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," was issued in August 2001. This statement addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of." This statement requires (a) recognition of an impairment loss only if the carrying amount of a long-lived asset is not recoverable from its undiscounted cash flows and (b) measurement of an impairment loss as the difference between the carrying amount and fair value of the asset. The Company adopted the statement January 1, 2002 with no material impact on the Company's results of operations or financial position.

NOTE 2 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments.

CASH AND SHORT-TERM INVESTMENTS

The carrying amount approximates fair value due to the short maturity of the instruments.

OIL AND GAS PRICE HEDGE AGREEMENTS

The fair value of oil and gas price hedges is the estimated amount the Company would receive or pay to terminate the hedge agreements at the reporting date taking into account creditworthiness of the hedging parties.

LONG-TERM DEBT

The fair value of the Company's long-term debt is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

The carrying amounts and estimated fair values of the Company's financial instruments as of December 31, for each of the years are as follows:

2001 2000

-------- -

(IN THOUSANDS)	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Cash and short-term investments	$ 73,237	$ 73,237	$ 23,152	$ 23,152
Long-term debt	$ 837,177	$ 852,033	$ 525,494	$ 539,375

NOTE 3 - DEBT

A summary of debt at December 31 follows:

(IN THOUSANDS) 2001 2000

$400 million Credit Agreement $ 380,000 $

$300 million Credit Agreement 80,000

Note obtained in acquisition 31,015

7 1/4% Notes Due 2023 100,000 100,000

8% Senior Notes Due 2027 250,000 250,000

7

1/4%
SENIOR
DEBENTURES
DUE 2097
100,000
100,000 -

Outstanding
Debt
861,015
530,000 -

Less:
unamortized
discount
4,331
4,506
Current
Installment
of Long-
term Debt
Obtained
in
Acquisition
19,507 - -

Long-term
Debt $
837,177 $
525,494 -

The Company's total long-term debt, net of unamortized discount, at December 31, 2001, was $837 million compared to $525 million at December 31, 2000. The ratio of debt to book capital (defined as the Company's debt plus its equity) was 45 percent at December 31, 2001, compared with 38 percent at December 31, 2000.

The Company's long-term debt, net of current portion, is comprised of: $100

million of 7 1/4% Notes Due 2023, $250 million of 8% Senior Notes Due 2027, $100 million of 7 1/4% Senior Debentures Due 2097, $11 million on the note obtained in the acquisition and the outstanding balance of $380 million on a $400 million five-year credit facility. Payments of $11 million on the note obtained in the acquisition will be made as follows: 2003, $4 million and 2004, $7 million. The $380 million due on the credit facility that matures November 30, 2006 is the only other amount due on long-term debt during the next five years. There are no scheduled payments prior to maturity. In addition, $19.5 million of the current installment of the long-term debt obtained in the acquisition will be repaid during 2002.

The Company had a $300 million credit agreement that exposed the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate was based upon a Eurodollar rate plus a range of 17.5 to 50 basis points. There was an outstanding balance of $250 million on this credit agreement which was repaid on November 30, 2001. At year-end 2000, the Company had $80 million outstanding on this credit facility.

The Company entered into a new $400 million five-year credit agreement on November 30, 2001 with certain commercial lending institutions which exposes the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate is based upon a Eurodollar rate plus a range of 60 to 145 basis points depending upon the percentage of utilization and credit rating. At December 31, 2001, there was $380 million borrowed against this credit agreement, which has a maturity date of November 30, 2006.

The Company also entered into a new $200 million 364-day credit agreement on November 30, 2001 with certain commercial lending institutions which exposes the Company to the risk of earnings or cash flow loss due to changes in market interest rates. The interest rate is based upon a Eurodollar rate plus a range of 62.5 to 150 basis points depending upon the percentage of utilization and credit rating. At December 31, 2001, there were no amounts outstanding under this credit agreement, which has a maturity date of November 27, 2002 for the revolving commitment and a maturity date of November 27, 2003 for the term commitment which includes any balance remaining after the revolving commitment matures.

The Company had a $25 million short-term note payable outstanding December 31, 2001, which was repaid January 28, 2002. The note was an uncommitted facility with an interest rate of 3.25 percent for the period December 28, 2001 to January 28, 2002.

NOTE 4 - INCOME TAXES

The following table details the difference between the federal statutory tax rate and the effective tax rate for the years ended December 31:

(AMOUNTS
EXPRESSED
IN
PERCENTAGES)
2001 2000
1999 - ----

Statutory
rate
(benefit)
35.0 35.0
35.0 Effect
of: State
taxes, net
of federal
benefit .3
.3
Difference
between
U.S. and
foreign
rates 4.9
.2 3.1

OTHER, NET	.4	.5	(1.8)
Effective Rate	40.6	36.0	36.3

The net current deferred tax asset (liability) in the following table is classified as Other Current Assets in the Consolidated Balance Sheet. The tax effects of temporary differences which gave rise to deferred tax assets and liabilities as of December 31 were:

(IN THOUSANDS)	2001	2000
U.S. and State Current Deferred Tax Assets (Liabilities):		
Accrued expenses	$ 15	$ 1,061
Deferred income	626	(186)
Allowance for doubtful accounts	226	225
Mark to market - hedging contracts	(2,730)	
OTHER	(17)	(21)
Net Current Deferred Tax Asset (Liability)	(1,880)	1,079

-- U.S. and
State Non-
current
Deferred Tax
Assets
(Liabilities):
Property,
plant and
equipment,
principally
due to
differences
in
depreciation,
amortization,
lease
impairment
and
abandonments
(177,382)
(121,799)
Accrued
expenses
7,125 9,309
Deferred
income 6,029
3,303
Allowance for
doubtful
accounts
5,767 5,779
Foreign and
state income
tax accruals
11,627 9,579
OTHER 2,244
2,962 - -----

-------- Net
non-current
deferred
asset
(liability)
(144,590)
(90,867) - --

U.S. and
state net
deferred tax
asset
(liability)
(146,470)
(89,788) - --

Foreign Deferred Tax Assets (Liabilities):		
Property, plant and equipment of FOREIGN OPERATIONS	(31,669)	(26,181)
Deferred tax liability	(31,669)	(26,181)
Total net deferred tax liability	$ (178,139)	$ (115,969)

The components of income from operations before income taxes as of December 31 for each year are as follows:

(IN THOUSANDS)	2001	2000	1999
Domestic	$241,479	$268,489	$83,439
Foreign	(16,869)	30,994	(5,808)

TOtal
$224,610
$299,483
$77,631 -

The income tax provision (benefit) relating to operations consists of the following for the years ended December 31:

(IN
THOUSANDS)
2001 2000
1999 - ---

---- U.S.
current $
24,743 $
65,358 $
18,963
U.S.
deferred
53,591
32,311
7,150
State
current
651 917
313 State
deferred
360 334
(313)
Foreign
current
6,200
8,341
5,232
Foreign
deferred
5,490 625
(3,175) -

Total $

91,035 $
107,886 $
28,170 - -

Note 5 - Common Stock, Stock Options and Stockholder Rights

The Company has two stock option plans, the 1992 Stock Option and Restricted Stock Plan ("1992 Plan") and the 1988 Non-Employee Director Stock Option Plan ("1988 Plan"). The Company accounts for these plans under APB Opinion No. 25.

Under the Company's 1992 Plan, the Board of Directors may grant stock options and award restricted stock. No restricted stock has been issued under the 1992 Plan. Since the adoption of the 1992 Plan, stock options have been issued at the market price on the date of grant. The earliest the granted options may be exercised is over a three year period at the rate of 33 1/3% each year commencing on the first anniversary of the grant date. The options expire ten years from the grant date. The 1992 Plan was amended in 2000, by a vote of the shareholders, to increase the maximum number of shares of common stock that may be issued under the 1992 Plan to 6,500,000 shares. At December 31, 2001, the Company had reserved 5,384,498 shares of common stock for issuance, including 1,732,030 shares available for grant, under its 1992 Plan.

The Company's 1988 Plan allows stock options to be issued to certain non-employee directors at the market price on the date of grant. The options may be exercised one year after issue and expire ten years from the grant date. The 1988 Plan provides for the grant of options to purchase a maximum of 550,000 shares of the Company's authorized but unissued common stock. The 1988 Plan was amended at the shareholders' annual meeting on April 24, 2001 to provide for the granting of a consistent number of stock options to each non-employee director annually (10,000 stock options for the first year of service and 5,000 stock options for each year thereafter) and to change the annual grant date to February 1, commencing February 1, 2002. At December 31, 2001, the Company had reserved 335,857 shares of common stock for issuance, including 139,786 shares available for grant, under its 1988 Plan.

The Company adopted a stockholder rights plan on August 27, 1997, designed to assure that the Company's stockholders receive fair and equal treatment in the event of any proposed takeover of the Company and to guard against partial tender offers and other abusive takeover tactics to gain control of the Company without paying all stockholders a fair price. The rights plan was not adopted in response to any specific takeover proposal. Under the rights plan, the Company declared a dividend of one right ("Right") on each share of Noble Affiliates, Inc. common stock. Each Right will entitle the holder to purchase one one-hundredth of a share of a new Series A Junior Participating Preferred Stock, par value $1.00 per share, at an exercise price of $150.00. The Rights are not currently exercisable and will become exercisable only in the event a person or group acquires beneficial ownership of 15 percent or more of Noble Affiliates, Inc. common stock. The dividend distribution was made on September 8, 1997, to stockholders of record at the close of business on that date. The Rights will expire on September 8, 2007.

Stock options outstanding under the plans mentioned above and one previously terminated plan are presented for the periods indicated.

NUMBER
OPTION OF
SHARES
PRICE RANGE
- ---------

OUTSTANDING
DECEMBER
31, 1998
2,817,242 $
13.38-$40.38
- ---------

Granted
810,895 $
20.06-$27.50
Exercised
(64,055) $
13.38-$24.25
CANCELED
(85,812) $
20.06-$40.38
- ---------

OUTSTANDING
DECEMBER
31, 1999
3,478,270 $
13.50-$40.38
- ---------

Granted
774,343 $
20.06-$38.88
Exercised
(432,199) $
13.50-$40.38
CANCELED
(109,404) $
20.06-$40.38
- ---------

OUTSTANDING
DECEMBER
31, 2000
3,711,010 $
13.50-$40.38
- ---------

Granted
723,400 $
34.79-$43.21
Exercised
(509,161) $
13.50-$40.38
CANCELED
(81,267) $
20.06-$43.21
- ---------

OUTSTANDING
DECEMBER
31, 2001
3,843,982 $
15.00-$43.21
- ---------

EXERCISABLE
AT DECEMBER
31, 2001
2,530,285 $
15.00-$40.38
- ---------

Fair value estimates are based on several assumptions and should not be viewed as indicative of the operations of the Company in future periods. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 2001, 2000 and 1999, respectively, as follows:

(AMOUNTS
EXPRESSED
IN
PERCENTAGES)
2001 2000
1999 - ----

Interest
rate 5.46
6.25 5.50
Dividend
yield .40
.40 .40
Expected
volatility
38.19 51.67
42.95
Expected
life 9.64
9.71 8.80

The weighted average fair value of options granted using the Black-Scholes option pricing model for 2001, 2000 and 1999, respectively, is as follows:

2001
2000
1999 -

Black-
Scholes
model
weighted
average
fair
value
option
price -
$23.86
$16.66
$10.01

The Company applies APB Opinion No. 25 in accounting for its fixed price stock options. The table below sets forth the Company's net income and earnings per share for each of the years ended December 31, as reported and on a pro forma basis as if the compensation cost of stock options had been determined utilizing fair values.

(IN
THOUSANDS
EXCEPT
PER
SHARE
AMOUNTS)
2001
2000
1999 - -

---- Net

Income:
As
Reported
$
133,575
$191,597
$ 49,461
Pro
Forma $
126,037
$183,427
$ 41,176
Basic
Earnings
Per
Share:
As
Reported
$ 2.36 $
3.42 $
.87 Pro
Forma $
2.23 $
3.28 $
.72
Diluted
Earnings
Per
Share:
As
Reported
$ 2.33 $
3.38 $
.86 Pro
Forma $
2.20 $
3.23 $
.72

Compensation expense totaling $781,275 was recognized in 2000, due to the accelerated vesting of stock options as a result of the retirement of certain employees.

NOTE 6 - EMPLOYEE BENEFIT PLANS

PENSION PLAN AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has a non-contributory defined benefit pension plan covering substantially all of its domestic employees. The benefits are based on an employee's years of service and average earnings for the 60 consecutive calendar months of highest compensation. The Company also has an unfunded restoration plan to ensure payments of amounts for which employees are entitled under the provisions of the pension plan, but which are subject to limitations imposed by federal tax laws. The Company's funding policy has been to make annual contributions equal to the actuarially computed liability to the extent such amounts are deductible for income tax purposes. Plan assets consist of equity securities and fixed income investments.

The Company sponsors other plans for the benefit of its employees and retirees. These plans include health care and life insurance benefits. The following table reflects the required disclosures on our pension and other postretirement benefit plans at December 31:

PENSION
BENEFITS
OTHER
BENEFITS ---

------- ----

------ (IN
THOUSANDS)
2001 2000
2001 2000 -

------------ ------------ ------------ ------------ --------
CHANGE IN BENEFIT OBLIGATION Benefit obligation at beginning of year $ 76,623 $ 64,194 $ 2,718 $ 2,738
Adjustment for contributions paid in 2000 (54) Service cost 3,790 3,566 220 231 Interest cost 6,218 5,525 193 187 Plan participants' contributions 71 42
Actuarial (gain) loss 6,882 6,423 (333) (328)
BENEFIT PAID (3,872) (3,085) (181) (152)
- ---------- ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ----------
Benefit obligation at year end $ 89,587 $ 76,623 $ 2,688 $ 2,718 - ---- ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ------------ ---- CHANGE IN PLAN ASSETS Fair value of plan assets at beginning of year $ 55,487 $ 59,168 $ $
Actual return on plan assets (1,541) (992)
Employer contribution 3,497 396 180 152
Benefit paid

(3,873)
(3,085)
(180) (152)
- ----------

Fair value of plan at end of year
$ 53,570 $
55,487 $ $ -

Fund status
$ (36,017) $
(21,136) $
(2,688) $
(2,718)
Unrecognized net actuarial loss (gain)
6,826
(6,560)
(304) 19
Unrecognized prior service cost
2,451 2,743
(274) (304)
UNRECOGNIZED NET TRANSITION OBLIGATION (ASSETS)
1,191 1,214
- ----------

Prepaid (accrued) benefit costs $
(25,549) $
(23,739) $
(3,266) $
(3,003) - --

COMPONENTS OF NET PERIODIC BENEFIT COST

Service cost $ 3,790 $ 3,567 $ 220 $ 231 Interest cost 6,218 5,525 193 188 Expected return on plan assets (4,899) (4,666) Transition (assets) obligation recognition 24 24 Amortization of prior service cost 292 291 (30) (30) RECOGNIZED NET ACTUARIAL LOSS (66) (347) (10) (11) - --- Net periodic benefit cost $ 5,359 $ 4,394 $ 373 $ 378 - -- WEIGHTED-AVERAGE ASSUMPTIONS AS OF DECEMBER 31, Discount rate 7.25% 8.00% 7.25% 8.00% Expected return on plan assets 8.50% 8.50% Rate of compensation increase 4.75% 5.50% 5.50% 5.50%

The following table reflects the aggregate pension obligation components for the defined benefit pension plan and the restoration benefit plan, which are aggregated in the previous tables, at December 31:

DEFINED BENEFIT RESTORATION

PENSION
PLAN
BENEFIT
PLAN ------

----- -----

------ (IN
THOUSANDS)
2001 2000
2001 2000 -

AGGREGATED
PENSION
BENEFITS
Aggregate
fair value
of plan
assets $
53,570 $
55,487 $ $
Aggregate
accumulated
benefit
obligation
73,868
61,902
15,719
14,721 - --

---- Fund
status of
net
periodic
Benefit
assets
(obligation)
$ (20,298)
$ (6,415) $
(15,719) $
(14,721) -

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following results:

1-PERCENTAGE-
1-PERCENTAGE-
(IN
THOUSANDS)
POINT
INCREASE

	POINT DECREASE
Total service and interest cost components	$ 455	$ 376
Total postretirement benefit obligation	$ 2,940	$2,469

EMPLOYEE SAVINGS PLAN ("ESP")

The Company has an ESP which is a defined contribution plan. Participation in the ESP is voluntary and all regular employees of the Company are eligible to participate. The Company may match up to 100 percent of the participant's contribution not to exceed six percent of the employee's base compensation. The following table indicates the Company's contribution for the years ended December 31:

(IN THOUSANDS)	2001	2000	1999
Employers' plan contribution	$1,805	$1,858	$1,823

NOTE 7 - ADDITIONAL BALANCE SHEET AND STATEMENT OF OPERATIONS INFORMATION

Included in accounts receivable-trade is an allowance for doubtful accounts at December 31:

(IN THOUSANDS)	2001	2000
Allowance for doubtful accounts	$ 638	$ 645

Other current assets include the following at December 31:

	(IN THOUSANDS) 2001	2000
Deferred tax asset (liability)	$ (1,880)	$ 1,079
Prepaid federal income taxes	$ 66,131	$ 56,890

Other current liabilities include the following at December 31:

	(IN THOUSANDS) 2001	2000
Gas imbalance liabilities	$ 1,593	$ 1,348
Accrued interest payable	$ 10,692	$ 11,949
Louisiana workers compensation	$ 6,433	$ 5,387

Oil and gas operations expense included the following for the years ended December 31:

	(IN THOUSANDS) 2001	2000	1999
Lease operating expense	$		

114,116 $
93,948 $
107,289
Workover
expense
15,094
21,124
5,708
Production
taxes
8,829
10,264
6,679
OTHER
(4,490)
(3,470)
(2,978) -

Total
operations
expense $
133,549 $
121,866 $
116,698 -

Oil and gas exploration expense included the following for the years ended December 31:

(IN
THOUSANDS)
2001 2000
1999 - ----

- Dry hole
expense $
99,684 $
38,463 $
19,204
Undeveloped
lease
amortization
17,213
16,075
9,645
Abandoned
assets
(415) 3,375

2,483
Seismic
15,607
18,738
7,797 OTHER
19,592
11,592
7,655 - ---

-- Total
exploration
expense $
151,681 $
88,243 $
46,784 - --

During the past three years, there was no purchaser that accounted for more than ten percent of total oil and gas sales and royalties.

NOTE 8 - ASPECT ACQUISITION

During the fourth quarter of 2001, the Company acquired all of Aspect Energy's interests in 110 wells located along the Texas and Louisiana Gulf Coast. Current production is approximately 1,900 BBLS of oil per day and 57 MMCF of gas per day. We acquired approximately 59 BCFe of reserves along with working capital and hedging positions. Also acquired was a 50 percent interest in Aspect's future drilling prospects in this region. As part of the transaction, the Company paid $107 million in cash, issued $14 million of common stock previously held in treasury and assumed a $40 million note payable.

NOTE 9 - UNCONSOLIDATED SUBSIDIARY

The Company has an unconsolidated subsidiary, Atlantic Methanol Capital Company ("AMCCO"), a 50 percent owned joint venture that owns an indirect 90 percent interest in Atlantic Methanol Production Company ("AMPCO"). The Company accounted for its interest in AMCCO through 2001 using the equity method within the Company's wholly-owned subsidiary, Samedan of North Africa, Inc. The Company participated with a 50 percent expense interest (45 percent ownership net of a five percent government carried interest) in the construction of a methanol plant in Equatorial Guinea. The total construction costs of the plant and supporting facilities as of December 31, 2001 were $403 million including various contingencies, with the Company responsible for $201.5 million. AMPCO estimates that an additional $32 million will be incurred to complete various supporting facilities to finalize the project. The Company will be responsible for $16 million in 2002. The plant is designed to produce 2,500 metric tons of methanol per day, which equates to approximately 20,000 BBLS per day. At this level of production, the plant would use approximately 125 MMCF of gas per day from the 34 percent owned Alba field as feedstock. Reserve estimates indicate the Alba field can deliver sufficient gas for the plant to operate 30 years. The methanol plant was completed and on line in the second quarter of 2001. During 1999, AMCCO issued $250 million senior secured notes due 2004 that are not included in the Company's balance sheet. On January 2, 2002, the Company's partner in AMCCO directed AMCCO to sell 50 percent of its interest in AMPCO as a component of the partner's sale of all of its Equatorial Guinea assets. The proceeds of the AMPCO sale were used to repay in full AMCCO's $125 million Series A-1 Notes on January 28, 2002 and to make a distribution to the Company's partner. Since the Company's partner in AMCCO no longer retains an economic interest in AMPCO, the Company will consolidate the results of AMCCO, thereby including the $125 million Series A-2 Notes in the Company's balance sheet. The terms of the $125 million Series A-2 Notes remain unchanged.

The following are summarized financial statements for AMCCO as of December 31:

CONSOLIDATED BALANCE SHEET (Unaudited)
ATLANTIC METHANOL CAPITAL COMPANY

(IN THOUSANDS)	2001	2000
ASSETS		
Current assets	$ 86,213	$ 45,676
Non-current assets	432,431	392,272
TOTAL ASSETS	$ 518,644	$ 437,948
LIABILITIES, MINORITY INTEREST AND MEMBERS' EQUITY		
Current liabilities	$ 14,892	$ 1,197
Non-current liabilities	272,406	250,000
Minority interest	41,210	36,556
Members' equity	190,136	150,195

Total
Liabilities,
Minority
Interest
and
Members'
Equity $
518,644 $
437,948 - -

CONSOLIDATED STATEMENT OF OPERATIONS (Unaudited)
ATLANTIC METHANOL CAPITAL COMPANY

(IN
THOUSANDS)
2001 2000
1999 - ------

REVENUE
Methanol
sales $
43,343 $ $
Other income
5,346 4,389
2,524 - -----

Total Revenue
$ 48,689 $
4,389 $ 2,524
Less cost of
goods sold
(28,548) - --

Gross Margin
$ 20,141 $
4,389 $ 2,524
- -----------

-- EXPENSES
DD&A $ 8,427
$ $ Other
expenses
4,363
Interest (net
of amount
capitalized)
19,069 1,005
1,640
ADMINISTRATIVE
317 86 - ----

Total
Expenses $
32,176 $
1,091 $ 1,640
- -----------

-- NET INCOME
(LOSS) BEFORE
EXTRAORDINARY
ITEMS $
(12,035) $
3,298 $ 884 -

EXTRAORDINARY
ITEMS (1) $
24,776 $ $ -

NET INCOME
(LOSS) $
(36,811) $
3,298 $ 884 -

----

(1) During the year, a prepayment penalty was recorded in connection with the early retirement of Series A-1 Secured Notes in 2002. The charge for the extraordinary item has been allocated to the Company's partner

in AMCCO. Therefore, the Company has not recognized anything related to this loss in its financial statements.

SUPPLEMENTAL OIL AND GAS INFORMATION
(Unaudited)

There are numerous uncertainties inherent in estimating quantities of proved oil and gas reserves. Oil and gas reserve engineering is a subjective process of estimating underground accumulations of oil and gas that cannot be precisely measured, and estimates of engineers other than Samedan's might differ materially from the estimates set forth herein. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, testing and production subsequent to the date of the estimate may justify revision of such estimate. Accordingly, reserve estimates are often different from the quantities of oil and gas that are ultimately recovered.

PROVED GAS RESERVES (Unaudited)

The following reserve schedule was developed by the Company's reserve engineers and sets forth the changes in estimated quantities of proved gas reserves of the Company during each of the three years presented.

```
NATURAL
GAS AND
CASINGHEAD
GAS (MMCF)
- --------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
- UNITED
EQUATORIAL
NORTH
PROVED
RESERVES
AS OF:
STATES
ARGENTINA
ECUADOR
GUINEA
ISRAEL SEA
TOTAL - --
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
----------
-------
JANUARY 1,
2001
752,387
4,544
87,500
383,292
218,154
28,752
1,474,629
Revisions
of
previous
estimates
(46,886)
36 (2,550)
159,847
(1,583)
```

108,864
Extensions,
discoveries
and other
additions
129,172
371 66,410
195,953
Production
(134,507)
(603)
(8,938)
(6,508)
(150,556)
Sale of
minerals
in place
(246)
(246)
Purchase
of
minerals
in place
51,363
51,363 - -

DECEMBER
31, 2001
751,283
4,348
87,500
438,214
378,001
20,661
1,680,007
- --------

- PROVED
RESERVES
AS OF: - -

JANUARY 1,
2000
759,781
5,221
87,500
384,102
26,452
1,263,056
Revisions
of

previous
estimates
(7,022) 44
131 7,864
1,017
Extensions,
discoveries
and other
additions
135,844
218,154
3,101
357,099
Production
(136,010)
(721)
(941)
(8,665)
(146,337)
Sale of
minerals
in place
(4,840)
(4,840)
Purchase
of
minerals
in place
4,634
4,634 - --

DECEMBER
31, 2000
752,387
4,544
87,500
383,292
218,154
28,752
1,474,629
- --------

- PROVED
RESERVES
AS OF: - -

JANUARY 1,
1999
873,222
5,386
321,642

39,056
1,239,306
Revisions
of
previous
estimates
(15,700)
482 63,478
(2,392)
45,868
Extensions,
discoveries
and other
additions
87,293
87,500 192
174,985
Production
(150,871)
(647)
(1,018)
(10,404)
(162,940)
Sale of
minerals
in place
(34,165)
(34,165)
Purchase
of
minerals
in place 2
2 - ------

DECEMBER
31, 1999
759,781
5,221
87,500
384,102
26,452
1,263,056
- --------

- PROVED
DEVELOPED
GAS
RESERVES
AS OF: - -

January 1,

2002
721,926
3,996
438,213
20,662
1,184,797
January 1,
2001
690,301
4,544
383,292
25,652
1,103,789
January 1,
2000
703,166
5,221
11,687
26,452
746,526
January 1,
1999
818,787
5,386
12,862
39,056
876,091

PROVED OIL RESERVES (Unaudited)

The following reserve schedule was developed by the Company's reserve engineers and sets forth the changes in estimated quantities of proved oil reserves of the Company during each of the three years presented.

CRUDE OIL
AND
CONDENSATE
(BBLS IN
THOUSANDS)
- --------

- UNITED
EQUATORIAL
NORTH
PROVED
RESERVES
AS OF:
STATES
ARGENTINA
CHINA
GUINEA SEA
TOTAL - --

JANUARY 1,
2001
69,700
9,437
9,768

47,446
12,418
148,769
Revisions
of
previous
estimates
324 (6)
(272) 407
453
Extensions,
discoveries
and other
additions
7,453
1,846
34,303
43,602
Production
(7,363)
(1,000)
(1,687)
(1,711)
(11,761)
Sale of
minerals
in place
(37) (37)
Purchase
of
minerals
in place
1,595
1,595 - --

DECEMBER
31, 2001
71,672
10,277
9,768
79,790
11,114
182,621 -

PROVED
RESERVES
AS OF: - -

JANUARY 1,
2000

65,523
10,285
9,768
30,684
5,786
122,046
Revisions
of
previous
estimates
(1,493) 68
185 (366)
(1,606)
Extensions,
discoveries
and other
additions
12,788
17,491
5,731
36,010
Production
(7,309)
(916)
(914)
(654)
(9,793)
Sale of
minerals
in place
(935)
(229)
(1,164)
Purchase
of
minerals
in place
1,126
2,150
3,276 - --

DECEMBER
31, 2000
69,700
9,437
9,768
47,446
12,418
148,769 -

PROVED
RESERVES
AS OF: - -

JANUARY 1,
1999
77,306
11,128
22,001
6,146
116,581
Revisions
of
previous
estimates
(1,394)
(24) 9,617
(57) 8,142
Extensions,
discoveries
and other
additions
3,687
9,768 354
13,809
Production
(8,952)
(819)
(934)
(657)
(11,362)
Sale of
minerals
in place
(5,125)
(5,125)
Purchase
of
minerals
in place 1
1 - ------

DECEMBER
31, 1999
65,523
10,285
9,768
30,684
5,786
122,046 -

PROVED
DEVELOPED
OIL
RESERVES
AS OF: - -

January 1,
2002
64,534
8,866
9,768
61,897
11,114
156,179
January 1,
2001
58,903
9,437
9,768
47,446
5,728
131,282
January 1,
2000
60,618
10,285
9,768
14,743
3,986
99,400
January 1,
1999
72,949
11,128
11,425
4,346
99,848

- ----------

PROVED RESERVES. Proved reserves are estimated quantities of crude oil, natural gas, natural gas liquids and condensate liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions.

PROVED DEVELOPED RESERVES. Proved developed reserves are proved reserves which are expected to be recovered through existing wells with existing equipment and operating methods.

OIL AND GAS OPERATIONS (Unaudited)

Aggregate results of operations for each period ended December 31, in connection with the Company's oil and gas producing activities, are shown below. Amounts are presented in accordance with SFAS No. 19, and may not agree with amounts determined using traditional industry definitions.

(IN
THOUSANDS)
- --------

UNITED
EQUATORIAL
NORTH
OTHER
DECEMBER
31, 2001
STATES
ARGENTINA
ECUADOR
GUINEA SEA

INT'L
TOTAL - --

Revenues $
742,909 $
19,999 $ $
38,841 $
54,051 $ $
855,800
Production
costs
146,254
7,574
5,381
8,774 104
168,087
Exploration
expenses
86,619 168
39 33,224
16,858
136,908
DD&A and
valuation
provision
266,805
8,547 79
3,830
18,171 435
297,867 -

Income
(loss)
243,231
3,710 (79)
29,591
(6,118)
(17,397)
252,938
Income tax
expense
(benefit)
85,498
2,277 (27)
14,429
(2,721)
(2,950)
96,506 - -

Result of

operations
from pro-
ducing
activities
(excluding
corporate
overhead
and
interest
COSTS) $
157,733 $
1,433 $
(52) $
15,162 $
(3,397)$
(14,447) $
156,432 -

DECEMBER
31, 2000 -

Revenues $
705,270 $
25,298 $ $
25,501 $
35,284 $ $
791,353
Production
costs
129,359
6,952
5,010
5,962
147,283
Exploration
expenses
78,955 179
(4) 121
2,739
2,575
84,565
DD&A and
valuation
provision
222,161
7,796 47
1,355
12,231 449
244,039 -

Income
(loss)
274,795
10,371
(43)
19,015
14,352
(3,024)
315,466
Income tax
expense
(benefit)
96,675
6,048 (15)
8,978
4,316
(1,000)
115,002 -

Result of
operations
from pro-
ducing
activities
(excluding
corporate
overhead
and
interest
COSTS) $
178,120 $
4,323 $
(28) $
10,037 $
10,036 $
(2,024) $
200,464 -

DECEMBER
31, 1999 -

Revenues $
493,718 $
14,302 $ $
16,036 $
24,677 $ $
548,733
Production
costs
125,803

4,640
3,183
7,106
140,732
Exploration
expenses
45,461 542
130 196
4,270
2,779
53,378
DD&A and
valuation
provision
231,157
6,401 16
3,212
19,687 849
261,322 -

Income
(loss)
91,297
2,719
(146)
9,445
(6,386)
(3,628)
93,301
Income tax
expense
(benefit)
31,646
1,651
4,428
(733)
(1,094)
35,898 - -

Result of
operations
from pro-
ducing
activities
(excluding
corporate
overhead
and
interest
costs) $
59,651 $
1,068 $
(146) $
5,017 $
(5,653)$
(2,534) $
57,403 - -

COSTS INCURRED IN OIL AND GAS ACTIVITIES (Unaudited)

Costs incurred in connection with the Company's oil and gas acquisition, exploration and development activities for each of the years are shown below. Amounts are presented in accordance with SFAS No. 19, and may not agree with amounts determined using traditional industry definitions.

(IN
THOUSANDS)
- --------

UNITED
EQUATORIAL
NORTH
OTHER
DECEMBER
31, 2001
STATES
ECUADOR
GUINEA
ISRAEL SEA
INT'L
TOTAL - --

Property
acquisition
costs
Proved $
91,251 $ $
$ $ 6,318
$ $ 97,569
Unproved
76,808
2,167
2,310
81,285 - -

Total $

168,059 $
$ $ $
8,485 $
2,310 $
178,854 -

Exploration
costs $
134,247 $
1,402 $
4,003 $
131 $
34,766 $
17,831 $
192,380 -

Development
costs $
279,297 $
48,335 $
10,364 $
11,163 $
17,338 $
27,575 $
394,072 -

DECEMBER
31, 2000 -

Property
acquisition
costs
Proved $
6,822 $ $
$ 50,861 $
41,284 $ $
98,967
Unproved
12,559

1,927
2,218 858
17,562 - -

Total $
19,381 $ $
$ 52,788 $
43,502 $
858 $
116,529 -

Exploration
costs $
115,728 $
(4) $ 62 $
11,387 $
1,396 $
2,139 $
130,708 -

Development
costs $
180,339 $
35,078 $
36,820 $
1,502 $
2,219 $
9,570 $
265,528 -

DECEMBER
31, 1999 -

Property
acquisition
costs
Proved $
69 $ $ $ $
$ $ 69
Unproved
7,280 620
7,900 - --

Total $
7,349 $ $
$ $ $ 620
$ 7,969 -

Exploration
costs $
43,999 $
130 $ 123
$ $ 3,229
$ 7,722 $
55,203 - -

Development
costs $
48,042 $
2,569 $
1,748 $ $
4,972 $
4,863 $
62,194 - -

AGGREGATE CAPITALIZED COSTS (Unaudited)

Aggregate capitalized costs relating to the Company's oil and gas producing activities, and related accumulated DD&A, as of December 31 are shown below:

	2001			2000		
(IN THOUSANDS)	U. S.	INT'L	TOTAL	U. S.	INT'L	TOTAL
Unproved oil and gas properties	$ 142,232	$ 14,041	$ 156,273	$ 80,750	$ 69,462	$ 150,212
Proved oil and gas properties	3,007,757	757,885	3,765,642	2,598,115	464,896	3,063,011
	3,149,989	771,926	3,921,915	2,678,865	534,358	3,213,223
Accumulated DD&A	(1,855,352)	(138,425)	(1,993,777)	(1,637,659)	(107,534)	(1,745,193)

---- -----

Net
capitalized
costs $
1,294,637
$ 633,501
$
1,928,138
$
1,041,206
$ 426,824
$
1,468,030
- --------

STANDARDIZED MEASURE OF DISCOUNTED FUTURE NET CASH FLOWS RELATING TO PROVED OIL AND GAS RESERVES (Unaudited)

The following information is based on the Company's best estimate of the required data for the Standardized Measure of Discounted Future Net Cash Flows as of December 31, 2001, 2000 and 1999 in accordance with SFAS No. 69. The Standard requires the use of a 10 percent discount rate. This information is not the fair market value nor does it represent the expected present value of future cash flows of the Company's proved oil and gas reserves.

UNITED
EQUATORIAL
NORTH OTHER
DECEMBER
31, 2001
STATES
ECUADOR
GUINEA
ISRAEL SEA
INT'L TOTAL
- ---------

(IN
MILLIONS OF
DOLLARS)
Future cash
inflows $
3,399 $ 264
$ 1,576 $
900 $ 281 $
317 $ 6,737
Future
production
and
development
costs 1,618
103 381 150
84 168

2,504
Future
income tax
expenses
437 26 598
193 49 24
1,327 - ---

---- Future
net cash
flows 1,344
135 597 557
148 125
2,906 10%
annual
discount
for
estimated
timing of
cash flows
562 56 406
364 25 65
1,478 - ---

Standardized
measure of
discounted
future net
cash flows
$ 782 $ 79
$ 191 $ 193
$ 123 $ 60
$ 1,428 - -

DECEMBER
31, 2000 -

------- (IN
MILLIONS OF
DOLLARS)
Future cash
inflows $
8,825 $ 305
$ 1,125 $
524 $ 379 $

462 $
11,620
Future
production
and
development
costs 1,759
90 178 92
89 186
2,394
Future
income tax
expenses
1,909 58
256 117 78
74 2,492 -

Future net
cash flows
5,157 157
691 315 212
202 6,734
10% annual
discount
for
estimated
timing of
cash flows
2,037 62
273 124 84
80 2,660 -

Standardized
measure of
discounted
future net
cash flows
$ 3,120 $
95 $ 418 $
191 $ 128 $
122 $ 4,074
- ---------

DECEMBER
31, 1999 -

------------------ (IN MILLIONS OF DOLLARS) Future cash inflows $ 3,565 $ 320 $ 779 $ $ 181 $ 463 $ 5,308 Future production and development costs 1,566 73 189 85 207 2,120 Future income tax expenses 376 46 111 18 49 600 - --- Future net cash flows 1,623 201 479 78 207 2,588 10% annual discount for estimated timing of cash flows 686 85 203 33 88 1,095 - --- Standardized measure of discounted future net cash flows $ 937 $ 116 $ 276 $ $ 45 $ 119 $ 1,493 - ---

Construction of AMPCO's methanol plant was completed in the second quarter of 2001. The future net cash inflows for 2001, 2000 and 1999 do not include cash flows relating to the Company's anticipated future methanol sales. For more information regarding the methanol plant, see "Item 1. Business--Unconsolidated

Subsidiary," "Item 2. Properties--Oil and Gas" and "Item 8. Financial Statements and Supplementary Data--Note 9 - Unconsolidated Subsidiary" of this Form 10-K.

Future cash inflows are estimated by applying year-end prices of oil and gas relating to the Company's proved reserves to the year-end quantities of those reserves, with consideration given to the effect of existing hedging contracts, if any.

The year-end NYMEX West Texas intermediate crude oil price utilized in the computation of future cash inflows was $19.84 per BBL, which was adjusted by differentials applied on a property-by-property basis to yield a weighted average price of $17.39 per BBL. The West Texas intermediate crude oil price, as of February 22, 2002, was $21.07 per BBL, an increase of $1.23 per BBL compared to year-end 2001. The Company estimates that a $1.00 per BBL change in the average oil price from the year-end price would change discounted future net cash flows before income taxes by approximately $79 million.

The year-end NYMEX natural gas price utilized in the computation of future cash inflows was $2.57 per MCF, which was adjusted by differentials applied on a property-by-property basis to yield a weighted average price of $2.45 per MCF. As of February 22, 2002, NYMEX natural gas prices had decreased approximately $.12 per MCF to $2.45 per MCF compared with the year-end price. The Company estimates that a $.10 per MCF change in the average gas price from the year-end price would change discounted future net cash flows before income taxes by approximately $70 million.

Future production and development costs, which include dismantlement and restoration expense, are computed by estimating the expenditures to be incurred in developing and producing the Company's proved oil and gas reserves at the end of the year, based on year-end costs, and assuming continuation of existing economic conditions.

Future income tax expenses are computed by applying the appropriate year-end statutory tax rates to the estimated future pretax net cash flows relating to the Company's proved oil and gas reserves, less the tax bases of the properties involved. The future income tax expenses give effect to tax credits and allowances, but do not reflect the impact of general and administrative costs and exploration expenses of ongoing operations relating to the Company's proved oil and gas reserves.

At December 31, 2001, the Company had estimated gas imbalance receivables of $20.9 million and estimated gas imbalance liabilities of $15.5 million; at year-end 2000, $18.5 million in receivables and $14.2 million in liabilities; and at year-end 1999, $17.9 million in receivables and $12.0 million in liabilities. Neither the gas imbalance receivables nor gas imbalance liabilities have been included in the standardized measure of discounted future net cash flows as of each of the three years ended December 31, 2001, 2000 and 1999.

SOURCES OF CHANGES IN DISCOUNTED FUTURE NET CASH FLOWS (Unaudited)

Principal changes in the aggregate standardized measure of discounted future net cash flows attributable to the Company's proved oil and gas reserves, as required by Financial Accounting Standards Board's SFAS No. 69, at year end are shown below.

(IN
MILLIONS)
2001 2000
1999 - ----

--
Standardized
measure of
discounted
future net
cash flows
at the
beginning

of the year $ 4,074 $ 1,493 $ 982 Extensions, discoveries and improved recovery, less related costs 448 1,462 410 Revisions of previous quantity estimates 114 (20) 89 Changes in estimated future development costs (128) (52) (202) Purchases (sales) of minerals in place 108 69 (58) Net changes in prices and production costs (3,376) 2,448 673 Accretion of discount 564 185 102 Sales of oil and gas produced, net of production costs (713) (662) (425) Development costs incurred during the period 220 172 21 Net change in income taxes 908 (1,207) (317) Change in timing of estimated future production, and other (791) 186 218 - --- Standardized measure of discounted future net cash flows at the end of the year $ 1,428 $ 4,074 $

1,493 - ---

INTERIM FINANCIAL INFORMATION (Unaudited)

Interim financial information for the years ended December 31, 2001 and 2000 is as follows:

QUARTER
ENDED ----

(IN
THOUSANDS
EXCEPT PER
SHARE
AMOUNTS)
MAR. 31,
JUNE 30,
SEPT. 30,
DEC. 31, -

----- 2001
Revenues $
559,967 $
413,992 $
302,964 $
299,876
Gross
profit
(loss)
from
operations
$ 174,185
$ 88,320 $
13,073 $
(19,447)
Net income
(loss) $
105,910 $
51,334 $
3,808 $
(27,476)
Basic
earnings
(loss) per
share $
1.88 $ .91
$ .07 $
(.48)
Diluted
earnings
(loss) per
share $
1.84 $ .89
$ .07 $
(.48) 2000
Revenues $

268,872 $
301,777 $
357,353 $
453,284
Gross
profit
from
operations
$ 49,444 $
68,025 $
97,489 $
103,399
Net income
$ 26,880 $
36,861 $
57,217 $
70,640
Basic
earnings
per share
$ .48 $
.66 $ 1.02
$ 1.26
Diluted
earnings
per share
$ .47 $
.65 $ 1.01
$ 1.24

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

The section entitled "Election of Directors" in the Registrant's proxy statement for the 2002 annual meeting of stockholders sets forth certain information with respect to the directors of the Registrant and is incorporated herein by reference. Certain information with respect to the executive officers of the Registrant is set forth under the caption "Executive Officers of the Registrant" in Part I of this report.

The section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in the Registrant's proxy statement for the 2002 annual meeting of stockholders sets forth certain information with respect to compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended, and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION.

The section entitled "Executive Compensation" in the Registrant's proxy statement for the 2002 annual meeting of stockholders sets forth certain information with respect to the compensation of management of the Registrant, and except for the report of the Compensation, Benefits and Stock Option Committee of the Board of Directors and the information therein under "Executive Compensation--Performance Graph" is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

The sections entitled "Security Ownership of Certain Beneficial Owners" and "Security Ownership of Directors and Executive Officers" in the Registrant's proxy statement for the 2002 annual meeting of stockholders set forth certain information with respect to the ownership of the Registrant's common stock and are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

The section entitled "Certain Transactions" in the Registrant's proxy statement for the 2002 annual meeting of stockholders sets forth certain information with respect to certain relationships and related transactions, and is incorporated herein by reference.

PART IV

ITEM 14. FINANCIAL STATEMENT SCHEDULES, EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following documents are filed as a part of this report:

(1) Financial Statements and Financial Statement Schedules and Supplementary Data: These documents are listed in the Index to Consolidated Financial Statements in Item 8 hereof.

(2) Exhibits: The exhibits required to be filed by this Item 14 are set forth in the Index to Exhibits accompanying this report.

(b) The Registrant made no filings on Form 8-K during 2001.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NOBLE AFFILIATES, INC.

Date: March 11, 2002

BY: /s/ James L. McElvany,

James L. McElvany,
Vice President, Finance and Treasurer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature
Capacity
in which
signed
Date - ---
------ ---

- ---- /s/
Charles D.
Davidson
Chairman
of the
Board,
President,
March 11,
2002 - ---

Charles D.
Davidson
Chief
Executive
Officer
and
Director
(Principal
Executive
Officer)
/s/ James
L.
McElvany
Vice
President,
Finance
and
Treasurer
March 11,
2002 - ---

--- James
L.
McElvany
(Principal
Financial
and

Accounting
Officer)
/s/ Alan
A. Baker
Director
March 11,
2002 - ---

--- Alan
A. Baker
/s/
Michael A.
Cawley
Director
March 11,
2002 - ---

Michael A.
Cawley /s/
Edward F.
Cox
Director
March 11,
2002 - ---

--- Edward
F. Cox /s/
James C.
Day
Director
March 11,
2002 - ---

--- James
C. Day /s/
Dale P.
Jones
Director
March 11,
2002 - ---

--- Dale
P. Jones
/s/ T. Don
Stacy
Director
March 11,
2002 - ---

--- T. Don
Stacy

INDEX TO EXHIBITS

Exhibit
Number
Exhibit ** -
------ ------
---- 3.1 --
Certificate
of
Incorporation,
as amended,
of the
Registrant as
currently in

effect (filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987 and incorporated herein by reference).

3.2 -- Certificate of Designations of Series A Junior Participating Preferred Stock of the Registrant dated August 27, 1997 (filed Exhibit A of Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A filed on August 28, 1997 and incorporated herein by reference).

3.3 -- Composite copy of Bylaws of the Registrant as currently in effect (filed as Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1997 and incorporated herein by reference).

3.4 -- Certificate of Designations of Series B Mandatorily Convertible Preferred Stock of the Registrant dated November 9, 1999 (filed as Exhibit 3.4 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1999 and incorporated herein by reference).

4.1 -- Indenture dated as of October 14, 1993 between the Registrant and U.S. Trust Company of Texas, N.A., as Trustee, relating to the Registrant's 7 1/4% Notes Due 2023, including form of the Registrant's 7 1/4% Notes Due 2023 (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 and incorporated herein by reference).

4.2 -- Indenture relating to Senior Debt Securities dated as of April 1, 1997 between the Registrant and U.S. Trust Company of Texas, N.A., as Trustee (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 and incorporated herein by reference).

4.3 -- First Indenture Supplement relating to $250 million of the Registrant's 8% Senior Notes Due 2027 dated as of April 1, 1997 between the Registrant and U.S. Trust Company of Texas, N.A., as Trustee (filed as

Exhibit 4.2 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 and incorporated herein by reference).

4.4 -- Second Indenture Supplement, between the Company and U.S. Trust Company of Texas, N.A. as trustee, relating to $100 million of the Registrant's 7 1/4% Senior Debentures Due 2097 dated as of August 1, 1997 (filed as Exhibit 4.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1997 and incorporated herein by reference).

4.5 -- Rights Agreement, dated as of August 27, 1997, between the Registrant and Liberty Bank and Trust Company of Oklahoma City, N.A., as Right's Agent (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A filed on August 28, 1997 and incorporated herein by reference).

4.6 -- Amendment No. 1 to Rights Agreement dated as of December 8, 1998, between the Registrant and Bank One Trust Company, as successor Rights Agent

to Liberty Bank and Trust Company of Oklahoma City, N.A. (filed as Exhibit 4.2 to the Registrant's Registration Statement on Form 8-A/A (Amendment No. 1) filed on December 14, 1998 and incorporated herein by reference).

10.1* -- Samedan Oil Corporation Bonus Plan, as amended and restated on September 24, 1996 (filed as Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and incorporated herein by reference).

10.2* -- Restoration of Retirement Income Plan for certain participants in the Noble Affiliates Retirement Plan dated September 21, 1994, effective as of May 19, 1994 (filed as Exhibit 10.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1994 and incorporated herein by reference).

Exhibit Number Exhibit ** - ------ ---------- 10.3 * -- Noble Affiliates Thrift Restoration Plan dated May 9, 1994 (filed as Exhibit 10.6 to the Registrant's

Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference).

10.4* -- Noble Affiliates Restoration Trust dated September 21, 1994, effective as of October 1, 1994 (filed as Exhibit 10.7 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1994 and incorporated herein by reference).

10.5* -- Noble Affiliates, Inc. 1992 Stock Option and Restricted Stock Plan, as amended and restated, dated November 2, 1992 (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (Registration No. 33-54084) and incorporated herein by reference).

10.6* -- 1982 Stock Option Plan of the Registrant (filed as Exhibit 4.1 to the Registrant's Registration Statement on Form S-8 (Registration No. 2-81590) and incorporated herein by reference).

10.7* -- Amendment No. 1 to the 1982 Stock Option Plan of the Registrant (filed as Exhibit 4.2

to the Registrant's Registration Statement on Form S-8 (Registration No. 2-81590) and incorporated herein by reference).

10.8* -- Amendment No. 2 to the 1982 Stock Option Plan of the Registrant (filed as Exhibit 10.11 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1995 and incorporated herein by reference).

10.9* -- 1988 Nonqualified Stock Option Plan for Non-Employee Directors of the Registrant, as amended and restated, effective as of April 24, 2001.

10.10* -- Form of Indemnity Agreement entered into between the Registrant and each of the Registrant's directors and bylaw officers (filed as Exhibit 10.18 to the Registrant's Annual Report of Form 10-K for the year ended December 31, 1995 and incorporated herein by reference).

10.11 -- Guaranty of the Registrant dated October 28, 1982, guaranteeing certain obligations of Samedan (filed as Exhibit 10.12 to the Registrant's Annual Report

on Form 10-K for the year ended December 31, 1993 and incorporated herein by reference).

10.12 -- Stock Purchase Agreement dated as of July 1, 1996, between Samedan Oil Corporation and Enterprise Diversified Holdings Incorporated (filed as Exhibit 2.1 to the Registrant's Current Report on Form 8-K (Date of Event: July 31, 1996) dated August 13, 1996 and incorporated herein by reference).

10.13* -- Noble Affiliates, Inc. 1992 Stock Option and Restricted Stock Plan, as amended and restated on December 10, 1996, subject to the approval of stockholders (filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1996 and incorporated herein by reference).

10.14 -- Amended and Restated Credit Agreement dated as of December 24, 1997 among the Registrant, as borrower, and Union Bank of Switzerland, Houston agency, as the agent for

the lender,
and
NationsBank
of Texas,
N.A. and
Texas
Commerce Bank
National
Association,
as managing
agents, and
Bank of
Montreal,
CIBC Inc.,
The First
National Bank
of Chicago,
Royal Bank of
Canada, and
Societe
Generale,
Southwest
agency, as
co-agents,
and certain
commercial
lending
institutions,
as lenders
(filed as
Exhibit 10.20
to the
Registrant's
Annual Report
on Form 10-K
for the
fiscal year
ended
December 31,
1997 and
incorporated
herein by
reference).
Exhibit
Number
Exhibit ** -
------ ------
- 10.15 --
Noble
Preferred
Stock
Remarketing
and
Registration
Rights
Agreement
dated as of
November 10,
1999 by and
among the
Registrant,
Noble Share
Trust, The
Chase
Manhattan
Bank, and
Donaldson,
Lufkin &
Jenrette
Securities
Corporation
(filed as
Exhibit 10.15
to the
Registrant's
Annual Report
on Form 10-K
for the year
ended
December 31,
1999 and
incorporated
herein by

reference).
10.16* -- Employment Agreement effective as of October 2, 2000 between Noble Affiliates, Inc. and Charles D. Davidson (filed as Exhibit 10.16 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000 and incorporated herein by reference).
10.17* -- Letter agreement dated February 1, 2002 between the Registrant and Charles D. Davidson, terminating Mr. Davidson's employment agreement and entering into the attached Change of Control Agreement.
10.18* -- Form of Change of Control Agreement entered into between the Registrant and each of the Registrant's officers, with schedule setting forth differences in Change of Control Agreements.
10.19 -- Five-year Credit Agreement dated as of November 30, 2001 among the Registrant, as borrower, and JPMorgan Chase Bank, as the administrative agent for the lenders, and Societe Generale, as the syndication

agent for the lenders, Mizuho Financial Group, Credit Lyonnais, New York Branch, The Royal Bank of Scotland PLC, and Deutsche Bank Ag New York Branch, as co-documentation agents, and certain commercial lending institutions, as lenders.

10.20 -- 364-day Credit Agreement dated as of November 30, 2001 among the Registrant, as borrower, and JPMorgan Chase Bank, as the administrative agent for the lenders, and Societe Generale, as the syndication agent for the lenders, Mizuho Financial Group, Credit Lyonnais, New York Branch, The Royal Bank of Scotland PLC, and Deutsche Bank Ag New York Branch, as co-documentation agents, and certain commercial lending institutions, as lenders.

21 -- Subsidiaries.

23 -- Consent of Arthur Andersen LLP.

99 -- Company's letter to SEC re: Arthur Andersen LLP assurances.

* Management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

** Copies of exhibits will be furnished upon prepayment of 25 cents per page. Requests should be addressed to the Vice President-Finance and Treasurer, Noble Affiliates, Inc., 350 Glenborough Drive, Suite 100, Houston, Texas 77067.

DIRECTORS

CHARLES D. DAVIDSON
CHAIRMAN OF THE BOARD, PRESIDENT AND
CHIEF EXECUTIVE OFFICER,
NOBLE AFFILIATES, INC.

ALAN A. BAKER
CONSULTANT AND FORMER CHAIRMAN AND
CHIEF EXECUTIVE OFFICER,
HALLIBURTON ENERGY SERVICES

MICHAEL A. CAWLEY
TRUSTEE, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
THE SAMUEL ROBERTS NOBLE FOUNDATION, INC.

EDWARD F. COX
PARTNER, LAW FIRM OF
PATTERSON, BELKNAP, WEBB AND TYLER LLP

JAMES C. DAY
CHAIRMAN OF THE BOARD AND
CHIEF EXECUTIVE OFFICER,
NOBLE DRILLING CORPORATION

DALE P. JONES
CONSULTANT AND FORMER VICE CHAIRMAN AND
PRESIDENT, HALLIBURTON COMPANY

BRUCE A. SMITH
CHAIRMAN, PRESIDENT AND CHIEF EXECUTIVE OFFICER,
TESORO PETROLEUM CORPORATION

T. DON STACY
FORMER CHAIRMAN AND
PRESIDENT, AMOCO EURASIA PETROLEUM CO.

DIRECTOR EMERITUS

GEORGE J. MCLEOD

EXECUTIVE OFFICERS

CHARLES D. DAVIDSON
CHAIRMAN OF THE BOARD, PRESIDENT,
CHIEF EXECUTIVE OFFICER AND DIRECTOR
NOBLE AFFILIATES, INC.

ALAN R. BULLINGTON
VICE PRESIDENT, INTERNATIONAL,
NOBLE AFFILIATES, INC.

ROBERT K. BURLESON
VICE PRESIDENT, BUSINESS ADMINISTRATION,
NOBLE AFFILIATES, INC. AND PRESIDENT,
NOBLE GAS MARKETING, INC.

SUSAN M. CUNNINGHAM
SENIOR VICE PRESIDENT, EXPLORATION,
NOBLE AFFILIATES, INC.

ALBERT D. HOPPE
SENIOR VICE PRESIDENT, GENERAL COUNSEL
AND SECRETARY,
NOBLE AFFILIATES, INC.

JAMES L. MCELVANY
VICE PRESIDENT, CHIEF FINANCIAL OFFICER,
TREASURER AND ASSISTANT SECRETARY,
NOBLE AFFILIATES, INC.

RICHARD A. PENEGUY, JR.
VICE PRESIDENT, OFFSHORE,
NOBLE AFFILIATES, INC.

WILLIAM A. POILLION, Jr.
SENIOR VICE PRESIDENT, PRODUCTION AND DRILLING,
NOBLE AFFILIATES, INC.

TED A. PRICE
VICE PRESIDENT, ONSHORE,
NOBLE AFFILIATES, INC.

KENNETH P. WILEY
VICE PRESIDENT, INFORMATION SYSTEMS,
NOBLE AFFILIATES, INC.

CORPORATE AND SUBSIDIARY OFFICES
NOBLE AFFILIATES, INC.

CORPORATE HEADQUARTERS
350 GLENBOROUGH DRIVE
SUITE 100
HOUSTON, TEXAS 77067
(281) 872-3100

INVESTOR RELATIONS
WILLIAM R. MCKOWN III
ASSISTANT TREASURER
(281) 872-3100
INVESTOR_RELATIONS@NOBLEAFF.COM
WWW.NOBLEAFF.COM

SUBSIDIARY HEADQUARTERS

SAMEDAN OIL CORPORATION
350 GLENBOROUGH DRIVE
SUITE 100
HOUSTON, TEXAS 77067

NOBLE GAS MARKETING, INC.
350 GLENBOROUGH DRIVE
SUITE 180
HOUSTON, TEXAS 77067

NOBLE TRADING, INC.
350 GLENBOROUGH DRIVE
SUITE 180
HOUSTON, TEXAS 77067

OPERATIONAL OFFICES

DOMESTIC OFFSHORE
SAMEDAN OIL CORPORATION
350 GLENBOROUGH DRIVE
SUITE 240
HOUSTON, TEXAS 77067

DOMESTIC ONSHORE
SAMEDAN OIL CORPORATION
12600 NORTHBOROUGH DRIVE
SUITE 250
HOUSTON, TEXAS 77067

INTERNATIONAL
SAMEDAN OIL CORPORATION
350 GLENBOROUGH DRIVE
SUITE 300
HOUSTON, TEXAS 77067

INDEPENDENT PUBLIC ACCOUNTANTS
ARTHUR ANDERSEN LLP
OKLAHOMA CITY, OKLAHOMA

TRANSFER AGENT AND REGISTRAR
FIRST UNION NATIONAL BANK
NC1153
1525 WEST W. T. HARRIS BLVD., 3C3
CHARLOTTE, NORTH CAROLINA 28262-1153
(704) 427-6349
RHONDA.WHITLEY@FIRSTUNION.COM

COMMON STOCK LISTED
NEW YORK STOCK EXCHANGE
SYMBOL - NBL

ANNUAL MEETING
The Annual Meeting of Stockholders of Noble Affiliates, Inc. will be held on Tuesday, April 23, 2002, at 9:30 a.m. at the Wyndham Greenspoint Hotel located at 12400 Greenspoint Drive in Houston, Texas. All stockholders are cordially invited to attend.

FORM 10-K

The Company's Annual Report on Form 10-K for the year ended December 31, 2001, as filed with the Securities and Exchange Commission, is included in this report. Additional copies are available without charge upon request by writing to the Chief Financial Officer, Noble Affiliates, Inc., 350 Glenborough Drive, Suite 100, Houston, Texas 77067, via the Company's Internet website: http://www.nobleaff.com, or via the Securities and Exchange Commission's Internet website: http://www.sec.gov.

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Exhibit 10.9

1988 NONQUALIFIED STOCK OPTION PLAN FOR NON-EMPLOYEE DIRECTORS OF NOBLE AFFILIATES, INC.

AS AMENDED AND RESTATED EFFECTIVE APRIL 24, 2001

RECITALS

A. Effective as of July 26, 1988 (the "Effective Date"), the board of directors (the "Board of Directors") of Noble Affiliates, Inc., a Delaware corporation (the "Company"), hereby adopts this 1988 Nonqualified Stock Option Plan for Non-Employee Directors (the "Plan").

B. The purposes of the Plan are to provide to each of the directors of the Company who is not also either an employee or an officer of the Company added incentive to continue in the service of the Company and a more direct interest in the future success of the operations of the Company by granting to such directors options (the "Options", or individually, the "Option") to purchase shares of the Company's common stock, $3.33-1/3 par value (the "Common Stock"), subject to the terms and conditions described below.

ARTICLE I

GENERAL

1.01 DEFINITIONS. For purposes of this Plan and as used herein, "non-employee director" shall mean an individual who (a) is now, or hereafter becomes, a member of the Board of Directors by virtue of an election by the shareholders of the Company, (b) is neither an employee nor an officer of the Company and (c) has not elected to decline to participate in the Plan pursuant to the next succeeding sentence. A director otherwise eligible to participate in the Plan may make an irrevocable, one-time election, by written notice to the Company within 30 days after his initial election to the Board of Directors or, in the case of the directors in office on the Effective Date, prior to shareholder approval of the Plan, to decline to participate in the Plan. For purposes of this Plan, "employee" shall mean an individual whose wages are subject to the withholding of federal income tax under Section 3401 of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and "officer" shall mean an individual elected or appointed by the Board of Directors or chosen in such other manner as may be prescribed in the By-laws of the Company to serve as such, except that for the purposes of this Plan, the Chairman of the Board will not be deemed to be an officer of the Company.

For purposes of this Plan, and as used herein, the "fair market value" of a share of Common Stock is the closing sales price on the date in question (or, if there was no reported sale on such date, on the last preceding day on which any reported sale occurred) of the Common Stock on the New York Stock Exchange.

1.02 OPTIONS. The Options granted hereunder shall be options that are not qualified under Section 422A of the Code.

ARTICLE II

ADMINISTRATION

The Plan shall be administered by the Board of Directors. The Board of Directors shall have no authority, discretion or power to select the participants who will receive Options, to set the number of shares to be covered by each Option, or to set the exercise price or the period within which the Options may be exercised, or to alter any other terms or conditions specified herein, except in the sense of administering the Plan subject to the express provisions of the Plan and except in accordance with Sections 3.02(a) and 6.02 hereof. Subject to the foregoing limitations, the Board of Directors shall have authority and power to adopt such rules and regulations and to take such action as it shall consider necessary or advisable for the administration of the Plan, and to construe, interpret and administer the Plan. The decisions of the Board of Directors relating to the Plan shall be final and binding upon the Company, the Holders, as defined hereinafter, and all other persons. No member of the Board of Directors shall incur any liability by reason of any action or determination made in good faith with respect to the Plan or any stock option agreement entered into pursuant to the Plan.

ARTICLE III

OPTIONS

3.01 PARTICIPATION. Each non-employee director shall be granted Options to purchase Common Stock under the Plan on the terms and conditions herein described.

3.02 STOCK OPTION AGREEMENTS. Each Option granted under the Plan shall be evidenced by a written stock option agreement, which agreement shall be entered into by the Company and the non-employee director to whom the Option is granted (the "Holder"), and which agreement shall include, incorporate or conform to the following terms and conditions, and such other terms and conditions not inconsistent therewith or with the terms and conditions of this Plan as the Board of Directors considers appropriate in each case:

(a) OPTION GRANT DATE. Options shall be granted initially as of the Effective Date to each non-employee director serving the Company as a director on such date. Thereafter, on each July 1 during the term of the Plan until and including July 1, 2001, Options shall be granted automatically to the incumbent non-employee directors serving the Company as directors on such date. Beginning on February 1, 2002, Options shall be granted to incumbent non-employee directors each year on February 1 during the term of the Plan. Options shall be granted to new non-employee directors at the time of their election or appointment. The date of grant of an Option pursuant to the Plan shall be referred to hereinafter as the "Grant Date" of such Option. Notwithstanding anything herein to the contrary, the Board of Directors may revoke, on or prior to July 1, 2001 or on or prior to each subsequent February 1, the next automatic grant of Options otherwise provided for by the Plan if no options have been granted to employees since the preceding Grant Date under the Company's 1982 Stock Option Plan or any other employee stock option plan that the Company might adopt hereafter.

(b) NUMBER. Each non-employee director serving the Company as a director on the Effective Date shall be granted, as of such date, an Option to purchase a number of shares of Common Stock equal to the product obtained by multiplying (i) the number of completed years such director has served the Company as a director by (ii) 500. Thereafter, as of each subsequent Grant Date prior to July 1, 2001, each then current non-employee director shall be granted an Option to purchase the number of shares of Common Stock equal to the nearest number of whole shares determined in accordance with the following formula, subject to adjustment in accordance with Section 5.02 hereof:

$$\frac{30{,}000}{\text{Number of Non-Employee Directors}} = \text{Number of Shares of Common Stock}$$

"Number of Non-Employee Directors" shall mean the number of non-employee directors serving the Company as a director on such Grant Date. The formula set forth above will not be affected by any decision of the Board of Directors to revoke an automatic grant.

If, on any July 1 during the term of the Plan prior to July 1, 2001, fewer than 30,000 shares of Common Stock (subject to adjustment in accordance with Section 5.02 hereof) remain available for grant on such date, such smaller number will be substituted for 30,000 as the numerator in the formula described above to determine the number of shares of Common Stock to be subject to each Option to be granted to each non-employee director on such date.

Beginning on July 1, 2001 and on each Grant Date thereafter, each new non-employee director shall be granted an Option to purchase 10,000 shares of Common Stock, upon election to the Board of Directors as a director, for his or her first year of service as a director. On each subsequent Grant Date, each then current incumbent non-employee director who has completed his or her first year of service as a director shall be granted an Option to purchase 5,000 shares of Common Stock.

(c) PRICE. The price at which each share of Common Stock covered by an Option may be purchased pursuant to this Plan shall be the fair market value of the shares on the Grant Date of such Option.

(d) OPTION PERIOD. Each Option shall be exercisable from time to time over a period (the "Option Period") commencing one year from the Grant Date of such Option and ending upon the expiration of ten years from the Grant Date, unless terminated sooner pursuant to the provisions described in Section 3.02(e) below; provided, however, that any Option granted pursuant to the Plan shall become exercisable in full upon the mandatory retirement of the Holder as a regular director because of age

in accordance with Article III of the By-laws of the Company.

(e) TERMINATION OF SERVICE, DEATH, ETC. Each stock option agreement shall provide as follows with respect to the exercise of the Option granted thereby in the event that

the Holder ceases to be a non-employee director for the reasons described in this Section 3.02(e):

(i) If the Holder ceases to be a director of the Company on account of such Holder's (A) fraud or intentional misrepresentation, or (B) embezzlement, misappropriation or conversion of assets or opportunities of the Company or any direct or indirect majority-owned subsidiary of the Company, then the Option shall automatically terminate and be of no further force or effect as of the date the Holder's directorship terminated;

(ii) If the Holder shall die during the Option Period while a director of the Company (or during the additional five-year period provided by paragraph (iii) of this Section 3.02(e)), the Option may be exercised, to the extent that the Holder was entitled to exercise it at the date of Holder's death, within five years after such death (if otherwise within the Option Period), but not thereafter, by the executor or administrator of the estate of the Holder, or by the person or persons who shall have acquired the Option directly from the Holder by bequest or inheritance; or

(iii) If the directorship of a Holder is terminated for any reason (other than the circumstances specified in paragraphs (i) and (ii) of this Section 3.02(e)) within the Option Period, the Option may be exercised, to the extent the Holder was able to do so at the date of termination of the directorship, within five years after such termination (if otherwise within the Option Period), but not thereafter.

(f) TRANSFERABILITY. An Option granted under the Plan shall not be transferable by the Holder other than by will or the laws of descent and distribution or pursuant to a qualified domestic relations order as defined by the Code or Title I of the Employee Retirement Income Security Act of 1974, as amended, or the rules thereunder. The designation of a beneficiary by a Holder does not constitute a transfer.

(g) AGREEMENT TO CONTINUE IN SERVICE. Each Holder shall agree to remain in the continuous service of the Company, at the pleasure of the Company's shareholders, at least until the earlier of one year after the date of the grant of any Option or the mandatory retirement of the Holder as a regular director because of age in accordance with Article III of the By-laws of the Company, at the retainer rate and fee schedule then in effect or at such changed rate or schedule as the Company from time to time may establish.

(h) EXERCISE, PAYMENTS, ETC. Each stock option agreement shall provide that the method for exercising the Option granted thereby shall be by delivery to the President of the Company of, or by sending by United States registered or certified mail, postage prepaid, addressed to the Company (for the attention of its President) of, written notice signed by Holder specifying the number of shares of Common Stock with respect to which such Option is being exercised. Such notice shall be accompanied by the full amount of the purchase price of such shares. Any such notice shall be deemed to be given on the date on which the same was deposited in a regularly maintained receptacle for the deposit of United States mail, addressed and sent as above-stated. In addition to the foregoing, promptly after

demand by the Company, the exercising Holder shall pay to the Company an amount equal to applicable withholding taxes, if any, due in connection with such exercise.

ARTICLE IV

[Deleted]

ARTICLE V

AUTHORIZED COMMON STOCK

5.01 COMMON STOCK. The total number of shares of Common Stock as to

which Options may be granted pursuant to the Plan shall be 550,000, in the aggregate, except as such number of shares shall be adjusted from and after the Effective Date in accordance with the provisions of Section 5.02 hereof. If any outstanding Option under the Plan shall expire or be terminated for any reason before the end of the Option Period, the shares of Common Stock allocable to the unexercised portion of such Option may again be subject to the Plan. The Company shall, at all times during the life of any outstanding Options, retain as authorized and unissued Common Stock at least the number of shares from time to time included in the outstanding Options or otherwise assure itself of its ability to perform its obligation under the Plan.

5.02 ADJUSTMENTS UPON CHANGES IN COMMON STOCK. In the event the Company shall effect a split of the Common Stock or dividend payable in Common Stock, or in the event the outstanding Common Stock shall be combined into a smaller number of shares, the maximum number of shares as to which Options may be granted under the Plan shall be increased or decreased proportionately. In the event that before delivery by the Company of all of the shares of Common Stock in respect of which any Option has been granted under the Plan, the Company shall have effected such a split, dividend or combination, the shares still subject to the Option shall be increased or decreased proportionately and the purchase price per share shall be increased or decreased proportionately so that the aggregate purchase price for all the then optioned shares shall remain the same as immediately prior to such split, dividend or combination.

In the event of a reclassification of the Common Stock not covered by the foregoing, or in the event of a liquidation or reorganization, including a merger, consolidation or sale of assets, the Board of Directors of the Company shall make such adjustments, if any, as it may deem appropriate in the number, purchase price and kind of shares covered by the unexercised portions of Options theretofore granted under the Plan. The provisions of this Section 5.02 shall only be applicable if, and only to the extent that, the application thereof does not conflict with any valid governmental statute, regulation or rule.

ARTICLE VI

GENERAL PROVISIONS

6.01 TERMINATION OF THE PLAN. The Plan shall terminate whenever the Board of Directors adopts a resolution to that effect. If not sooner terminated under the preceding sentence, the Plan

shall wholly cease and expire at the close of business on July 25, 2006. After termination of the Plan, no Options shall be granted under this Plan, but the Company shall continue to recognize Options previously granted.

6.02 AMENDMENT OF THE PLAN. Subject to the limitations set forth in this Section 6.02, the Board of Directors may from time to time amend, modify, suspend or terminate the Plan. No such amendment, modification, suspension or termination shall (a) impair any Options theretofore granted under the Plan or deprive any Holder of any shares of Common Stock which he might have acquired through or as a result of the Plan, or (b) be made without the approval of the shareholders of the Company where such change would (i) increase the total number of shares of Common Stock which may be granted under the Plan or decrease the purchase price under the Plan (other than as provided in Section 5.02 hereof), (ii) materially alter the class of persons eligible to be granted Options under the Plan, (iii) materially increase the benefits accruing to Holders under the Plan or (iv) extend the term of the Plan or the Option Period.

6.03 TREATMENT OF PROCEEDS. Proceeds from the sale of Common Stock pursuant to Options granted under the Plan shall constitute general funds of the Company.

6.04 EFFECTIVENESS. This Plan shall become effective as of the Effective Date, subject to the conditions stated in the following sentence. This Plan and each Option granted or to be granted hereunder is conditional on and shall be of no force and effect, and no Option shall be exercised, unless and until, (a) shareholder approval of the Plan by the affirmative votes of the holders of a majority of the shares of Common Stock present, or represented, and entitled to vote at a meeting of shareholders duly held not later than the date of the next annual meeting of shareholders and (b) receipt by the Company of a favorable response from the staff of the Securities and Exchange Commission to the Company's position to the effect that (i) the Plan will meet the requirements of Rule 16b-3 and (ii) the receipt of Options under the Plan by non-employee directors will not prohibit them from continuing to be "disinterested persons" within the meaning of paragraphs (b) and (d)(3) of Rule 16b-3 with respect to the Company's employee stock option plans.

6.05 PARAGRAPH HEADINGS. The paragraph headings included herein are only for convenience, and they shall have no effect on the interpretation of the Plan.

IN WITNESS WHEREOF, the undersigned has executed this Amended and Restated 1988 Nonqualified Stock Option Plan for Non-Employee Directors on this 24th day of April, 2001, effective as of April 24, 2001.

NOBLE AFFILIATES, INC.

By CHARLES D. DAVIDSON

Name: Charles D. Davidson

Title: President and Chief Executive Officer

February 1, 2002

Mr. Charles D. Davidson
Noble Affiliates, Inc.
350 Glenborough, Suite 100
Houston, Texas 77067

Re: EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

Dear Chuck:

This letter is to confirm and implement the decision reached at the meeting of the Compensation, Benefits and Stock Option Committee of the Board of Directors that you attended on January 28, 2002.

Following a full discussion of the pros and cons to you and Noble Affiliates, Inc. (the "Company") of either (1) amending your Employment Agreement with the Company dated October 2, 2000 (the "Employment Agreement"), to provide for the change of control benefits provided under the form of Change of Control Agreement the Company recently entered into with certain key employees, or (2) terminating the Employment Agreement and entering into a Change of Control Agreement in such form, you expressed a preference for and it was mutually agreed to implement the latter course of action. Accordingly, pursuant to the provisions of Section 12 of the Employment Agreement and in consideration of the execution by the Company of the Noble Affiliates, Inc. Change of Control Agreement attached hereto as Exhibit A, the Employment Agreement is hereby terminated in its entirety and replaced by the Noble Affiliates, Inc. Change of Control Agreement already executed by the Company and attached hereto as Exhibit A, such termination and replacement to be effective February 1, 2002 and upon your execution and delivery to Al Hoppe of both this letter and said Change of Control Agreement.

Very truly yours,

/s/ Michael A. Cawley
- --
Michael A. Cawley
Lead Independent Director of the
Board of Directors of Noble Affiliates, Inc.

AGREED:

/s/ Charles D. Davidson
- --
Charles D. Davidson

NOBLE AFFILIATES, INC.
CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement ("Agreement") is made and effective as of the 1st day of February, 2002, by and between Noble Affiliates, Inc., a Delaware corporation ("Employer"), and Charles D. Davidson ("Executive").

RECITALS

The Board of Directors of Employer (the "Board") has determined that it is in the best interests of Employer to assure that Employer will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below). The Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control, to encourage Executive's full attention and dedication to Employer currently and in the event of any threatened or pending Change of Control, and to provide Executive with compensation and benefit arrangements upon a Termination Event (as defined below) that ensure that such compensation and benefits are competitive with other corporations.

AGREEMENT

Now, therefore, in consideration of Executive's continued employment by Employer, as well as the promises, covenants and obligations contained herein, Employer and Executive agree as follows:

1. PAYMENT OF SEVERANCE AMOUNT. Upon the occurrence of a Termination Event (as defined in paragraph 2), Employer shall:

(a) pay Executive all salary, unreimbursed expenses incurred by

Executive in the performance of his duties for Employer and other compensation and benefits that are accrued but unpaid through the date of the termination constituting such Termination Event (the "Termination Date"), payable as a lump sum cash payment within 30 days following the Termination Date;

(b) pay Executive an amount equal to Executive's Annual Cash Compensation (as defined in paragraph 2) multiplied by a factor of 2.99, payable as a lump sum cash payment within 30 days following the Termination Date;

(c) pay Executive an amount equal to Executive's pro-rata (measured as (i) the number of days expired, as of Termination Date, in the then-current calendar year, divided by (ii) 365) target bonus for the then-current year;

(d) provide Executive with life, disability, medical and dental insurance at the level provided at either the date of the occurrence of a Change of Control or the Termination Date, as Executive shall in his sole discretion elect by providing written notice to Employer, for thirty-six (36) months following the Termination Date or such shorter period until Executive shall obtain substantially equivalent insurance coverage from a subsequent employer, if any, in the same manner as if Executive's employment had not been terminated until the end of such period. Executive shall immediately notify Employer upon obtaining any insurance from a subsequent employer and shall provide all information required by Employer regarding such insurance to enable Employer to make a determination of whether such insurance is substantially equivalent;

(e) notwithstanding Executive's termination of employment, preserve Executive's rights to purchase the shares of Employer's capital stock that are subject to then-outstanding options that have been granted to Executive by Employer (or pursuant to a stock option plan of Employer), so that all

such options remain or become exercisable in accordance with their terms as if Executive's employment had not terminated; and

(f) upon receiving a detailed invoice for same, reimburse, up to a maximum cumulative amount of 15,000 Dollars, Executive for the reasonable fees of no more than one out-placement (or similar) service provider engaged by Executive to assist in finding employment opportunities for Executive during the twelve-month period following a Termination Date.

2. DEFINITIONS.

(a) A "TERMINATION EVENT" shall be deemed to have occurred if at any time within 24 months after a Change of Control, Employer or any successor thereto shall terminate Executive's employment for any reason other than for (A) Cause, as defined below, (B) incapacity due to physical or mental illness or (C) death. For this purpose, Executive's employment shall be deemed to have been terminated upon the actual termination of his employment or upon the occurrence of a Constructive Termination (as defined below).

(b) A "CHANGE OF CONTROL" shall be deemed to have occurred if:

(i) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least fifty-one percent (51%) of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by Employer's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board;

(ii) the stockholders of Employer shall approve a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of Employer immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own outstanding voting securities representing at least fifty-one percent (51%) of the combined voting power entitled to vote generally in the election of directors ("Voting Securities") of the reorganized, merged or consolidated company;

(iii) the stockholders of Employer shall approve a liquidation or dissolution of Employer or a sale of all or substantially all of the stock or assets of Employer; or

(iv) any "person," as that term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Employer, any of its subsidiaries, any employee benefit plan of Employer or any of its subsidiaries, or any entity organized, appointed or established by Employer for or pursuant to the terms of such a plan), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person (as well as any

"Person" or "group" as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become the "beneficial owner" or "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of Employer representing in the aggregate twenty-five percent (25%) or more of either (A) the then outstanding shares of common stock, par value $3.33-1/3 per share, of Employer ("Common Stock") or (B) the Voting Securities of Employer, in either such case other than solely as a result of acquisitions of such securities directly from Employer. Without limiting the foregoing, a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, or to direct the voting of,

or to dispose, or to direct the disposition of, Common Stock or other Voting Securities of Employer shall be deemed the beneficial owner of such Common Stock or Voting Securities.

Notwithstanding the foregoing, a "Change of Control" of Employer shall not be deemed to have occurred for purposes of subparagraph (iv) of this paragraph 2(b) solely as the result of an acquisition of securities by Employer which, by reducing the number of shares of Common Stock or other Voting Securities of Employer outstanding, increases (i) the proportionate number of shares of Common Stock beneficially owned by any person to twenty-five percent (25%) or more of the shares of Common Stock then outstanding or (ii) the proportionate voting power represented by the Voting Securities of Employer beneficially owned by any person to twenty-five percent (25%) or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in clause (i) or (ii) of this sentence shall thereafter become the beneficial owner of any additional shares of Common Stock or other Voting Securities of Employer (other than a result of a stock split, stock dividend or similar transaction), then a Change of Control of Employer shall be deemed to have occurred for purposes of subparagraph (iv) of this paragraph 2(b).

(c) "ANNUAL CASH COMPENSATION" shall, as determined on the Termination Date, be equal to the sum of (i) plus (ii), where "(i)" equals Executive's annualized salary in effect on the date of the earliest Change of Control to occur during the 18-month period prior to the Termination Date, and "(ii)" equals the greater of (A) Executive's annual target bonus for the then-current bonus period and (B) the average annual bonus paid or payable by Employer to Executive for the three-year period (or for the period of Executive's employment, if Executive has not been employed for all of such three-year period) immediately preceding the date of the Change of Control.

(d) For purposes of this Agreement, "CAUSE" shall mean (i) the willful and continued failure by Executive to perform his duties as President and Chief Executive Officer of Employer or any of its subsidiaries or his continued failure to perform duties reasonably requested or reasonably prescribed by the Board (other than as a result of Executive's death or disability), (ii) the engaging by Executive in conduct that is materially monetarily injurious to Employer or any of its subsidiaries, (iii) gross negligence or willful misconduct by Executive in the performance of his duties that results in, or causes, material monetary harm to Employer or any of its subsidiaries, or (iv) Executive's commission of a felony or other civil or criminal offense involving moral turpitude. In the case of (i), (ii) and (iii) above, a finding of Cause for termination shall be made only after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board. A determination of Cause by the Board shall be effective only if agreed upon by a majority of the directors.

(e) A "CONSTRUCTIVE TERMINATION" of Executive's employment with Employer shall be deemed to have occurred if Employer:

(i) demotes Executive to a lesser position, in title or responsibility, as compared to the highest position held by him with Employer at the earlier of the occurrence of a Change of Control or the date on which a tentative agreement is reached by Employer, or a public announcement is made, regarding a proposed Change of Control that ultimately occurs;

(ii) decreases Executive's total annual compensation (i.e., the sum of his annual salary, his target bonus under Employer's annual incentive bonus plan or similar plan in effect at the applicable time and the value of other employment benefits provided to Executive by Employer) below the level in effect at the earlier of the occurrence of a Change of Control or the date on which a tentative agreement is reached by Employer, or a public announcement is made, regarding a proposed Change of

Control that ultimately occurs; provided, however, that a decrease in total annual compensation that results solely from an amendment or termination of any employee or group or other executive benefit plan, which amendment or termination is applicable to all executives of Employer, shall not constitute a Constructive Termination; or

(iii) requires or requests Executive to relocate to a principal office more than 50 miles from the principal office at which Executive is employed immediately prior to a Change of Control; provided, however, that a such a requirement or request for a relocation shall constitute a Constructive Termination only if made in connection with, and within 12 months after consummation of, the event or transaction that constitutes (or the approval of which constitutes) the Change of Control, and such 12-month period shall apply, for purposes of determining whether an event specified in this clause (iii) constitutes a Termination Event, in lieu of the 24-month period specified in paragraph 2(a). For purposes of this clause (iii), it shall be presumed (and Employer shall have the burden of proof to overcome such presumption) that a requirement or request for a relocation is "in connection with" such an event or transaction if it is made within the 12-month period specified in this clause (iii).

3. GROSS UP PAYMENT. In the event that (i) the Executive becomes entitled to the payment and benefits provided under Section 1 of this Agreement (the "Change of Control Payment") and any of the Change of Control Payment will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision, or (ii) any payments or benefits received or to be received by the Executive pursuant to the terms of any other plan, arrangement or agreement (the "Benefit Payments") will be subject to the Excise Tax, the Employer shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Change of Control Payment and the Benefit Payments, and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 3, shall be equal to the Change of Control Payment and the Benefit Payments; provided, however, that in determining the amount of the Gross-Up Payment, any Excise Tax on the Change of Control Payment and the Benefit Payments shall be determined using a rate no higher than twenty percent (20%).

For purposes of determining whether any of the Change of Control Payment or the Benefit Payments will be subject to the Excise Tax and the amount of such Excise Tax:

(i) any payments or benefits received or to be received by the Executive in connection with a change in control of the Employer or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Employer, any person whose actions result in change in control or any person affiliated with the Employer or such persons) shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, except to the extent that, in the opinion of tax counsel selected by the Board of Directors of the Employer, such payments or benefits (in whole or in part) do not constitute parachute payments, or such excess payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code;

(ii) the amount of the Change of Control Payment and the Benefit Payments that shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Change of Control Payment and the Benefits Payments or (B) the amount of excess parachute payments within the meaning of Sections 280G(b)(1) and (4) (after applying clause (i), above); and

(iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by tax counsel, selected by the Board of Directors of the Employer, in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment, the Executive shall repay to the Employer at that time that amount of such

reduction in Excise Tax as is finally determined to be the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Executive's employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Employer shall make an additional gross-up payment to the Executive in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined.

4. NOTICES. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, (i) if to Employer, then addressed to its principal business office, to the attention of the corporate Secretary of Employer, and (ii) if to Executive, to his or her residence address as reflected in Employer's records (or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt).

5. APPLICABLE LAW. This contract is entered into under, and shall be governed for all purposes by, the internal laws of the State of Texas, without regard to principles of conflicts of law requiring the application of the law of another State.

6. SEVERABILITY. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

7. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

8. WITHHOLDING OF TAXES. Employer may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

9. NO EMPLOYMENT AGREEMENT. Nothing in this Agreement shall give Executive any rights (or impose any obligations) to continued employment by Employer or any subsidiary thereof or successor thereto, nor shall it give Employer any rights (or impose any obligations) with respect to continued performance of duties by Executive for Employer or any subsidiary thereof or successor thereto.

10. PAYMENT AUTHORITY. Any officer of Employer (other than Executive) is authorized to issue and execute a check, initiate a wire transfer or otherwise effect payment on behalf of Employer to satisfy Employer's obligations to pay all amounts due to Executive under this Agreement.

11. ASSIGNMENT.

(a) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in the remainder of this paragraph 11. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer contrary to this paragraph 11 Employer shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) Employer may: (i) as long as it remains obligated with respect to this Agreement, cause its obligations hereunder to be performed by a subsidiary or subsidiaries for which Executive performs services, in whole or in part; (ii) assign this Agreement and its rights hereunder in whole, but not in part, to any party with or into which it may hereafter merge or consolidate or to which it may transfer all or substantially all of its assets, if said party shall by operation of law or expressly in writing assume to the reasonable satisfaction of Executive all liabilities of Employer hereunder as fully as if it had been originally named Employer herein; but Employer may not otherwise assign this Agreement or its rights hereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and be enforceable by Employer's successors and assigns.

(c) The provisions of this paragraph 11 shall not prohibit or restrict the assignment or transfer by Executive of any otherwise assignable or transferable right of Executive to purchase the shares of Employer's capital stock that are subject to any outstanding option that has been granted to Executive by Employer (or pursuant to a stock option plan of Employer).

12. RELEASE AND FULL SETTLEMENT. Any provision of this Agreement to the contrary notwithstanding, as a condition to the receipt of any payment hereunder upon the occurrence of a Termination Event, Executive shall first execute a release, in such reasonable form as may be approved by the Board, releasing the Board, Employer and Employer's affiliates, shareholders, officers, directors, employees and agents from any and all claims and from any and all causes of action of any kind or character, including but not limited to all claims or causes of action arising out of Executive's employment with Employer or the termination of such employment, and the performance of Employer's obligations hereunder and the receipt by Executive of the payments provided hereunder shall constitute full settlement of all such claims and causes of action.

13. MODIFICATIONS. This Agreement shall not be varied, altered, modified, canceled, changed or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.

14. DISPUTE PROCEDURE AND ARBITRATION. Any dispute arising in connection with this Agreement shall be resolved as follows:

(a) If Executive believes that he has been denied any payment or benefit he is entitled to

receive under this Agreement, within 60 days following such denial Executive shall file a written claim for such denied payment or benefit with the Corporate Secretary of Employer. Such written claim shall detail the arguments and attach copies of the documents that support Executive's claim for the denied payment or benefit. Within 30 days after the receipt of such written claim, the Corporate Secretary shall cause such claim to be reviewed by the appropriate officer(s) or director(s) of the Employer and notify Executive as to whether he is entitled to such payment or benefit. Such a notification from the Corporate Secretary shall be in writing and, if denying Executive's claim for such payment or benefit, shall set forth the specific reason or reasons for the denial and make specific reference to the pertinent provisions of this Agreement.

(b) Any dispute arising in connection with this Agreement that is not resolved to the satisfaction of Executive pursuant to the procedure provided for in paragraph 14(a) above, shall be finally resolved by arbitration in Houston, Texas, governed by the Federal Arbitration Act and conducted pursuant to and in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association. Either the Employer or the Executive may request arbitration by sending written notice to the other party. In any such arbitration, the only issues to be considered and determined by the arbitrator(s) shall be issues pertaining to legal and equitable rights and obligations of the parties under this Agreement and any applicable law. A decision and award of the arbitrator(s) shall be final, and may be entered in any court having jurisdiction thereof, and application may be made to such court for judicial acceptance and/or an order enforcing such decision and/or award. Judicial review of any decision or award shall be in accordance with the Federal Arbitration Act, except that review of any award of punitive or exemplary damages shall be conducted as if the award of such damages were made by a jury sitting in a federal district court in Houston, Texas. In the event the arbitrator(s) determine there is a prevailing party in the arbitration, the prevailing party shall recover from the losing party all costs of arbitration, including but not limited to the fees of the arbitrator(s) and reasonable attorneys' fees incurred by the prevailing party. The provisions of this paragraph 14(b) shall not be construed to limit or to preclude either party from bringing an action in any court of competent jurisdiction for injunctive relief.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above written.

NOBLE AFFILIATES, INC.

By: /s/ Michael A. Cawley

Name: Michael A. Cawley
Title: Lead Independent Director
Board of Directors

EXECUTIVE

/s/ Charles D. Davidson

Charles D. Davidson

NOBLE AFFILIATES, INC.
FORM OF
CHANGE OF CONTROL AGREEMENT

This Change of Control Agreement ("Agreement") is made and effective as of the 26th day of November, 2001, by and between Noble Affiliates, Inc., a Delaware corporation ("Employer"), and [Name] ("Executive").

RECITALS

The Board of Directors of Employer (the "Board") has determined that it is in the best interests of Employer to assure that Employer will have the continued dedication of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below). The Board believes it is imperative to diminish the inevitable distraction of Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control, to encourage Executive's full attention and dedication to Employer currently and in the event of any threatened or pending Change of Control, and to provide Executive with compensation and benefit arrangements upon a Termination Event (as defined below) that ensure that such compensation and benefits are competitive with other corporations.

AGREEMENT

Now, therefore, in consideration of Executive's continued employment by Employer, as well as the promises, covenants and obligations contained herein, Employer and Executive agree as follows:

1. PAYMENT OF SEVERANCE AMOUNT. Upon the occurrence of a Termination Event (as defined in paragraph 2), Employer shall:

(a) pay Executive all salary, unreimbursed expenses incurred by Executive in the performance of his duties for Employer and other compensation and benefits that are accrued but unpaid through the date of the termination constituting such Termination Event (the "Termination Date"), payable as a lump sum cash payment within 30 days following the Termination Date;

(b) pay Executive an amount equal to Executive's Annual Cash Compensation (as defined in paragraph 2) multiplied by a factor of [Multiplier], payable as a lump sum cash payment within 30 days following the Termination Date;

(c) pay Executive an amount equal to Executive's pro-rata (measured as (i) the number of days expired, as of Termination Date, in the then-current calendar year, divided by (ii) 365) target bonus for the then-current year;

(d) provide Executive with life, disability, medical and dental insurance at the level provided at either the date of the occurrence of a Change of Control or the Termination Date, as Executive shall in his sole discretion elect by providing written notice to Employer, for [12*Multiplier] months following the Termination Date or such shorter period until Executive shall obtain substantially equivalent insurance coverage from a subsequent employer, if any, in the same manner as if Executive's employment had not been terminated until the end of such period. Executive shall immediately notify Employer upon obtaining any insurance from a subsequent employer and shall provide all information required by Employer regarding such insurance to enable Employer to make a determination of whether such insurance is substantially equivalent;

(e) notwithstanding Executive's termination of employment, preserve Executive's rights to purchase the shares of Employer's capital stock that are subject to then-outstanding options that have been granted to Executive by Employer (or pursuant to a stock option plan of Employer), so that all

such options remain or become exercisable in accordance with their terms as if Executive's employment had not terminated; and

(f) upon receiving a detailed invoice for same, reimburse, up to a maximum cumulative amount of 15,000 Dollars, Executive for the reasonable fees of no more than one out-placement (or similar) service provider engaged by Executive to assist in finding employment opportunities for Executive during the twelve-month period following a Termination Date.

2. DEFINITIONS.

(a) A "TERMINATION EVENT" shall be deemed to have occurred if at any time within 24 months after a Change of Control, Employer or any successor thereto shall terminate Executive's employment for any reason other than for (A) Cause, as defined below, (B) incapacity due to physical or mental illness or (C) death. For this purpose, Executive's employment shall be deemed to have been terminated upon the actual termination of his employment or upon the occurrence of a Constructive Termination (as defined below).

(b) A "CHANGE OF CONTROL" shall be deemed to have occurred if:

(i) individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least fifty-one percent (51%) of the Board, provided that any person becoming a director subsequent to the date hereof whose election, or nomination for election by Employer's stockholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be, for purposes of this Agreement, considered as though such person were a member of the Incumbent Board;

(ii) the stockholders of Employer shall approve a reorganization, merger or consolidation, in each case, with respect to which persons who were the stockholders of Employer immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own outstanding voting securities representing at least fifty-one percent (51%) of the combined voting power entitled to vote generally in the election of directors ("Voting Securities") of the reorganized, merged or consolidated company;

(iii) the stockholders of Employer shall approve a liquidation or dissolution of Employer or a sale of all or substantially all of the stock or assets of Employer; or

(iv) any "person," as that term is defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (other than Employer, any of its subsidiaries, any employee benefit plan of Employer or any of its subsidiaries, or any entity organized, appointed or established by Employer for or pursuant to the terms of such a plan), together with all "affiliates" and "associates" (as such terms are defined in Rule 12b-2 under the Exchange Act) of such person (as well as any "Person" or "group" as those terms are used in Sections 13(d) and 14(d) of the Exchange Act), shall become the "beneficial owner" or "beneficial owners" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of securities of Employer representing in the aggregate twenty-five percent (25%) or more of either (A) the then outstanding shares of common stock, par value $3.33-1/3 per share, of Employer ("Common Stock") or (B) the Voting Securities of Employer, in either such case other than solely as a result of acquisitions of such securities directly from Employer. Without limiting the foregoing, a person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares the power to vote, or to direct the voting of,

or to dispose, or to direct the disposition of, Common Stock or other Voting Securities of Employer shall be deemed the beneficial owner of such Common Stock or Voting Securities.

Notwithstanding the foregoing, a "Change of Control" of Employer shall not be deemed to have occurred for purposes of subparagraph (iv) of this paragraph 2(b) solely as the result of an acquisition of securities by Employer which, by reducing the number of shares of Common Stock or other Voting Securities of Employer outstanding, increases (i) the proportionate number of shares of Common Stock beneficially owned by any person to twenty-five percent (25%) or more of the shares of Common Stock then outstanding or (ii) the proportionate voting power represented by the Voting Securities of Employer beneficially owned by any person to twenty-five percent (25%) or more of the combined voting power of all then outstanding Voting Securities; provided, however, that if any person referred to in clause (i) or (ii) of this sentence shall thereafter become the beneficial owner of any additional shares of Common Stock or other Voting Securities of Employer (other than a result of a stock split, stock dividend or similar transaction), then a Change of Control of Employer shall be deemed to have occurred for purposes of subparagraph (iv) of this paragraph 2(b).

(c) "ANNUAL CASH COMPENSATION" shall, as determined on the Termination Date, be equal to the sum of (i) plus (ii), where "(i)" equals Executive's annualized salary in effect on the date of the earliest Change of Control to occur during the 18-month period prior to the Termination Date, and "(ii)" equals the greater of (A) Executive's annual target bonus for the then-current bonus period and (B) the average annual bonus paid or payable by Employer to Executive for the three-year period (or for the period of Executive's employment, if Executive has not been employed for all of such three-year period) immediately preceding the date of the Change of Control.

(d) For purposes of this Agreement, "CAUSE" shall mean (i) the willful and continued failure by Executive to perform his duties as [Position] of Employer or any of its subsidiaries or his continued failure to perform duties reasonably requested or reasonably prescribed by the Board (other than as a result of Executive's death or disability), (ii) the engaging by Executive in conduct that is materially monetarily injurious to Employer or any of its subsidiaries, (iii) gross negligence or willful misconduct by Executive in the performance of his duties that results in, or causes, material monetary harm to Employer or any of its subsidiaries, or (iv) Executive's commission of a felony or other civil or criminal offense involving moral turpitude. In the case of (i), (ii) and (iii) above, a finding of Cause for termination shall be made only after reasonable notice to Executive and an opportunity for Executive, together with counsel, to be heard before the Board. A determination of Cause by the Board shall be effective only if agreed upon by a majority of the directors.

(e) A "CONSTRUCTIVE TERMINATION" of Executive's employment with Employer shall be deemed to have occurred if Employer:

(i) demotes Executive to a lesser position, in title or responsibility, as compared to the highest position held by him with Employer at the earlier of the occurrence of a Change of Control or the date on which a tentative agreement is reached by Employer, or a public announcement is made, regarding a proposed Change of Control that ultimately occurs;

(ii) decreases Executive's total annual compensation (i.e., the sum of his annual salary, his target bonus under Employer's annual incentive bonus plan or similar plan in effect at the applicable time and the value of other employment benefits provided to Executive by Employer) below the level in effect at the earlier of the occurrence of a Change of Control or the date on which a tentative agreement is reached by Employer, or a public announcement is made, regarding a proposed Change of Control that ultimately occurs; provided, however, that a decrease in total annual compensation that

results solely from an amendment or termination of any employee or group or other executive benefit plan, which amendment or termination is applicable to all executives of Employer, shall not constitute a Constructive Termination; or

(iii) requires or requests Executive to relocate to a principal office more than 50 miles from the principal office at which Executive is employed immediately prior to a Change of Control; provided, however, that such a requirement or request for a relocation shall constitute a Constructive Termination only if made in connection with, and within 12 months after consummation of, the event or transaction that constitutes (or the approval of which constitutes) the Change of Control, and such 12-month period shall apply, for purposes of determining whether an event specified in this clause (iii) constitutes a Termination Event, in lieu of the 24-month period specified in paragraph 2(a). For purposes of this clause (iii), it shall be presumed (and Employer shall have the burden of proof to overcome such presumption) that a requirement or request for a relocation is "in connection with" such an event or transaction if it is made within the 12-month period specified in this clause (iii).

3. GROSS UP PAYMENT. In the event that (i) the Executive becomes entitled to the payment and benefits provided under Section 1 of this Agreement (the "Change of Control Payment") and any of the Change of Control Payment will be subject to the tax (the "Excise Tax") imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), or any successor provision, or (ii) any payments or benefits received or to be received by the Executive pursuant to the terms of any other plan, arrangement or agreement (the "Benefit Payments") will be subject to the Excise Tax, the Employer shall pay to the Executive an additional amount (the "Gross-Up Payment") such that the net amount retained by the Executive, after deduction of any Excise Tax on the Change of Control Payment and the Benefit Payments, and any federal, state and local income tax and Excise Tax upon the payment provided for by this Section 3, shall be equal to the Change of Control Payment and the Benefit Payments; provided, however, that in

determining the amount of the Gross-Up Payment, any Excise Tax on the Change of Control Payment and the Benefit Payments shall be determined using a rate no higher than twenty percent (20%).

For purposes of determining whether any of the Change of Control Payment or the Benefit Payments will be subject to the Excise Tax and the amount of such Excise Tax:

(i) any payments or benefits received or to be received by the Executive in connection with a change in control of the Employer or the Executive's termination of employment (whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement with the Employer, any person whose actions result in change in control or any person affiliated with the Employer or such persons) shall be treated as "parachute payments" within the meaning of Section 280G(b)(2) of the Code, and all "excess parachute payments" within the meaning of Section 280G(b)(1) shall be treated as subject to the Excise Tax, except to the extent that, in the opinion of tax counsel selected by the Board of Directors of the Employer, such payments or benefits (in whole or in part) do not constitute parachute payments, or such excess payments (in whole or in part) represent reasonable compensation for services actually rendered within the meaning of Section 280G(b)(4) of the Code;

(ii) the amount of the Change of Control Payment and the Benefit Payments that shall be treated as subject to the Excise Tax shall be equal to the lesser of (A) the total amount of the Change of Control Payment and the Benefits Payments or (B) the amount of excess parachute payments within the meaning of Sections 280G(b)(1) and (4) (after applying clause (i), above); and

(iii) the value of any non-cash benefits or any deferred payment or benefit shall be determined by tax counsel, selected by the Board of Directors of the Employer, in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

For purposes of determining the amount of the Gross-Up Payment, the Executive shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation in the calendar year in which the Gross-Up Payment is to be made and state and local income taxes at the highest marginal rates of taxation in the state and locality of the Executive's residence on the date of termination, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes. In the event that the Excise Tax is subsequently determined to be less than the amount taken into account hereunder at the time of termination of the Executive's employment, the Executive shall repay to the Employer at that time that amount of such reduction in Excise Tax as is finally determined to be the portion of the Gross-Up Payment attributable to such reduction plus interest on the amount of such repayment at the rate provided in Section 1274(b)(2)(B) of the Code. In the event that the Excise Tax is determined to exceed the amount taken into account hereunder at the time of the termination of the Executive's employment (including by reason of any payment the existence or amount of which cannot be determined at the time of the Gross-Up Payment), the Employer shall make an additional gross-up payment to the Executive in respect of such excess (plus any interest payable with respect to such excess) at the time that the amount of such excess is finally determined.

4. NOTICES. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, (i) if to Employer, then addressed to its principal business office, to the attention of the corporate Secretary of Employer, and (ii) if to Executive, to his or her residence address as reflected in Employer's records (or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices of changes of address shall be effective only upon receipt).

5. APPLICABLE LAW. This contract is entered into under, and shall be governed for all purposes by, the internal laws of the State of Texas, without regard to principles of conflicts of law requiring the application of the law of another State.

6. SEVERABILITY. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all

other provisions shall remain in full force and effect.

7. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

8. WITHHOLDING OF TAXES. Employer may withhold from any benefits payable under this Agreement all federal, state, city or other taxes as may be required pursuant to any law or governmental regulation or ruling.

9. NO EMPLOYMENT AGREEMENT. Nothing in this Agreement shall give Executive any rights (or impose any obligations) to continued employment by Employer or any subsidiary thereof or successor thereto, nor shall it give Employer any rights (or impose any obligations) with respect to continued performance of duties by Executive for Employer or any subsidiary thereof or successor thereto.

10. PAYMENT AUTHORITY. Any officer of Employer (other than Executive) is authorized to issue and execute a check, initiate a wire transfer or otherwise effect payment on behalf of Employer to satisfy Employer's obligations to pay all amounts due to Executive under this Agreement.

11. ASSIGNMENT.

(a) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or transfer this Agreement or any rights or obligations hereunder, except as provided in the remainder of this paragraph 11. Without limiting the foregoing, Executive's right to receive payments hereunder shall not be assignable or transferable, whether by pledge, creation of a security interest or otherwise, other than a transfer by his will or by the laws of descent or distribution, and in the event of any attempted assignment or transfer contrary to this paragraph 11 Employer shall have no liability to pay any amount so attempted to be assigned or transferred. This Agreement shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(b) Employer may: (i) as long as it remains obligated with respect to this Agreement, cause its obligations hereunder to be performed by a subsidiary or subsidiaries for which Executive performs services, in whole or in part; (ii) assign this Agreement and its rights hereunder in whole, but not in part, to any party with or into which it may hereafter merge or consolidate or to which it may transfer all or substantially all of its assets, if said party shall by operation of law or expressly in writing assume to the reasonable satisfaction of Executive all liabilities of Employer hereunder as fully as if it had been originally named Employer herein; but Employer may not otherwise assign this Agreement or its rights hereunder. Subject to the foregoing, this Agreement shall inure to the benefit of and be enforceable by Employer's successors and assigns.

(c) The provisions of this paragraph 11 shall not prohibit or restrict the assignment or transfer by Executive of any otherwise assignable or transferable right of Executive to purchase the shares of Employer's capital stock that are subject to any outstanding option that has been granted to Executive by Employer (or pursuant to a stock option plan of Employer).

12. RELEASE AND FULL SETTLEMENT. Any provision of this Agreement to the contrary notwithstanding, as a condition to the receipt of any payment hereunder upon the occurrence of a Termination Event, Executive shall first execute a release, in such reasonable form as may be approved by the Board, releasing the Board, Employer and Employer's affiliates, shareholders, officers, directors, employees and agents from any and all claims and from any and all causes of action of any kind or character, including but not limited to all claims or causes of action arising out of Executive's employment with Employer or the termination of such employment, and the performance of Employer's obligations hereunder and the receipt by Executive of the payments provided hereunder shall constitute full settlement of all such claims and causes of action.

13. MODIFICATIONS. This Agreement shall not be varied, altered, modified, canceled, changed or in any way amended except by mutual agreement of the parties in a written instrument executed by the parties hereto or their legal representatives.

14. DISPUTE PROCEDURE AND ARBITRATION. Any dispute arising in

connection with this Agreement shall be resolved as follows:

(a) If Executive believes that he has been denied any payment or benefit he is entitled to receive under this Agreement, within 60 days following such denial Executive shall file a written claim for such denied payment or benefit with the President of Employer (the "President"). Such written claim

shall detail the arguments and attach copies of the documents that support Executive's claim for the denied payment or benefit. Within 30 days after the receipt of such written claim, the President shall review such claim and notify Executive as to whether he is entitled to such payment or benefit. Such a notification from the President shall be in writing and, if denying Executive's claim for such payment or benefit, shall set forth the specific reason or reasons for the denial and make specific reference to the pertinent provisions of this Agreement.

(b) Any dispute arising in connection with this Agreement that is not resolved to the satisfaction of Executive pursuant to the procedure provided for in paragraph 14(a) above, shall be finally resolved by arbitration in Houston, Texas, governed by the Federal Arbitration Act and conducted pursuant to and in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association. Either the Employer or the Executive may request arbitration by sending written notice to the other party. In any such arbitration, the only issues to be considered and determined by the arbitrator(s) shall be issues pertaining to legal and equitable rights and obligations of the parties under this Agreement and any applicable law. A decision and award of the arbitrator(s) shall be final, and may be entered in any court having jurisdiction thereof, and application may be made to such court for judicial acceptance and/or an order enforcing such decision and/or award. Judicial review of any decision or award shall be in accordance with the Federal Arbitration Act, except that review of any award of punitive or exemplary damages shall be conducted as if the award of such damages were made by a jury sitting in a federal district court in Houston, Texas. In the event the arbitrator(s) determine there is a prevailing party in the arbitration, the prevailing party shall recover from the losing party all costs of arbitration, including but not limited to the fees of the arbitrator(s) and reasonable attorneys' fees incurred by the prevailing party. The provisions of this paragraph 14(b) shall not be construed to limit or to preclude either party from bringing an action in any court of competent jurisdiction for injunctive relief.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year first above written.

NOBLE AFFILIATES, INC.

By:

Name: Charles D. Davidson
Title: Chairman, President & Chief Executive Officer

EXECUTIVE

[Name]

SCHEDULE TO EXHIBIT 10.18
FORM OF CHANGE OF CONTROL AGREEMENT

The Change of Control Agreements between Noble Affiliates, Inc. and the officers named below, dated November 26, 2001, are identical in all material respects (except as noted below) other than with respect to (1) their employment position and (2) the multiplier, which is used to calculate the lump sum payment that will be made upon termination and the provision of insurance benefits. These differences are as follows for each officer:

Name	Position	Multiplier
S.M. Cunningham	Sr. VP - Exploration	2.50
A.D. Hoppe	Sr. VP - General Counsel and Secretary	2.50
J.L. McElvany	VP - CFO, Treasurer and Assistant Secretary	2.50
W.A. Poillion, Jr.	Sr. VP - Production & Drilling	2.50
A.R. Bullington	VP - International Division	2.00
R.Burleson	VP - Business Administration and President - Noble Gas Marketing, Inc.	2.00
R.A. Peneguy	VP - Offshore Division	2.00
T.A. Price	VP - Onshore Division	1.50*
K.P. Wiley	VP - Information Systems	2.00

* Mr. Price's multiplier is based on his November 26, 2001 Change of Control Agreement which was executed when he was Onshore Division Exploration Manager.

[EXECUTION COPY]

[FIVE YEAR CREDIT AGREEMENT]

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CREDIT AGREEMENT,

dated as of November 30, 2001

among

NOBLE AFFILIATES, INC.,
as the Borrower,

JPMORGAN CHASE BANK,
as the Administrative Agent for the Lenders,

SOCIETE GENERALE,
as the Syndication Agent for the Lenders,

MIZUHO FINANCIAL GROUP,
CREDIT LYONNAIS, NEW YORK BRANCH,
THE ROYAL BANK OF SCOTLAND PLC,
and
DEUTSCHE BANK AG NEW YORK BRANCH,
as the Co-Documentation Agents for the Lenders,

and

CERTAIN COMMERCIAL LENDING INSTITUTIONS,
as the Lenders

J.P. MORGAN SECURITIES INC.,
AS LEAD ARRANGER AND SOLE BOOKRUNNER

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EXHIBIT 10.10 - Form of Lender Assignment Agreement

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of November 30, 2001 (as may be amended, restated, supplemented or otherwise modified from time to time, this "AGREEMENT"), is among NOBLE AFFILIATES, INC., a Delaware corporation (the "BORROWER"), JPMORGAN CHASE BANK ("JPMORGAN"), as administrative agent (JPMorgan in such capacity, together with any successor(s) thereto in such capacity, the "AGENT"), SOCIETE GENERALE, as syndication agent (in such capacity, together with any successor(s) thereto in such capacity, the "SYNDICATION AGENT"), MIZUHO FINANCIAL GROUP, CREDIT LYONNAIS, NEW YORK BRANCH, THE ROYAL BANK OF SCOTLAND PLC, and DEUTSCHE BANK AG NEW YORK BRANCH, as co-documentation agents (in such capacity, together with any successor(s) thereto in such capacity, individually, a "CO-DOCUMENTATION AGENT" and, collectively, the "CO-DOCUMENTATION AGENTS"), and certain commercial lending institutions as are or may become parties hereto (collectively, the "LENDERS").

The parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 DEFINED TERMS. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"AFFILIATE" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any

other Person if such other Person possesses, directly or indirectly, power (a) to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGENT" is defined in the PREAMBLE and includes each other Person as shall have subsequently been appointed as the successor Agent pursuant to SECTION 9.4.

"AGENTS" means the Agent, the Co-Documentation Agents, and the Syndication Agent, together with any successors in any such capacities.

"AGREEMENT" means, on any date, this Credit Agreement as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Agent.

"APPLICABLE FACILITY FEE RATE" means the number of basis points per annum (based on a year of 360 days) set forth below based on the Applicable Rating Level on such date:

APPLICABLE RATING LEVEL	APPLICABLE FACILITY FEE RATE
Level I	15.0
Level II	17.5
Level III	20.0
Level IV	25.0
Level V	30.0

Changes in the Applicable Facility Fee Rate will occur automatically without prior notice. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Applicable Facility Fee Rate.

"APPLICABLE MARGIN" means on any date and with respect to each Eurodollar Loan the number of basis points per annum set forth below based on the Applicable Rating Level on such date:

APPLICABLE RATING LEVEL	UTILIZATION LESS THAN OR EQUAL TO 25%	UTILIZATION GREATER THAN 25%
Level I	60.0	85.0
Level II	70.0	95.0
Level III	80.0	105.0
Level IV	100.0	125.0
Level V		

120.0
145.0 ----

Changes in the Applicable Margin will occur automatically without prior notice. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Applicable Margin.

"APPLICABLE RATING LEVEL" means (i) at any time that Moody's and S&P have the equivalent rating or split ratings of not more than one rating differential of the Borrower's senior unsecured long-term debt, the level set forth in the chart below under the heading "Applicable Rating Level" opposite the rating under the heading "Moody's" or "S&P" which is the higher of the two if split ratings or opposite the ratings under the headings "Moody's" and "S&P" if equivalent, and (ii) at any time that Moody's and S&P have split ratings of more than one rating differential of the Borrower's senior unsecured long-term debt, the level set forth in the chart below under the "Applicable Rating Level" opposite the midpoint (rounding to the nearest lower rating) between the two ratings of "Moody's" or "S&P".

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APPLICABLE
RATING
LEVEL
MOODY'S
S&P ------

- --------

--- Level
I GREATER
THAN = A3
GREATER
THAN = A-

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Level II
Baa1 BBB+

----- ----

------- --

Level III
Baa2 BBB -

---- -----

------ ---

Level IV
Baa3 BBB-

----- ----

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Level V
LESS THAN
= Ba1 LESS
THAN = BB+

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For example, if the Moody's rating is Baa1 and the S&P rating is BBB, Level II shall apply.

For purposes of the foregoing, (i) "GREATER THAN =" means a rating equal to or more favorable than; "LESS THAN =" means a rating equal to or less favorable than; "GREATER THAN" means a rating greater than; "LESS THAN" means a rating less than; (ii) if a rating for the Borrower's senior unsecured long-term debt is not available from one of the Rating Agencies, the Applicable Rating Level will be based on the rating of the other Rating Agency; (iii) if ratings for the Borrower's senior unsecured long-term debt is available from neither S&P nor Moody's, Level V shall be deemed applicable; (iv) if determinative ratings shall change (other than as a result of a change in the rating system used by any applicable Rating Agency) such that a change in Applicable Rating Level would result, such change shall effect a change in Applicable Rating Level as of the day on which it is first announced by the applicable Rating Agency, and any change in the Applicable Margin or percentage used in calculating fees due hereunder shall apply commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change; and (v) if the rating system of any of the Rating Agencies shall change prior to the date all obligations hereunder have been paid and the Commitments canceled, the Borrower and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system, and pending such amendment, if no Applicable Rating Level is otherwise determinable based upon the foregoing, Level V shall apply.

"ARRANGER" means J.P. Morgan Securities Inc., in its capacity as sole lead arranger.

"ASSIGNEE LENDER" is defined in SECTION 10.10.1.

"AUTHORIZED OFFICER" means, relative to the Borrower, the President, any Senior Vice President, the Treasurer or the Secretary of the Borrower, or any other officer of the Borrower specified as such to the Agent in writing by any of the aforementioned officers of the Borrower.

"BASE RATE" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of (a) the rate of interest most recently announced by JPMorgan at its Domestic Office as its base rate for Dollar loans; and (b) the Federal Funds Rate most recently determined by the Agent plus 1/2%. The Base Rate is not necessarily intended to be the lowest rate of interest determined by JPMorgan in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Base Rate. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Base Rate.

"BASE RATE LOAN" means a Loan bearing interest at a fluctuating rate determined by reference to the Base Rate.

"BORROWER" is defined in the PREAMBLE, and includes its permitted successors and assigns.

"BORROWING" means any extension of credit (as opposed to any continuation or conversion thereof) made by the Lenders by way of Loans.

"BORROWING DATE" means a date on which a Borrowing is made hereunder.

"BORROWING REQUEST" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.5 hereto.

"BUSINESS DAY" means (a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York or Houston, Texas; and (b) relative to the making, continuing, prepaying or repaying of any Eurodollar Borrowing, any day on which dealings in Dollars are carried on in the London and New York Eurodollar interbank market.

"CAPITALIZATION" means the sum, at any time outstanding and without duplication, of (i) Debt plus (ii) Stockholders' Equity.

"CAPITALIZED LEASE LIABILITIES" means all monetary obligations of the Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CHANGE IN CONTROL" means (a) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the Borrower; or (b) the failure of the Borrower to own, free and clear of all Liens or encumbrances (other than non-consensual Liens or encumbrances which are not material or which are fully discharged or with respect to obligations which are fully bonded, in either case within thirty (30) days after the imposition of such Lien or encumbrance) at least 100% of the outstanding shares of voting stock of SOC on a fully diluted basis.

"CODE" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"CO-DOCUMENTATION AGENT" and "CO-DOCUMENTATION AGENTS" are defined in the preamble.

"COMMITMENT" means, as to any Lender, the obligation, if any, of such Lender to make Loans pursuant to SECTION 2.1.1 of this Agreement in an aggregate principal amount at any one time outstanding up to but not exceeding the amount, if any, set forth opposite such Lender's name on SCHEDULE II, as the same may be reduced or adjusted from time to time in accordance with this Agreement, including SECTIONS 2.3.

"COMMITMENT AMOUNT" means, on any date, $400,000,000, as such amount may be reduced, increased or adjusted from time to time in accordance with this Agreement, including SECTION 2.3.

"COMMITMENT TERMINATION EVENT" means (a) the occurrence of any Event of Default described in CLAUSES (a) through (e) of SECTION 8.1.9; or (b) the occurrence and continuance of any other Event of Default and either (i) the declaration of the Loans to be due and payable pursuant to SECTION 8.3, or (ii) in the absence of such declaration, the giving of notice by the Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"CONTINUATION/CONVERSION NOTICE" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.6 hereto.

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"DEBT" means the consolidated Indebtedness of the Borrower and its Subsidiaries.

"DEFAULT" means any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DEFAULT MARGIN" means two percent (2%).

"DISCLOSURE SCHEDULE" means the Disclosure Schedule attached hereto as SCHEDULE I, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Agent and the Required Lenders.

"DOLLAR" and the sign "$" mean lawful money of the United States.

"DOMESTIC OFFICE" means, relative to any Lender, the office of such Lender designated as such in its Administrative Questionnaire or designated in the Lender Assignment Agreement or such other office of a Lender (or any successor or assign of such Lender) within the United States as may be designated from time to time by notice from such Lender, as the case may be, to each other Person party hereto.

"EBITDAX" means, for any period, the sum of (i) the consolidated net income of the Borrower and its Subsidiaries for such period before non-cash non-recurring items, gains or losses on dispositions of assets and the cumulative effect of changes in accounting principles

PLUS (ii) to the extent included in the determination of such income, the consolidated charges for such period for interest, depreciation, depletion, amortization and exploration expenses PLUS (or, if there is a benefit from income taxes, MINUS) (iii) to the extent included in the determination of such income, the amount of the provision for or benefit from income taxes.

"EDC" means Energy Development Corporation, a New Jersey corporation, and its permitted successors and assigns.

"EFFECTIVE DATE" means the date on which the conditions specified in ARTICLE V are satisfied (or waived in accordance with SECTION 10.1).

"ENVIRONMENTAL LAW" means any federal, state, or local statute, or rule or regulation promulgated thereunder, any judicial or administrative order or judgment to which the Borrower or any Subsidiary is party or which are applicable to the Borrower or any Subsidiary (whether or not by consent), and any provision or condition of any governmental permit, license or other operating authorization, relating to protection of the environment, persons or the public welfare from actual or potential exposure for the effects of exposure to any actual or potential release, discharge, spill or emission (whether past or present) of, or regarding the manufacture, processing, production, gathering, transportation, importation, use, treatment, storage or disposal of, any chemical, raw material, pollutant, contaminant or toxic, corrosive, hazardous, or non-hazardous substance or waste, including petroleum.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"EURODOLLAR BORROWING" means a borrowing hereunder consisting of the aggregate amount of the several Eurodollar Loans made by all or some of the Lenders to the Borrower, at the same time, at the same interest rate and for the same Interest Period.

"EURODOLLAR LOAN" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the Eurodollar Rate.

"EURODOLLAR OFFICE" means, relative to any Lender, the office of such Lender designated as such in its Administrative Questionnaire or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Agent, whether or not outside the United States, which shall be making or maintaining Eurodollar Loans of such Lender hereunder.

"EURODOLLAR RATE" means, relative to any Interest Period for Eurodollar Loans, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity

comparable to such Interest Period. In the event that such rate is not available

at such time for any reason, then the "Eurodollar Rate" with respect to such Eurodollar Loan for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period

"EVENT OF DEFAULT" is defined in SECTION 8.1.

"EXISTING CREDIT FACILITY" means that certain Amended and Restated Credit Agreement, dated as of December 24, 1997, among the Borrower, Union Bank of Switzerland, Houston Agency, as administrative agent, and the lenders and the agents party thereto, and the other agreements or instruments executed and delivered in connection with, or as security for the payment or performance of the obligations thereunder, as such agreements may have been amended, supplemented or restated from time to time.

"FACILITY" is defined in SECTION 2.1.

"FEDERAL FUNDS RATE" means, for any day, the average rate quoted to the Agent at approximately 11:00 a.m. (Central time) on such day (or, if such day is not a Business Day, on the next preceding Business Day) for overnight Federal Funds transactions arranged by New York Federal Funds brokers selected by the Agent.

"FEE LETTER" is defined in SECTION 3.3.2.

"FISCAL QUARTER" means any quarter of a Fiscal Year.

"FISCAL YEAR" means any period of twelve consecutive calendar months ending on December 31.

"F.R.S. BOARD" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in SECTION 1.4.

"GUARANTEED LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's Guaranteed Liability shall be the lesser of (i) the limitation on such Person's liability, if any, set forth in such agreement, undertaking or arrangement or (ii) the outstanding principal amount of the Indebtedness guaranteed thereby. Guaranteed Liabilities shall exclude any act or agreement in connection with any financing of a project owned by any Person that either (A) guarantees performance of the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or a portion of the project that is financed, except

during any period, and then only to the extent, that such act or agreement is a guarantee of payment of such financing or (B) the obligation to pay or perform under which is contingent upon the occurrence of an event or condition which has not occurred, other than notice, the passage of time or such financing or any part thereof becoming due; PROVIDED, HOWEVER, to the extent that any partial payment is required to be made under any such act or agreement providing for a contingent payment obligation as described in clause (B) above, "Guaranteed Liability" shall be deemed to include an amount equal to four (4) times such amount required to be paid during the Fiscal Quarter most recently ended, up to the full amount of the Guaranteed Liability as specified in the immediately preceding sentence.

"HAZARDOUS MATERIAL" means: (i) any "hazardous substance", as defined by CERCLA; (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended; (iii) any petroleum, crude oil or any fraction thereof; (iv) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; (v) any radioactive material, including any naturally occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. Section 2011 et. seq., and any amendments or reauthorizations thereof; (vi) asbestos-containing materials in any form or condition; or (vii) polychlorinated biphenyls in any form or condition.

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under derivative contracts, including interest rate or commodity swap agreements, interest rate or commodity cap agreements and interest rate or

commodity collar agreements, and all similar agreements or arrangements.

"HEREIN", "HEREOF", "HERETO", "HEREUNDER" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"IMPERMISSIBLE QUALIFICATION" means, relative to the opinion or certification of any independent public accountant as to any financial statement of the Borrower, any qualification or exception to such opinion or certification (a) which is of a "going concern" or similar nature; (b) which relates to the limited scope of examination of matters relevant to such financial statement; or (c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in default of any of its obligations under SECTION 7.2.4.

"INCLUDING" means including without limiting the generality of any description preceding such term.

"INDEBTEDNESS" of any Person means, without duplication: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (b) all obligations relative to banker's acceptances issued for the account of such Person; (c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities; (d) all obligations of such Person to pay the deferred purchase price of property or services (except

accounts payable arising in the ordinary course of business), (e) Indebtedness of another Person of the type described in CLAUSES (a), (b), (c) or (d) above secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such Indebtedness shall have been assumed by such Person or is limited in recourse (such Indebtedness being the lesser of (i) the value of such property on the books of such Person or (ii) the outstanding principal amount of such Indebtedness); and (f) all Guaranteed Liabilities of such Person in respect of any of the foregoing. For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer except to the extent that such Indebtedness by its terms is expressly non-recourse to such general partner or joint venturer.

"INDEMNIFIED LIABILITIES" is defined in SECTION 10.4.

"INDEMNIFIED PARTIES" is defined in SECTION 10.4.

"INFORMATION" is defined in SECTION 10.12.

"INTEREST PERIOD" means, with respect to Eurodollar Borrowings, the period beginning on (and including) the date on which such Eurodollar Borrowing is made or continued as, or converted into, a Eurodollar Borrowing pursuant to SECTION 2.5 or 2.6 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to SECTION 2.5, PROVIDED, HOWEVER, that (a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than five different dates; (b) Interest Periods commencing on the same date for Loans comprising part of the same Borrowing shall be of the same duration; (c) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless, if such Interest Period applies to Eurodollar Loans, such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and (d) no Interest Period may end later than the Maturity Date.

"JPMORGAN" is defined in the PREAMBLE, and includes its successors and assigns.

"LAW" means any law (including, without limitation, any zoning law or ordinance or any Environmental Law), statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, direction, requirement or decision of and agreement with or by any government or governmental department, commission, board, court, authority, agency, official or officer, domestic or foreign.

"LENDER AFFILIATE" means, (a) with respect to any Lender, (i) an Affiliate

of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and

similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"LENDER ASSIGNMENT AGREEMENT" means a Lender Assignment Agreement substantially in the form of EXHIBIT 10.10 hereto.

"LENDERS" means the financial institutions listed on the signature pages hereto and their respective successors and assigns in accordance with SECTION 10.10 (including any commercial lending institution becoming a party hereto pursuant to a Lender Assignment Agreement) or otherwise by operation of law.

"LIEN" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or the performance of an obligation.

"LOAN" shall mean the loans provided for in SECTION 2.1.1 hereof.

"LOAN ADVANCES" means the Loans of the same Type and, in the case of Eurodollar Loans, having the same Interest Period made by all Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with SECTION 2.1.

"LOAN DOCUMENTS" means this Agreement, each Borrowing Request, each Borrowing Notice, the Fee Letter, any note, together in each case with all exhibits, schedules and attachments thereto, and all other agreements and instruments from time to time executed and delivered by the Borrower or any of its Subsidiaries pursuant to or in connection with any of the foregoing.

"MARGIN STOCK" means "margin stock" within the meaning of Regulation U.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business, property, financial condition or results of operations of the Borrower and its Subsidiaries (taken as a whole) or (ii) the ability of the Borrower to perform its payment obligations under any of the Loan Documents.

"MATURITY DATE" shall mean the earliest of:

(a) November 30, 2006;

(b) the date on which the Commitment Amount is terminated in full or reduced to zero pursuant to the terms of SECTION 2.3; and

(c) the date on which the Commitments are terminated in full and reduced to zero pursuant to the terms of ARTICLE VIII.

"MOODY'S" means Moody's Investors Service, Inc. and any successor thereto that is a nationally-recognized rating agency.

"OBLIGATIONS" means all obligations (monetary or otherwise) of the Borrower arising under or in connection with this Agreement and each other Loan Document.

"ORGANIC DOCUMENT" means, relative to the Borrower, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock.

"PARTICIPANT" is defined in SECTION 10.10.

"PAYMENT DATE" is defined in SECTION 3.2.3.

"PAYMENT OFFICE" means the principal office of the Administrative Agent, presently located at JPMorgan Chase Bank, Agency Services, One Chase Manhattan Plaza, 8th Floor, New York, NY 10081, Attention: Muniram Appanna.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"PENSION PLAN" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"PERCENTAGE" means, relative to any Lender, the percentage set forth in SCHEDULE II attached hereto or set forth in the most recent Lender Assignment Agreement executed by such Lender, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its Assignee Lenders and delivered pursuant to SECTION 10.10.

"PERSON" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"PLAN" means any Pension Plan or Welfare Plan.

"QUARTERLY PAYMENT DATE" means the last day of each March, June, September, and December or, if any such day is not a Business Day, the next succeeding Business Day.

"RATING AGENCY" means either of S&P or Moody's.

"REGULATION U" means any of Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United States of America (the "BOARD") from time to time in effect and shall include any successor or other regulations or official interpretations of the Board or any successor Person relating to the extension of credit for the purpose of purchasing or

carrying Margin Stock and which is applicable to member banks of the Federal Reserve System or any successor Person.

"RELEASE" means a "release", as such term is defined in CERCLA.

"REQUIRED LENDERS" means Lenders in the aggregate holding greater than 50% of the aggregate unpaid principal amount of the outstanding Borrowings and if no Borrowings are outstanding, Lenders having greater than 50% of the then Total Commitment.

"RESOURCE CONSERVATION AND RECOVERY ACT" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, ET SEQ., as in effect from time to time.

"RESTRICTED SUBSIDIARY" means any Subsidiary that is not an Unrestricted Subsidiary.

"S&P" means Standard & Poor's Ratings Group and any successor thereto that is a nationally-recognized rating agency.

"SOC" means Samedan Oil Corporation, a Delaware corporation, and its permitted successors and assigns.

"SOLVENT" means, with respect to any Person at any time, a condition under which: a) the fair saleable value of such Person's assets is, on the date of determination, greater than the total amount of such Person's liabilities (including contingent and unliquidated liabilities) at such time; b) such Person is able to pay all of its liabilities as such liabilities mature; and c) such Person does not have unreasonably small capital with which to conduct its business. For purposes of this definition (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured liability; (ii) the "fair saleable value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions.

"STOCKHOLDERS' EQUITY" means, as of the time of any determination thereof is to be made, shareholders' equity determined in accordance with GAAP PLUS the absolute cumulative amount by which such stockholders' equity shall have been reduced by reason of non-cash write downs of oil and gas assets from time to time after the Effective Date.

"SUBSIDIARY" means any subsidiary of the Borrower.

"SUBSIDIARY" means, with respect to any Person, (a) any corporation, limited liability company or other business entity of which more than 50% of the outstanding equity interests having ordinary voting power to elect a majority of the board of directors (or persons performing similar functions) of such corporation, limited liability company or other business entity (irrespective of whether at the time equity interests of any other class or classes of such corporation, limited liability company or other business entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such

Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person and (b) any partnership of which such Person, such Person and one or more other Subsidiaries of such Person, or one or more other Subsidiaries of such Person holds more than 50% of the outstanding general partner interests.

"SYNDICATION AGENT" is defined in the preamble.

"TAXES" is defined in SECTION 4.6.

"364-DAY CREDIT AGREEMENT" means that certain 364-Day Credit Agreement, dated as of November 30, 2001, among the Borrower, JPMorgan Chase Bank, as administrative agent, and the lenders and the agents party thereto, as such agreement may be amended, supplemented or restated from time to time.

"364-DAY TOTAL COMMITMENT" means (i) on or prior to the "Revolving Commitment Termination Date" (as such term is defined in the 364-Day Credit Agreement), the then effective "Total Commitment" (as such term is defined in the 364-Day Credit Agreement) under the 364-Day Credit Agreement, or (ii) after the Revolving Commitment Termination Date, the then outstanding principal amount of "Term Loans" (as such term is defined in the 364-Day Credit Agreement) under the 364-Day Credit Agreement.

"TOTAL ASSET VALUE" means, at any time with respect to any assets, the book value of such assets determined in accordance with GAAP.

"TOTAL COMMITMENT" means the aggregate of all the Lenders' Commitments.

"TOTAL DEBT TO CAPITALIZATION RATIO" means the ratio of (a) Debt TO (b) Capitalization.

"TOTAL INTEREST EXPENSE" means with respect to any period for which a determination thereof is to be made, interest expense of the Borrower and its Subsidiaries on a consolidated basis as determined in accordance with GAAP.

"TYPE" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a Eurodollar Loan.

"UNITED STATES" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary that is designated on SCHEDULE 6.8 as such or which the Borrower has designated in writing to the Agent to be an Unrestricted Subsidiary pursuant to SECTION 7.1.8, and, in either case, which the Borrower has not designated to be a Restricted Subsidiary pursuant to SECTION 7.1.8.

"UTILIZATION" means, at any time, the ratio (expressed as a percentage) of (i) the sum of (A) the outstanding principal amount of Loans under this Agreement plus (B) the outstanding principal amount of "Loans" (as such term is defined in the 364-Day Credit Agreement) under the 364-Day Credit Agreement to (ii) the sum of (X) the then effective Total Commitment under this Agreement plus (Y) 364-Day Total Commitment.

"WELFARE PLAN" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

SECTION 1.2 USE OF DEFINED TERMS. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each Borrowing Request, Continuation/Conversion Notice, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3 CROSS-REFERENCES. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are

references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 ACCOUNTING AND FINANCIAL DETERMINATIONS. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under SECTION 7.2.3) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in SECTION 6.5.

ARTICLE II
THE FACILITY AND BORROWING PROCEDURES

SECTION 2.1 FACILITY. The Lenders grant to the Borrower a credit facility (the "FACILITY") pursuant to which, and upon the terms and subject to the conditions herein set out and provided that no Default or Event of Default has occurred and is continuing from time to time on any Business Day, each Lender severally agrees to make Loans in U.S. Dollars to the Borrower equal to such Lender's Percentage of the aggregate amount of Loans requested by the Borrower to be made on such day.

SECTION 2.1.1 LOANS. From time to time on or after the date hereof and prior to the Maturity Date, each Lender shall make Loans under this Section to the Borrower in an aggregate principal amount at any one time outstanding up to but not exceeding such Lender's Commitment. Subject to the conditions herein, any such Loan repaid prior to the Maturity Date may be reborrowed pursuant to the terms of this Agreement.

SECTION 2.1.2 AVAILABILITY OF FACILITY. No Lender shall be permitted or required to make (i) any Loan if, after giving effect thereto, the aggregate outstanding principal amount of all Loans of all Lenders would exceed the Commitment Amount, or (ii) any Loan if, after giving effect thereto, the aggregate amount of all Loans of such Lender would exceed the Lender's Percentage of the Commitment Amount.

SECTION 2.2 [Intentionally Omitted]

SECTION 2.3 REDUCTION OF COMMITMENT AMOUNT. The Borrower may, from time to time on any Business Day occurring after the Effective Date, voluntarily reduce the amount of the Commitment Amount; PROVIDED, HOWEVER, that all such reductions shall require at least three

Business Days' prior notice to the Agent and be permanent, and any partial reduction of the Commitment Amount shall be in a minimum amount of $10,000,000 and in an integral multiple of $1,000,000.

SECTION 2.4 BASE RATE LOANS AND EURODOLLAR LOANS. Subject to the terms and conditions set forth in ARTICLE V, each Loan shall be either a Eurodollar Loan or a Base Rate Loan as the Borrower may request, it being understood that Loans made to the Borrower on any date may be either Eurodollar Loans or Base Rate Loans or a combination thereof. As to any Eurodollar Loan, each Lender may, if it so elects, fulfill its commitment to make such Eurodollar Loan by causing its Eurodollar Office to make such Eurodollar Loan; PROVIDED, HOWEVER, that in such event the obligation of the Borrower to repay such Eurodollar Loan nevertheless shall be to such Lender and shall be deemed to be held by such Lender for the account of such Eurodollar Office.

SECTION 2.5 BORROWING PROCEDURES FOR LOANS. The Borrower shall give the Agent prior written or telegraphic notice pursuant to a Borrowing Request (in substantially the form of EXHIBIT 2.5 hereto) of each proposed Borrowing or continuation, and as to whether such Borrowing or continuation is to be of Base Rate Loans or Eurodollar Loans, as follows:

SECTION 2.5.1 BASE RATE LOANS. The Agent shall receive written or telegraphic notice from the Borrower on or before 2:00 p.m. Central time one (1) Business Day prior to the date of such Borrowing and amount of such Borrowing (which shall be in a minimum amount of $5,000,000 and an integral multiple of $1,000,000), and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., Central time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Base Rate Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Base Rate Loan, the Agent shall make available to the Borrower the proceeds of each Base Rate Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.5.2 EURODOLLAR LOANS. The Agent shall receive written or telegraphic notice pursuant to a Borrowing Request from the Borrower on or before 10:00 a.m. Central time, at least three (3) Business Days prior to the date requested for each proposed Borrowing or continuation of a Eurodollar Loan, of the date of such Borrowing or continuation, as the case may be, the amount of such Borrowing or continuation, as the case may be (which shall be in a minimum amount of $5,000,000 and an integral multiple of $1,000,000), and the duration of the initial Eurodollar Interest Period with respect thereto, and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., Central time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Eurodollar Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Eurodollar Loan, the Agent shall make available to the Borrower the proceeds of each Eurodollar Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.6 CONTINUATION AND CONVERSION ELECTIONS. By delivering a Continuation/Conversion Notice to the Agent on or before 10:00 a.m., Central time, on a Business Day, the Borrower may from time to time irrevocably elect, on not less than three (3) nor more than five (5) Business Days' notice that all, or any portion in an aggregate minimum amount of $5,000,000 and an integral multiple of $1,000,000 of any Borrowings be, (i) in the case of Base Rate Loans, converted into Eurodollar Loans, or (ii) in the case of Eurodollar Loans, be converted into a Base Rate Loan or continued as a Eurodollar Loan of such Type (in the absence of delivery of a Continuation/Conversion Notice with respect to any Eurodollar Loan at least three (3) Business Days before the last day of the then current Interest Period with respect thereto, such Eurodollar Loan shall, on such last day, automatically convert to a Base Rate Loan); PROVIDED, HOWEVER, that (i) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders, and (ii) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, Eurodollar Loans when any Default has occurred and is continuing.

SECTION 2.7 FUNDING. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert Eurodollar Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such Eurodollar Loan; PROVIDED, HOWEVER, that such Eurodollar Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such Eurodollar Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of SECTIONS 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all Eurodollar Loans by purchasing, as the case may be, Dollar deposits in its Eurodollar Office's interbank eurodollar market.

SECTION 2.8 REPAYMENT OF LOANS; EVIDENCE OF DEBT.

(a) The Borrower hereby unconditionally promises to pay, unless otherwise provided in this Agreement, to the Agent for the account of each Lender the then unpaid principal amount of each Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded therein; PROVIDED that the failure of any Lender or the Agent to maintain such accounts

or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver

to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to SECTION 10.10.1) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

ARTICLE III
REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 REPAYMENTS AND PREPAYMENTS. The Borrower shall repay in full (i) the unpaid principal amount of each Loan upon the Maturity Date. Prior thereto, the Borrower

(a) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; PROVIDED, HOWEVER, that (i) any such prepayment shall be applied to the Lenders among Loans having the same Type and, if applicable, having the same Interest Period; (ii) all such voluntary prepayments shall require at least three Business Days' prior written notice to the Agent; and (iii) all such voluntary partial prepayments shall be in an minimum amount of $10,000,000 and an integral multiple of $1,000,000; and

(b) shall, immediately upon any acceleration of the Maturity Date pursuant to SECTION 8.2 or SECTION 8.3, repay all Loans unless, pursuant to SECTION 8.3, only a portion of all Loans is so accelerated.

Each prepayment of Loans shall be applied, to the extent of such prepayment, in the inverse order of maturity. Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by SECTION 4.4. No voluntary prepayment of principal of any Loans shall cause a reduction in the Commitment Amount.

SECTION 3.2 INTEREST PROVISIONS. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this SECTION 3.2.

SECTION 3.2.1 RATES. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that Loans comprising a Borrowing accrue interest at a rate per annum: (a) on that portion maintained from time to time as a Base Rate Loan, equal to the Base Rate from time to time in effect; and (b) on that portion maintained as a Eurodollar Loan, during each Interest Period applicable thereto, equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin. All Eurodollar Borrowings shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Borrowing.

SECTION 3.2.2 POST-MATURITY RATES. After the date any principal amount of any Loan is due and payable (whether on the Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Base Rate plus the Default Margin.

SECTION 3.2.3 PAYMENT DATES. Interest accrued on each Borrowing shall be payable, without duplication on the following dates (each a "PAYMENT DATE"): (a) on the Maturity Date; (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the amount of such principal prepaid or repaid; (c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Effective Date; (d) with respect to Eurodollar Borrowings, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, every three months from the first day of such Interest Period); (e) with respect to any portion of Base Rate Loans converted into Eurodollar Loans on a day when interest would not otherwise have been payable pursuant to CLAUSE (c), on the date of such conversion; and (f) on that portion of any Borrowings the Maturity Date of which is accelerated pursuant to SECTION 8.2 or SECTION 8.3, immediately upon such acceleration.

SECTION 3.3 FEES. The Borrower agrees to pay the fees set forth in this SECTION 3.3. All such fees shall be non-refundable.

SECTION 3.3.1 FACILITY FEE. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee in an amount equal to the product of the Applicable Facility Fee Rate times such Lender's Percentage of Commitments times the Commitment Amount. Accrued facility fees shall be payable in arrears on each Quarterly Payment Date and on the Maturity Date.

SECTION 3.3.2 AGENT'S FEES. The Borrower agrees to pay to the Agent for its

own account, all fees (including any fees pursuant to SECTION 2.2.8) pursuant to that certain fee letter agreement, dated November 26, 2001, between the Borrower and the Agent, as amended from time to time (the "FEE LETTER").

SECTION 3.3.3 PAYMENT OFFICE. The Borrower shall make all payments to the Agent at the Payment Office.

ARTICLE IV
CERTAIN EURODOLLAR AND OTHER PROVISIONS

SECTION 4.1 EURODOLLAR LENDING UNLAWFUL. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Borrowing as, or to convert any Borrowing into, a Eurodollar Borrowing, the obligations of such Lender to make, continue, maintain or convert any such Borrowings shall, upon such determination, forthwith be suspended until such Lender shall notify the Agent that the circumstances causing such suspension no longer exist, and all Eurodollar Borrowings shall automatically convert into Base Rate Loans at

the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion; PROVIDED, HOWEVER, that the obligation of such Lender to make, continue, maintain or convert any such Eurodollar Borrowings shall remain unaffected if such Lender can designate a different Eurodollar Office for the making, continuance, maintenance or conversion of Eurodollar Borrowings and such designation will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender.

SECTION 4.2 DEPOSITS UNAVAILABLE OR EURODOLLAR INTEREST RATE UNASCERTAINABLE. If the Agent shall have determined that, by reason of circumstances affecting the Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to Eurodollar Borrowings, then, upon notice from the Agent to the Borrower and the Lenders, the obligations of all Lenders under SECTION 2.5.2 and SECTION 2.6 to make or continue any Borrowings as, or to convert any Borrowings into, Eurodollar Borrowings shall forthwith be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 INCREASED EURODOLLAR BORROWING COSTS, ETC. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Borrowings as, or of converting (or of its obligation to convert) any Borrowings into, Eurodollar Borrowings. Such Lender shall promptly notify the Agent and the Borrower in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount; PROVIDED, HOWEVER, that such Lender shall designate a different Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. Such additional amounts shall be payable by the Borrower directly to such Lender within fifteen days of its receipt of such notice, and such notice shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.4 FUNDING LOSSES. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Borrowing as, or to convert any portion of the principal amount of any Borrowing into, a Eurodollar Borrowing) as a result of (a) any conversion or repayment or prepayment of the principal amount of any Eurodollar Borrowings on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to SECTION 3.1 or otherwise, (b) any Borrowings not being made as Eurodollar Borrowings in accordance with the Borrowing Request, as the case may be, therefor, (c) any Borrowings not being continued as, or converted into, Eurodollar Borrowings in accordance with the Continuation/Conversion Notice, or (d) the assignment of any Eurodollar Borrowing other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to SECTION 4.10, therefor, then, upon the written notice of such Lender to the Borrower (with a copy to the Agent), the Borrower shall, within fifteen days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.5 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Borrowings made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall pay directly to such Lender, within fifteen days, additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return; PROVIDED, HOWEVER, that such Lender shall designate a different Domestic or Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower. In determining such amount, such Lender may use any reasonable method of averaging and attribution that it (in its sole discretion) shall deem applicable.

SECTION 4.6 TAXES. All payments by the Borrower of principal of, and interest on, the Borrowings and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's net income or receipts (such non-excluded items being called "TAXES"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will, within fifteen days (a) pay directly to the relevant authority the full amount required to be so withheld or deducted; (b) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authority; and (c) pay to the Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

If any Taxes are directly asserted against the Agent or any Lender with respect to any payment received by the Agent or such Lender hereunder, the Agent or such Lender may pay such Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had not such Taxes been asserted; provided that the Borrower will not be obligated to pay such additional amounts to the Agent or such Lender to the extent that such additional amounts shall have been incurred as a consequence of the Agent's or such Lender's gross negligence or willful misconduct, as the case may be.

If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, for the account of the respective Lenders, the required receipts or

other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

Each Lender that is organized under the laws of a jurisdiction other than the United States shall, prior to the due date of any payments of the Loans under this Agreement, execute and deliver to the Borrower and the Agent, on or about the first scheduled Payment Date in each Fiscal Year, one or more (as the Borrower or the Agent may reasonably request) United States Internal Revenue Service Form W-8 BEN or Form W-8 ECI or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Lender is exempt from withholding or deduction of Taxes, and shall (but only so long as such Lender remains lawfully able to do so) deliver to the Borrower and the Agent additional copies of such forms on or before the date that such forms expire or become obsolete or after the occurrence of an event requiring a change in the most recent form so delivered by it and such amendments thereto as may be reasonably

requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or fees or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from the definition of "Taxes". For any period with respect to which a Lender has failed to provide the Borrower and the Agent with the forms required pursuant to this paragraph, if any (other than if such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under this Section with respect to Taxes imposed by the United States which Taxes would not have been imposed but for such failure to provide such form; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section, then such Lender will change the jurisdiction of its applicable Eurodollar or Domestic Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole discretion of such Lender, is not otherwise disadvantageous to such Lender. No Lender shall be entitled to receive any greater payment under this Section as a result of the designation by such Lender of a different applicable Eurodollar or Domestic Office after the date hereof, unless such designation is made with the Borrower's prior written consent or by reason of the provisions of SECTIONS 4.1, 4.3 or 4.5 requiring such Lender to designate a different applicable Eurodollar or Domestic Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 4.7 SPECIAL FEES IN RESPECT OF RESERVE REQUIREMENTS. With respect to Eurodollar Borrowings, the Borrower agrees to pay to each Lender on appropriate Payment

Dates, as additional interest, such amounts as will compensate such Lender for any cost to such Lender, from time to time, of any reserve, special deposit, special assessment or similar capital requirements against assets of, deposits with or for the account of, or credit extended by, such Lender which are imposed on, or deemed applicable by, such Lender, from time to time, under or pursuant to (i) any Law, treaty, regulation or directive now or hereafter in effect (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System but excluding any reserve requirement included in the definition of Eurodollar Rate in SECTION 1.1), (ii) any interpretation or application thereof by any governmental authority, agency or instrumentality charged with the administration thereof or by any court, central bank or other fiscal, monetary or other authority having jurisdiction over the Eurodollar Borrowings or the office of such Lender where its Eurodollar Borrowings are lodged, or (iii) any requirement imposed or requested by any court, governmental authority, agency or instrumentality or central bank, fiscal, monetary or other authority, whether or not having the force of law. A written notice as to the amount of any such cost or any change therein (including calculations, in reasonable detail, showing how such Lender computed such cost or change) shall be promptly furnished by such Lender to the Borrower and shall be rebuttable presumptive evidence of such cost or change. The Borrower will not be responsible for paying any amounts pursuant to this Section accruing prior to 180 days prior to the receipt by the Borrower of the written notice referred to in the preceding sentence. Within fifteen (15) days after such certificate is furnished to the Borrower, the Borrower will pay directly to such Lender such additional amount or amounts as will compensate such Lender for such cost or change.

SECTION 4.8 PAYMENTS, COMPUTATIONS, ETC. Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement or any other Loan Document shall be made by the Borrower to the Agent for the PRO RATA account of the Lenders entitled to receive such payment. All such payments required to be made to the Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m., Central time, on the date due, in same day or immediately available funds, to such account as the Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Agent on the next succeeding Business Day. The Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year

comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by CLAUSE (c) of the definition of the term "INTEREST PERIOD" with respect to Eurodollar Loans) be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.9 SHARING OF PAYMENTS. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of SECTIONS 4.3, 4.4 and 4.5) in excess of its PRO RATA share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter

recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (a) the amount of such selling Lender's required repayment to the purchasing Lender TO (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a set off to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.10 REPLACEMENT OF LENDER ON ACCOUNT OF INCREASED COSTS, EURODOLLAR LENDING UNLAWFUL, RESERVE REQUIREMENTS, TAXES, CERTAIN DISSENTS, ETC. If any Lender shall claim the inability to make or maintain Eurodollar Borrowings pursuant to SECTION 4.1 above, if any Lender is owed increased costs under SECTION 4.5 above, if any payment to any Lender by the Borrower is subject to any withholding tax pursuant to SECTION 4.6 above, or if any Lender is owed any cost or expense pursuant to SECTION 4.7 above, the Borrower shall have the right, if no Event of Default or Default then exists, to replace such Lender with another bank or financial institution PROVIDED that (i) if it is not a Lender or an Affiliate thereof, such bank or financial institution shall be reasonably acceptable to the Agent and (ii) such bank or financial institution shall unconditionally purchase, in accordance with SECTION 10.10 hereof, all of such Lender's rights and obligations under this Agreement and the other Loan Documents and the appropriate pro rata share of such Lender's Loans and Commitments, without recourse or expense to, or warranty by, such Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Loans payable to such Lender, PLUS any accrued but unpaid interest on such Loans, plus accrued but unpaid fees in respect of such Lender's Borrowings and Percentage of the Commitments hereunder to the date of such purchase on a date therein specified. The Borrower shall be obligated to pay, simultaneously with such purchase and sale, the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above, any amounts payable under SECTION 4.4 and all other costs, fees and expenses payable to such Lender hereunder and under the Loan Documents, to the date of such purchase as well as all other Obligations due and payable to or for the benefit of such Lender; PROVIDED, that if such bank or financial institution fails to purchase such rights and obligations, the Borrower shall continue to be obligated to pay the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above to such Lender.

SECTION 4.11 MAXIMUM INTEREST. It is the intention of the parties hereto to conform strictly to applicable usury laws and, anything herein to the contrary notwithstanding, the obligations of the Borrower to the Agent and each Lender under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to the Agent or such Lender limiting rates of interest which may be charged or collected by the Agent or such Lender. Accordingly, if the

transactions contemplated hereby would be usurious under applicable law

(including the Federal and state laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable) with respect to the Agent or a Lender then, in that event, notwithstanding anything to the contrary in this Agreement, it is agreed as follows: (a) the provisions of this Section shall govern and control; (b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by the Agent or such Lender shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to such Lender herein called the "HIGHEST LAWFUL RATE"), and any excess shall be credited to the Borrower by the Agent or such Lender (or, if such consideration shall have been paid in full, such excess refunded to the Borrower); (c) all sums paid, or agreed to be paid, to the Agent or such Lender for the use, forbearance and detention of the Indebtedness of the Borrower to the Agent or such Lender hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof; and (d) if at any time the interest provided pursuant to SECTION 4.1 together with any other fees payable pursuant to this Agreement and the other Loan Documents and deemed interest under applicable law, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to the Agent or such Lender pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to the Agent or such Lender pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement and such fees deemed to be interest equals the amount of interest which would have accrued to the Agent or such Lender if a varying rate per annum equal to the interest provided pursuant to SECTION 3.2 had at all times been in effect, PLUS the amount of fees which would have been received but for the effect of this Section. For purposes of Section 303.201 of the Texas Finance Code, as amended, to the extent, if any, applicable to the Agent or a Lender, the Borrower agrees that the Highest Lawful Rate shall be the "indicated (weekly) rate ceiling" as defined in said Section, provided that the Agent or such Lender may also rely, to the extent permitted by applicable laws, on alternative maximum rates of interest under other laws applicable to the Agent or such Lender if greater. Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts (formerly Tex. Rev. Civ. Stat. Ann. Art. 5069, Ch. 15)) shall not apply to this Agreement or the other Loan Documents.

ARTICLE V
CONDITIONS

SECTION 5.1 EFFECTIVE DATE. The obligations of the Lenders to fund the initial Borrowing shall be subject to the prior satisfaction, or waiver in writing by the Agent (with the consent of Required Lenders) of each of the conditions precedent set forth in this SECTION 5.1.

SECTION 5.1.1 RESOLUTIONS, ETC. The Agent shall have received from the Borrower a certificate, dated the Effective Date, of its Secretary or Assistant Secretary as to (a) resolutions of its Board of Directors then in full force and effect authorizing the execution,

delivery and performance of this Agreement and each other Loan Document to be executed by it; and (b) the incumbency and signatures of its Authorized Officers, upon which certificate each Lender may conclusively rely until it shall have received a further certificate of the Secretary of the Borrower canceling or amending such prior certificate.

SECTION 5.1.2 [Intentionally omitted].

SECTION 5.1.3 OPINION OF COUNSEL. The Agent shall have received a favorable opinion, dated the Effective Date and addressed to the Agent and all Lenders, from Thompson & Knight L.L.P., counsel to the Borrower, substantially in the form of EXHIBIT 5.1.3 hereto.

SECTION 5.1.4 FEE LETTERS, CLOSING FEES, EXPENSES, ETC. The Agent shall have received the Fee Letter duly executed by the Borrower. The Agent shall also have received for its own account, or for the account of the Arranger and each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to SECTIONS 3.3 and 10.3, if then invoiced.

SECTION 5.1.5 MATERIAL ADVERSE CHANGE. There shall have been no material adverse change in the consolidated business, condition (financial or otherwise), operations, performance or properties of any of the Borrower and its consolidated Subsidiaries taken as a whole from December 31, 2000, except as disclosed in ITEM 5.1.5 ("MATERIAL ADVERSE CHANGE") of the Disclosure Schedule.

SECTION 5.1.6 EXISTING CREDIT FACILITY. The Agent shall have received satisfactory proof of the Borrower's termination of the Existing Credit Facility and any obligations of the Borrower in connection therewith on the Effective Date.

SECTION 5.1.7 OTHER DOCUMENTS. Such other documents as the Agent or any Lender may have reasonably requested.

SECTION 5.2 ALL BORROWINGS. The obligation of each Lender to fund any Borrowing (including the initial Borrowing) shall be subject to the satisfaction of each of the conditions precedent set forth in this Section.

SECTION 5.2.1 COMPLIANCE WITH WARRANTIES, NO DEFAULT, ETC. Both before and after giving effect to any Borrowing (but, if any Default of the nature referred to in SECTION 8.1.5 shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct (a) the representations and warranties set forth in ARTICLE VI shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.

SECTION 5.2.2 BORROWING REQUEST. The Agent shall have received a Borrowing Request for such Borrowing. Each of the delivery of a Borrowing Request and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing (both immediately before and after giving effect to such Borrowing and the application of the proceeds thereof) the statements made in SECTION 5.2.1 are true and correct.

SECTION 5.2.3 SATISFACTORY LEGAL FORM. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any of its Subsidiaries shall be satisfactory in form and substance to the Agent and its counsel; the Agent and its counsel shall have received all information, approvals, opinions, documents or instruments as the Agent or its counsel may reasonably request.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders and the Agent to enter into this Agreement and to make Loans hereunder, the Borrower represents and warrants unto the Agent and each Lender as set forth in this ARTICLE VI.

SECTION 6.1 ORGANIZATION, ETC. The Borrower and each of its Restricted Subsidiaries is a corporation, partnership, limited partnership or limited liability company validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement and each other Loan Document to which it is a party and to conduct its business substantially as currently conducted by it (except where the failure to be so qualified to do business or be in good standing or to hold any such licenses, permits and other approvals will not have a Material Adverse Effect).

SECTION 6.2 DUE AUTHORIZATION, NON-CONTRAVENTION, ETC. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document executed or to be executed by it, and the Borrower's participation in any transaction contemplated herein are within the Borrower's powers, have been duly authorized by all necessary corporate action, and do not (a) contravene the Borrower's Organic Documents; (b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Borrower; or (c) result in, or require the creation or imposition of, any Lien on any of the Borrower's properties.

SECTION 6.3 GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Agreement or any other Loan Document to which it is a party, or for the Borrower's participation in any transaction contemplated herein, except as have been obtained. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4 VALIDITY, ETC. This Agreement constitutes, and each other Loan Document executed by the Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their

respective terms except as (i) enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.5 FINANCIAL INFORMATION. The balance sheets of the Borrower and each of its consolidated Subsidiaries as at June 30, 2001 and the related statements of earnings and cash flow, copies of which have been furnished to the Agent and each Lender, have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended except as disclosed in ITEM 6.5 ("Financial Information") of the Disclosure Schedule.

SECTION 6.6 NO MATERIAL ADVERSE CHANGE. As of the Effective Date, since the date of the financial statements described in SECTION 6.5, there has been no material adverse change in the financial condition, operations, assets, business or properties of the Borrower and its Restricted Subsidiaries (on a consolidated basis), except as disclosed in ITEM 5.1.5 ("Material Adverse Change") of the Disclosure Schedule.

SECTION 6.7 LITIGATION, LABOR CONTROVERSIES, ETC. As of the Effective Date, there is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding, or labor controversy affecting the Borrower or any of its Restricted Subsidiaries, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of, and the rights and remedies of the Agent and the Lenders under, this Agreement or any other Loan Document, except as disclosed in ITEM 6.7 ("Litigation") of the Disclosure Schedule.

SECTION 6.8 SUBSIDIARIES. SCHEDULE 6.8 sets forth the name, the identity or corporate structure and the ownership interest of each direct or indirect Subsidiary as of the Effective Date. SCHEDULE 6.8 also sets forth the name of each Restricted Subsidiary and Unrestricted Subsidiary as of the Effective Date. As of the Effective Date, the Borrower does not have any Subsidiaries other than the Subsidiaries identified in SCHEDULE 6.8.

SECTION 6.9 TAXES. The Borrower, each of its Restricted Subsidiaries and each of its Unrestricted Subsidiaries which is a member of the Borrower's consolidated U.S. federal income tax group has filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books except such returns and taxes for jurisdictions other than the United States with respect to which the failure to file and pay such taxes would not have a Material Adverse Effect.

SECTION 6.10 PENSION AND WELFARE PLANS. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien securing an amount in excess of $1,000,000 under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the

incurrence by the Borrower or any member of the Controlled Group of any liability, fine or penalty which could reasonably be expected to result in a Material Adverse Effect. Except as disclosed in ITEM 6.10 ("Employee Benefit Plans") of the Disclosure Schedule, neither the Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 6.11 ENVIRONMENTAL WARRANTIES AND COMPLIANCE. The liabilities and costs of the Borrower and its consolidated Restricted Subsidiaries related to compliance with applicable Environmental Laws (as in effect on the date on which this representation is made or deemed made) could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.12 REGULATION U. None of the Borrower and its Subsidiaries are engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U.

SECTION 6.13 ACCURACY OF INFORMATION. No certificate, statement or other information delivered herewith or hereto by or on behalf of the Borrower in writing to the Agent or any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a fact or omits to state any fact known to the Borrower or its Subsidiaries necessary to make the statements contained herein or therein not misleading as of the date made or deemed made, except to the extent that any untrue statement or omission could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.14 USE OF PROCEEDS. The proceeds of each Borrowing shall be used for the general corporate purposes of the Borrower and its Subsidiaries. No proceeds of any Borrowing shall be used to make any investment in any Person if the board of directors or other governing body of such Person has announced its opposition to such investment.

ARTICLE VII
COVENANTS

SECTION 7.1 AFFIRMATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.1.

SECTION 7.1.1 FINANCIAL INFORMATION, REPORTS, NOTICES, ETC. The Borrower will furnish, or will cause to be furnished, to each Lender and the Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by the chief financial Authorized Officer of the Borrower;

(b) as soon as available and in any event within 90 days after the end of each Fiscal Year of the Borrower, a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, in each case certified (without any Impermissible Qualification) in a manner acceptable to the Agent and the Required Lenders by independent public accountants of recognized national standing;

(c) as soon as available and in any at the time of each delivery of financial reports under subsections (a) and (b) of this SECTION 7.1.1, a certificate, executed by the chief financial Authorized Officer of the Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Agent) compliance with the financial covenants set forth in SECTION 7.2.3;

(d) promptly, and in any event within three Business Days after an Authorized Officer of the Borrower or any of its Subsidiaries becomes aware of the existence of the occurrence of each Default, a statement of the chief executive officer or the chief financial Authorized Officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(e) promptly, and in any event within three Business Days after an Authorized Officer of the Borrower or any of its Subsidiaries becomes aware of (x) the occurrence of any adverse development with respect to any litigation, action, proceeding, or labor controversy described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, or (y) the commencement of any material labor controversy, litigation, action, proceeding of the type described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto requested by the Agent or any Lender;

(f) promptly after the sending or filing thereof, copies of all reports and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) immediately upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by the Borrower of any liability, fine or penalty, or any increase in the contingent liability of the Borrower with respect to any post-retirement Welfare Plan benefit which would have or could reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto; and

(h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 7.1.2 COMPLIANCE WITH LAWS, ETC. The Borrower will, and will cause each of its Subsidiaries to, comply with all Laws, such compliance to include, without limitation: (a) the maintenance and preservation of its corporate existence and qualification as a foreign corporation, (b) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and (c) all Environmental Laws; except; in each case, where the failure to so comply would not have or would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 MAINTENANCE OF PROPERTIES. The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain, preserve, protect and keep its properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless the Borrower determines in good faith that the continued maintenance of any of its properties is no longer economically desirable or unless failure to so preserve, maintain, protect or keep its properties would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.4 INSURANCE. The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain or cause to be maintained with responsible insurance companies insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts as is customary in the case of similar businesses in similar locations.

SECTION 7.1.5 BOOKS AND RECORDS. The Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect, in accordance with GAAP, all of its business affairs and transactions and permit the Agent or its representatives, at reasonable times and intervals and upon reasonable prior notice to the Borrower, to visit all of its offices, to discuss its financial matters with its officers and employees and to examine any of its books or other corporate records; PROVIDED, HOWEVER, that prior notice to the Borrower shall not be required if an Event of Default has occurred or is continuing.

SECTION 7.1.6 CONDUCT OF BUSINESS. The Borrower will, and will cause each Restricted Subsidiary to, cause all material properties and businesses to be regularly conducted, operated, maintained and developed in a good and workmanlike manner, as would a prudent operator and in accordance with all applicable federal, state and local laws, rules and regulations, except for any failure to so operate, maintain and develop that could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.7 SUBSIDIARIES; UNRESTRICTED SUBSIDIARIES. The Borrower shall:

(a) if any additional Subsidiary is formed or acquired after the Effective Date, notify the Agent thereof and whether such Subsidiary is an Unrestricted Subsidiary or a Restricted Subsidiary.

(b) cause the management, business and affairs of the Borrower and its Restricted Subsidiaries to be conducted in such a manner (including, without limitation, by keeping separate books of account, furnishing separate financial statements of Unrestricted Subsidiaries to creditors and potential creditors thereof and by not permitting Properties of the Borrower and its respective Subsidiaries to be commingled) so that each Unrestricted Subsidiary that is a corporation will be treated as a corporate entity separate and distinct from the Borrower and the Restricted Subsidiaries;

(c) except as permitted by SECTION 7.2.5, will not, and will not permit any of the Restricted Subsidiaries to incur any Guaranteed Liabilities in respect of any Indebtedness of any of the Unrestricted Subsidiaries; and

(d) will not permit any Unrestricted Subsidiary to hold any equity or other ownership interest in, or any Indebtedness of, any Restricted Subsidiary.

SECTION 7.1.8 DESIGNATION AND CONVERSION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES.

(a) Unless designated as an Unrestricted Subsidiary on SCHEDULE 6.8 as of the date of this Agreement or thereafter in writing to the Agent, any Person that becomes a Subsidiary of the Borrower or any of its Restricted Subsidiaries shall be classified as a Restricted Subsidiary.

(b) The Borrower may designate any Subsidiary (including a newly formed or newly acquired Subsidiary) as an Unrestricted Subsidiary if (i) the representations and warranties of the Borrower and its Restricted Subsidiaries contained in each of the Loan Documents are true and correct on and as of such date as if made on and as of the date of such designation (or, if stated to have been made expressly as of an earlier date, were true and correct as of such date), and (ii) after giving effect to such designation, no Default or Event of Default would exist; PROVIDED, HOWEVER, that the Borrower may not designate either EDC or SOC as Unrestricted Subsidiaries. Except as provided in this Section, no Restricted Subsidiary may be redesignated as an Unrestricted Subsidiary.

(c) The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary if after giving effect to such designation, (i) the representations and warranties of the Borrower and its Restricted Subsidiaries contained in each of the Loan Documents are true and correct on and as of such date as if made on and as of the date of such redesignation (or, if stated to have been made expressly as of an earlier date, were true and correct as of such date), and (ii) after giving effect to such designation, no Default or Event of Default would exist.

SECTION 7.2 NEGATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.2.

SECTION 7.2.1 BUSINESS ACTIVITIES. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, engage in any business activity if, as a result thereof, the Borrower and its Restricted Subsidiaries taken as a whole would no longer be principally engaged in the business of oil, gas and energy exploration, development, production, processing and marketing and such activities as may be incidental or related thereto.

SECTION 7.2.2 LIENS. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations, granted pursuant to any Loan Document;

(b) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(c) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(d) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(e) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies;

(f) Liens on cash or cash-equivalents securing Hedging Obligations of the Borrower or any of its Restricted Subsidiaries not in excess in the aggregate of $50,000,000 for all such cash and cash equivalents;

(g) Liens in favor of the United States of America or any state thereof or any department, agency, instrumentality or political subdivision of any such jurisdiction to secure partial, progress, advance or other payments pursuant to any contract or statute;

(h) Liens required by any contract or statute in order to permit the Borrower or a Restricted Subsidiary to perform any contract or subcontract made by it with or at the request of the United States of America, any state or any department, agency or instrumentality or political subdivision of either;

(i) Liens which exist prior to the time of acquisition upon any assets acquired by the Borrower or any Restricted Subsidiary (including Liens on assets of any Person at the time of the acquisition of the capital stock or assets of such Person or a merger with or consolidation with such Person by the Borrower or a Restricted Subsidiary), PROVIDED that (i) the Lien shall attach solely to the assets so acquired (or of the Person so acquired, merged or consolidated), and (ii) in the case of Liens securing Indebtedness the aggregate principal amount of all Indebtedness of Restricted Subsidiaries secured by such Liens shall be permitted by the limitations set forth in SECTION 7.2.5;

(j) Liens securing Indebtedness owing by any Restricted Subsidiary to the Borrower;

(k) Liens under operating agreements, unitization agreements, pooling orders, and similar arrangements;

(l) Liens set forth on SCHEDULE 7.2 which are existing on the Effective Date;

(m) Liens on debt of or equity interests in a Person that is not a Restricted Subsidiary;

(n) Any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses of this Section or of any Indebtedness secured thereby; PROVIDED that in the case of Liens securing Indebtedness, the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement Lien shall be limited to all or part of substantially the same property or revenue subject of the Lien extended, renewed or replaced (plus improvements on such property); and

(o) additional Liens upon assets of the Borrower and its Restricted Subsidiaries created after the date hereof, PROVIDED that (i) the aggregate Indebtedness secured thereby and incurred on or after the date hereof shall not exceed two and one-half percent (2 1/2%) of Stockholders' Equity in the aggregate at any one time outstanding and (ii) that such Liens do not encumber or attach to any equity interest in a Restricted Subsidiary.

SECTION 7.2.3 FINANCIAL COVENANTS. The Borrower will not:

(a) EBITDAX TO TOTAL INTEREST EXPENSE. Permit the ratio of EBITDAX to Total Interest Expense for any consecutive period of four fiscal quarters ending on the last day of a fiscal quarter to be less than 4.0:1.0.

(b) TOTAL DEBT TO CAPITALIZATION. Permit the Total Debt to Capitalization Ratio, expressed as a percentage, to exceed 60% at any time.

(c) MINIMUM TOTAL ASSET VALUE. Permit the Total Asset Value of its Restricted Subsidiaries to be less than $800,000,000 at any time.

SECTION 7.2.4 RESTRICTED PAYMENTS, ETC. On and at all times after the Effective Date, the Borrower will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of the Borrower or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splitups or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Restricted Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Restricted Subsidiaries to purchase or redeem, any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, or warrants, options or other rights with respect to any shares of any class of capital stock

(now or hereafter outstanding) of the Borrower, if, after giving effect

thereto, a Default or an Event of Default shall have occurred and be continuing or been caused thereby.

SECTION 7.2.5 INDEBTEDNESS. The Borrower will not permit any of its Restricted Subsidiaries to contract, create, incur or assume any Indebtedness, except:

(a) Indebtedness of a Restricted Subsidiary owed to the Borrower or an other Restricted Subsidiary;

(b) Indebtedness of a Restricted Subsidiary which exists prior to the time of the acquisition of such Subsidiary by the Borrower or any Restricted Subsidiary (including Indebtedness at the time of the acquisition of the capital stock or assets of such Person or a merger with or consolidation with such Person by the Borrower or a Restricted Subsidiary) and any extensions, renewals or replacements of such Indebtedness, PROVIDED that the aggregate principal amount of such Indebtedness and any extensions, renewals or replacements thereof shall not exceed the principal amount of such Indebtedness at the time such Person becomes a Subsidiary; and

(c) other Indebtedness in an aggregate amount not to exceed an amount equal to five percent (5%) of Stockholders' Equity.

SECTION 7.2.6 CONSOLIDATION, MERGER, ETC. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, or purchase or otherwise acquire all or substantially all of the assets of any Person (or of any division thereof) except (a) any such Restricted Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Restricted Subsidiary, and the assets or stock of any Restricted Subsidiary may be purchased or otherwise acquired by the Borrower or any other Restricted Subsidiary; and (b) so long as no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Restricted Subsidiaries may purchase all or substantially all of the assets of any Person, or acquire such Person by merger (as long as the Borrower or such Restricted Subsidiary is the surviving entity).

SECTION 7.2.7 NEGATIVE PLEDGES, RESTRICTIVE AGREEMENTS, ETC. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement (excluding this Agreement, any other Loan Document and any agreement governing any Indebtedness not prohibited under this Agreement) prohibiting the creation or assumption of any Lien upon its material properties, revenues or assets, whether now owned or hereafter acquired, or the ability of the Borrower to amend or otherwise modify this Agreement or any other Loan Document. The foregoing shall not prohibit agreements entered into or acquired in the ordinary course of business regarding specific properties or assets which restrict or place conditions the transfer of or the creation of a Lien on such properties or assets or the revenues derived therefrom, but which do not affect other unrelated properties, assets or revenues. The Borrower will not and will not permit any of its Restricted Subsidiaries to enter into any agreement prohibiting the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to the Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other

agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to the Borrower.

ARTICLE VIII
EVENTS OF DEFAULT

SECTION 8.1 LISTING OF EVENTS OF DEFAULT. Each of the following events or occurrences described in this SECTION 8.1 shall constitute an "EVENT OF DEFAULT".

SECTION 8.1.1 NON-PAYMENT OF OBLIGATIONS. The Borrower shall default in the payment or prepayment when due of any principal of any Loan, or the Borrower shall default (and such default shall continue unremedied for a period of five days) in the payment when due of any interest on any Loan, of any fee hereunder or of any other Obligation.

SECTION 8.1.2 BREACH OF WARRANTY. Any representation or warranty of the Borrower made or deemed to be made hereunder or in any other Loan Document executed by it or any certificates delivered pursuant to ARTICLE V is or shall

be incorrect in any material respect when made or deemed made.

SECTION 8.1.3 NON-PERFORMANCE OF CERTAIN COVENANTS AND OBLIGATIONS. The Borrower shall default in the due performance and observance of any of its obligations under SECTION 7.2.2, 7.2.3, 7.2.6 or 7.2.7; PROVIDED that the imposition of any non-consensual Lien that is not permitted to exist pursuant to SECTION 7.2.2 shall not be deemed to constitute an Event of Default hereunder until thirty (30) days after the date of such imposition.

SECTION 8.1.4 NON-PERFORMANCE OF OTHER COVENANTS AND OBLIGATIONS. The Borrower shall default in the due performance and observance of any other provision contained herein (not constituting an Event of Default under the preceding provisions of this SECTION 8.1) or any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Borrower by the Agent.

SECTION 8.1.5 DEFAULT ON OTHER INDEBTEDNESS. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness (other than Indebtedness described in SECTION 8.1.1) of the Borrower or any of its Restricted Subsidiaries having a principal amount, individually or in the aggregate, in excess of $35,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 8.1.6 JUDGMENTS. Any judgment or order for the payment of money in excess of $35,000,000 shall be rendered against the Borrower or any of its Restricted Subsidiaries if such excess is not fully covered by valid and collectible insurance in respect thereof, the payment of which is not being disputed or contested by the insurer or the insurers, and either (i) proper or valid enforcement or levying proceedings shall have been commenced by

any creditor upon such judgment or order or (ii) such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) consecutive days.

SECTION 8.1.7 PENSION PLANS. Any of the following events shall occur with respect to any Pension Plan (a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan in excess of $35,000,000; or (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA to the extent such action could reasonably be expected to have a Material Adverse Effect.

SECTION 8.1.8 CHANGE IN CONTROL. Any Change in Control shall occur.

SECTION 8.1.9 BANKRUPTCY, INSOLVENCY, ETC. The Borrower or any of its Restricted Subsidiaries shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries or any substantial portion of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that the Borrower, each Restricted Subsidiary hereby expressly authorizes the Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower, each Restricted Subsidiary hereby expressly authorizes the Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.2 ACTION IF BANKRUPTCY. If any Event of Default described in SECTION 8.1.9 shall occur with respect to the Borrower or any Restricted Subsidiary, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Borrowings and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 ACTION IF OTHER EVENT OF DEFAULT. If any Event of Default (other than any Event of Default described in SECTION 8.1.9 with respect to the Borrower or any Restricted Subsidiary) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or

any portion of the outstanding principal amount of the Borrowings and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, as the case may be, and/or the Commitments shall terminate.

ARTICLE IX
THE AGENTS

SECTION 9.1 ACTIONS. Each Lender hereby appoints (i) JPMorgan as the Agent under this Agreement and each other Loan Document, (ii) Societe Generale, as Syndication Agent under this Agreement and each other Loan Document, and (iii) Mizuho Financial Group, Credit Lyonnais, New York Branch, The Royal Bank of Scotland plc, and Deutsche Bank AG New York Branch, as Co-Documentation Agents under this Agreement and each other Loan Document. Each Lender authorizes the Agent to act on behalf of such Lender under this Agreement and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agent (with respect to which the Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender acknowledges that none of the Syndication Agent and the Co-Documentation Agents have any duties or obligations under this Agreement or any other Loan Document in connection with their capacity as either the Syndication Agent or a Co-Documentation Agent, respectively. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each of the Agents, PRO RATA according to such Lender's Percentage, WHETHER OR NOT RELATED TO ANY SINGULAR, JOINT OR CONCURRENT NEGLIGENCE OF THE AGENTS, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, any Agent in any way relating to or arising out of this Agreement and any other Loan Document, including reasonable attorneys' fees, and as to which such Agent is not reimbursed by the Borrower; PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from such Agent's gross negligence or willful misconduct. None of the Agents shall be required to take any action hereunder or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of any Agent shall be or become inadequate, in such Agent's determination, as the case may be, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, none of the Agents shall have any duties or responsibilities, except as expressly set forth herein, nor shall any of the Agents have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any of the Agents.

SECTION 9.2 FUNDING RELIANCE, ETC. Unless the Agent shall have been notified by telephone, confirmed in writing, by any Lender by 5:00 p.m., Central time, on the day prior to a Borrowing (except with respect to a Borrowing comprised of Base Rate Loans, in which case notice shall be given no later than 12:00 noon, Central time, on the date of the proposed Borrowing) that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Agent may assume that such Lender has made such amount available to the Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Agent,

such Lender and the Borrower severally agree to repay the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Agent made such amount available to the Borrower to the date such amount is repaid to the Agent, at the Federal Funds Rate.

SECTION 9.3 EXCULPATION. None of the Agents and their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by any Agent shall not obligate it to make any further inquiry or to take any action. Each of the Agents shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 SUCCESSOR. Any of the Agents may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Agent at any time shall resign, the Required Lenders may appoint another Lender as the successor Agent which shall thereupon become the Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as the Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After a retiring Agent's resignation hereunder as a Agent, the provisions of this ARTICLE IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement, and SECTION 10.4 (and, with respect to the Agent, SECTION 10.3) shall continue to inure to its benefit.

SECTION 9.5 LOANS BY THE AGENTS. Each of the Agents shall have the same rights and powers with respect to the Loans made by it or any of its Affiliates and may exercise the same as if it were not a Agent. Each of the Agents and its Affiliates may accept deposits from,

lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not a Agent hereunder.

SECTION 9.6 CREDIT DECISIONS. Each Lender acknowledges that it has made its own credit decision to extend its Commitments hereunder (i) independently of each of the Agents and each other Lender, and (ii) based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate. Each Lender also acknowledges that it will continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document (i) independently of each of the Agents and each other Lender, and (ii) based on such other documents, information and investigations as it shall deem appropriate at any time.

SECTION 9.7 COPIES, ETC. The Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). The Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Agent from the Borrower for distribution to the Lenders by the Agent in accordance with the terms of this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 WAIVERS, AMENDMENTS, ETC. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; PROVIDED, HOWEVER, that no such amendment, modification or waiver which would: (a) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender; (b)

modify this SECTION 10.1, change the definition of "REQUIRED LENDERS", reduce any fees described in ARTICLE III, change the schedule of reductions to the Commitments provided for in SECTION 2.3, release any collateral security except as otherwise specifically provided in any Loan Document or extend the Maturity Date, shall be made without the consent of each Lender; (c) extend the due date for, or reduce the amount of, any scheduled repayment or prepayment of principal of or interest on any Loan (or reduce the principal amount of or rate of interest on any Loan) shall be made without the consent of the Lender which made such Loan; or (d) affect adversely the interests, rights or obligations of any Agent as Agent shall be made without the consent of such Agent; PROVIDED, FURTHER, that no such amendment, modification or waiver which would either increase any Commitment, Commitment Amount or the Percentage of any Lender, or modify the rights, duties or obligations of any Agent, shall be effective without the consent of such Lender or such Agent, as applicable. No failure or delay on the part of the Agent or any Lender in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Agent or any Lender under this

Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to:

Noble Affiliates, Inc.
350 Glenborough, Suite 100
Houston, TX 77067
Attention: James L. McElvany
Telephone No.: (281) 872-3100
Facsimile No.: (281) 872-3111

(b) if to the Agent, to:

Agency Services
JPMorgan Chase Bank
One Chase Manhattan Plaza, 8th Floor
New York, NY 10081
Attention: Muniram Appanna
Telephone No.: (212) 552-7943
Facsimile No.: (212) 552-3295

With a copy to:

JPMorgan Chase Bank
Global Oil & Gas Group
600 Travis, 20th Floor
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: 713-216-8869
Facsimile: 713-216-4117

And in connection with business-related matters, with a copy to:

JPMorgan Chase Bank
Global Oil & Gas Group
600 Travis, 20th Floor
Houston, Texas 77002
Attention: Robert C. Mertensotto
Telephone: 713-216-4147
Facsimile: 713-216-8870

(c) if to the Syndication Agent:

Societe Generale
1111 Bagby, Suite 2020
Houston, TX 77002

Attention: Cary Hughes
Tel: (713) 759-6328
Fax: (713) 650-0824

(d) if to any Co-Documentation Agent or any other Lender, to it at its address (or telecopy number) provided to the Agent and the Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.3 PAYMENT OF COSTS, EXPENSES AND TAXES. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of (i) the Agent (including, without limitation, the reasonable fees and out-of-pocket expenses of Mayer, Brown & Platt) in connection with the preparation, negotiation, execution, delivery, syndication and administration of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modification to this Agreement or any other Loan Document and (ii) the Agent and the Lenders in connection with the enforcement by the Lenders or the Agent of, or the protection of rights under, this Agreement and each other Loan Document. The Agent, the other Agents, the Arranger and each Lender agree to the extent feasible, and to the extent a conflict of interest does not exist in the reasonable opinion of the Agent, the other Agents, the Arranger or any Lender, to use one law firm in each jurisdiction in connection with the foregoing, to the extent they seek reimbursement for the expenses thereof from the Borrower. Each Lender agrees to reimburse the Agent on demand for such Lender's PRO RATA share (based upon its respective Percentage) of any such costs or expenses not paid by the Borrower. In addition, the Borrower agrees to pay, and to save the Agent, the other Agents, the Arranger, and the Lenders harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Agreement, the Borrowings hereunder, or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith.

SECTION 10.4 INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies, exonerates and holds each Agent, the Arranger and each Lender and each of their respective officers, directors, employees and agents (collectively, the "INDEMNIFIED PARTIES"), WHETHER OR NOT RELATED TO ANY NEGLIGENCE OF THE INDEMNIFIED PARTIES, free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them as a result of, or

arising out of, or relating to any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan; the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties; any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrower or any of its Restricted Subsidiaries of all or any portion of the stock or assets of any Person, whether or not such Agent, the Arranger or such Lender is party thereto; any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by the Borrower or any of its Restricted Subsidiaries of any Hazardous Material; or the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrower or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower or such Subsidiary, except for any such Indemnified Liabilities which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the relevant Indemnified Party's gross negligence or willful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 SURVIVAL. The obligations of the Borrower under SECTIONS 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under SECTION 9.1, shall in each case survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments.

SECTION 10.6 SEVERABILITY. Any provision of this Agreement or any other

Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 HEADINGS. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 10.8 GOVERNING LAW; ENTIRE AGREEMENT. THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS. This Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.9 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; PROVIDED, HOWEVER, that: (a) the Borrower may not assign or transfer its rights or obligations

hereunder without the prior written consent of the Agent and all Lenders; and (b) the rights of sale, assignment and transfer of the Lenders are subject to SECTION 10.10.

SECTION 10.10 SALE AND TRANSFER OF LOANS AND COMMITMENTS; PARTICIPATIONS IN LOANS AND COMMITMENTS. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with this Section.

SECTION 10.10.1 ASSIGNMENTS. Any Lender (a) with the written consents of the Borrower (provided that the consent of the Borrower shall not be required if an Event of Default has occurred and is continuing) and the Agent (which consents shall not be unreasonably delayed or withheld), may at any time assign and delegate to one or more commercial banks or other financial institutions, and (b) with notice to the Borrower and the Agent, but without the consent of the Borrower or the Agent, may assign and delegate to any of its Affiliates or to any other Lender or Lender Affiliate (each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "ASSIGNEE LENDER"), all or any fraction of such Lender's total Loans and Commitments (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitments and which shall be of equal PRO RATA shares of the Facility) in a minimum aggregate amount of $10,000,000; PROVIDED, HOWEVER, that any such Assignee Lender will comply, if applicable, with the provisions contained in the last sentence of SECTION 4.6 and FURTHER, PROVIDED, HOWEVER, that, the Borrower and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee Lender until (i) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Agent by such Lender and such Assignee Lender, (ii) such Assignee Lender shall have executed and delivered to the Borrower and the Agent a Lender Assignment Agreement, accepted by the Agent, (iii) such Assignee Lender shall have delivered to the Agent an Administrative Questionnaire, and (iii) the processing fees described below shall have been paid.

From and after the date that the Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Accrued interest on that part of the predecessor Loans and Commitments, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Loans and Commitments shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Agent upon delivery of any Lender Assignment Agreement in the amount of $3,500. Any attempted assignment and delegation not made in accordance with this Section shall be null and void.

SECTION 10.10.2 PARTICIPATIONS. Any Lender may at any time sell to one or more commercial banks or other Persons (each of such commercial banks and other Persons being herein called a "PARTICIPANT") participating interests in any of the Loans, Commitments or other interests of such Lender hereunder; PROVIDED, HOWEVER, that (a) no participation contemplated in this SECTION 10.10 shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document, (b) such Lender shall remain solely responsible for the performance of its Commitments and such other obligations, (c) the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents, (d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in CLAUSE (b) or (c) of SECTION 10.1, and (e) the Borrower shall not be required to pay any amount under SECTION 4.6 that is greater than the amount which it would have been required to pay had no participating interest been sold. The Borrower acknowledges and agrees that each Participant, for purposes of SECTIONS 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9 and 10.4, shall be considered a Lender; provided that this sentence shall not obligate the Borrower to pay more under such Sections that it would be obligated to pay had no such participation been granted.

SECTION 10.10.3 PLEDGE BY LENDER. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; PROVIDED that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.11 OTHER TRANSACTIONS. Nothing contained herein shall preclude the Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.12 CONFIDENTIALITY. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any

Hedging Agreement, (g) with the consent of Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by any Person or (ii) becomes available to any Agent or any Lender on a nonconfidential basis from a source other than Borrower or any of its Affiliates. For the purposes of this Section, "INFORMATION" means all information received from Borrower or its Affiliate relating to Borrower and its Subsidiaries or their business, other than any such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower or any of its Affiliates. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13 FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF TEXAS OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. THE BORROWER,

THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF TEXAS AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER, THE AGENT, AND EACH LENDER FURTHER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF TEXAS. THE BORROWER, THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.14 WAIVER OF JURY TRIAL. THE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

SECTION 10.15 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

NOBLE AFFILIATES, INC.

By: /s/ James L. McElvany

Name: James L. McElvany
Title: Vice President & Treasurer

JPMORGAN CHASE BANK, individually as a Lender and as the Administrative Agent

By: /s/ Robert C. Mertensotto

Name: Robert C. Mertensotto
Title: Managing Director

SOCIETE GENERALE, individually as a Lender and as the Syndication Agent

By: /s/ Cary Hughes

Name: Cary Hughes
Title: Director

MIZUHO FINANCIAL GROUP, as a Co-Documentation Agent

THE FUJI BANK, LIMITED (as a member of

Mizuho Financial Group), individually as a Lender

By: /s/ Jacques Azagury

Name: Jacques Azagury
Title: Senior Vice President and Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH (as a member of Mizuho Financial Group), individually as a Lender

By: /s/ Michael N. Oakes

Name: Michael N. Oakes
Title: Senior Vice President, Houston Office

CREDIT LYONNAIS, NEW YORK BRANCH, individually as a Lender and as a Co-Documentation Agent

By: /s/ Bernard Weymuller

Name: Bernard Weymuller
Title: Senior Vice President

THE ROYAL BANK OF SCOTLAND PLC, individually as a Lender and as a Co-Documentation Agent

By: /s/ Kevin J. Howard

Name: Kevin J. Howard
Title: Managing Director

DEUTSCHE BANK AG NEW YORK BRANCH, individually as a Lender and as a Co-Documentation Agent

By: /s/ Hans Narberhaus

Name: Hans Narberhaus
Title: Vice President

By: /s/ Joel Makowsky

Name: Joel Makowsky
Title: Vice President

BNP PARIBAS, individually as a Lender

By: /s/ Larry Robinson

Name: Larry Robinson
Title: Vice President

By: /s/ A. David Dodd

Name: A. David Dodd
Title: Vice President

CITIBANK, N.A., individually as a Lender

By: /s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Attorney-In-Fact

TORONTO DOMINION (TEXAS), INC.,
individually as a Lender

By: /s/ Warren Finlay

Name: Warren Finlay
Title: President

FIRST UNION NATIONAL BANK, individually
as a Lender

By: /s/ David E. Humphreys

Name: David E. Humphreys
Title: Vice President

THE BANK OF NEW YORK, individually as a
Lender

By: /s/ Craig J. Anderson

Name: Craig J. Anderson
Title: Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD.,
individually as a Lender

By: /s/ K. Glasscock

Name: K. Glasscock
Title: Vice President and Manager

DEN NORSKE BANK ASA, individually as a
Lender

By: /s/ Nils Fykse

Name: Nils Fykse
Title: First Vice President

By: /s/ Hans Jorgen Ormar

Name: Hans Jorgen Ormar
Title: Vice President

KBC BANK, N.V., individually as a Lender

By: /s/ Robert Snauffer

Name: Robert Snauffer
Title: First Vice President

By: /s/ Eric Raskin

Name: Eric Raskin
Title: Vice President

[EXECUTION COPY]

[364-DAY CREDIT AGREEMENT]

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364-DAY CREDIT AGREEMENT,

dated as of November 30, 2001

among

NOBLE AFFILIATES, INC.,
as the Borrower,

JPMORGAN CHASE BANK,
as the Administrative Agent for the Lenders,

SOCIETE GENERALE,
as the Syndication Agent for the Lenders,

MIZUHO FINANCIAL GROUP,
CREDIT LYONNAIS, NEW YORK BRANCH,
THE ROYAL BANK OF SCOTLAND PLC,
and
DEUTSCHE BANK AG NEW YORK BRANCH,
as the Co-Documentation Agents for the Lenders,

and

CERTAIN COMMERCIAL LENDING INSTITUTIONS,
as the Lenders

J.P. MORGAN SECURITIES INC.,
AS LEAD ARRANGER AND SOLE BOOKRUNNER

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364-DAY CREDIT AGREEMENT

THIS 364-DAY CREDIT AGREEMENT, dated as of November 30, 2001 (as may be amended, restated, supplemented or otherwise modified from time to time, this "AGREEMENT"), is among NOBLE AFFILIATES, INC., a Delaware corporation (the "BORROWER"), JPMORGAN CHASE BANK ("JPMORGAN"), as administrative agent (JPMorgan in such capacity, together with any successor(s) thereto in such capacity, the "AGENT"), SOCIETE GENERALE, as syndication agent (in such capacity, together with any successor(s) thereto in such capacity, the "SYNDICATION AGENT"), MIZUHO FINANCIAL GROUP, CREDIT LYONNAIS, NEW YORK BRANCH, THE ROYAL BANK OF SCOTLAND PLC, and DEUTSCHE BANK AG NEW YORK BRANCH, as co-documentation agents (in such capacity, together with any successor(s) thereto in such capacity, individually, a "CO-DOCUMENTATION AGENT" and, collectively, the "CO-DOCUMENTATION AGENTS"), and certain commercial lending institutions as are or may become parties hereto (collectively, the "LENDERS").

The parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 DEFINED TERMS. The following terms (whether or not underscored) when used in this Agreement, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"AFFILIATE" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (a)

to vote 20% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGENT" is defined in the PREAMBLE and includes each other Person as shall have subsequently been appointed as the successor Agent pursuant to SECTION 9.4.

"AGENTS" means the Agent, the Co-Documentation Agents, and the Syndication Agent, together with any successors in any such capacities.

"AGREEMENT" means, on any date, this 364-Day Credit Agreement as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Agent.

"APPLICABLE FACILITY FEE RATE" means the number of basis points per annum (based on a year of 360 days) set forth below based on the Applicable Rating Level on such date:

APPLICABLE RATING LEVEL	APPLICABLE FACILITY FEE RATE
Level I	12.5
Level II	15.0
Level III	17.5
Level IV	20.0
Level V	25.0

Changes in the Applicable Facility Fee Rate will occur automatically without prior notice. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Applicable Facility Fee Rate.

"APPLICABLE MARGIN" means on any date and with respect to each Eurodollar Loan the number of basis points per annum set forth below based on the Applicable Rating Level on such date:

APPLICABLE RATING LEVEL	UTILIZATION LESS THAN OR EQUAL TO 25%	UTILIZATION GREATER THAN 25%
Level I	62.5	87.5
Level II	72.5	97.5
Level III	82.5	107.5
Level IV	105.0	130.0
Level V	125.0	150.0

Changes in the Applicable Margin will occur automatically without prior notice. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Applicable Margin.

"APPLICABLE RATING LEVEL" means (i) at any time that Moody's and S&P have the equivalent rating or split ratings of not more than one rating differential of the Borrower's senior unsecured long-term debt, the level set forth in the chart below under the heading "Applicable Rating Level" opposite the rating under the heading "Moody's" or "S&P" which is the higher of the two if split ratings or opposite the ratings under the headings "Moody's" and "S&P" if equivalent, and (ii) at any time that Moody's and S&P have split ratings of more than one rating differential of the Borrower's senior unsecured long-term debt, the level set forth in the chart below under the "Applicable Rating Level" opposite the midpoint (rounding to the nearest lower rating) between the two ratings of "Moody's" or "S&P".

APPLICABLE RATING LEVEL	MOODY'S	S&P
Level I	GREATER THAN = A3	GREATER THAN = A-
Level II	Baa1	BBB+
Level III	Baa2	BBB -
Level IV	Baa3	BBB-
Level V	LESS THAN = Ba1	LESS THAN = BB+

For example, if the Moody's rating is Baa1 and the S&P rating is BBB, Level II shall apply.

For purposes of the foregoing, (i) "GREATER THAN =" means a rating equal to or more favorable than; "LESSER THAN =" means a rating equal to or less favorable than; "greater than" means a rating greater than; "less than" means a rating less than; (ii) if a rating for the Borrower's senior unsecured long-term debt is not available from one of the Rating Agencies, the Applicable Rating Level will be based on the rating of the other Rating Agency; (iii) if ratings for the Borrower's senior unsecured long-term debt is available from neither S&P nor Moody's, Level V shall be deemed applicable; (iv) if determinative ratings shall change (other than as a result of a change in the rating system used by any applicable Rating Agency) such that a change in Applicable Rating Level would result, such change shall effect a change in Applicable Rating Level as of the day on which it is first announced by the applicable Rating Agency, and any change in the Applicable Margin or percentage used in calculating fees due hereunder shall apply commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change; and (v) if the rating system of any of the Rating Agencies shall change prior to the date all obligations hereunder have been paid and the Commitments canceled, the Borrower and the Lenders shall negotiate in good faith to amend the references to specific ratings in this definition to reflect such changed rating system, and pending such amendment, if no Applicable Rating Level is otherwise determinable based upon the foregoing, Level V shall apply.

"ARRANGER" means J.P. Morgan Securities Inc., in its capacity as sole lead arranger.

"ASSIGNEE LENDER" is defined in SECTION 10.10.1.

"AUTHORIZED OFFICER" means, relative to the Borrower, the President, any Senior Vice President, the Treasurer or the Secretary of the Borrower, or any other officer of the Borrower specified as such to the Agent in writing by any of the aforementioned officers of the Borrower.

"BASE RATE" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of (a) the rate of interest most recently announced by JPMorgan at its Domestic Office as its base rate for Dollar loans; and (b) the Federal Funds Rate most recently determined by the Agent plus 1/2%. The Base Rate is not necessarily intended to be the lowest rate of interest determined by JPMorgan in connection with extensions of credit. Changes in the rate of interest on that portion of any Loans maintained as Base Rate Loans will take effect simultaneously with each change in the Base Rate. The Agent will give notice promptly to the Borrower and the Lenders of changes in the Base Rate.

"BASE RATE LOAN" means a Loan bearing interest at a fluctuating rate determined by reference to the Base Rate.

"BORROWER" is defined in the PREAMBLE, and includes its permitted successors and assigns.

"BORROWING" means any extension of credit (as opposed to any continuation or conversion thereof) made by the Lenders by way of Loans.

"BORROWING DATE" means a date on which a Borrowing is made hereunder.

"BORROWING REQUEST" means a loan request and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.5 hereto.

"BUSINESS DAY" means (a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York, New York or Houston, Texas; and (b) relative to the making, continuing, prepaying or repaying of any Eurodollar Borrowing, any day on which dealings in Dollars are carried on in the London and New York Eurodollar interbank market.

"CAPITALIZATION" means the sum, at any time outstanding and without duplication, of (i) Debt plus (ii) Stockholders' Equity.

"CAPITALIZED LEASE LIABILITIES" means all monetary obligations of the

Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CHANGE IN CONTROL" means (a) the acquisition by any Person, or two or more Persons acting in concert, of beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934) of 30% or more of the outstanding shares of voting stock of the Borrower; or (b) the failure of the Borrower to own, free and clear of all Liens or encumbrances (other than non-consensual Liens or encumbrances which are not material or which are fully discharged or with respect to obligations which are fully bonded, in either case within thirty (30) days after the imposition of such Lien or encumbrance) at least 100% of the outstanding shares of voting stock of SOC on a fully diluted basis.

"CODE" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"CO-DOCUMENTATION AGENT" and "CO-DOCUMENTATION AGENTS" are defined in the preamble.

"COMMITMENT" means, as to any Lender, the obligation, if any, of such Lender to make Loans pursuant to SECTION 2.1.1 or SECTION 2.1.2 of this Agreement in an aggregate principal amount at any one time outstanding up to but not exceeding the amount, if any, set forth opposite such Lender's name on SCHEDULE II, as the same may be reduced or adjusted from time to time in accordance with this Agreement, including SECTIONS 2.3.

"COMMITMENT AMOUNT" means, on any date, $200,000,000, as such amount may be reduced, increased or adjusted from time to time in accordance with this Agreement, including SECTION 2.3.

"COMMITMENT TERMINATION EVENT" means (a) the occurrence of any Event of Default described in CLAUSES (a) through (e) of SECTION 8.1.9; or (b) the occurrence and continuance of any other Event of Default and either (i) the declaration of the Loans to be due and payable pursuant to SECTION 8.3, or (ii) in the absence of such declaration, the giving of notice by the Agent, acting at the direction of the Required Lenders, to the Borrower that the Commitments have been terminated.

"CONTINUATION/CONVERSION NOTICE" means a notice of continuation or conversion and certificate duly executed by an Authorized Officer of the Borrower, substantially in the form of EXHIBIT 2.6 hereto.

"CONTROLLED GROUP" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"DEBT" means the consolidated Indebtedness of the Borrower and its Subsidiaries.

"DEFAULT" means any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"DEFAULT MARGIN" means two percent (2%).

"DISCLOSURE SCHEDULE" means the Disclosure Schedule attached hereto as SCHEDULE I, as it may be amended, supplemented or otherwise modified from time to time by the Borrower with the written consent of the Agent and the Required Lenders.

"DOLLAR" and the sign "$" mean lawful money of the United States.

"DOMESTIC OFFICE" means, relative to any Lender, the office of such Lender designated as such in its Administrative Questionnaire or designated in the Lender Assignment Agreement or such other office of a Lender (or any successor or assign of such Lender) within the United States as may be designated from time to time by notice from such Lender, as the case may be, to each other Person party hereto.

"EBITDAX" means, for any period, the sum of (i) the consolidated net income

of the Borrower and its Subsidiaries for such period before non-cash non-recurring items, gains or losses on dispositions of assets and the cumulative effect of changes in accounting principles

PLUS (ii) to the extent included in the determination of such income, the consolidated charges for such period for interest, depreciation, depletion, amortization and exploration expenses PLUS (or, if there is a benefit from income taxes, MINUS) (iii) to the extent included in the determination of such income, the amount of the provision for or benefit from income taxes.

"EDC" means Energy Development Corporation, a New Jersey corporation, and its permitted successors and assigns.

"EFFECTIVE DATE" means the date on which the conditions specified in ARTICLE V are satisfied (or waived in accordance with SECTION 10.1).

"ENVIRONMENTAL LAW" means any federal, state, or local statute, or rule or regulation promulgated thereunder, any judicial or administrative order or judgment to which the Borrower or any Subsidiary is party or which are applicable to the Borrower or any Subsidiary (whether or not by consent), and any provision or condition of any governmental permit, license or other operating authorization, relating to protection of the environment, persons or the public welfare from actual or potential exposure for the effects of exposure to any actual or potential release, discharge, spill or emission (whether past or present) of, or regarding the manufacture, processing, production, gathering, transportation, importation, use, treatment, storage or disposal of, any chemical, raw material, pollutant, contaminant or toxic, corrosive, hazardous, or non-hazardous substance or waste, including petroleum.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"EURODOLLAR BORROWING" means a borrowing hereunder consisting of the aggregate amount of the several Eurodollar Loans made by all or some of the Lenders to the Borrower, at the same time, at the same interest rate and for the same Interest Period.

"EURODOLLAR LOAN" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed rate of interest determined by reference to the Eurodollar Rate.

"EURODOLLAR OFFICE" means, relative to any Lender, the office of such Lender designated as such in its Administrative Questionnaire or designated in the Lender Assignment Agreement or such other office of a Lender as designated from time to time by notice from such Lender to the Borrower and the Agent, whether or not outside the United States, which shall be making or maintaining Eurodollar Loans of such Lender hereunder.

"EURODOLLAR RATE" means, relative to any Interest Period for Eurodollar Loans, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity

comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "Eurodollar Rate" with respect to such Eurodollar Loan for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period

"EVENT OF DEFAULT" is defined in SECTION 8.1.

"EXISTING CREDIT FACILITY" means that certain Amended and Restated Credit Agreement, dated as of December 24, 1997, among the Borrower, Union Bank of Switzerland, Houston Agency, as administrative agent, and the lenders and the agents party thereto, and the other agreements or instruments executed and delivered in connection with, or as security for the payment or performance of the obligations thereunder, as such agreements may have been amended, supplemented or restated from time to time.

"FACILITY" is defined in SECTION 2.1.

"FEDERAL FUNDS RATE" means, for any day, the average rate quoted to the Agent at approximately 11:00 a.m. (Central time) on such day (or, if such day is not a Business Day, on the next preceding Business Day) for overnight Federal Funds transactions arranged by New York Federal Funds brokers selected by the Agent.

"FEE LETTER" is defined in SECTION 3.3.2.

"FISCAL QUARTER" means any quarter of a Fiscal Year.

"FISCAL YEAR" means any period of twelve consecutive calendar months ending on December 31.

"FIVE YEAR CREDIT AGREEMENT" means that certain Credit Agreement, dated as of November 30, 2001, among the Borrower, JPMorgan Chase Bank, as administrative agent, and the lenders and the agents party thereto, as such agreement may be amended, supplemented or restated from time to time.

"F.R.S. BOARD" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in SECTION 1.4.

"GUARANTEED LIABILITY" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the Indebtedness of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's Guaranteed Liability shall be the lesser of (i) the limitation on such Person's liability, if any, set forth in such agreement, undertaking or arrangement or (ii) the

outstanding principal amount of the Indebtedness guaranteed thereby. Guaranteed Liabilities shall exclude any act or agreement in connection with any financing of a project owned by any Person that either (A) guarantees performance of the acquisition, improvement, installation, design, engineering, construction, development, completion, maintenance or operation of, or otherwise affects any such act in respect of, all or a portion of the project that is financed, except during any period, and then only to the extent, that such act or agreement is a guarantee of payment of such financing or (B) the obligation to pay or perform under which is contingent upon the occurrence of an event or condition which has not occurred, other than notice, the passage of time or such financing or any part thereof becoming due; PROVIDED, HOWEVER, to the extent that any partial payment is required to be made under any such act or agreement providing for a contingent payment obligation as described in clause (B) above, "Guaranteed Liability" shall be deemed to include an amount equal to four (4) times such amount required to be paid during the Fiscal Quarter most recently ended, up to the full amount of the Guaranteed Liability as specified in the immediately preceding sentence.

"HAZARDOUS MATERIAL" means: (i) any "hazardous substance", as defined by CERCLA; (ii) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended; (iii) any petroleum, crude oil or any fraction thereof; (iv) any hazardous, dangerous or toxic chemical, material, waste or substance within the meaning of any Environmental Law; (v) any radioactive material, including any naturally occurring radioactive material, and any source, special or by-product material as defined in 42 U.S.C. Section 2011 et. seq., and any amendments or reauthorizations thereof; (vi) asbestos-containing materials in any form or condition; or (vii) polychlorinated biphenyls in any form or condition.

"HEDGING OBLIGATIONS" means, with respect to any Person, all liabilities of such Person under derivative contracts, including interest rate or commodity swap agreements, interest rate or commodity cap agreements and interest rate or commodity collar agreements, and all similar agreements or arrangements.

"HEREIN", "HEREOF", "HERETO", "HEREUNDER" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"IMPERMISSIBLE QUALIFICATION" means, relative to the opinion or certification of any independent public accountant as to any financial statement of the Borrower, any qualification or exception to such opinion or certification (a) which is of a "going concern" or similar nature; (b) which relates to the

limited scope of examination of matters relevant to such financial statement; or (c) which relates to the treatment or classification of any item in such financial statement and which, as a condition to its removal, would require an adjustment to such item the effect of which would be to cause the Borrower to be in default of any of its obligations under SECTION 7.2.4.

"INCLUDING" means including without limiting the generality of any description preceding such term.

"INDEBTEDNESS" of any Person means, without duplication: (a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments; (b) all obligations relative to banker's acceptances issued for the account of such Person; (c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities; (d) all obligations of such Person to pay the deferred purchase price of property or services (except accounts payable arising in the ordinary course of business), (e) Indebtedness of another Person of the type described in CLAUSES (a), (b), (c) or (d) above secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such Indebtedness shall have been assumed by such Person or is limited in recourse (such Indebtedness being the lesser of (i) the value of such property on the books of such Person or (ii) the outstanding principal amount of such Indebtedness); and (f) all Guaranteed Liabilities of such Person in respect of any of the foregoing. For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer except to the extent that such Indebtedness by its terms is expressly non-recourse to such general partner or joint venturer.

"INDEMNIFIED LIABILITIES" is defined in SECTION 10.4.

"INDEMNIFIED PARTIES" is defined in SECTION 10.4.

"INFORMATION" is defined in SECTION 10.12.

"INTEREST PERIOD" means, with respect to Eurodollar Borrowings, the period beginning on (and including) the date on which such Eurodollar Borrowing is made or continued as, or converted into, a Eurodollar Borrowing pursuant to SECTION 2.5 or 2.6 and shall end on (but exclude) the day which numerically corresponds to such date one, two, three or six months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month), as the Borrower may select in its relevant notice pursuant to SECTION 2.5, PROVIDED, HOWEVER, that (a) the Borrower shall not be permitted to select Interest Periods to be in effect at any one time which have expiration dates occurring on more than five different dates; (b) Interest Periods commencing on the same date for Loans comprising part of the same Borrowing shall be of the same duration; (c) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless, if such Interest Period applies to Eurodollar Loans, such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and (d) no Interest Period may end later than the Maturity Date.

"JPMORGAN" is defined in the PREAMBLE, and includes its successors and assigns.

"LAW" means any law (including, without limitation, any zoning law or ordinance or any Environmental Law), statute, rule, regulation, ordinance, order, directive, code, interpretation, judgment, decree, injunction, writ, determination, award, permit, license, authorization, direction, requirement or decision of and agreement with or by any government or governmental department, commission, board, court, authority, agency, official or officer, domestic or foreign.

"LENDER AFFILIATE" means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"LENDER ASSIGNMENT AGREEMENT" means a Lender Assignment Agreement substantially in the form of EXHIBIT 10.10 hereto.

"LENDERS" means the financial institutions listed on the signature pages hereto and their respective successors and assigns in accordance with SECTION 10.10 (including any commercial lending institution becoming a party hereto pursuant to a Lender Assignment Agreement) or otherwise by operation of law.

"LIEN" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or the performance of an obligation.

"LOAN" shall mean the Revolving Loans and the Term Loans.

"LOAN ADVANCES" means the Loans of the same Type and, in the case of Eurodollar Loans, having the same Interest Period made by all Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with SECTION 2.1.

"LOAN DOCUMENTS" means this Agreement, each Borrowing Request, each Borrowing Notice, the Fee Letter, any note, together in each case with all exhibits, schedules and attachments thereto, and all other agreements and instruments from time to time executed and delivered by the Borrower or any of its Subsidiaries pursuant to or in connection with any of the foregoing.

"MARGIN STOCK" means "margin stock" within the meaning of Regulation U.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (i) the business, property, financial condition or results of operations of the Borrower and its Subsidiaries (taken as a whole) or (ii) the ability of the Borrower to perform its payment obligations under any of the Loan Documents.

"MATURITY DATE" shall mean the earlier of:

(a) the date occurring 364 days after the Term Commitment Termination Date; and

(c) the date on which the Obligations have become due and payable in full pursuant to the terms of Article VIII.

"MOODY'S" means Moody's Investors Service, Inc. and any successor thereto that is a nationally-recognized rating agency.

"OBLIGATIONS" means all obligations (monetary or otherwise) of the Borrower arising under or in connection with this Agreement and each other Loan Document.

"ORGANIC DOCUMENT" means, relative to the Borrower, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock.

"PARTICIPANT" is defined in SECTION 10.10.

"PAYMENT DATE" is defined in SECTION 3.2.3.

"PAYMENT OFFICE" means the principal office of the Administrative Agent, presently located at JPMorgan Chase Bank, Agency Services, One Chase Manhattan Plaza, 8th Floor, New York, NY 10081, Attention: Muniram Appanna.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"PENSION PLAN" means a "pension plan", as such term is defined in section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a multiemployer plan as defined in section 4001(a)(3) of ERISA), and to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"PERCENTAGE" means, relative to any Lender, the percentage set forth in SCHEDULE II attached hereto or set forth in the most recent Lender Assignment Agreement executed by such Lender, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreements executed by such Lender and its Assignee Lenders and delivered pursuant to SECTION 10.10.

"PERSON" means any natural person, corporation, partnership, firm, association, trust, government, governmental agency or any other entity, whether

acting in an individual, fiduciary or other capacity.

"PLAN" means any Pension Plan or Welfare Plan.

"QUARTERLY PAYMENT DATE" means the last day of each March, June, September, and December or, if any such day is not a Business Day, the next succeeding Business Day.

"RATING AGENCY" means either of S&P or Moody's.

"REGULATION U" means any of Regulations T, U or X of the Board of Governors of the Federal Reserve System of the United States of America (the "BOARD") from time to time in

effect and shall include any successor or other regulations or official interpretations of the Board or any successor Person relating to the extension of credit for the purpose of purchasing or carrying Margin Stock and which is applicable to member banks of the Federal Reserve System or any successor Person.

"RELEASE" means a "release", as such term is defined in CERCLA.

"REQUIRED LENDERS" means Lenders in the aggregate holding greater than 50% of the aggregate unpaid principal amount of the outstanding Borrowings and if no Borrowings are outstanding, Lenders having greater than 50% of the then Total Commitment.

"RESOURCE CONSERVATION AND RECOVERY ACT" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 690, ET SEQ., as in effect from time to time.

"RESTRICTED SUBSIDIARY" means any Subsidiary that is not an Unrestricted Subsidiary.

"REVOLVING COMMITMENT" shall mean, as to any Lender, the obligation, if any, of such Lender to make Loans pursuant to SECTIONS 2.1.1 of this Agreement in an aggregate principal amount at any one time outstanding up to but not exceeding the amount, if any, set forth opposite such Lender's name on SCHEDULE III, as the same may be reduced, increased or adjusted from time to time in accordance with this Agreement, including SECTIONS 2.3.

"REVOLVING COMMITMENT TERMINATION DATE" shall mean the earliest of:

(a) November 27, 2002;

(b) the date on which the Commitment Amount is terminated in full or reduced to zero pursuant to the terms of SECTION 2.3; and

(c) the date on which the Revolving Commitments are terminated in full and reduced to zero pursuant to the terms of ARTICLE VIII.

"REVOLVING LOANS" shall mean the loans provided for in SECTION 2.1.1 hereof.

"S&P" means Standard & Poor's Ratings Group and any successor thereto that is a nationally-recognized rating agency.

"SOC" means Samedan Oil Corporation, a Delaware corporation, and its permitted successors and assigns.

"SOLVENT" means, with respect to any Person at any time, a condition under which: a) the fair saleable value of such Person's assets is, on the date of determination, greater than the total amount of such Person's liabilities (including contingent and unliquidated liabilities) at such time; b) such Person is able to pay all of its liabilities as such liabilities mature; and c) such Person does not have unreasonably small capital with which to conduct its business. For purposes of this definition (i) the amount of a Person's contingent or unliquidated liabilities at any time shall be that amount which, in light of all the facts and circumstances then existing, represents the amount which can reasonably be expected to become an actual or matured

liability; (ii) the "fair saleable value" of an asset shall be the amount which may be realized within a reasonable time either through collection or sale of such asset at its regular market value; and (iii) the "regular market value" of an asset shall be the amount which a capable and diligent business person could obtain for such asset from an interested buyer who is willing to purchase such asset under ordinary selling conditions.

"STOCKHOLDERS' EQUITY" means, as of the time of any determination thereof is to be made, shareholders' equity determined in accordance with GAAP PLUS the absolute cumulative amount by which such stockholders' equity shall have been reduced by reason of non-cash write downs of oil and gas assets from time to time after the Effective Date.

"SUBSIDIARY" means any subsidiary of the Borrower.

"SUBSIDIARY" means, with respect to any Person, (a) any corporation, limited liability company or other business entity of which more than 50% of the outstanding equity interests having ordinary voting power to elect a majority of the board of directors (or persons performing similar functions) of such corporation, limited liability company or other business entity (irrespective of whether at the time equity interests of any other class or classes of such corporation, limited liability company or other business entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person and (b) any partnership of which such Person, such Person and one or more other Subsidiaries of such Person, or one or more other Subsidiaries of such Person holds more than 50% of the outstanding general partner interests.

"SYNDICATION AGENT" is defined in the preamble.

"TAXES" is defined in SECTION 4.6.

"TERM COMMITMENT" shall mean, as to any Lender, such Lender's obligation to make Term Loans pursuant to SECTION 2.1.2 of this Agreement in an aggregate principal amount equal to the lesser of (i) the aggregate Revolving Loans outstanding to such Lender as of the Revolving Commitment Termination Date or (ii) such Lender's Revolving Commitment in effect as of the Revolving Commitment Termination Date.

"TERM COMMITMENT TERMINATION DATE" shall mean the earlier of:

(a) the Business Day after the Revolving Commitment Termination Date; and

(b) the date on which the Revolving Commitments otherwise are terminated in full and reduced to zero pursuant to the terms of ARTICLE VIII.

Upon the occurrence of any event described in CLAUSE (b), the Term Commitments shall terminate automatically and without any further action.

"TERM LOANS" shall mean the loans provided for in SECTION 2.1.2 hereof.

"364-DAY TOTAL COMMITMENT" means (i) on or prior to the Revolving Commitment Termination Date, the then effective Total Commitment under this Agreement, or (ii) after the Revolving Commitment Termination Date, the then outstanding principal amount of Term Loans under this Agreement.

"TOTAL ASSET VALUE" means, at any time with respect to any assets, the book value of such assets determined in accordance with GAAP.

"TOTAL COMMITMENT" means the aggregate of all the Lenders' Commitments.

"TOTAL DEBT TO CAPITALIZATION RATIO" means the ratio of (a) Debt TO (b) Capitalization.

"TOTAL INTEREST EXPENSE" means with respect to any period for which a determination thereof is to be made, interest expense of the Borrower and its Subsidiaries on a consolidated basis as determined in accordance with GAAP.

"TYPE" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a Eurodollar Loan.

"UNITED STATES" or "U.S." means the United States of America, its fifty States and the District of Columbia.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary that is designated on SCHEDULE 6.8 as such or which the Borrower has designated in writing to the Agent to be an Unrestricted Subsidiary pursuant to SECTION 7.1.8, and, in either case, which the Borrower has not designated to be a Restricted Subsidiary pursuant to SECTION 7.1.8.

"UTILIZATION" means, at any time, the ratio (expressed as a percentage) of (i) the sum of (A) the outstanding principal amount of Loans under this Agreement plus (B) the outstanding principal amount of "Loans" (as such term is defined in the Five Year Credit Agreement) under the Five Year Credit Agreement to (ii) the sum of (X) 364-Day Total Commitment plus (Y) the then effective

Total Commitment under the Five Year Credit Agreement.

"WELFARE PLAN" means a "welfare plan", as such term is defined in section 3(1) of ERISA.

SECTION 1.2 USE OF DEFINED TERMS. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Agreement shall have such meanings when used in the Disclosure Schedule and in each Borrowing Request, Continuation/Conversion Notice, notice and other communication delivered from time to time in connection with this Agreement or any other Loan Document.

SECTION 1.3 CROSS-REFERENCES. Unless otherwise specified, references in this Agreement and in each other Loan Document to any Article or Section are references to such Article or Section of this Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

SECTION 1.4 ACCOUNTING AND FINANCIAL DETERMINATIONS. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under SECTION 7.2.3) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in SECTION 6.5.

ARTICLE II
THE FACILITY AND BORROWING PROCEDURES

SECTION 2.1 FACILITY. The Lenders grant to the Borrower a credit facility (the "FACILITY") pursuant to which, and upon the terms and subject to the conditions herein set out and provided that no Default or Event of Default has occurred and is continuing from time to time on any Business Day, each Lender severally agrees to make Loans in U.S. Dollars to the Borrower equal to such Lender's Percentage of the aggregate amount of Loans requested by the Borrower to be made on such day.

SECTION 2.1.1 REVOLVING LOANS. From time to time on or after the date hereof and prior to the Revolving Commitment Termination Date, each Lender shall make Revolving Loans under this Section to the Borrower in an aggregate principal amount at any one time outstanding up to but not exceeding such Lender's Revolving Commitment. Subject to the conditions herein, any such Loan repaid prior to the Revolving Commitment Termination Date may be reborrowed pursuant to the terms of this Agreement

SECTION 2.1.2 TERM LOANS. On the Revolving Commitment Termination Date (unless such date shall occur as a result of CLAUSE (c) of the definition thereof), each Lender will make one Term Loan to the Borrower up to but not exceeding such Lender's Term Commitment. No amounts paid or prepaid with respect to the Term Loan may be reborrowed. Eurodollar Loans for which the Interest Period shall not have terminated as of the Revolving Commitment Termination Date shall be continued as Eurodollar Loans for the applicable Interest Period and Base Rate Loans shall be continued as Base Rate Loans after the Revolving Commitment Termination Date, in each case subject to further elections pursuant to SECTION 2.6. Any principal repayments received on the Revolving Commitment Termination Date for Revolving Loans not converted into Term Loans shall be applied first to Base Rate Loans and, after Base Rate Loans have been paid in full, to Eurodollar Loans, unless the Borrower shall have otherwise instructed the Agent in writing. Upon a Lender making such Term Loan, its Term Commitment shall terminate and it shall have no further Revolving Commitment to make Revolving Loans or Term Commitment to make Term Loans.

SECTION 2.1.3 AVAILABILITY OF FACILITY. No Lender shall be permitted or required to make (i) any Loan if, after giving effect thereto, the aggregate outstanding principal amount of all Loans of all Lenders would exceed the Commitment Amount, or (ii) any Loan if, after giving effect thereto, the aggregate amount of all Loans of such Lender would exceed the Lender's Percentage of the Commitment Amount.

SECTION 2.2 [Intentionally Omitted]

SECTION 2.3 REDUCTION OF COMMITMENT AMOUNT. The Borrower may, from time to time on any Business Day occurring after the Effective Date, voluntarily reduce the amount of the Commitment Amount; PROVIDED, HOWEVER, that all such reductions shall require at least three Business Days' prior notice to the Agent and be permanent, and any partial reduction of the Commitment Amount shall be in a

minimum amount of $10,000,000 and in an integral multiple of $1,000,000.

SECTION 2.4 BASE RATE LOANS AND EURODOLLAR LOANS. Subject to the terms and conditions set forth in ARTICLE V, each Loan shall be either a Eurodollar Loan or a Base Rate Loan as the Borrower may request, it being understood that Loans made to the Borrower on any date may be either Eurodollar Loans or Base Rate Loans or a combination thereof. As to any Eurodollar Loan, each Lender may, if it so elects, fulfill its commitment to make such Eurodollar Loan by causing its Eurodollar Office to make such Eurodollar Loan; PROVIDED, HOWEVER, that in such event the obligation of the Borrower to repay such Eurodollar Loan nevertheless shall be to such Lender and shall be deemed to be held by such Lender for the account of such Eurodollar Office.

SECTION 2.5 BORROWING PROCEDURES FOR LOANS. The Borrower shall give the Agent prior written or telegraphic notice pursuant to a Borrowing Request (in substantially the form of EXHIBIT 2.5 hereto) of each proposed Borrowing or continuation, and as to whether such Borrowing or continuation is to be of Revolving Loans or Term Loans and Base Rate Loans or Eurodollar Loans, as follows:

SECTION 2.5.1 BASE RATE LOANS. The Agent shall receive written or telegraphic notice from the Borrower on or before 2:00 p.m. Central time one (1) Business Day prior to the date of such Borrowing and amount of such Borrowing (which shall be in a minimum amount of $5,000,000 and an integral multiple of $1,000,000), and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., Central time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Base Rate Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Base Rate Loan, the Agent shall make available to the Borrower the proceeds of each Base Rate Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.5.2 EURODOLLAR LOANS. The Agent shall receive written or telegraphic notice pursuant to a Borrowing Request from the Borrower on or before 10:00 a.m. Central time, at least three (3) Business Days prior to the date requested for each proposed Borrowing or continuation of a Eurodollar Loan, of the date of such Borrowing or continuation, as the case may be, the amount of such Borrowing or continuation, as the case may be (which shall be in a minimum amount of $5,000,000 and an integral multiple of $1,000,000), and the duration of the initial Eurodollar Interest Period with respect thereto, and the Agent shall advise each Lender thereof promptly thereafter. Not later than 10:00 a.m., Central time, on the date specified in such notice for such Borrowing, each Lender shall provide to the Agent at the Payment Office, same day or immediately available funds covering such Lender's Percentage of the requested Eurodollar Loan. Upon fulfillment of the applicable conditions set forth in ARTICLE V with respect to such Eurodollar Loan, the Agent shall make available to the Borrower the proceeds of

each Eurodollar Loan (to the extent received from the Lenders) by wire transfer of such proceeds to such account(s) as the Borrower shall have specified in the Borrowing Request.

SECTION 2.6 CONTINUATION AND CONVERSION ELECTIONS. By delivering a Continuation/Conversion Notice to the Agent on or before 10:00 a.m., Central time, on a Business Day, the Borrower may from time to time irrevocably elect, on not less than three (3) nor more than five (5) Business Days' notice that all, or any portion in an aggregate minimum amount of $5,000,000 and an integral multiple of $1,000,000 of any Borrowings be, (i) in the case of Base Rate Loans, converted into Eurodollar Loans, or (ii) in the case of Eurodollar Loans, be converted into a Base Rate Loan or continued as a Eurodollar Loan of such Type (in the absence of delivery of a Continuation/Conversion Notice with respect to any Eurodollar Loan at least three (3) Business Days before the last day of the then current Interest Period with respect thereto, such Eurodollar Loan shall, on such last day, automatically convert to a Base Rate Loan); PROVIDED, HOWEVER, that (i) each such conversion or continuation shall be pro rated among the applicable outstanding Loans of all Lenders, and (ii) no portion of the outstanding principal amount of any Loans may be continued as, or be converted into, Eurodollar Loans when any Default has occurred and is continuing.

SECTION 2.7 FUNDING. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert Eurodollar Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such Eurodollar Loan; PROVIDED, HOWEVER, that such Eurodollar Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the obligation of the Borrower to repay such Eurodollar Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, the Borrower hereby consents and agrees that, for purposes of any determination to

be made for purposes of SECTIONS 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that each Lender elected to fund all Eurodollar Loans by purchasing, as the case may be, Dollar deposits in its Eurodollar Office's interbank eurodollar market.

SECTION 2.8 REPAYMENT OF LOANS; EVIDENCE OF DEBT.

(a) The Borrower hereby unconditionally promises to pay, unless otherwise provided in this Agreement, (i) to the Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Revolving Commitment Termination Date, and (ii) to the Agent for the account of each Lender the then unpaid principal amount of each Term Loan on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender

hereunder and (iii) the amount of any sum received by the Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be PRIMA FACIE evidence of the existence and amounts of the obligations recorded therein; PROVIDED that the failure of any Lender or the Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to SECTION 10.10.1) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

ARTICLE III
REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1 REPAYMENTS AND PREPAYMENTS. The Borrower shall repay in full (i) the unpaid principal amount of each Revolving Loan upon the Revolving Commitment Termination Date unless any such Loans are continued as Term Loans as provided in SECTION 2.1.2, and (ii) the unpaid principal amount of each Term Loan on the Maturity Date. Prior thereto, the Borrower

(a) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; PROVIDED, HOWEVER, that (i) any such prepayment shall be applied to the Lenders among Loans having the same Type and, if applicable, having the same Interest Period; (ii) all such voluntary prepayments shall require at least three Business Days' prior written notice to the Agent; and (iii) all such voluntary partial prepayments shall be in an minimum amount of $10,000,000 and an integral multiple of $1,000,000; and

(b) shall, immediately upon any acceleration of the Maturity Date pursuant to SECTION 8.2 or SECTION 8.3, repay all Loans unless, pursuant to SECTION 8.3, only a portion of all Loans is so accelerated.

Each prepayment of Loans shall be applied, to the extent of such prepayment, in the inverse order of maturity. Each prepayment of any Loans made pursuant to this Section shall be without premium or penalty, except as may be required by SECTION 4.4. No voluntary prepayment of principal of any Loans shall cause a reduction in the Commitment Amount.

SECTION 3.2 INTEREST PROVISIONS. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this SECTION 3.2.

SECTION 3.2.1 RATES. Pursuant to an appropriately delivered Borrowing Request or Continuation/Conversion Notice, the Borrower may elect that Loans comprising a Borrowing accrue interest at a rate per annum: (a) on that portion

maintained from time to time as a Base Rate Loan, equal to the Base Rate from time to time in effect; and (b) on that portion maintained as a Eurodollar Loan, during each Interest Period applicable thereto, equal to the sum of the Eurodollar Rate for such Interest Period plus the Applicable Margin. All Eurodollar Borrowings shall bear interest from and including the first day of the applicable Interest Period to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurodollar Borrowing.

SECTION 3.2.2 POST-MATURITY RATES. After the date any principal amount of any Loan is due and payable (whether on the Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of the Borrower shall have become due and payable, the Borrower shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Base Rate plus the Default Margin.

SECTION 3.2.3 PAYMENT DATES. Interest accrued on each Borrowing shall be payable, without duplication on the following dates (each a "PAYMENT DATE"): (a) on the Maturity Date; (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan on the amount of such principal prepaid or repaid; (c) with respect to Base Rate Loans, on each Quarterly Payment Date occurring after the Effective Date; (d) with respect to Eurodollar Borrowings, on the last day of each applicable Interest Period (and, if such Interest Period shall exceed three months, every three months from the first day of such Interest Period); (e) with respect to any portion of Base Rate Loans converted into Eurodollar Loans on a day when interest would not otherwise have been payable pursuant to CLAUSE (c), on the date of such conversion; and (f) on that portion of any Borrowings the applicable Maturity Date of which is accelerated pursuant to SECTION 8.2 or SECTION 8.3, immediately upon such acceleration.

SECTION 3.3 FEES. The Borrower agrees to pay the fees set forth in this SECTION 3.3. All such fees shall be non-refundable.

SECTION 3.3.1 FACILITY FEE. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee in an amount equal to the product of the Applicable Facility Fee Rate times such Lender's Percentage of Revolving Commitments times the Commitment Amount. Accrued facility fees shall be payable in arrears on each Quarterly Payment Date and on the Maturity Date.

SECTION 3.3.2 AGENT'S FEES. The Borrower agrees to pay to the Agent for its own account, all fees (including any fees pursuant to SECTION 2.2.8) pursuant to that certain fee letter agreement, dated November 26, 2001, between the Borrower and the Agent, as amended from time to time (the "FEE LETTER").

SECTION 3.3.3 PAYMENT OFFICE. The Borrower shall make all payments to the Agent at the Payment Office.

ARTICLE IV
CERTAIN EURODOLLAR AND OTHER PROVISIONS

SECTION 4.1 EURODOLLAR LENDING UNLAWFUL. If any Lender shall determine (which determination shall, upon notice thereof to the Borrower and the Lenders, be conclusive and binding on the Borrower) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Borrowing as, or to convert any Borrowing into, a Eurodollar Borrowing, the obligations of such Lender to make, continue, maintain or convert any such Borrowings shall, upon such determination, forthwith be suspended until such Lender shall notify the Agent that the circumstances causing such suspension no longer exist, and all Eurodollar Borrowings shall automatically convert into Base Rate Loans at the end of the then current Interest Periods with respect thereto or sooner, if required by such law or assertion; PROVIDED, HOWEVER, that the obligation of such Lender to make, continue, maintain or convert any such Eurodollar Borrowings shall remain unaffected if such Lender can designate a different Eurodollar Office for the making, continuance, maintenance or conversion of Eurodollar Borrowings and such designation will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender.

SECTION 4.2 DEPOSITS UNAVAILABLE OR EURODOLLAR INTEREST RATE UNASCERTAINABLE. If the Agent shall have determined that, by reason of circumstances affecting the Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to Eurodollar Borrowings, then, upon notice from the Agent to the Borrower and the Lenders, the obligations of all Lenders under SECTION 2.5.2 and SECTION 2.6 to make or continue any Borrowings as, or to convert any Borrowings into, Eurodollar Borrowings shall forthwith be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3 INCREASED EURODOLLAR BORROWING COSTS, ETC. The Borrower agrees to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Borrowings as, or of converting (or of its obligation to convert) any Borrowings into, Eurodollar Borrowings. Such Lender shall promptly notify the Agent and the Borrower in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount; PROVIDED, HOWEVER, that such Lender shall designate a different Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. Such additional amounts shall be payable by the Borrower directly to such Lender within fifteen days of its receipt of such notice, and such notice shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.4 FUNDING LOSSES. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Borrowing as, or to convert any portion of the principal amount of any Borrowing into, a Eurodollar Borrowing) as a result of (a) any conversion or repayment or

prepayment of the principal amount of any Eurodollar Borrowings on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to SECTION 3.1 or otherwise, (b) any Borrowings not being made as Eurodollar Borrowings in accordance with the Borrowing Request, as the case may be, therefor, (c) any Borrowings not being continued as, or converted into, Eurodollar Borrowings in accordance with the Continuation/Conversion Notice, or (d) the assignment of any Eurodollar Borrowing other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to SECTION 4.10, therefor, then, upon the written notice of such Lender to the Borrower (with a copy to the Agent), the Borrower shall, within fifteen days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower.

SECTION 4.5 INCREASED CAPITAL COSTS. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other governmental authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitments or the Borrowings made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrower, the Borrower shall pay directly to such Lender, within fifteen days, additional amounts sufficient to compensate such Lender or such controlling Person for such reduction in rate of return; PROVIDED, HOWEVER, that such Lender shall designate a different Domestic or Eurodollar Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole discretion of such Lender, be otherwise disadvantageous to such Lender. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall be rebuttable presumptive evidence of the amount payable by the Borrower. In determining such amount, such Lender may use any reasonable method of averaging and attribution that it (in its sole discretion) shall deem applicable.

SECTION 4.6 TAXES. All payments by the Borrower of principal of, and interest on, the Borrowings and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or franchise taxes and other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, but excluding franchise taxes and taxes imposed on or measured by any Lender's net income or receipts (such non-excluded items being called "TAXES"). In the event that any withholding or deduction from any payment to be made by the Borrower hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrower will, within fifteen days (a) pay directly to the relevant authority the full amount required to be so withheld or deducted; (b) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authority; and (c) pay to the Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount

actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

If any Taxes are directly asserted against the Agent or any Lender with respect to any payment received by the Agent or such Lender hereunder, the Agent or such Lender may pay such Taxes and the Borrower will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had not such Taxes been asserted; provided that the Borrower will not be obligated to pay such additional amounts to the Agent or such Lender to the extent that such additional amounts shall have been incurred as a consequence of the Agent's or such Lender's gross negligence or willful misconduct, as the case may be.

If the Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrower shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure. For purposes of this Section, a distribution hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed a payment by the Borrower.

Each Lender that is organized under the laws of a jurisdiction other than the United States shall, prior to the due date of any payments of the Loans under this Agreement, execute and deliver to the Borrower and the Agent, on or about the first scheduled Payment Date in each Fiscal Year, one or more (as the Borrower or the Agent may reasonably request) United States Internal Revenue Service Form W-8 BEN or Form W-8 ECI or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Lender is exempt from withholding or deduction of Taxes, and shall (but only so long as such Lender remains lawfully able to do so) deliver to the Borrower and the Agent additional copies of such forms on or before the date that such forms expire or become obsolete or after the occurrence of an event requiring a change in the most recent form so delivered by it and such amendments thereto as may be reasonably requested by the Borrower or the Agent, in each case certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or fees or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from the definition of "Taxes". For any period with respect to which a Lender has failed to provide the Borrower and the Agent with the forms required pursuant to this paragraph, if any (other than if such failure is due to a change in treaty, law or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under this Section with respect to Taxes imposed by the United States which Taxes would not have been imposed but for such failure to provide such form; provided, however, that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section, then such Lender will change the jurisdiction of its applicable

Eurodollar or Domestic Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the sole discretion of such Lender, is not otherwise disadvantageous to such Lender. No Lender shall be entitled to receive any greater payment under this Section as a result of the designation by such Lender of a different applicable Eurodollar or Domestic Office after the date hereof, unless such designation is made with the Borrower's prior written consent or by reason of the provisions of SECTIONS 4.1, 4.3 or 4.5 requiring such Lender to designate a different applicable Eurodollar or Domestic Office under certain circumstances or at a time when the circumstances giving rise to such greater payment did not exist.

SECTION 4.7 SPECIAL FEES IN RESPECT OF RESERVE REQUIREMENTS. With respect to Eurodollar Borrowings, the Borrower agrees to pay to each Lender on appropriate Payment Dates, as additional interest, such amounts as will compensate such Lender for any cost to such Lender, from time to time, of any

reserve, special deposit, special assessment or similar capital requirements against assets of, deposits with or for the account of, or credit extended by, such Lender which are imposed on, or deemed applicable by, such Lender, from time to time, under or pursuant to (i) any Law, treaty, regulation or directive now or hereafter in effect (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System but excluding any reserve requirement included in the definition of Eurodollar Rate in SECTION 1.1), (ii) any interpretation or application thereof by any governmental authority, agency or instrumentality charged with the administration thereof or by any court, central bank or other fiscal, monetary or other authority having jurisdiction over the Eurodollar Borrowings or the office of such Lender where its Eurodollar Borrowings are lodged, or (iii) any requirement imposed or requested by any court, governmental authority, agency or instrumentality or central bank, fiscal, monetary or other authority, whether or not having the force of law. A written notice as to the amount of any such cost or any change therein (including calculations, in reasonable detail, showing how such Lender computed such cost or change) shall be promptly furnished by such Lender to the Borrower and shall be rebuttable presumptive evidence of such cost or change. The Borrower will not be responsible for paying any amounts pursuant to this Section accruing prior to 180 days prior to the receipt by the Borrower of the written notice referred to in the preceding sentence. Within fifteen (15) days after such certificate is furnished to the Borrower, the Borrower will pay directly to such Lender such additional amount or amounts as will compensate such Lender for such cost or change.

SECTION 4.8 PAYMENTS, COMPUTATIONS, ETC. Unless otherwise expressly provided, all payments by the Borrower pursuant to this Agreement or any other Loan Document shall be made by the Borrower to the Agent for the PRO RATA account of the Lenders entitled to receive such payment. All such payments required to be made to the Agent shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m., Central time, on the date due, in same day or immediately available funds, to such account as the Agent shall specify from time to time by notice to the Borrower. Funds received after that time shall be deemed to have been received by the Agent on the next succeeding Business Day. The Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to

be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by CLAUSE (c) of the definition of the term "INTEREST PERIOD" with respect to Eurodollar Loans) be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.9 SHARING OF PAYMENTS. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of SECTIONS 4.3, 4.4 and 4.5) in excess of its PRO RATA share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (a) the amount of such selling Lender's required repayment to the purchasing Lender TO (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a set off to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.10 REPLACEMENT OF LENDER ON ACCOUNT OF INCREASED COSTS, EURODOLLAR LENDING UNLAWFUL, RESERVE REQUIREMENTS, TAXES, CERTAIN DISSENTS, ETC. If any Lender shall claim the inability to make or maintain Eurodollar Borrowings pursuant to SECTION 4.1 above, if any Lender is owed increased costs under SECTION 4.5 above, if any payment to any Lender by the Borrower is subject

to any withholding tax pursuant to SECTION 4.6 above, or if any Lender is owed any cost or expense pursuant to SECTION 4.7 above, the Borrower shall have the right, if no Event of Default or Default then exists, to replace such Lender with another bank or financial institution PROVIDED that (i) if it is not a Lender or an Affiliate thereof, such bank or financial institution shall be reasonably acceptable to the Agent and (ii) such bank or financial institution shall unconditionally purchase, in accordance with SECTION 10.10 hereof, all of such Lender's rights and obligations under this Agreement and the other Loan Documents and the appropriate pro rata share of such Lender's Loans and Commitments, without recourse or expense to, or warranty by, such Lender being replaced for a purchase price equal to the aggregate outstanding principal amount of the Loans payable to such Lender, PLUS any accrued but unpaid interest on such Loans, plus accrued but unpaid fees in respect of such Lender's Borrowings and Percentage of the Commitments hereunder to the date of such purchase on a date therein specified. The Borrower shall be obligated to pay, simultaneously with such purchase and sale, the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above, any amounts payable under SECTION 4.4 and all other costs, fees and expenses payable to such Lender

hereunder and under the Loan Documents, to the date of such purchase as well as all other Obligations due and payable to or for the benefit of such Lender; PROVIDED, that if such bank or financial institution fails to purchase such rights and obligations, the Borrower shall continue to be obligated to pay the increased costs, amounts, expenses and taxes under SECTIONS 4.1, 4.5, 4.6, and 4.7 above to such Lender.

SECTION 4.11 MAXIMUM INTEREST. It is the intention of the parties hereto to conform strictly to applicable usury laws and, anything herein to the contrary notwithstanding, the obligations of the Borrower to the Agent and each Lender under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt thereof would be contrary to provisions of law applicable to the Agent or such Lender limiting rates of interest which may be charged or collected by the Agent or such Lender. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the Federal and state laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable) with respect to the Agent or a Lender then, in that event, notwithstanding anything to the contrary in this Agreement, it is agreed as follows: (a) the provisions of this Section shall govern and control; (b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by the Agent or such Lender shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to such Lender herein called the "HIGHEST LAWFUL RATE"), and any excess shall be credited to the Borrower by the Agent or such Lender (or, if such consideration shall have been paid in full, such excess refunded to the Borrower); (c) all sums paid, or agreed to be paid, to the Agent or such Lender for the use, forbearance and detention of the Indebtedness of the Borrower to the Agent or such Lender hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such Indebtedness until payment in full so that the actual rate of interest is uniform throughout the full term thereof; and (d) if at any time the interest provided pursuant to SECTION 4.1 together with any other fees payable pursuant to this Agreement and the other Loan Documents and deemed interest under applicable law, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to the Agent or such Lender pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement to that amount which would have accrued at the Highest Lawful Rate, but any subsequent reductions, as applicable, shall not reduce the interest to accrue to the Agent or such Lender pursuant to this Agreement below the Highest Lawful Rate until the total amount of interest accrued pursuant to this Agreement and such fees deemed to be interest equals the amount of interest which would have accrued to the Agent or such Lender if a varying rate per annum equal to the interest provided pursuant to SECTION 3.2 had at all times been in effect, PLUS the amount of fees which would have been received but for the effect of this Section. For purposes of Section 303.201 of the Texas Finance Code, as amended, to the extent, if any, applicable to the Agent or a Lender, the Borrower agrees that the Highest Lawful Rate shall be the "indicated (weekly) rate ceiling" as defined in said Section, provided that the Agent or such Lender may also rely, to the extent permitted by applicable laws, on alternative maximum rates of interest under other laws applicable to the Agent or such Lender if greater. Chapter 346 of the Texas Finance Code (which regulates certain revolving credit loan accounts and revolving tri-party accounts

(formerly Tex. Rev. Civ. Stat. Ann. Art. 5069, Ch. 15)) shall not apply to this Agreement or the other Loan Documents.

ARTICLE V
CONDITIONS

SECTION 5.1 EFFECTIVE DATE. The obligations of the Lenders to fund the initial Borrowing shall be subject to the prior satisfaction, or waiver in writing by the Agent (with the consent of Required Lenders) of each of the conditions precedent set forth in this SECTION 5.1.

SECTION 5.1.1 RESOLUTIONS, ETC. The Agent shall have received from the Borrower a certificate, dated the Effective Date, of its Secretary or Assistant Secretary as to (a) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement and each other Loan Document to be executed by it; and (b) the incumbency and signatures of its Authorized Officers, upon which certificate each Lender may conclusively rely until it shall have received a further certificate of the Secretary of the Borrower canceling or amending such prior certificate.

SECTION 5.1.2 [Intentionally omitted].

SECTION 5.1.3 OPINION OF COUNSEL. The Agent shall have received a favorable opinion, dated the Effective Date and addressed to the Agent and all Lenders, from Thompson & Knight L.L.P., counsel to the Borrower, substantially in the form of EXHIBIT 5.1.3 hereto.

SECTION 5.1.4 FEE LETTERS, CLOSING FEES, EXPENSES, ETC. The Agent shall have received the Fee Letter duly executed by the Borrower. The Agent shall also have received for its own account, or for the account of the Arranger and each Lender, as the case may be, all fees, costs and expenses due and payable pursuant to SECTIONS 3.3 and 10.3, if then invoiced.

SECTION 5.1.5 MATERIAL ADVERSE CHANGE. There shall have been no material adverse change in the consolidated business, condition (financial or otherwise), operations, performance or properties of any of the Borrower and its consolidated Subsidiaries taken as a whole from December 31, 2000, except as disclosed in ITEM 5.1.5 ("MATERIAL ADVERSE CHANGE") of the Disclosure Schedule.

SECTION 5.1.6 EXISTING CREDIT FACILITY. The Agent shall have received satisfactory proof of the Borrower's termination of the Existing Credit Facility and any obligations of the Borrower in connection therewith on the Effective Date.

SECTION 5.1.7 OTHER DOCUMENTS. Such other documents as the Agent or any Lender may have reasonably requested.

SECTION 5.2 ALL BORROWINGS. The obligation of each Lender to fund any Borrowing (including the initial Borrowing) shall be subject to the satisfaction of each of the conditions precedent set forth in this Section.

SECTION 5.2.1 COMPLIANCE WITH WARRANTIES, NO DEFAULT, ETC. Both before and after giving effect to any Borrowing (but, if any Default of the nature referred to in SECTION 8.1.5

shall have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds thereof) the following statements shall be true and correct (a) the representations and warranties set forth in ARTICLE VI shall be true and correct with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and (b) no Default or Event of Default shall have then occurred and be continuing.

SECTION 5.2.2 BORROWING REQUEST. The Agent shall have received a Borrowing Request for such Borrowing. Each of the delivery of a Borrowing Request and the acceptance by the Borrower of the proceeds of such Borrowing shall constitute a representation and warranty by the Borrower that on the date of such Borrowing (both immediately before and after giving effect to such Borrowing and the application of the proceeds thereof) the statements made in SECTION 5.2.1 are true and correct.

SECTION 5.2.3 SATISFACTORY LEGAL FORM. All documents executed or submitted pursuant hereto by or on behalf of the Borrower or any of its Subsidiaries shall be satisfactory in form and substance to the Agent and its counsel; the Agent and its counsel shall have received all information, approvals, opinions, documents or instruments as the Agent or its counsel may reasonably request.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

In order to induce the Lenders and the Agent to enter into this Agreement and to make Loans hereunder, the Borrower represents and warrants unto the Agent and each Lender as set forth in this ARTICLE VI.

SECTION 6.1 ORGANIZATION, ETC. The Borrower and each of its Restricted Subsidiaries is a corporation, partnership, limited partnership or limited liability company validly organized and existing and in good standing under the laws of the State of its incorporation, is duly qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires such qualification, and has full power and authority and holds all requisite governmental licenses, permits and other approvals to enter into and perform its Obligations under this Agreement and each other Loan Document to which it is a party and to conduct its business substantially as currently conducted by it (except where the failure to be so qualified to do business or be in good standing or to hold any such licenses, permits and other approvals will not have a Material Adverse Effect).

SECTION 6.2 DUE AUTHORIZATION, NON-CONTRAVENTION, ETC. The execution, delivery and performance by the Borrower of this Agreement and each other Loan Document executed or to be executed by it, and the Borrower's participation in any transaction contemplated herein are within the Borrower's powers, have been duly authorized by all necessary corporate action, and do not (a) contravene the Borrower's Organic Documents; (b) contravene any contractual restriction, law or governmental regulation or court decree or order binding on or affecting the Borrower; or (c) result in, or require the creation or imposition of, any Lien on any of the Borrower's properties.

SECTION 6.3 GOVERNMENT APPROVAL, REGULATION, ETC. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other Person is required for the due execution, delivery or performance by the Borrower of this Agreement or any other Loan Document to which it is a party, or for the Borrower's participation in any transaction contemplated herein, except as have been obtained. Neither the Borrower nor any of its Subsidiaries is an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

SECTION 6.4 VALIDITY, ETC. This Agreement constitutes, and each other Loan Document executed by the Borrower will, on the due execution and delivery thereof, constitute, the legal, valid and binding obligations of the Borrower enforceable in accordance with their respective terms except as (i) enforceability thereof may be limited by bankruptcy, insolvency or similar laws affecting creditor's rights generally and (ii) rights of acceleration and the availability of equitable remedies may be limited by equitable principles of general applicability.

SECTION 6.5 FINANCIAL INFORMATION. The balance sheets of the Borrower and each of its consolidated Subsidiaries as at June 30, 2001 and the related statements of earnings and cash flow, copies of which have been furnished to the Agent and each Lender, have been prepared in accordance with GAAP consistently applied, and present fairly the consolidated financial condition of the corporations covered thereby as at the dates thereof and the results of their operations for the periods then ended except as disclosed in ITEM 6.5 ("Financial Information") of the Disclosure Schedule.

SECTION 6.6 NO MATERIAL ADVERSE CHANGE. As of the Effective Date, since the date of the financial statements described in SECTION 6.5, there has been no material adverse change in the financial condition, operations, assets, business or properties of the Borrower and its Restricted Subsidiaries (on a consolidated basis), except as disclosed in ITEM 5.1.5 ("Material Adverse Change") of the Disclosure Schedule.

SECTION 6.7 LITIGATION, LABOR CONTROVERSIES, ETC. As of the Effective Date, there is no pending or, to the knowledge of the Borrower, threatened litigation, action, proceeding, or labor controversy affecting the Borrower or any of its Restricted Subsidiaries, or any of their respective properties, businesses, assets or revenues, which could reasonably be expected to have a Material Adverse Effect or which purports to affect the legality, validity or enforceability of, and the rights and remedies of the Agent and the Lenders under, this Agreement or any other Loan Document, except as disclosed in ITEM 6.7 ("Litigation") of the Disclosure Schedule.

SECTION 6.8 SUBSIDIARIES. SCHEDULE 6.8 sets forth the name, the identity or corporate structure and the ownership interest of each direct or indirect Subsidiary as of the Effective Date. SCHEDULE 6.8 also sets forth the name of each Restricted Subsidiary and Unrestricted Subsidiary as of the Effective Date. As of the Effective Date, the Borrower does not have any Subsidiaries other than

the Subsidiaries identified in SCHEDULE 6.8.

SECTION 6.9 TAXES. The Borrower, each of its Restricted Subsidiaries and each of its Unrestricted Subsidiaries which is a member of the Borrower's consolidated U.S. federal income tax group has filed all tax returns and reports required by law to have been filed by it and has paid all taxes and governmental charges thereby shown to be owing, except any such taxes or charges which are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books except such returns and taxes for jurisdictions other than the United States with respect to which the failure to file and pay such taxes would not have a Material Adverse Effect.

SECTION 6.10 PENSION AND WELFARE PLANS. During the twelve-consecutive-month period prior to the date of the execution and delivery of this Agreement and prior to the date of any Borrowing hereunder, no steps have been taken to terminate any Pension Plan, and no contribution failure has occurred with respect to any Pension Plan sufficient to give rise to a Lien securing an amount in excess of $1,000,000 under section 302(f) of ERISA. No condition exists or event or transaction has occurred with respect to any Pension Plan which might result in the incurrence by the Borrower or any member of the Controlled Group of any liability, fine or penalty which could reasonably be expected to result in a Material Adverse Effect. Except as disclosed in ITEM 6.10 ("Employee Benefit Plans") of the Disclosure Schedule, neither the Borrower nor any member of the Controlled Group has any contingent liability with respect to any post-retirement benefit under a Welfare Plan, other than liability for continuation coverage described in Part 6 of Title I of ERISA.

SECTION 6.11 ENVIRONMENTAL WARRANTIES AND COMPLIANCE. The liabilities and costs of the Borrower and its consolidated Restricted Subsidiaries related to compliance with applicable Environmental Laws (as in effect on the date on which this representation is made or deemed made) could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.12 REGULATION U. None of the Borrower and its Subsidiaries are engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock, and no proceeds of any Loans will be used for a purpose which violates, or would be inconsistent with, Regulation U.

SECTION 6.13 ACCURACY OF INFORMATION. No certificate, statement or other information delivered herewith or hereto by or on behalf of the Borrower in writing to the Agent or any Lender in connection with the negotiation of this Agreement or in connection with any transaction contemplated hereby contains any untrue statement of a fact or omits to state any fact known to the Borrower or its Subsidiaries necessary to make the statements contained herein or therein not misleading as of the date made or deemed made, except to the extent that any untrue statement or omission could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.14 USE OF PROCEEDS. The proceeds of each Borrowing shall be used for the general corporate purposes of the Borrower and its Subsidiaries. No proceeds of any Borrowing shall be used to make any investment in any Person if the board of directors or other governing body of such Person has announced its opposition to such investment.

ARTICLE VII
COVENANTS

SECTION 7.1 AFFIRMATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.1.

SECTION 7.1.1 FINANCIAL INFORMATION, REPORTS, NOTICES, ETC. The Borrower will furnish, or will cause to be furnished, to each Lender and the Agent copies of the following financial statements, reports, notices and information:

(a) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year of the Borrower, consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Quarter and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such Fiscal Quarter, certified by the chief financial Authorized Officer of the Borrower;

(b) as soon as available and in any event within 90 days after the end of

each Fiscal Year of the Borrower, a copy of the annual audit report for such Fiscal Year for the Borrower and its Subsidiaries, including therein consolidated balance sheets of the Borrower and its Subsidiaries as of the end of such Fiscal Year and consolidated statements of earnings and cash flow of the Borrower and its Subsidiaries for such Fiscal Year, in each case certified (without any Impermissible Qualification) in a manner acceptable to the Agent and the Required Lenders by independent public accountants of recognized national standing;

(c) as soon as available and in any at the time of each delivery of financial reports under subsections (a) and (b) of this SECTION 7.1.1, a certificate, executed by the chief financial Authorized Officer of the Borrower, showing (in reasonable detail and with appropriate calculations and computations in all respects satisfactory to the Agent) compliance with the financial covenants set forth in SECTION 7.2.3;

(d) promptly, and in any event within three Business Days after an Authorized Officer of the Borrower or any of its Subsidiaries becomes aware of the existence of the occurrence of each Default, a statement of the chief executive officer or the chief financial Authorized Officer of the Borrower setting forth details of such Default and the action which the Borrower has taken and proposes to take with respect thereto;

(e) promptly, and in any event within three Business Days after an Authorized Officer of the Borrower or any of its Subsidiaries becomes aware of (x) the occurrence of any adverse development with respect to any litigation, action, proceeding, or labor controversy described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, or (y) the commencement of any material labor controversy, litigation, action, proceeding of the type described in SECTION 6.7 which would have or reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto requested by the Agent or any Lender;

(f) promptly after the sending or filing thereof, copies of all reports and registration statements which the Borrower or any of its Subsidiaries files with the Securities and Exchange Commission or any national securities exchange;

(g) immediately upon becoming aware of the institution of any steps by the Borrower or any other Person to terminate any Pension Plan, or the failure to make a required contribution to any Pension Plan if such failure is sufficient to give rise to a Lien under section 302(f) of ERISA, or the taking of any action with respect to a Pension Plan which could result in the requirement that the Borrower furnish a bond or other security to the PBGC or such Pension Plan, or the occurrence of any event with respect to any Pension Plan which could result in the incurrence by the Borrower of any liability, fine or penalty, or any increase in the contingent liability of the Borrower with respect to any post-retirement Welfare Plan benefit which would have or could reasonably be expected to have a Material Adverse Effect, notice thereof and copies of all documentation relating thereto; and

(h) such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

SECTION 7.1.2 COMPLIANCE WITH LAWS, ETC. The Borrower will, and will cause each of its Subsidiaries to, comply with all Laws, such compliance to include, without limitation: (a) the maintenance and preservation of its corporate existence and qualification as a foreign corporation, (b) the payment, before the same become delinquent, of all taxes, assessments and governmental charges imposed upon it or upon its property except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and (c) all Environmental Laws; except; in each case, where the failure to so comply would not have or would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.3 MAINTENANCE OF PROPERTIES. The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain, preserve, protect and keep its properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals and replacements so that its business carried on in connection therewith may be properly conducted at all times unless the Borrower determines in good faith that the continued maintenance of any of its properties is no longer economically desirable or unless failure to so preserve, maintain, protect or keep its properties would not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.4 INSURANCE. The Borrower will, and will cause each of its Restricted Subsidiaries to, maintain or cause to be maintained with responsible insurance companies insurance with respect to its properties and business against such casualties and contingencies and of such types and in such amounts

as is customary in the case of similar businesses in similar locations.

SECTION 7.1.5 BOOKS AND RECORDS. The Borrower will, and will cause each of its Subsidiaries to, keep books and records which accurately reflect, in accordance with GAAP, all of its business affairs and transactions and permit the Agent or its representatives, at reasonable

times and intervals and upon reasonable prior notice to the Borrower, to visit all of its offices, to discuss its financial matters with its officers and employees and to examine any of its books or other corporate records; PROVIDED, HOWEVER, that prior notice to the Borrower shall not be required if an Event of Default has occurred or is continuing.

SECTION 7.1.6 CONDUCT OF BUSINESS. The Borrower will, and will cause each Restricted Subsidiary to, cause all material properties and businesses to be regularly conducted, operated, maintained and developed in a good and workmanlike manner, as would a prudent operator and in accordance with all applicable federal, state and local laws, rules and regulations, except for any failure to so operate, maintain and develop that could not reasonably be expected to have a Material Adverse Effect.

SECTION 7.1.7 SUBSIDIARIES; UNRESTRICTED SUBSIDIARIES. The Borrower shall:

(a) if any additional Subsidiary is formed or acquired after the Effective Date, notify the Agent thereof and whether such Subsidiary is an Unrestricted Subsidiary or a Restricted Subsidiary.

(b) cause the management, business and affairs of the Borrower and its Restricted Subsidiaries to be conducted in such a manner (including, without limitation, by keeping separate books of account, furnishing separate financial statements of Unrestricted Subsidiaries to creditors and potential creditors thereof and by not permitting Properties of the Borrower and its respective Subsidiaries to be commingled) so that each Unrestricted Subsidiary that is a corporation will be treated as a corporate entity separate and distinct from the Borrower and the Restricted Subsidiaries;

(c) except as permitted by SECTION 7.2.5, will not, and will not permit any of the Restricted Subsidiaries to incur any Guaranteed Liabilities in respect of any Indebtedness of any of the Unrestricted Subsidiaries; and

(d) will not permit any Unrestricted Subsidiary to hold any equity or other ownership interest in, or any Indebtedness of, any Restricted Subsidiary.

SECTION 7.1.8 DESIGNATION AND CONVERSION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES.

(a) Unless designated as an Unrestricted Subsidiary on SCHEDULE 6.8 as of the date of this Agreement or thereafter in writing to the Agent, any Person that becomes a Subsidiary of the Borrower or any of its Restricted Subsidiaries shall be classified as a Restricted Subsidiary.

(b) The Borrower may designate any Subsidiary (including a newly formed or newly acquired Subsidiary) as an Unrestricted Subsidiary if (i) the representations and warranties of the Borrower and its Restricted Subsidiaries contained in each of the Loan Documents are true and correct on and as of such date as if made on and as of the date of such designation (or, if stated to have been made expressly as of an earlier date, were true and correct as of such date), and (ii) after giving effect to such designation, no Default or Event of Default would exist; PROVIDED, HOWEVER, that the Borrower may not designate either EDC or SOC as Unrestricted Subsidiaries.

Except as provided in this Section, no Restricted Subsidiary may be redesignated as an Unrestricted Subsidiary.

(c) The Borrower may designate any Unrestricted Subsidiary to be a Restricted Subsidiary if after giving effect to such designation, (i) the representations and warranties of the Borrower and its Restricted Subsidiaries contained in each of the Loan Documents are true and correct on and as of such date as if made on and as of the date of such redesignation (or, if stated to have been made expressly as of an earlier date, were true and correct as of such date), and (ii) after giving effect to such designation, no Default or Event of Default would exist.

SECTION 7.2 NEGATIVE COVENANTS. The Borrower agrees with the Agent and each Lender that, until all Commitments have terminated and all Obligations have been paid and performed in full, the Borrower will perform the obligations set forth in this SECTION 7.2.

SECTION 7.2.1 BUSINESS ACTIVITIES. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, engage in any business activity if, as a result thereof, the Borrower and its Restricted Subsidiaries taken as a whole would no longer be principally engaged in the business of oil, gas and energy exploration, development, production, processing and marketing and such activities as may be incidental or related thereto.

SECTION 7.2.2 LIENS. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its property, revenues or assets, whether now owned or hereafter acquired, except:

(a) Liens securing payment of the Obligations, granted pursuant to any Loan Document;

(b) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(c) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

(d) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds;

(e) judgment Liens in existence less than 30 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies;

(f) Liens on cash or cash-equivalents securing Hedging Obligations of the Borrower or any of its Restricted Subsidiaries not in excess in the aggregate of $50,000,000 for all such cash and cash equivalents;

(g) Liens in favor of the United States of America or any state thereof or any department, agency, instrumentality or political subdivision of any such jurisdiction to secure partial, progress, advance or other payments pursuant to any contract or statute;

(h) Liens required by any contract or statute in order to permit the Borrower or a Restricted Subsidiary to perform any contract or subcontract made by it with or at the request of the United States of America, any state or any department, agency or instrumentality or political subdivision of either;

(i) Liens which exist prior to the time of acquisition upon any assets acquired by the Borrower or any Restricted Subsidiary (including Liens on assets of any Person at the time of the acquisition of the capital stock or assets of such Person or a merger with or consolidation with such Person by the Borrower or a Restricted Subsidiary), PROVIDED that (i) the Lien shall attach solely to the assets so acquired (or of the Person so acquired, merged or consolidated), and (ii) in the case of Liens securing Indebtedness the aggregate principal amount of all Indebtedness of Restricted Subsidiaries secured by such Liens shall be permitted by the limitations set forth in SECTION 7.2.5;

(j) Liens securing Indebtedness owing by any Restricted Subsidiary to the Borrower;

(k) Liens under operating agreements, unitization agreements, pooling orders, and similar arrangements;

(l) Liens set forth on SCHEDULE 7.2 which are existing on the Effective Date;

(m) Liens on debt of or equity interests in a Person that is not a Restricted Subsidiary;

(n) Any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses of this Section or of any Indebtedness secured thereby; PROVIDED that in the case of Liens securing Indebtedness, the principal amount

of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement and that such extension, renewal or replacement Lien shall be limited to all or part of substantially the same property or revenue subject of the Lien extended, renewed or replaced (plus improvements on such property); and

(o) additional Liens upon assets of the Borrower and its Restricted Subsidiaries created after the date hereof, PROVIDED that (i) the aggregate Indebtedness secured thereby and incurred on or after the date hereof shall not exceed two and one-half percent (2 1/2%) of Stockholders' Equity in the aggregate at any one time outstanding and (ii) that such Liens do not encumber or attach to any equity interest in a Restricted Subsidiary.

SECTION 7.2.3 FINANCIAL COVENANTS. The Borrower will not:

(a) EBITDAX TO TOTAL INTEREST EXPENSE. Permit the ratio of EBITDAX to Total Interest Expense for any consecutive period of four fiscal quarters ending on the last day of a fiscal quarter to be less than 4.0:1.0.

(b) TOTAL DEBT TO CAPITALIZATION. Permit the Total Debt to Capitalization Ratio, expressed as a percentage, to exceed 60% at any time.

(c) MINIMUM TOTAL ASSET VALUE. Permit the Total Asset Value of its Restricted Subsidiaries to be less than $800,000,000 at any time.

SECTION 7.2.4 RESTRICTED PAYMENTS, ETC. On and at all times after the Effective Date, the Borrower will not declare, pay or make any dividend or distribution (in cash, property or obligations) on any shares of any class of capital stock (now or hereafter outstanding) of the Borrower or on any warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower (other than dividends or distributions payable in its common stock or warrants to purchase its common stock or splitups or reclassifications of its stock into additional or other shares of its common stock) or apply, or permit any of its Restricted Subsidiaries to apply, any of its funds, property or assets to the purchase, redemption, sinking fund or other retirement of, or agree or permit any of its Restricted Subsidiaries to purchase or redeem, any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, or warrants, options or other rights with respect to any shares of any class of capital stock (now or hereafter outstanding) of the Borrower, if, after giving effect thereto, a Default or an Event of Default shall have occurred and be continuing or been caused thereby.

SECTION 7.2.5 INDEBTEDNESS. The Borrower will not permit any of its Restricted Subsidiaries to contract, create, incur or assume any Indebtedness, except:

(a) Indebtedness of a Restricted Subsidiary owed to the Borrower or an other Restricted Subsidiary;

(b) Indebtedness of a Restricted Subsidiary which exists prior to the time of the acquisition of such Subsidiary by the Borrower or any Restricted Subsidiary (including Indebtedness at the time of the acquisition of the capital stock or assets of such Person or a merger with or consolidation with such Person by the Borrower or a Restricted Subsidiary) and any extensions, renewals or replacements of such Indebtedness, PROVIDED that the aggregate principal amount of such Indebtedness and any extensions, renewals or replacements thereof shall not exceed the principal amount of such Indebtedness at the time such Person becomes a Subsidiary; and

(c) other Indebtedness in an aggregate amount not to exceed an amount equal to five percent (5%) of Stockholders' Equity.

SECTION 7.2.6 CONSOLIDATION, MERGER, ETC. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, liquidate or dissolve, consolidate with, or merge into or with, any other corporation, or purchase or otherwise acquire all or substantially all of the

assets of any Person (or of any division thereof) except (a) any such Restricted Subsidiary may liquidate or dissolve voluntarily into, and may merge with and into, the Borrower or any other Restricted Subsidiary, and the assets or stock of any Restricted Subsidiary may be purchased or otherwise acquired by the Borrower or any other Restricted Subsidiary; and (b) so long as no Default or Event of Default has occurred and is continuing or would occur after giving effect thereto, the Borrower or any of its Restricted Subsidiaries may purchase all or substantially all of the assets of any Person, or acquire such Person by merger (as long as the Borrower or such Restricted Subsidiary is the surviving

entity).

SECTION 7.2.7 NEGATIVE PLEDGES, RESTRICTIVE AGREEMENTS, ETC. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, enter into any agreement (excluding this Agreement, any other Loan Document and any agreement governing any Indebtedness not prohibited under this Agreement) prohibiting the creation or assumption of any Lien upon its material properties, revenues or assets, whether now owned or hereafter acquired, or the ability of the Borrower to amend or otherwise modify this Agreement or any other Loan Document. The foregoing shall not prohibit agreements entered into or acquired in the ordinary course of business regarding specific properties or assets which restrict or place conditions the transfer of or the creation of a Lien on such properties or assets or the revenues derived therefrom, but which do not affect other unrelated properties, assets or revenues. The Borrower will not and will not permit any of its Restricted Subsidiaries to enter into any agreement prohibiting the ability of any Restricted Subsidiary to make any payments, directly or indirectly, to the Borrower by way of dividends, advances, repayments of loans or advances, reimbursements of management and other intercompany charges, expenses and accruals or other returns on investments, or any other agreement or arrangement which restricts the ability of any such Restricted Subsidiary to make any payment, directly or indirectly, to the Borrower.

ARTICLE VIII
EVENTS OF DEFAULT

SECTION 8.1 LISTING OF EVENTS OF DEFAULT. Each of the following events or occurrences described in this SECTION 8.1 shall constitute an "EVENT OF DEFAULT".

SECTION 8.1.1 NON-PAYMENT OF OBLIGATIONS. The Borrower shall default in the payment or prepayment when due of any principal of any Loan, or the Borrower shall default (and such default shall continue unremedied for a period of five days) in the payment when due of any interest on any Loan, of any fee hereunder or of any other Obligation.

SECTION 8.1.2 BREACH OF WARRANTY. Any representation or warranty of the Borrower made or deemed to be made hereunder or in any other Loan Document executed by it or any certificates delivered pursuant to ARTICLE V is or shall be incorrect in any material respect when made or deemed made.

SECTION 8.1.3 NON-PERFORMANCE OF CERTAIN COVENANTS AND OBLIGATIONS. The Borrower shall default in the due performance and observance of any of its obligations under SECTION 7.2.2, 7.2.3, 7.2.6 or 7.2.7; PROVIDED that the imposition of any non-consensual Lien that is not permitted to exist pursuant to SECTION 7.2.2 shall not be deemed to constitute an Event of Default hereunder until thirty (30) days after the date of such imposition.

SECTION 8.1.4 NON-PERFORMANCE OF OTHER COVENANTS AND OBLIGATIONS. The Borrower shall default in the due performance and observance of any other provision contained herein (not constituting an Event of Default under the preceding provisions of this SECTION 8.1) or any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days after notice thereof shall have been given to the Borrower by the Agent.

SECTION 8.1.5 DEFAULT ON OTHER INDEBTEDNESS. A default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration or otherwise, of any Indebtedness (other than Indebtedness described in SECTION 8.1.1) of the Borrower or any of its Restricted Subsidiaries having a principal amount, individually or in the aggregate, in excess of $35,000,000, or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 8.1.6 JUDGMENTS. Any judgment or order for the payment of money in excess of $35,000,000 shall be rendered against the Borrower or any of its Restricted Subsidiaries if such excess is not fully covered by valid and collectible insurance in respect thereof, the payment of which is not being disputed or contested by the insurer or the insurers, and either (i) proper or valid enforcement or levying proceedings shall have been commenced by any creditor upon such judgment or order or (ii) such judgment or order shall continue unsatisfied and unstayed for a period of thirty (30) consecutive days.

SECTION 8.1.7 PENSION PLANS. Any of the following events shall occur with respect to any Pension Plan (a) the institution of any steps by the Borrower, any member of its Controlled Group or any other Person to terminate a Pension

Plan if, as a result of such termination, the Borrower or any such member could be required to make a contribution to such Pension Plan in excess of $35,000,000; or (b) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under section 302(f) of ERISA to the extent such action could reasonably be expected to have a Material Adverse Effect.

SECTION 8.1.8 CHANGE IN CONTROL. Any Change in Control shall occur.

SECTION 8.1.9 BANKRUPTCY, INSOLVENCY, ETC. The Borrower or any of its Restricted Subsidiaries shall (a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due; (b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries or any substantial portion of the property of any thereof, or make a general assignment for the benefit of creditors; (c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for the Borrower or any of its Restricted Subsidiaries or for a substantial part of the property of any thereof, and such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days, provided that the Borrower, each Restricted Subsidiary hereby expressly authorizes the Agent and each Lender to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend their rights under the Loan

Documents; (d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of the Borrower or any of its Restricted Subsidiaries, and, if any such case or proceeding is not commenced by the Borrower or such Subsidiary, such case or proceeding shall be consented to or acquiesced in by the Borrower or such Restricted Subsidiary or shall result in the entry of an order for relief or shall remain for 60 days undismissed, provided that the Borrower, each Restricted Subsidiary hereby expressly authorizes the Agent and each Lender to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend their rights under the Loan Documents; or (e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 8.2 ACTION IF BANKRUPTCY. If any Event of Default described in SECTION 8.1.9 shall occur with respect to the Borrower or any Restricted Subsidiary, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Borrowings and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 8.3 ACTION IF OTHER EVENT OF DEFAULT. If any Event of Default (other than any Event of Default described in SECTION 8.1.9 with respect to the Borrower or any Restricted Subsidiary) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Agent, upon the direction of the Required Lenders, shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Borrowings and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, as the case may be, and/or the Commitments shall terminate.

ARTICLE IX
THE AGENTS

SECTION 9.1 ACTIONS. Each Lender hereby appoints (i) JPMorgan as the Agent under this Agreement and each other Loan Document, (ii) Societe Generale, as Syndication Agent under this Agreement and each other Loan Document, and (iii) Mizuho Financial Group, Credit Lyonnais, New York Branch, The Royal Bank of Scotland plc, and Deutsche Bank AG New York Branch, as Co-Documentation Agents under this Agreement and each other Loan Document. Each Lender authorizes the Agent to act on behalf of such Lender under this Agreement and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agent (with respect to which the Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or required of the Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender acknowledges that none of the Syndication Agent and the Co-Documentation Agents have any duties or obligations under this Agreement or any other Loan Document in connection with their capacity as either the Syndication Agent or a Co-Documentation Agent, respectively. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) each of the Agents, PRO RATA according to such

Lender's Percentage, WHETHER OR NOT RELATED TO ANY SINGULAR, JOINT OR CONCURRENT NEGLIGENCE OF THE AGENTS, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, any Agent in any way relating to or arising out of this Agreement and any other Loan Document, including reasonable attorneys' fees, and as to which such Agent is not reimbursed by the Borrower; PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from such Agent's gross negligence or willful misconduct. None of the Agents shall be required to take any action hereunder or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of any Agent shall be or become inadequate, in such Agent's determination, as the case may be, such Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, none of the Agents shall have any duties or responsibilities, except as expressly set forth herein, nor shall any of the Agents have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any of the Agents.

SECTION 9.2 FUNDING RELIANCE, ETC. Unless the Agent shall have been notified by telephone, confirmed in writing, by any Lender by 5:00 p.m., Central time, on the day prior to a Borrowing (except with respect to a Borrowing comprised of Base Rate Loans, in which case notice shall be given no later than 12:00 noon, Central time, on the date of the proposed Borrowing) that such Lender will not make available the amount which would constitute its Percentage of such Borrowing on the date specified therefor, the Agent may assume that such Lender has made such amount available to the Agent and, in reliance upon such assumption, make available to the Borrower a corresponding amount. If and to the extent that such Lender shall not have made such amount available to the Agent, such Lender and the Borrower severally agree to repay the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date the Agent made such amount available to the Borrower to the date such amount is repaid to the Agent, at the Federal Funds Rate.

SECTION 9.3 EXCULPATION. None of the Agents and their respective directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own willful misconduct or gross negligence, nor responsible for any recitals or warranties herein or therein, nor for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor to make any inquiry respecting the performance by the Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by any Agent shall not obligate it to make any further inquiry or to take any action. Each of the Agents shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which such Agent believes to be genuine and to have been presented by a proper Person.

SECTION 9.4 SUCCESSOR. Any of the Agents may resign as such at any time upon at least 30 days' prior notice to the Borrower and all Lenders. If the Agent at any time shall resign, the Required Lenders may appoint another Lender as the successor Agent which shall thereupon become the Agent hereunder. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as the Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After a retiring Agent's resignation hereunder as a Agent, the provisions of this ARTICLE IX shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement, and SECTION 10.4 (and, with respect to the Agent, SECTION 10.3) shall continue to inure to its benefit.

SECTION 9.5 LOANS BY THE AGENTS. Each of the Agents shall have the same rights and powers with respect to the Loans made by it or any of its Affiliates and may exercise the same as if it were not a Agent. Each of the Agents and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not a Agent hereunder.

SECTION 9.6 CREDIT DECISIONS. Each Lender acknowledges that it has made its own credit decision to extend its Commitments hereunder (i) independently of each of the Agents and each other Lender, and (ii) based on such Lender's review of the financial information of the Borrower, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate. Each Lender also acknowledges that it will continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document (i) independently of each of the Agents and each other Lender, and (ii) based on such other documents, information and investigations as it shall deem appropriate at any time.

SECTION 9.7 COPIES, ETC. The Agent shall give prompt notice to each Lender of each notice or request required or permitted to be given to the Agent by the Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by the Borrower). The Agent will distribute to each Lender each document or instrument received for its account and copies of all other communications received by the Agent from the Borrower for distribution to the Lenders by the Agent in accordance with the terms of this Agreement.

ARTICLE X
MISCELLANEOUS PROVISIONS

SECTION 10.1 WAIVERS, AMENDMENTS, ETC. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrower and the Required Lenders; PROVIDED, HOWEVER, that no such amendment, modification or waiver which would: (a) modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender; (b) modify this SECTION 10.1, change the definition of "REQUIRED LENDERS", reduce any fees described in ARTICLE III, change the schedule of reductions to the Commitments provided for in SECTION 2.3, release any collateral security except as otherwise specifically provided in any Loan Document or extend the Maturity Date, shall be made without the consent of each Lender; (c) extend the due date for, or reduce the amount of, any scheduled repayment or prepayment of principal of or interest on any Loan (or reduce the principal amount of or rate of interest on any Loan) shall be made without the consent of the Lender which made such Loan; or (d) affect adversely the interests, rights or obligations of any Agent as Agent shall be made without the consent of such Agent; PROVIDED, FURTHER, that no such amendment, modification or waiver which would either increase any Commitment, Commitment Amount or the Percentage of any Lender, or modify the rights, duties or obligations of any Agent, shall be effective without the consent of such Lender or such Agent, as applicable. No failure or delay on the part of the Agent or any Lender in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on the Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. No waiver or approval by the Agent or any Lender under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 10.2 NOTICES. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to:

Noble Affiliates, Inc.
350 Glenborough, Suite 100
Houston, TX 77067
Attention: James L. McElvany
Telephone No.: (281) 872-3100
Facsimile No.: (281) 872-3111

(b) if to the Agent, to:

Agency Services
JPMorgan Chase Bank

One Chase Manhattan Plaza, 8th Floor
New York, NY 10081
Attention: Muniram Appanna
Telephone No.: (212) 552-7943
Facsimile No.: (212) 552-3295

With a copy to:

JPMorgan Chase Bank
Global Oil & Gas Group
600 Travis, 20th Floor
Houston, Texas 77002
Attention: Peter Licalzi
Telephone: 713-216-8869
Facsimile: 713-216-4117

And in connection with business-related matters, with a copy to:

JPMorgan Chase Bank
Global Oil & Gas Group
600 Travis, 20th Floor
Houston, Texas 77002
Attention: Robert C. Mertensotto
Telephone: 713-216-4147
Facsimile: 713-216-8870

(c) if to the Syndication Agent:

Societe Generale
1111 Bagby, Suite 2020
Houston, TX 77002
Attention: Cary Hughes
Tel: (713) 759-6328
Fax: (713) 650-0824

(d) if to any Co-Documentation Agent or any other Lender, to it at its address (or telecopy number) provided to the Agent and the Borrower or as set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 10.3 PAYMENT OF COSTS, EXPENSES AND TAXES. The Borrower agrees to pay on demand all reasonable out-of-pocket costs and expenses of (i) the Agent (including, without limitation, the reasonable fees and out-of-pocket expenses of Mayer, Brown & Platt) in connection with the preparation, negotiation, execution, delivery, syndication and administration of this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modification to this Agreement or any

other Loan Document and (ii) the Agent and the Lenders in connection with the enforcement by the Lenders or the Agent of, or the protection of rights under, this Agreement and each other Loan Document. The Agent, the other Agents, the Arranger and each Lender agree to the extent feasible, and to the extent a conflict of interest does not exist in the reasonable opinion of the Agent, the other Agents, the Arranger or any Lender, to use one law firm in each jurisdiction in connection with the foregoing, to the extent they seek reimbursement for the expenses thereof from the Borrower. Each Lender agrees to reimburse the Agent on demand for such Lender's PRO RATA share (based upon its respective Percentage) of any such costs or expenses not paid by the Borrower. In addition, the Borrower agrees to pay, and to save the Agent, the other Agents, the Arranger, and the Lenders harmless from all liability for, any stamp or other taxes which may be payable in connection with the execution or delivery of this Agreement, the Borrowings hereunder, or of any other instruments or documents provided for herein or delivered or to be delivered hereunder or in connection herewith.

SECTION 10.4 INDEMNIFICATION. In consideration of the execution and delivery of this Agreement by each Lender and the extension of the Commitments, the Borrower hereby indemnifies, exonerates and holds each Agent, the Arranger and each Lender and each of their respective officers, directors, employees and

agents (collectively, the "INDEMNIFIED PARTIES"), WHETHER OR NOT RELATED TO ANY NEGLIGENCE OF THE INDEMNIFIED PARTIES, free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "INDEMNIFIED LIABILITIES"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan; the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties; any investigation, litigation or proceeding related to any acquisition or proposed acquisition by the Borrower or any of its Restricted Subsidiaries of all or any portion of the stock or assets of any Person, whether or not such Agent, the Arranger or such Lender is party thereto; any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by the Borrower or any of its Restricted Subsidiaries of any Hazardous Material; or the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by the Borrower or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, the Borrower or such Subsidiary, except for any such Indemnified Liabilities which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the relevant Indemnified Party's gross negligence or willful misconduct. If and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrower hereby agrees to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 10.5 SURVIVAL. The obligations of the Borrower under SECTIONS 4.3, 4.4, 4.5, 4.6, 10.3 and 10.4, and the obligations of the Lenders under SECTION 9.1, shall in each case

survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments.

SECTION 10.6 SEVERABILITY. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 10.7 HEADINGS. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 10.8 GOVERNING LAW; ENTIRE AGREEMENT. THIS AGREEMENT AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO PRINCIPLES OF CONFLICTS OF LAWS. This Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 10.9 SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; PROVIDED, HOWEVER, that: (a) the Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of the Agent and all Lenders; and (b) the rights of sale, assignment and transfer of the Lenders are subject to SECTION 10.10.

SECTION 10.10 SALE AND TRANSFER OF LOANS AND COMMITMENTS; PARTICIPATIONS IN LOANS AND COMMITMENTS. Each Lender may assign, or sell participations in, its Loans and Commitments to one or more other Persons in accordance with this Section.

SECTION 10.10.1 ASSIGNMENTS. Any Lender (a) with the written consents of the Borrower (provided that the consent of the Borrower shall not be required if an Event of Default has occurred and is continuing) and the Agent (which consents shall not be unreasonably delayed or withheld), may at any time assign and delegate to one or more commercial banks or other financial institutions, and (b) with notice to the Borrower and the Agent, but without the consent of the Borrower or the Agent, may assign and delegate to any of its Affiliates or to any other Lender or Lender Affiliate (each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "ASSIGNEE LENDER"), all or any

fraction of such Lender's total Loans and Commitments (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitments and which shall be of equal PRO RATA shares of the Facility) in a minimum aggregate amount of $10,000,000; PROVIDED, HOWEVER, that any such Assignee Lender will comply, if applicable, with the provisions contained in the last sentence of SECTION 4.6 and FURTHER, PROVIDED, HOWEVER, that, the Borrower and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned

and delegated to an Assignee Lender until (i) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrower and the Agent by such Lender and such Assignee Lender, (ii) such Assignee Lender shall have executed and delivered to the Borrower and the Agent a Lender Assignment Agreement, accepted by the Agent, (iii) such Assignee Lender shall have delivered to the Agent an Administrative Questionnaire, and (iii) the processing fees described below shall have been paid.

From and after the date that the Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. Accrued interest on that part of the predecessor Loans and Commitments, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Loans and Commitments shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Agent upon delivery of any Lender Assignment Agreement in the amount of $3,500. Any attempted assignment and delegation not made in accordance with this Section shall be null and void.

SECTION 10.10.2 PARTICIPATIONS. Any Lender may at any time sell to one or more commercial banks or other Persons (each of such commercial banks and other Persons being herein called a "PARTICIPANT") participating interests in any of the Loans, Commitments or other interests of such Lender hereunder; PROVIDED, HOWEVER, that (a) no participation contemplated in this SECTION 10.10 shall relieve such Lender from its Commitments or its other obligations hereunder or under any other Loan Document, (b) such Lender shall remain solely responsible for the performance of its Commitments and such other obligations, (c) the Borrower and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each of the other Loan Documents, (d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document, except that such Lender may agree with any Participant that such Lender will not, without such Participant's consent, take any actions of the type described in CLAUSE (b) or (c) of SECTION 10.1, and (e) the Borrower shall not be required to pay any amount under SECTION 4.6 that is greater than the amount which it would have been required to pay had no participating interest been sold. The Borrower acknowledges and agrees that each Participant, for purposes of SECTIONS 4.3, 4.4, 4.5, 4.6, 4.7, 4.8, 4.9 and 10.4, shall be considered a Lender; provided that this sentence shall not obligate the Borrower to pay more under such Sections that it would be obligated to pay had no such participation been granted.

SECTION 10.10.3 PLEDGE BY LENDER. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve

Bank, and this Section shall not apply to any such pledge or assignment of a security interest; PROVIDED that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 10.11 OTHER TRANSACTIONS. Nothing contained herein shall preclude the Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Borrower or any of its Affiliates in which the Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

SECTION 10.12 CONFIDENTIALITY. Each of the Agents and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any Hedging Agreement, (g) with the consent of Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by any Person or (ii) becomes available to any Agent or any Lender on a nonconfidential basis from a source other than Borrower or any of its Affiliates. For the purposes of this Section, "INFORMATION" means all information received from Borrower or its Affiliate relating to Borrower and its Subsidiaries or their business, other than any such information that is available to any Agent or any Lender on a nonconfidential basis prior to disclosure by Borrower or any of its Affiliates. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 10.13 FORUM SELECTION AND CONSENT TO JURISDICTION. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF TEXAS OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE

FOUND. THE BORROWER, THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF TEXAS AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREE TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. THE BORROWER, THE AGENT, AND EACH LENDER FURTHER IRREVOCABLY CONSENT TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF TEXAS. THE BORROWER, THE AGENT, AND EACH LENDER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT THE BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OF FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, THE BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 10.14 WAIVER OF JURY TRIAL. THE AGENT, THE LENDERS AND THE BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR THE BORROWER. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

SECTION 10.15 NO ORAL AGREEMENTS. THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

NOBLE AFFILIATES, INC.

By: /s/ James L. McElvany

Name: James L. McElvany
Title: Vice President & Treasurer

JPMORGAN CHASE BANK, individually as a Lender and as the Administrative Agent

By: /s/ Robert C. Mertensotto

Name: Robert C. Mertensotto
Title: Managing Director

SOCIETE GENERALE, individually as a Lender and as the Syndication Agent

By: /s/ Cary Hughes

Name: Cary Hughes
Title: Director

MIZUHO FINANCIAL GROUP, as a Co-Documentation Agent

THE FUJI BANK, LIMITED (as a member of Mizuho Financial Group), individually as a Lender

By: /s/ Jacques Azagury

Name: Jacques Azagury
Title: Senior Vice President and Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED, NEW YORK BRANCH (as a member of Mizuho Financial Group), individually as a Lender

By: /s/ Michael N. Oakes

Name: Michael N. Oakes
Title: Senior Vice President, Houston Office

CREDIT LYONNAIS, NEW YORK BRANCH, individually as a Lender and as a Co-Documentation Agent

By: /s/ Bernard Weymuller

Name: Bernard Weymuller
Title: Senior Vice President

THE ROYAL BANK OF SCOTLAND PLC, individually as a Lender and as a Co-Documentation Agent

By: /s/ Kevin J. Howard

Name: Kevin J. Howard
Title: Managing Director

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DEUTSCHE BANK AG NEW YORK BRANCH,
individually as a Lender and as a Co-
Documentation Agent

By: /s/ Hans Narberhaus

Name: Hans Narberhaus
Title: Vice President

By: /s/ Joel Makowsky

Name: Joel Makowsky
Title: Vice President

S-7

BNP PARIBAS, individually as a Lender

By: /s/ Larry Robinson

Name: Larry Robinson
Title: Vice President

By: /s/ A. David Dodd

Name: A. David Dodd
Title: Vice President

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CITIBANK, N.A., individually as a Lender

By: /s/ Douglas A. Whiddon

Name: Douglas A. Whiddon
Title: Attorney-In-Fact

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TORONTO DOMINION (TEXAS), INC.,
individually as a Lender

By: /s/ Warren Finlay

Name: Warren Finlay
Title: President

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FIRST UNION NATIONAL BANK, individually
as a Lender

By: /s/ David E. Humphreys

Name: David E. Humphreys
Title: Vice President

S-11

THE BANK OF NEW YORK, individually as a
Lender

By: /s/ Craig J. Anderson

Name: Craig J. Anderson
Title: Vice President

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THE BANK OF TOKYO-MITSUBISHI, LTD.,
individually as a Lender

By: /s/ K. Glasscock

Name: K. Glasscock
Title: Vice President and Manager

DEN NORSKE BANK ASA, individually as a Lender

By: /s/ Nils Fykse

Name: Nils Fykse
Title: First Vice President

By: /s/ Hans Jorgen Ormar

Name: Hans Jorgen Ormar
Title: Vice President

KBC BANK, N.V., individually as a Lender

By: /s/ Robert Snauffer

Name: Robert Snauffer
Title: First Vice President

By: /s/ Eric Raskin

Name: Eric Raskin
Title: Vice President

EXHIBIT 21
TO FORM 10-K

SUBSIDIARIES

NAME	STATE OF JURISDICTION OF ORGANIZATION	REF
LaTex Resources Inc.	Colorado	(1)
Noble Trading, Inc.	Delaware	(1)
NPM, Inc.	Delaware	(1)
Noble Gas Marketing, Inc.	Delaware	(1)
Noble Gas Pipeline, Inc.	Delaware	(2)
Samedan Oil Corporation	Delaware	(1)
Samedan Oil of Canada, Inc.	Delaware	(3)
Samedan of North Africa, Inc.	Delaware	(3)
Samedan North Sea, Inc.	Delaware	(3)
Samedan Oil of Indonesia, Inc.	Delaware	(3)
Samedan Pipe Line Corporation	Delaware	(3)
Samedan Royalty Corporation	Delaware	(3)
Samedan of Tunisia, Inc.	Delaware	(3)
Samedan, Mediterranean Sea, Inc.	Delaware	(3)
EDC Ireland	Cayman Islands	(4)
Samedan International	Cayman Islands	(4)
Samedan Vietnam Limited	Cayman	

Islands (4)
Machalapower
Cia. Ltda.
Cayman
Islands (5)
Samedan,
Mediterranean
Sea Cayman
Islands (5)
Samedan
Transfer Sub
Cayman
Islands (5)
Atlantic
Methanol
Capital
Company
Cayman
Islands (6)
Samedan
Methanol
Cayman
Islands (7)
Atlantic
Methanol
Associates
LLC Cayman
Islands (8)
Atlantic
Methanol
Production
Company LLC
Cayman
Islands (9)
AMPCO
Marketing,
L.L.C.
Michigan (6)
AMPCO
Services,
L.L.C.
Michigan (6)
Alba
Associates
LLC Cayman
Islands (10)
Alba Plant
LLC Cayman
Islands (11)
Energy
Development
Corporation
(Argentina),
Inc.
Delaware (3)
Energy
Development
Corporation
(China),
Inc.
Delaware (3)
Energy
Development
Corporation
(HIPS), Inc.
Delaware (3)
EDC Ecuador
Ltd.
Delaware (3)
EDC Ecuador
Limited
Cayman
Islands (14)
EDC
(Denmark)
Inc.
Delaware
(12) EDC
Australia
Ltd.
Delaware (3)
EDC Portugal
Ltd.

Delaware (3)
Gasdel Pipeline System Incorporated
New Jersey (3)
Producers Service, Inc.
New Jersey (3)
HGC, Inc.
Delaware (3)
EDC (UK) Limited
Delaware (3)
EDC (Europe) Limited
England (15)
EDC (ISE) Limited
England (13)
Brabant Oil Limited
England (13)
EDC (Oilex) Limited
England (13)

REFERENCES:
- -----------

(1) 100% directly owned by Noble Affiliates, Inc. (Registrant)
(2) 100% directly owned by Noble Gas Marketing, Inc.
(3) 100% directly owned by Samedan Oil Corporation
(4) 100% directly owned by Samedan of North Africa, Inc.
(5) 100% directly owned by Samedan International
(6) 50% directly owned by Samedan of North Africa, Inc.
(7) 40% directly owned by Atlantic Methanol Capital Company and 60% owned by the Chase Manhattan Bank, as Indenture Trustee
(8) 50% directly owned by Samedan Methanol
(9) 90% directly owned by Atlantic Methanol Associates LLC
(10) 34.7% directly owned by Samedan International
(11) 80% directly owned by Alba Associates LLC
(12) 100% directly owned by EDC (UK) Limited
(13) 100% directly owned by EDC (Europe) Limited
(14) 100% directly owned by EDC Ecuador Ltd.
(15) 100% directly owned by EDC (Denmark) Inc.

EXHIBIT 23

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 24, 2002, included on page 32 of the Company's 2001 Form 10-K, into the previously filed Registration Statements on Form S-3 (File Nos. 333-18929 and 333-82953) and on Form S-8 (File Nos. 333-39299, 2-64600, 2-81590, 33-32692, 2-66654 and 33-54084).

ARTHUR ANDERSEN LLP

Oklahoma City, Oklahoma
March 27, 2002

March 27, 2002

Securities & Exchange Commission
Washington, D.C.

Re: Temporary Note 3T letter

Please be advised that Arthur Andersen LLP ("Andersen") has audited the consolidated balance sheets of Noble Affiliates, Inc. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity and other comprehensive income and cash flows for each of the three years in the period ended December 31, 2001.

Also please be advised that Andersen has represented to Noble Affiliates, Inc. in writing that its audit was subject to Andersen'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 Andersen personnel working on the audit, availability of national office consultation and availability of personnel at foreign affiliates of Andersen to conduct the relevant portions of the audit.

Yours truly,

James L. McElvany
Noble Affiliates, Inc.
Vice President, CFO and Treasurer

JLM:ibd