

POGO PRODUCING CO
Form 425
November 01, 2007

**Filed by Plains Exploration & Production Company
pursuant to Rule 425 under the Securities Act of 1933
and deemed filed pursuant to Rule 14a-12 under the
Securities Exchange Act of 1934
Subject Company: Pogo Producing Company
Commission File No.: 1-07792**

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 1, 2007

PLAINS EXPLORATION & PRODUCTION COMPANY

(Exact name of registrant as specified in charter)

Delaware
(State of Incorporation)

33-0430755
(I.R.S. Employer Identification No.)

001-31470

(Commission File No.)

700 Milam, Suite 3100

Houston, Texas 77002

(Address of Principal Executive Offices)

(Zip Code)

Registrant's telephone number, including area code: (713) 579-6000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

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“ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

Item 7.01 Regulation FD Disclosure

On November 1, 2007, Plains Exploration & Production Company (PXP) issued a press release announcing third quarter 2007 results. The press release is furnished herewith as Exhibit 99.1 and is incorporated by reference herein. In connection with such release, PXP has prepared investor slides, which are furnished herewith as Exhibit 99.2 and are incorporated by reference herein.

The information presented herein under Item 2.02 and Item 7.01 shall not be deemed filed under the Securities Exchange Act 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such a filing.

Statement Regarding Forward-Looking Statements

This Report on Form 8-K includes forward-looking information regarding PXP that is intended to be covered by the safe harbor forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as will, would, should, plans, likely, expects, anticipates, intends, believe, thinks, may, and similar expressions, are forward-looking statements. Although we believe that our expectations are based on reasonable assumptions, there are risks, uncertainties and other factors that could cause actual results to be materially different from those in the forward-looking statements. These factors include, among other things:

- * completion of the proposed merger,
- * effective integration of the two companies,
- * reserve and production estimates,
- * oil and gas prices,
- * the impact of derivative positions,
- * production expense estimates,
- * cash flow estimates,
- * future financial performance,
- * planned capital expenditures, and
- * other matters that are discussed in PXP's filings with the SEC.

These statements are based on our current expectations and projections about future events and involve known and unknown risks, uncertainties, and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Please refer to our filings with the SEC, including our Form 10-K for the year ended December 31, 2006, for a discussion of these risks.

All forward-looking statements in this report are made as of the date hereof, and you should not place undue reliance on these statements without also considering the risks and uncertainties associated with these statements and our business that are discussed in this report and our other filings with the SEC. Moreover, although we believe the expectations reflected in the forward-looking statements are based upon reasonable assumptions, we can give no assurance that we will attain these expectations or that any deviations will not be material. Except for any obligation to disclose material information under the Federal securities laws, we do not intend to update these forward-looking statements and information

2007 Capital Budget

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Oil and gas capital expenditures, excluding acquisitions, are expected to be \$850 million to \$950 million for the year ended 2007. The increase from the previous estimate is primarily attributed to

additional development spending associated with the recent Gulf of Mexico exploration successes, higher capitalized costs related to the Piceance properties and two months of capital related to Pogo.

Item 9.01 Financial Statements and Exhibits

- (c) Exhibit 99.1 Plains Exploration & Production Company press release dated November 1, 2007.
- Exhibit 99.2 Presentation dated November 2007.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PLAINS EXPLORATION & PRODUCTION COMPANY

Date: November 1, 2007

/s/ Cynthia A. Feeback

Cynthia A. Feeback

Vice President Accounting, Controller and

Chief Accounting Officer

EXHIBIT INDEX

- Exhibit 99.1 Plains Exploration & Production Company press release dated November 1, 2007.
Exhibit 99.2 Presentation dated November 2007.

NEWS RELEASE

Contact: Scott Winters
Vice President - Investor Relations
713-579-6190 or 800-934-6083

FOR IMMEDIATE RELEASE

PXP ANNOUNCES THIRD QUARTER 2007 RESULTS

DELIVERING INCREASED PRODUCTION AND CASH FLOW

Houston, Texas November 1, 2007 Plains Exploration & Production Company (NYSE: PXP) (PXP or the Company) today announced financial and operating results for the third quarter 2007. Sales volumes per day increased 7% over the second quarter 2007 and 10% over the first quarter 2007. Operating cash flow (a non-GAAP measure) increased 35% over the second quarter 2007 and nearly 60% over the first quarter 2007.

Highlights and recent developments:

Announced a significant discovery at the Flatrock exploratory prospect in the Gulf of Mexico.

Discovery well encountered 8 pay sands totaling 260 net feet;

Production test indicated a gross flow rate of approximately 71 million cubic feet of natural gas per day (MMCFD) and 739 barrels of condensate, approximately 17 MMCFED net to PXP. First sales volumes expected in the fourth quarter 2007; and

One additional Flatrock well is currently drilling. A second well is expected to begin drilling shortly and a third location has been permitted.

In the Flatrock area, a production test at the Hurricane Deep discovery indicated a gross flow rate of approximately 15.4 MMCFD, 3.3 MMCFD net to PXP. First sales volumes expected in the fourth quarter of 2007.

Integrated the Piceance Basin properties and completed the first planned Collbran Valley Gas Gathering System (CVGS) compression expansion project in early October. Sales volumes

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averaged 7,200 net barrels of oil equivalent per day (BOEPD) in September, representing a 20% increase to sales volumes at the time of acquisition.

PXP and Pogo Producing Company (Pogo) each scheduled their respective special stockholder meetings for November 6, 2007.

At the meetings the Pogo stockholders will vote on, among other items, the proposed merger with PXP and the PXP stockholders will vote on, among other items, the issuance of PXP common stock to Pogo stockholders pursuant to the merger.

THREE MONTHS ENDED SEPTEMBER 30

PXP reported third quarter 2007 net income of \$32.9 million, or \$0.45 per diluted share, on revenues of \$299.0 million, compared to the third quarter 2006 net income of \$272.7 million, or \$3.50 per diluted share, on revenues of \$280.9 million. Third quarter 2006 results included a \$345.5 million pre-tax gain on sale of oil and gas properties.

Sales volumes during the third quarter 2007 increased 7% to 57,100 BOEPD from 53,500 BOEPD in the second quarter 2007. A full quarter of Piceance Basin volumes combined with slightly higher California volumes more than offset lower Gulf Coast volumes. Sales volumes for third quarter 2007 were lower than the prior year quarter due primarily to asset sales completed at the end of the third quarter 2006.

Operating cash flow, a non-GAAP measure, during the third quarter 2007 increased 35% to \$145.8 million from \$107.7 million in the second quarter of 2007. Operating cash flow for the third quarter 2007 was lower than the same quarter last year due to increased operating expenses and lower production primarily related to asset sales in the third quarter 2006. An explanation and reconciliation of all non-GAAP financial measures is included at the end of this release.

NINE MONTHS ENDED SEPTEMBER 30

For the first nine months of 2007, PXP reported net income of \$78.7 million, or \$1.07 per diluted share on revenues of \$779.2 million, compared to net income of \$213.9 million, or \$2.71 per diluted share on revenues of \$810.9 million. Results for the nine month period of 2006 included a \$345.5 million pre-tax gain on sale of oil and gas properties partially offset by a \$299.9 million derivative loss.

Sales volumes for the first nine months of 2007 were lower year-over-year primarily due to asset sales in the third quarter 2006. PXP reported 54,200 BOEPD for the first nine months of 2007 compared to 61,000 BOEPD for the first nine months of 2006.

Oil and gas capital expenditures, excluding acquisitions, were \$573 million for the first nine months of 2007 compared to \$474 million for the prior year period. The increase is primarily attributed to additional exploratory drilling in the Gulf of Mexico and development drilling in the Piceance basin.

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DEVELOPMENT - OPERATIONS UPDATE

In the Piceance Basin of Colorado, PXP's third quarter sales volumes averaged 5,700 net BOEPD. Stage one of a planned expansion project on CVGS was completed in late August while stage two was completed in early October. Sales volumes averaged 7,200 net BOEPD in September. PXP is operating five drilling rigs and drilled a total of 26 successful wells during the third quarter and plans to drill 20 to 30 wells during the fourth quarter.

In the Gulf Coast region, PXP's third quarter sales volumes averaged 2,700 net BOEPD. In the Gulf of Mexico Flatrock area, completion operations are underway at both the Flatrock discovery well (South Marsh Island Block 212 #228, PXP 30% working interest) and the Hurricane Deep discovery well (South Marsh Island Block 217 #226, PXP 30% working interest) with first production for both expected in the fourth quarter of this year using existing infrastructure in the area. At the Hurricane Deep discovery, as recently announced by the operator, the production test, which was performed in the Gyro section, indicated a gross flow rate of approximately 15.4 MMCFD, 3.3 MMCFD net to PXP. At Flatrock as recently announced by the operator, the production test, which was performed in the Operc section, indicated a gross flow rate of approximately 71 MMCFD and 739 barrels of condensate, approximately 17 MMCFD net to PXP. One additional Flatrock well is currently drilling. A second well is expected to begin drilling shortly and a third location has been permitted. The three additional locations provide further options for development of the multiple reservoirs found in the Rob-L and Operc sections.

In the San Joaquin Valley, PXP's third quarter sales volumes averaged 22,700 net BOEPD. The 2007 plan includes continued development and expansion of the Midway Sunset and Cymric Fields. A total of 50 producer and 17 steam injection wells were drilled during the third quarter. Our 2007 drilling activity continues to concentrate on steam-enhanced recovery development of the Diatomite, Marvic, Spellacy and Potter formations in the Midway Sunset Field and the Diatomite and Tulare formations in the Cymric Field.

In the Los Angeles Basin, PXP's third quarter sales volumes averaged 13,500 net BOEPD. Two wells were drilled during the third quarter in the Las Cienegas Field. Drilling activity during the fourth quarter will concentrate on the Las Cienegas Field.

Offshore California, PXP's third quarter sales volumes averaged 12,500 net BOEPD. Much of the activity on these assets this year will concentrate on maintaining production through well workovers and recompletions.

EXPLORATION - OPERATIONS UPDATE

In the Gulf of Mexico Flatrock area, the Cottonwood Point exploratory prospect (Vermilion Block 31 #26, PXP 40% working interest) was drilled to a total depth of nearly 20,000 feet and will be completed in the Rob-L section. As previously announced, wireline logs indicated the well encountered 43 feet of net hydrocarbon bearing sands over an approximate 92-foot gross interval in the upper Rob-L section.

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Also in the Flatrock area, the Mound Point South exploratory prospect (Louisiana State Lease 340 #5, PXP 24.4% working interest) was drilled to a total measured depth of 21,056 feet. As previously announced, wireline logs have indicated the well encountered a potential 15 feet of net hydrocarbon bearing sands over 47-foot gross interval in the Gyro section. The Mound Point South well was temporarily abandoned while PXP and its partners consider future operations for this well.

The Cas exploratory well (South Timbalier Block 70 #1) was drilled to a true vertical depth of 24,285 feet. Evaluation of the well determined that it did not contain commercial quantities of hydrocarbons.

The Shell-operated Vicksburg exploration prospect (De Soto Canyon Block 353, PXP 17.5% working interest) was drilled to a depth of approximately 25,400 feet. The well has been temporarily abandoned while drilling results are analyzed.

The PXP-operated Buckhorn Prospect (South Pass 19) and the Chevron-operated Bob North prospect (Mississippi Canyon Block 860) are drilling. The Woodside-operated Terrebonne prospect (Green Canyon Block 452) is expected to commence drilling in the fourth quarter of this year.

PROPOSED MERGER WITH POGO PRODUCING COMPANY

On July 17, 2007 PXP announced it entered into a definitive agreement to acquire Pogo (NYSE: PPP) in a stock and cash transaction valued at approximately \$3.6 billion, based on PXP's July 16, 2007 stock price. Under the terms of the definitive agreement, Pogo stockholders will receive 0.68201 shares of PXP common stock and \$24.88 of cash for each share of Pogo common stock. Pogo stockholders will have the right to elect to receive cash, Plains common stock, or both subject to pro-rata if either the cash or stock selection is oversubscribed. When completed, PXP will issue approximately 40 million shares of common stock and pay approximately \$1.5 billion in cash.

As previously announced PXP and Pogo have each scheduled their respective special stockholder meetings for November 6, 2007. At the meetings the Pogo stockholders will vote on, among other items, the proposed merger with PXP and the PXP stockholders will vote on, among other items, the issuance of PXP common stock to Pogo stockholders pursuant to the merger. Shareholders of record, as of the close of business on September 25, 2007, are entitled to vote at the respective special stockholder meetings. The transaction is expected to close on or near that date.

OUTLOOK

Oil and gas capital expenditures, excluding acquisitions, are expected to be \$850 million to \$950 million for the year ended 2007. The increase from the previous estimate is primarily attributed to additional development spending associated with the recent Gulf of Mexico exploration successes, higher capitalized costs related to the Piceance properties and two months of capital related to Pogo.

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THIRD QUARTER EARNINGS CONFERENCE CALL

PXP will host a conference call today November 1, 2007 at 9:00 a.m. Central to discuss results and other forward-looking items. Investors wishing to participate may dial 1-800-567-9836 or 1-973-935-8460. The replay will be available through November 15, 2007 and can be accessed by dialing 1-877-519-4471 or 1-973-341-3080, conference call and replay ID: 9333047. Slides for the conference call will be available in the Investor Information section of PXP's website, <http://www.pxp.com>, during the conference call and for 60 days after the event date.

PXP is an independent oil and gas company primarily engaged in the upstream activities of acquiring, developing, exploiting, exploring and producing oil and gas in its core areas of operation: onshore and offshore California, Colorado, and the Gulf Coast region of the United States. PXP is headquartered in Houston, Texas.

ADDITIONAL INFORMATION & FORWARD LOOKING STATEMENTS

This press release contains forward-looking information regarding PXP that is intended to be covered by the safe harbor forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. All statements included in this press release that address activities, events or developments that PXP expects, believes or anticipates will or may occur in the future are forward-looking statements. These include statements regarding:

- * completion of the proposed merger,
- * effective integration of the two companies,
- * reserve and production estimates,
- * oil and gas prices,
- * the impact of derivative positions,
- * production expense estimates,
- * cash flow estimates,
- * future financial performance,
- * planned capital expenditures, and
- * other matters that are discussed in PXP's filings with the SEC.

These statements are based on our current expectations and projections about future events and involve known and unknown risks, uncertainties, and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Please refer to our filings with the SEC, including our Form 10-K for the year ended December 31, 2006, for a discussion of these risks.

All forward-looking statements in this report are made as of the date hereof, and you should not place undue reliance on these statements without also considering the risks and uncertainties associated with these statements and our business that are discussed in this report and our other filings with the SEC. Moreover, although we believe the expectations reflected in the forward-looking statements are based upon reasonable assumptions, we can give no assurance that we

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will attain these expectations or that any deviations will not be material. Except for any obligation to disclose material information under the Federal securities laws, we do not intend to update these forward-looking statements and information.

PXP AND POGO HAVE FILED A JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS WITH THE SECURITIES AND EXCHANGE COMMISSION. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ CAREFULLY THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS BECAUSE IT CONTAINS IMPORTANT INFORMATION REGARDING PXP, POGO AND THE ACQUISITION. A DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS HAS BEEN SENT TO SECURITY HOLDERS OF PXP SEEKING THEIR APPROVAL OF THE ISSUANCE OF SHARES OF PXP STOCK TO BE USED AS MERGER CONSIDERATION AND SECURITY HOLDERS OF POGO SEEKING THEIR APPROVAL OF THE ACQUISITION. INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS FILED BY PXP AND POGO WITH THE SEC AT THE SEC'S WEBSITE AT <http://WWW.SEC.GOV>.

THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND SUCH OTHER DOCUMENTS (RELATING TO PXP) MAY ALSO BE OBTAINED FOR FREE FROM PXP BY DIRECTING A REQUEST TO PLAINS EXPLORATION & PRODUCTION COMPANY, 700 MILAM, SUITE 3100, HOUSTON, TX 77002, ATTENTION: JOANNA PANKEY; TELEPHONE: (713) 579-6000, E-MAIL: JPANKEY@PXP.COM.

THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND SUCH OTHER DOCUMENTS (RELATING TO POGO) MAY ALSO BE OBTAINED FOR FREE FROM POGO BY DIRECTING A REQUEST TO POGO PRODUCING COMPANY, 5 GREENWAY PLAZA, SUITE 2700, HOUSTON, TX 77046, ATTENTION: CLAY JEANSONNE, TELEPHONE: (713) 297-5000, E-MAIL: JEANSONC@POGOPRODUCING.COM.

PXP, its directors, executive officers and certain members of management and employees may be considered participants in the solicitation of proxies from PXP's stockholders in connection with the acquisition. Information regarding such persons and a description of their interest in the acquisition is contained in the joint proxy statement/prospectus on file with the SEC. Information concerning beneficial ownership of PXP stock by its directors and certain executive officers is included in its proxy statement dated March 29, 2007 and subsequent statements of changes in beneficial ownership on file with the SEC.

Pogo, its directors, executive officers and certain members of management and employees may be considered participants in the solicitation of proxies from Pogo's stockholders in connection with the acquisition. Information regarding such persons and a description of their interest in the acquisition is contained in the joint proxy statement/prospectus on file with the SEC. Information concerning beneficial ownership of Pogo stock by its directors and certain executive officers is included in its proxy statement dated April 20, 2007 and subsequent statements of changes in beneficial ownership on file with the SEC.

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Plains Exploration & Production Company

Consolidated Statements of Income (Unaudited)

(amounts in thousands, except per share data)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------------------------------------------------|-------------------------------------|------------|------------------------------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| Revenues | | | | |
| Oil sales | \$ 276,096 | \$ 253,844 | \$ 713,197 | \$ 718,841 |
| Gas sales | 22,696 | 26,724 | 63,441 | 89,879 |
| Other operating revenues | 177 | 339 | 2,571 | 2,192 |
| | 298,969 | 280,907 | 779,209 | 810,912 |
| Costs and Expenses | | | | |
| Production costs | | | | |
| Lease operating expenses | 52,696 | 50,355 | 147,471 | 137,258 |
| Steam gas costs | 22,349 | 15,707 | 76,630 | 41,327 |
| Electricity | 11,197 | 9,991 | 29,464 | 28,777 |
| Production and ad valorem taxes | 5,118 | 6,991 | 15,419 | 19,795 |
| Gathering and transportation expenses | 3,026 | 2,291 | 4,432 | 5,947 |
| General and administrative | 22,007 | 31,493 | 74,417 | 92,530 |
| Depreciation, depletion and amortization | 69,731 | 50,844 | 180,932 | 151,528 |
| Accretion | 2,297 | 2,564 | 6,832 | 7,506 |
| Gain on sale of oil and gas properties | | (345,480) | | (345,480) |
| | 188,421 | (175,244) | 535,597 | 139,188 |
| Income from Operations | 110,548 | 456,151 | 243,612 | 671,724 |
| Other Income (Expense) | | | | |
| Interest expense | (18,165) | (22,178) | (35,223) | (57,182) |
| Gain (loss) on mark-to-market derivative contracts | (39,155) | 12,340 | (75,582) | (299,902) |
| Gain on termination of merger agreement | | | | 37,902 |
| Other | (372) | 500 | 952 | 2,120 |
| Income Before Income Taxes and Cumulative Effect of Accounting Change | 52,856 | 446,813 | 133,759 | 354,662 |
| Income tax (expense) benefit | | | | |
| Current | 2,183 | (47,490) | 2,183 | (56,247) |
| Deferred | (22,179) | (126,630) | (57,194) | (82,319) |
| Income Before Cumulative Effect of Accounting Change | 32,860 | 272,693 | 78,748 | 216,096 |
| Cumulative effect of accounting change, net of tax benefit | | | | (2,182) |
| Net Income | \$ 32,860 | \$ 272,693 | \$ 78,748 | \$ 213,914 |
| Earnings per share | | | | |
| Basic | | | | |
| Income before cumulative effect of accounting change | \$ 0.45 | \$ 3.56 | \$ 1.09 | \$ 2.77 |
| Cumulative effect of accounting change | | | | (0.03) |
| Net income | \$ 0.45 | \$ 3.56 | \$ 1.09 | \$ 2.74 |

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|------------------------------------------------------|----|--------|----|--------|-----------------|
| Diluted | | | | | |
| Income before cumulative effect of accounting change | \$ | 0.45 | \$ | 3.50 | \$ 1.07 \$ 2.74 |
| Cumulative effect of accounting change | | | | | (0.03) |
| Net income | \$ | 0.45 | \$ | 3.50 | \$ 1.07 \$ 2.71 |
| Weighted Average Shares Outstanding | | | | | |
| Basic | | 72,859 | | 76,622 | 72,499 77,911 |
| Diluted | | 73,811 | | 77,802 | 73,526 78,802 |

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Plains Exploration & Production Company

Operating Data

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|----------------------------------------------------------------|-------------------------------------|----------|------------------------------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Daily Average Volumes | | | | |
| Oil and liquids sales (Bbls) | 47,482 | 53,043 | 47,233 | 52,815 |
| Gas (Mcf) | | | | |
| Production | 63,768 | 62,266 | 48,108 | 63,782 |
| Used in steam operations | 6,096 | 16,721 | 6,313 | 14,732 |
| Sales | 57,672 | 45,545 | 41,795 | 49,050 |
| BOE | | | | |
| Production | 58,110 | 63,421 | 55,251 | 63,445 |
| Sales | 57,094 | 60,634 | 54,199 | 60,990 |
| Unit Economics (in dollars) | | | | |
| Average NYMEX Prices | | | | |
| Oil | \$ 75.15 | \$ 70.54 | \$ 66.19 | \$ 68.25 |
| Gas | 6.18 | 6.62 | 6.84 | 7.44 |
| Average Realized Sales Price Before Derivative Transactions | | | | |
| Oil (per Bbl) | \$ 63.19 | \$ 59.51 | \$ 55.31 | \$ 57.46 |
| Gas (per Mcf) | 4.28 | 6.38 | 5.56 | 6.71 |
| Per BOE | 56.89 | 56.85 | 52.49 | 55.16 |
| Cash Margin per BOE (1) | | | | |
| Oil and gas revenues | \$ 56.89 | \$ 50.30 | \$ 52.49 | \$ 48.57 |
| Costs and expenses | | | | |
| Lease operating expenses | (10.04) | (9.03) | (9.96) | (8.24) |
| Steam gas costs | (4.26) | (2.82) | (5.18) | (2.48) |
| Electricity | (2.13) | (1.79) | (1.99) | (1.73) |
| Production and ad valorem taxes | (0.97) | (1.25) | (1.04) | (1.19) |
| Gathering and transportation | (0.58) | (0.41) | (0.30) | (0.36) |
| Gross margin before DD&A (GAAP) | 38.91 | 35.00 | 34.02 | 34.57 |
| Hedging expense included in oil and gas revenues | | 6.55 | | 6.58 |
| Cash derivative settlements | | | | |
| Oil and gas production | (4.88) | (4.05) | (5.10) | (4.02) |
| Natural gas purchases | | (0.52) | | (0.51) |
| Cash margin (Non-GAAP) | \$ 34.03 | \$ 36.98 | \$ 28.92 | \$ 36.62 |

- (1) Cash margin (a non-GAAP measure) is calculated by adjusting gross margin before DD&A (a GAAP measure) to exclude hedging expense included in oil and gas revenues and to deduct cash derivative settlements. Management believes this presentation may be helpful to investors as it represents the cash generated by our oil and gas production that is available for, among other things, capital expenditures and debt service. PXP management uses this information to analyze operating trends and for comparative purposes within the industry. This measure is not intended to replace the GAAP statistic but to provide additional information that may be helpful in evaluating the Company's operational trends and performance.

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Plains Exploration & Production Company**Consolidated Balance Sheets (Unaudited)**

(in thousands of dollars)

| | September 30, 2007 | December 31, 2006 |
|-------------------------------------------------------------|-----------------------|----------------------|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 4,597 | \$ 899 |
| Accounts receivable | 148,560 | 113,193 |
| Inventories | 12,254 | 12,394 |
| Deferred income taxes | 51,637 | 51,084 |
| Other current assets | 7,986 | 7,226 |
| | 225,034 | 184,796 |
| Property and Equipment, at cost | | |
| Oil and natural gas properties - full cost method | | |
| Subject to amortization | 3,607,209 | 2,624,277 |
| Not subject to amortization | 697,675 | 142,096 |
| Other property and equipment | 80,084 | 41,392 |
| | 4,384,968 | 2,807,765 |
| Less allowance for depreciation, depletion and amortization | (878,779) | (700,241) |
| | 3,506,189 | 2,107,524 |
| Goodwill | 153,093 | 158,515 |
| Other Assets | 75,259 | 12,393 |
| | \$ 3,959,575 | \$ 2,463,228 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 207,878 | \$ 131,639 |
| Commodity derivative contracts | 76,550 | 95,162 |
| Royalties and revenues payable | 42,349 | 38,159 |
| Stock appreciation rights | 49,687 | 57,429 |
| Interest payable | 17,087 | 1,143 |
| Income tax payable | | 94,272 |
| Other current liabilities | 40,262 | 42,388 |
| | 433,813 | 460,192 |
| Long-Term Debt | | |
| Revolving credit facility | 480,000 | 235,500 |
| 7 3/4% Senior Notes | 600,000 | |
| 7% Senior Notes | 500,000 | |
| | 1,580,000 | 235,500 |

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|------------------------------------|--------------|--------------|
| Other Long-Term Liabilities | | |
| Asset retirement obligation | 144,024 | 133,420 |
| Commodity derivative contracts | 35,842 | 18,114 |
| Other | 17,183 | 19,040 |
| | 197,049 | 170,574 |
| Deferred Income Taxes | 500,012 | 466,279 |
| Stockholders Equity | | |
| Common stock | 805 | 792 |
| Additional paid-in capital | 1,049,836 | 964,472 |
| Retained earnings | 543,990 | 463,864 |
| Treasury stock, at cost | (345,930) | (298,445) |
| | 1,248,701 | 1,130,683 |
| | \$ 3,959,575 | \$ 2,463,228 |

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Plains Exploration & Production Company**Consolidated Statements of Cash Flows (Unaudited)**

(in thousands of dollars)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|------------------------------------------------------------|---------------------------------------------|-------------|--------------------------------------------|-------------|
| | 2007 | 2006 | 2007 | 2006 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net income | \$ 32,860 | \$ 272,693 | \$ 78,748 | \$ 213,914 |
| Items not affecting cash flows from operating activities | | | | |
| Gain on sale of oil and gas properties | | (345,480) | | (345,480) |
| Depreciation, depletion, amortization and accretion | 72,028 | 53,408 | 187,764 | 159,034 |
| Deferred income taxes | 22,179 | 126,630 | 57,194 | 82,319 |
| Cumulative effect of adoption of accounting change | | | | 2,182 |
| Commodity derivative contracts | 39,155 | 24,205 | 75,582 | 409,534 |
| Noncash compensation | 4,960 | 9,176 | 20,150 | 32,594 |
| Other noncash items | 251 | (16) | 220 | (64) |
| Change in assets and liabilities from operating activities | (26,922) | 73,773 | (133,897) | 66,119 |
| Net cash provided by operating activities | 144,511 | 214,389 | 285,761 | 620,152 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Additions to oil and gas properties | (218,132) | (167,371) | (476,314) | (456,796) |
| Acquisition of Piceance Basin properties | (1,532) | | (975,407) | |
| Proceeds from property sales, net | | 850,427 | | 850,427 |
| Derivative settlements | (25,616) | (25,463) | (74,759) | (68,194) |
| Additions to other property & equipment | (4,424) | (2,932) | (28,588) | (7,467) |
| Other | (7,438) | | (10,869) | |
| Net cash provided by (used in) investing activities | (257,142) | 654,661 | (1,565,937) | 317,970 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Revolving credit facilities | | | | |
| Borrowings | 533,315 | 453,800 | 1,989,565 | 1,182,700 |
| Repayments | (428,315) | (684,800) | (1,745,065) | (1,454,700) |
| Proceeds from long-term debt issue | | | 1,100,000 | |
| Costs incurred in connection with financing arrangements | (265) | | (18,182) | |
| Purchase of treasury stock | | (100,817) | (47,485) | (100,817) |
| Derivative settlements | | | | (28,579) |
| Other | 1,700 | 3,613 | 5,041 | 3,971 |
| Net cash provided by (used in) financing activities | 106,435 | (328,204) | 1,283,874 | (397,425) |
| Net increase (decrease) in cash and cash equivalents | (6,196) | 540,846 | 3,698 | 540,697 |
| Cash and cash equivalents, beginning of period | 10,793 | 1,403 | 899 | 1,552 |
| Cash and cash equivalents, end of period | \$ 4,597 | \$ 542,249 | \$ 4,597 | \$ 542,249 |

Page 11

Plains Exploration & Production Company**Summary of Open Derivative Positions**

at November 1, 2007

| Period | Instrument Type | Daily Volumes | Average Price | Index |
|--------------------------------------|-----------------|---------------|----------------------|-------|
| Sales of Crude Oil Production | | | | |
| 2007 | | | | |
| Nov - Dec | Put options | 50,000 Bbls | \$55.00 Strike price | WTI |
| 2008 | | | | |
| Jan - Dec | Put options | 42,000 Bbls | \$55.00 Strike price | WTI |
| 2009 | | | | |
| Jan - Dec | Put options | 32,500 Bbls | \$55.00 Strike price | WTI |

-- MORE --

Plains Exploration & Production Company**Reconciliation of GAAP to Non-GAAP Measure**

The following chart reconciles Net Cash Provided by Operating Activities (GAAP) to Operating Cash Flow (non-GAAP) for the three months ended September 30, 2007, June 30, 2007, March 31, 2007 and September 30, 2006. Management believes this presentation may be useful to investors because it is illustrative of the impact of the Company's derivative contracts. PXP management uses this information for comparative purposes within the industry and as a means of measuring the Company's ability to fund capital expenditures and service debt. This measure is not intended to replace the GAAP statistic but to provide additional information that may be helpful in evaluating the Company's operational trends and performance.

Operating cash flow is calculated by adjusting the GAAP measure of cash provided by operating activities to exclude the effect of current income taxes on the gain on the sale of oil and gas properties and changes in operating assets and liabilities and include derivative cash flows that are classified as a financing or investing activity in the statement of cash flows. Pursuant to accounting rules certain cash payments with respect to our derivative instruments are required to be reflected as financing or investing activities.

| | September 30, 2007 | Three Months Ended June 30, 2007 (millions of dollars) | March 31, 2007 |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------------------------------------------------|-------------------|
| Net cash provided by operating activities (GAAP) | \$ 144.5 | \$ 121.3 | \$ 20.0 |
| Changes in operating assets and liabilities | 26.9 | 12.0 | 95.0 |
| Cash payments for commodity derivative contracts that settled during the period that are reflected as investing or financing cash flows in the statement of cash flows | (25.6) | (25.6) | (23.5) |
| Operating cash flow (Non-GAAP) | \$ 145.8 | \$ 107.7 | \$ 91.5 |

| | 2007 | Three Months Ended September 30, 2006 (millions of dollars) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------------------------------------------------------------------|
| Net cash provided by operating activities (GAAP) | \$ 144.5 | \$ 214.4 |
| Changes in operating assets and liabilities | 26.9 | (73.8) |
| Current income taxes on gain on sale of oil and gas properties | | 54.9 |
| Cash payments for commodity derivative contracts that settled during the period that are reflected as investing or financing cash flows in the statement of cash flows | (25.6) | (25.5) |
| Operating cash flow (Non-GAAP) | \$ 145.8 | \$ 170.0 |

###

Third Quarter
Earnings Conference Call
November 2007
Third Quarter
Earnings Conference Call
November 2007
Exhibit 99.2

2

PXP

Except for the historical information contained herein, the matters discussed in this presentation are forward-looking statements

as defined by the Securities and Exchange

Commission. These statements involve certain assumptions PXP

made based on its experience and perception of historical trends, current conditions, expected future developments and other factors it believes are appropriate under the circumstances. The forward-looking statements are subject to a number of known and unknown risks, uncertainties and other factors that could cause our actual results to differ materially. These risks and uncertainties include, among other things, completion of the proposed acquisition, uncertainties inherent in the exploration for and development and production of oil & gas and in estimating reserves, unexpected future capital expenditures, general economic conditions, oil and gas price volatility, the success of our risk management activities, competition, regulatory changes and other factors discussed in PXP's filings with the Securities and Exchange Commission.

Corporate Headquarters

Contacts

Plains Exploration & Production Company

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Houston, Texas 77002

Forward Looking Statements

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Corporate Information

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Chairman, President & CEO

Winston M. Talbert

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Web Site: www.pxp.com

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PXP
Financial Highlights
2007 Third Quarter
\$ 0.28
\$ 0.35
\$ 0.45

Net Income per Diluted Share

\$ 91.5

\$ 107.7

\$ 145.8

Operating Cash Flow

(1)

(millions)

\$ 62.0

\$ 71.0

\$ 110.5

Operating Income

(millions)

\$ 224.7

\$ 255.5

\$ 299.0

Revenues

(millions)

51,900

53,500

57,100

Sales Volume

(BOEPD)

1

st

QTR

2

nd

QTR

3

rd

QTR

(1) Operating

cash

flow

is

a

Non-GAAP

measure.

Refer

to

the

reconciliation

table

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document

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PXP

Operational Highlights

2007 Third Quarter

Significant discovery at Flatrock in the GOM

Discovery well encountered 8 pay sands totaling 260 net feet

Production test indicated a flow rate of approximately 17 MMCFED net to PXP

First sales volumes expected in the fourth quarter 2007

One additional Flatrock well is currently drilling, a second well is expected to begin drilling shortly and a third location has been permitted
Production test at the Hurricane Deep discovery

Flow
rate of approximately 3.3 MMCFD net to PXP

First sales volumes expected in the fourth quarter of 2007
Flatrock Area (Flatrock & Hurricane Deep) is expected to contribute meaningful production in 2008
Integrated the Piceance Basin properties

Compression expansion projects completed

Sales volumes increased 20% since properties acquired

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PXP
Flatrock Discovery
South Marsh Island
Blocks 212/217
Source:
McMoRan
Exploration
Company
PXP
has
a
30%
working
interest
in
the
Flatrock
wells
and
Hurricane
Deep
Discovery well encountered 260
net pay in 8 sands
Tested 75 MMCFED, 17 MMCFED

net to PXP, in October 2007

First production expected in 4Q07

Flatrock

No. 2 (Location B) drilling

at 5,000

Flatrock

No. 3 (Location D) to

commence in 4Q07

6
PXP
Exploration
Gulf of Mexico
Friesian
New Orleans
Discoveries
Discoveries
2007 Drilling or Planned
2007 Drilling or Planned
20+ prospect
inventory beyond
current 2007 drills
20+ prospect
inventory beyond
current 2007 drills
Vicksburg
Buckhorn
Bob North
Hurricane Deep
Flatrock
Cottonwood
Point
Flatrock Area
Terrebonne
(Results pending)

7

PXP

Momentum Continues

Strong earnings driven by growing production
and higher commodity prices

Development program expanding

Colorado Piceance Basin

GOM Flatrock Area

(Flatrock, Hurricane Deep, Cottonwood Point discoveries)

Three GOM prospects currently drilling and

Vicksburg prospect, results pending

Pending Pogo acquisition

8
PXP
\$55.00
Strike Price
32,500 Bbls
Crude Oil
Put Options

2009

\$55.00

Strike Price

42,000 Bbls

Crude Oil

Put Options

2008

\$55.00

Strike Price

50,000 Bbls

Crude Oil

Put Options

2007

Average

Price

Daily

Volumes

Instrument

Type

Production

Period

Hedging Overview

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PXP
GAAP
Non-GAAP Reconciliation
Plains Exploration & Production Company
Reconciliation of GAAP to Non-GAAP Measure
September 30,

June 30,
 March 31,
 2007
 2007
 2007
 Net cash provided by operating activities (GAAP)
 144.5
 \$
 121.3
 \$
 20.0
 \$
 Changes in operating assets and liabilities
 26.9
 12.0
 95.0
 Cash payments for commodity derivative contracts
 that settled during the period that are reflected
 as investing or financing cash flows in the
 statement of cash flows
 (25.6)
 (25.6)
 (23.5)
 Operating cash flow (Non-GAAP)
 145.8
 \$
 107.7
 \$
 91.5
 \$
 2007
 2006
 Net cash provided by operating activities (GAAP)
 144.5
 \$
 214.4
 \$
 Changes in operating assets and liabilities
 26.9
 (73.8)
 Current income taxes on gain on sale of
 oil and gas properties
 -
 54.9
 Cash payments for commodity derivative contracts
 that settled during the period that are reflected
 as investing or financing cash flows in the
 statement of cash flows
 (25.6)
 (25.5)

Operating cash flow (Non-GAAP)

145.8

\$

170.0

\$

The following chart reconciles Net Cash Provided by Operating Activities (GAAP) to Operating Cash Flow (non-GAAP) for the three months ended September 30, 2007, June 30, 2007, March 31, 2007 and September 30, 2006. Management

believes

this

presentation

may

be

useful

to

investors

because

it

is

illustrative

of

the

impact

of

the

Company's

derivative

contracts. PXP management uses this information for comparative purposes within the industry and as a means of

measuring

the

Company's

ability

to

fund

capital

expenditures

and

service

debt.

This

measure

is

not

intended

to

replace

the

GAAP

statistic

but

to

provide
additional
information
that
may
be
helpful
in
evaluating
the
Company's
operational
trends
and
performance.

Operating cash flow is calculated by adjusting the GAAP measure of cash provided by operating activities to exclude the effect of current income taxes on the gain on the sale of oil and gas properties and changes in operating assets and liabilities and include derivative cash flows that are classified as a financing or investing activity in the statement of cash flows. Pursuant to accounting rules certain cash payments with respect to our derivative instruments are required to be reflected as financing or investing activities.

(millions of dollars)

Three Months Ended September 30,

Three Months Ended

(millions of dollars)

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PXP

Additional Information

PXP AND POGO HAVE FILED A JOINT PROXY STATEMENT/PROSPECTUS AND OTHER DOCUMENTS WITH THE SECURITIES AND EXCHANGE COMMISSION. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ CAREFULLY THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS BECAUSE IT CONTAINS IMPORTANT INFORMATION REGARDING PXP, POGO AND THE ACQUISITION.

A DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS HAS BEEN SENT TO SECURITY HOLDERS OF PXP
SEEKING
THEIR
APPROVAL
OF
THE
ISSUANCE
OF
SHARES
OF
PXP
STOCK
TO
BE
USED
AS
MERCER

CONSIDERATION AND SECURITY HOLDERS OF POGO SEEKING THEIR APPROVAL OF THE ACQUISITION.
INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THE DEFINITIVE JOINT PROXY
STATEMENT/PROSPECTUS (WHEN AVAILABLE) AND OTHER DOCUMENTS FILED BY PXP AND POGO WITH
THE SEC AT THE SEC'S WEBSITE AT WWW.SEC.GOV.

THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND SUCH OTHER DOCUMENTS (RELATING TO
PXP) MAY ALSO BE OBTAINED FOR FREE FROM PXP BY DIRECTING A REQUEST TO PLAINS
EXPLORATION & PRODUCTION COMPANY, 700 MILAM, SUITE 3100, HOUSTON, TX 77002, ATTENTION:
JOANNA PANKEY; TELEPHONE: (713) 579-6000, E-MAIL: JPANKEY@PXP.COM.

THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND SUCH OTHER DOCUMENTS (RELATING TO
POGO) MAY ALSO BE OBTAINED FOR FREE FROM POGO BY DIRECTING A REQUEST TO POGO
PRODUCING COMPANY, 5 GREENWAY PLAZA, SUITE 2700, HOUSTON, TX 77046, ATTENTION: CLAY
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PXP

PXP, its directors, executive officers and certain members of management and employees may be considered participants in the solicitation

of proxies from PXP's

stockholders in connection with the acquisition. Information regarding such persons and a description of their interest in the acquisition is contained in the joint proxy

statement/prospectus when it is filed. Information concerning beneficial ownership of PXP stock by its directors and certain executive officers is included in its proxy statement dated March 29, 2007 and subsequent statements of changes in beneficial ownership on file with the SEC.

Pogo, its directors, executive officers and certain members of management and employees may be considered participants in the solicitation of proxies from Pogo's

stockholders in connection with the acquisition. Information regarding such persons and a description of their interest in the acquisition is contained in the joint proxy statement/prospectus when it is filed. Information concerning beneficial ownership of Pogo stock by its directors and certain executive officers is included in its proxy statement dated April 20, 2007 and subsequent statements of changes in beneficial ownership on file with the SEC.

Additional Information

Third Quarter
Earnings Conference Call
November 2007
Third Quarter
Earnings Conference Call
November 2007