FORM S-4

Registration of securities issued in business combination transactions

Filing Date: **1999-09-10**
SEC Accession No. 0000950109-99-003342

FILER

WESTERN GAS RESOURCES INC CIK:**856716**| IRS No.: **841127613** | State of Incorp.:**DE** | Fiscal Year End: **1231** Type: **S-4** | Act: **33** | File No.: **333-86881** | Film No.: **99709353** SIC: **4922** Natural gas transmission	Mailing Address *12200 NORTH PECOS ST* *DENVER CO 80234*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
LANCE OIL & GAS CO INC CIK:**1094610**| IRS No.: **841437986** Type: **S-4** | Act: **33** | File No.: **333-86881-01** | Film No.: **99709354**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
MIGC INC CIK:**1094611**| IRS No.: **952669193** Type: **S-4** | Act: **33** | File No.: **333-86881-02** | Film No.: **99709355**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
PINNACLE GAS TREATING INC CIK:**1094612**| IRS No.: **841353711** Type: **S-4** | Act: **33** | File No.: **333-86881-03** | Film No.: **99709356**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
WESTERN GAS RESOURCES TEXAS INC CIK:**1094613**| IRS No.: **841169621** Type: **S-4** | Act: **33** | File No.: **333-86881-04** | Film No.: **99709357**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
WESTERN GAS RESOURCES OKLAHOMA INC CIK:**1094614**| IRS No.: **841241947** Type: **S-4** | Act: **33** | File No.: **333-86881-05** | Film No.: **99709358**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
WESTERN GAS WYOMING LLC CIK:**1094615**| IRS No.: **830324583** Type: **S-4** | Act: **33** | File No.: **333-86881-06** | Film No.: **99709359**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*
MGTC INC/WY CIK:**1094617**| IRS No.: **952284390** Type: **S-4** | Act: **33** | File No.: **333-86881-07** | Film No.: **99709360**	Mailing Address *12200 N PECOS ST* *DENVER CO 80234-3493*	Business Address *12200 N PECOS ST* *DENVER CO 80234-3439* *3034525603*

As filed with the Securities and Exchange Commission on September 10, 1999

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

Under

The Securities Act of 1933

Western Gas Resources, Inc.

(Exact Name of Registrant as Specified in its Charter)

Delaware	1313	84-1127613
(State or Other Jurisdiction of Incorporation or Organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Co-Registrants

(See next page)

12200 North Pecos Street

Denver, Colorado 80234-3439

(303) 452-5603

(Address, Including Zip Code and Telephone Number, Including Area Code, of Registrant's principal executive offices)

John C. Walter, Esq.

Executive Vice President and General Counsel

Western Gas Resources, Inc.

12200 North Pecos Street

Denver, Colorado 80234-3439

(303) 450-8357

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

Copies to:

Robert M. Chilstrom, Esq.

Skadden, Arps, Slate, Meagher & Flom LLP

919 Third Avenue

New York, NY 10022

(212) 735-3000

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: [_]

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

CALCULATION OF REGISTRATION FEE

<TABLE>
<CAPTION>

Title of Class of Securities to be Registered	Amouunt to be Registered	Proposed Maximum Offering Price per Security(1)	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee(1)

10% Senior Subordinated Notes due 2009 of Western Gas Resources, Inc.	$155,000,000	100%	$155,000,000	$43,090
Guarantees of the 10% Senior Subordinated Notes due 2009 of Western Gas Resources, Inc. (2)	--	--	--	--
Total	$155,000,000	100%	$155,000,000	$43,090

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) promulgated under the Securities Act of 1933, as amended.
(2) No separate consideration will be received for the Guarantees, and, therefore, no additional registration fee is required.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date and until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Co-Registrants

Exact Name of Co-Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	Primary Standard Industrial Classification Code Number	I.R.S. Employer Identification No.
Lance Oil & Gas Company, Inc.	Delaware	1311	84--1437986
MIGC, Inc.	Delaware	4922	95--2669193
Mountain Gas Resources, Inc.	Delaware	1311	84--1202352
MGTC, Inc.	Wyoming	4924	95--2284390
Pinnacle Gas Treating, Inc.	Texas	1311	84--1353711
Western Gas Resources--Texas, Inc.	Texas	1311	84--1169621
Western Gas Resources--Oklahoma, Inc.	Delaware	1311	84--1241947
Western Gas Wyoming, L.L.C.	Wyoming	1311	83--0324583

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+The information in this prospectus is not complete and may be changed. We may +
+not sell these securities until the registration statement filed with the   +
+Securities and Exchange Commission is effective.   +
++

Subject to Completion--Dated September 10, 1999

Exchange Offer for

$155,000,000

[LOGO OF WESTERN GAS RESOURCES, INC. APPEARS HERE]

10% Senior Subordinated Notes due 2009

This exchange offer will expire at midnight, New York City Time, on , 1999, unless extended.

Terms of the Exchange Offer:

- We are offering a total of $155,000,000 of exchange notes, which are registered with the Securities and Exchange Commission, to all holders of old notes.
- We will exchange exchange notes for all old notes that are validly tendered and not withdrawn prior to the expiration of the exchange offer.
- You may withdraw tenders of old notes at any time before the exchange offer expires.
- We will not receive any proceeds from the exchange offer.
- We believe that the exchange of notes will not be a taxable exchange for United States federal income tax purposes, but you should see the section entitled "Certain United States Federal Income Tax Consequences" on page 102 for more information.
- The terms of the exchange notes are substantially identical to those of the old notes, except for transfer restrictions and registration rights relating to the old notes.
- The old notes are, and the exchange notes will be, guaranteed by the subsidiary guarantors set forth in this prospectus.
- There is no existing market for the exchange notes, and we do not intend to apply for their listing on any securities exchange.

See the "Description of Notes" section on page 64 for more information about the exchange notes.

This investment involves risks. See the section entitled "Risk Factors" that begins on page 11 for a discussion of the risks that you should consider prior to tendering your old notes for exchange.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or the accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 1999.

<TABLE>
<CAPTION>

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which can be identified by the use of forward-looking terminology, such as "may," "intend," "will," "expect," "anticipate," "estimate," or "continue" or the negative thereof or other variations thereon or comparable terminology. This prospectus contains forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we can give no assurance that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth under the caption "Risk Factors" and elsewhere in this prospectus and include uncertainties associated with the expansion of our gathering operations, project development schedules, marketing plans, throughput capacity and anticipated volumes that involve a number of risks and uncertainties, including the composition of gas to be treated and the drilling schedules and success of the producers whose acreage is dedicated to our facilities. In addition to the important factors referred to in this prospectus, numerous other factors affecting the gas processing industry generally and the markets for gas and natural gas liquids in which we participate could cause actual results to differ materially. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by those cautionary statements. We will not update these forward-looking statements even though our situation will change in the future.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

We incorporate herein by reference our Annual Report on Form 10-K for the year ended December 31, 1998, as filed with the Securities Exchange Commission (the "Commission") on March 29, 1999, our Quarterly Report on Form 10-Q for the quarter ended June 30, 1999, as filed with the Commission on August 13, 1999, our Current Reports on Form 8-K, dated May 10, 1999, May 25, 1999 and May 27, 1999, as filed with the Commission on May 11, 1999, May 25, 1999 and May 27, 1999, our Current Report onForm 8-K/A, dated July 7, 1999 as filed with the Commission on July 7, 1999, and our Proxy Statement for Annual Meeting of Stockholders as filed with the Commission on April 20, 1999.

All documents filed by us pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), subsequent to the date of this prospectus and prior to the termination of the offering made hereby shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statements. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of the prospectus.

AVAILABLE INFORMATION

We have filed with the Commission a registration statement on Form S-4 under the Securities Act of 1933, covering the exchange notes (File No. 333-*). This prospectus does not contain all of the information included in the registration statement. If we have filed any contract, agreement or other document as an exhibit to the registration statement, you should read the exhibit for more complete understanding of the document or matter involved.

We are subject to the informational requirements of the Exchange Act and, in accordance therewith, we file reports, proxy statements and other information with the Commission. The reports, proxy statements and other information that we file with the Commission pursuant to the informational requirements of the Exchange Act may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549, and at the following Regional Offices of the Commission: Midwest Regional Office, Citicorp Center, Suite 1400, 14th Floor, 500 West Madison

Street, Chicago, Illinois 60661; and Northeast Regional Office, Suite 1300, 13th Floor, 7 World Trade Center, New York, New York 10048. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Judiciary Plaza, Washington, D.C. 20549. The public may obtain information on the operation of the Public Reference Room by calling the Commission at 1-800-SEC-0330. The Commission also maintains a Web site (http:/ /www.sec.gov) that makes available reports, proxy statements and other information regarding Western. Shares of Western's common stock, $0.10 par value, are quoted on the New York Stock Exchange ("NYSE") under the symbol "WGR," and copies of reports and other information concerning Western can also be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

In addition, pursuant to the indenture, we have agreed to the extent permitted by the Commission to file with the Commission and in all events to distribute to the trustee our annual reports containing audited annual consolidated financial statements and our quarterly reports containing our unaudited consolidated financial statements for each of the first three quarters of each fiscal year. We will do this without regard to whether we are subject to the informational requirements of the Exchange Act.

This prospectus incorporates important business and financial information about us that we have not included in or delivered with the prospectus. This information is available without charge upon written or oral request. You should make any request to Ron O. Wirth, Western Gas Resources, Inc., 12200 North Pecos Street, Denver, Colorado 80234-3439, telephone number: (303) 452-5603.

CERTAIN DEFINITIONS

As used in this prospectus:

- ""Bcf'' means billion cubic feet;
- ""Bcf/D" means billion cubic feet per day;
- ""Btu'' means British thermal unit;
- ""casinghead gas" means gas produced from an oil well;
- ""FERC'' means the Federal Energy Regulatory Commission;
- ""fractionation'' means the separation of a natural gas liquid stream into components such as ethane, propane, normal butane, iso-butane and natural gasoline;
- ""MBbl'' means thousand barrels;
- ""Mcf'' means thousand cubic feet;
- ""MMcf'' means million cubic feet;
- ""MMcf/D" means million cubic feet per day;
- ""MGal'' means thousand gallons;
- ""MGal/D" means thousand gallons per day;
- ""NGL'' means natural gas liquids;
- ""peaking'' means providing incremental supply of gas to meet requirements for high volumetric demand on short notice;

- ""Tcf'' means trillion cubic feet; and

- ""throughput capacity" represents capacity at a facility in accordance with operational constraints or design specifications.

PROSPECTUS SUMMARY

The following summary contains basic information about Western Gas Resources, Inc. and the exchange of notes. It may not contain all the information that may be important to you. You should read this entire prospectus, including the financial data and related notes, and the documents to which we have referred you before making an investment decision. The terms "Western," "we," "our" and "us," as used in this prospectus, refer to Western Gas Resources, Inc. and its subsidiaries as a consolidated entity, except where it is clear that these terms mean only Western Gas Resources, Inc. You should carefully consider the information set forth under "Risk Factors." In addition, certain statements include forward-looking information which involves risks and uncertainties. See "Disclosure Regarding Forward-Looking Statements."

The Company

Western gathers, processes, treats, develops and produces, transports and markets natural gas and NGLs. We operate in major gas-producing basins in the Rocky Mountain, Mid-Continent, Gulf Coast and Southwestern regions of the United States. We design, construct, own and operate natural gas gathering systems and processing and treating facilities in order to provide our customers with a broad range of services from the wellhead to the sales delivery point.

On a pro forma basis, after giving effect to the April 1999 sales of our Katy gas storage and hub facility and our Giddings gas gathering system and the June 1999 sale of our MiVida treating facility:

- at June 30, 1999, we owned approximately $1.0 billion of assets, including approximately 8,000 miles of gathering systems, 21 processing and treating facilities and two regulated natural gas pipelines, and at December 31, 1998 we owned approximately 239 Bcf of net proven natural gas reserves;

- for both the year ended December 31, 1998 and the six months ended June 30, 1999, we had average throughput at our facilities of approximately 1.1 Bcf/D of natural gas;

- for the year ended December 31, 1998 and the six months ended June 30, 1999, we generated revenues of $2.1 billion and $864.4 million, respectively, and earnings before interest expense, income taxes, depreciation, depletion and amortization, non-cash impairment charges and gains or losses on the sales of assets and any extraordinary charges, or EBITDA, of $66.7 million and $32.9 million, respectively.

Our operations are conducted through the following four business segments:

- Gathering and Processing--Our operations are in well-established basins such as the Permian, Anadarko, Powder River, Green River and San Juan basins. We connect oil and gas wells to our gathering systems for delivery of natural gas to our processing or treating plants. At our plants we process natural gas to extract NGLs and we treat natural gas in order to meet pipeline specifications. We provide these services to major oil and gas companies and to various sized independent producers.

- Production--We develop and, in limited cases, explore for natural gas, primarily with third-party producers. We participate in exploration and production in order to enhance and support our existing gathering and processing operations. We sell the natural gas that we produce to third parties. Our producing properties are primarily located in the Powder River and Green River basins of Wyoming.

- Marketing--We buy and sell natural gas and NGLs in the wholesale market in the United States and in Canada. We provide storage, transportation, scheduling, peaking and other services to our customers. Our customers for these services include utilities, local distribution companies, industrial end-users and other energy marketers.

- Transportation--We transport natural gas through our regulated pipelines

for producers and energy marketers under fee schedules regulated by state or federal agencies.

For the year ended December 31, 1998, each business segment's relative contribution to our EBITDA before selling and administrative expenses was as presented in the following chart:

[PIE CHART APPEARS HERE]

Gathering & Processing	70%
Production	12%
Marketing	12%
Transportation	6%

In order to reduce our overall debt level and provide us with additional liquidity to fund our key growth opportunities, in 1998 we sold our Edgewood processing plant and our interest in the production served by this facility and our Perkins gas gathering and processing facility for an aggregate of $75.0 million, and in April 1999 we sold our Katy facility and a portion of the associated natural gas inventory for gross proceeds of $111.7 million and our Giddings facility for gross proceeds of $36.0 million. In June 1999, we sold our MiVida treating facility for gross proceeds of $12.0 million. As a result of these sales in 1999 and the offering of notes and the use of proceeds therefrom (collectively, the "Transactions"), our total debt was $371.8 million at June 30, 1999.

Our principal offices are located at 12200 North Pecos Street, Denver, Colorado 80234-3439, and our telephone number is (303) 452-5603. Western was incorporated in Delaware in 1989. Our common stock is traded under the symbol "WGR" on the New York Stock Exchange.

Business Strategy

Our long-term business plan is to increase our profitability by: (i) optimizing the profitability of existing operations; (ii) entering into additional agreements with third-party producers who dedicate acreage to our gathering and processing operations; and (iii) investing in projects or acquiring assets that complement and extend our core natural gas gathering, processing, production and marketing businesses.

Capital expenditures related to existing operations are expected to be approximately $67.0 million during 1999. This includes approximately $39.6 million related to gathering, processing and pipeline assets and approximately $18.5 million for the development of gas reserves in the Powder River basin.

Optimize Profitability

We continuously seek to improve the profitability of our existing operations by:

- increasing natural gas throughput levels through new well connections and expansion of gathering systems. In 1999, we expect to spend approximately $8.0 million on additional well connections and compression and gathering system expansions. We increased throughput levels at our facilities from 895 MMcf/D in 1993 to 1,162 MMcf/D in 1998.

- increasing our efficiency through the consolidation of existing gathering and processing facilities. Consolidations allow us to increase the throughput of the surviving plant while eliminating a majority of the operating costs of the closed plant. For example, in 1998 we combined the processing operations of our Four Corners and San Juan River plants.

- evaluating assets. We routinely review the economic performance of each of our operating facilities to ensure that a targeted rate of return is achieved. If an operating facility is not generating targeted returns we explore various options, such as consolidation with other Western-owned

or third-party-owned facilities, dismantlement, asset swap or outright sale.

- controlling operating and overhead expenses. We recently restructured our operational and administrative organization which we expect will result in approximately $5.0 million in savings in plant operating and selling and administrative expenses in 1999 from those incurred in 1998.

Increase Dedicated Acreage

Our operations are located in some of the most actively drilled oil and gas producing basins in the United States. We enter into agreements under which we gather and process natural gas produced on acreage dedicated to us by third parties. We continually seek to obtain production from new wells and newly dedicated acreage in order to replace declines in existing reserves that are dedicated for gathering and processing at our facilities. We have increased our dedicated estimated reserves from 2.2 Tcf at December 31, 1993 to 3.1 Tcf at December 31, 1998. On average, over this five-year period, including the reserves associated with our joint ventures and partnerships and excluding the reserves associated with facilities sold during this period, we connected new reserves to our facilities to replace approximately 165% of throughput over this period. In order to obtain additional dedicated acreage and to secure contracts on favorable terms, we may participate to a limited extent with producers in exploration and production activities. For the same reason, we may also offer to sell an ownership interest in our facilities to selected producers.

Expansion of Core Business

We will continue to invest in projects that complement and extend our core natural gas gathering, processing, production and marketing businesses. We will also expand our gathering, processing and production operations into new geographic areas. During 1999, the majority of our capital budget will be spent in the Powder River basin of Wyoming and in Southwest Wyoming. These projects include:

- continued development of Powder River basin coal bed methane reserves to increase natural gas production and throughput at our existing gathering and transportation facilities;

- completion of the Fort Union gathering pipeline and treater, which will enable us and others to increase gas production in the Powder River basin and connect to major interstate pipelines for transportation; and

- continued expansion of our gathering systems and participation in the drilling for additional natural gas reserves in Southwest Wyoming.

Competitive Strengths

Reputation and Experience

We believe we are a well-known and respected provider of low cost, high quality gathering, processing and treating and energy marketing services. Our executive officers have an average of 20 years of experience in the energy industry. This experience and our technical capabilities in the design and construction of facilities allow us to respond rapidly to the needs of our customers. As an example, our reputation has given us the opportunity to manage the current construction of, and in the future operate, the Fort Union gathering pipeline and treater. We believe our low cost operations will enable us to continue to offer competitive terms to our customers.

Well-Positioned Asset Base

We are positioned in some of the most actively drilled oil and gas producing basins in the United States. Further, we seek to enhance our operations in these basins through expansion of existing gathering systems and the acquisition of complementary systems. As of June 30, 1999, our gathering systems were located in seven states and consisted of more than 8,000 miles of pipe with a throughput capacity of 2.3 Bcf/D. Our producing properties are located primarily in the Powder River basin and in the Jonah Field of Southwest Wyoming. We believe that our gathering, processing and producing assets are primarily located in areas that will continue to be actively explored for both oil and gas.

Diversity of Business Segments

We believe the diversity of our operations helps to insulate us from the full impact of commodity price fluctuations of NGLs. Our gathering and processing gross margins are affected by relative natural gas and NGL price changes. Our production gross margins are affected by natural gas price changes. Our marketing and transportation gross margins are not negatively affected by changing commodity prices. Due to our continued expansion of fee-based services and the continued development of natural gas in the Powder River basin, we expect that our gross margins in the future will be more dependent upon the collection of fees and natural gas prices than upon NGL prices.

Favorable Long-Term Contracts

Substantially all of the natural gas gathered or processed through our facilities is supplied under long-term contracts with durations ranging from five to 20 years. Approximately 90% of our gathering and processing gross margins come from percentage-of-proceeds and fee-based contracts, which are our preferred types of contracts.

- Approximately 70% of our gathering and processing gross margins currently come from percentage-of-proceeds agreements. Under these agreements, we receive a percentage of the net proceeds from the sale of the gas and NGLs that we gather or process. As a result, our gross margins under these agreements vary directly with natural gas and NGL prices.

- Approximately 20% of our gathering and processing gross margins currently come from fee-based contracts. Under these agreements, we receive a set fee per Mcf of the natural gas that we gather or process. This type of contract provides us with steady revenues that are not affected by changes in commodity prices except to the extent that low prices may cause a producer to curtail production. We expect the proportion of gross margins generated from fee-based contracts to increase significantly as Powder River and Southwest Wyoming gas volumes increase.

Significant Growth Opportunities

Our presence in major producing basins provides us with what we believe are significant growth opportunities within our existing areas of operation. Currently, our two primary growth projects are as follows:

Powder River Basin--We continue to develop our Powder River basin coal bed methane natural gas gathering system and our coal seam gas reserves in Wyoming. The average drilling, completion and gathering cost for our coal bed methane wells is approximately $65,000 with proven reserves per well of approximately 320 MMcf. As deeper wells are drilled, the average cost per well is expected to increase. Production of coal bed methane from the Powder River basin has been expanding, and approximately 124 MMcf/D of gas volume in the second quarter of 1999 was being produced by several operators in the area as compared to 61 MMcf/D in January 1998. Approximately 75% of this production is from acreage equally owned by our partner, Barrett Resources Corporation, and us. We transport most of the coal bed methane gas through our MIGC interstate pipeline located in Wyoming, for redelivery to gas markets in the Rocky Mountain and Midwest regions of the United States.

In December 1998, we joined with other industry partners to form Fort Union Gas Gathering, L.L.C., which is currently constructing a 106-mile long, 24-inch gathering pipeline and treater to gather and treat natural gas produced in the Powder River basin. We own a 13% equity interest in Fort Union and are the construction manager and field operator. We expect this new gathering pipeline to have an initial capacity of approximately 450 MMcf/D of natural gas with expansion capability. This project is expected to be operational on or about the end of the third quarter of 1999.

Southwest Wyoming--The United States Geologic Survey estimates that the Greater Green River basin contains over 120 Tcf of unrecovered natural gas reserves. Our facilities are located in the Southwest Wyoming portion of this basin. They include the Granger gathering and processing facility and a 72% ownership interest in the Lincoln Road gathering and processing facility. These facilities have a combined operational capacity of 225 MMcf/D and processed an average of 177 MMcf/D in the first six months of 1999. We believe that as governmental drilling restrictions affecting a portion of our service area in

this basin are removed in the fourth quarter of 1999, we may have the opportunity to expand these facilities in the year 2000.

Risk Management Activities

We believe that we are conservative in our approach to commodity price risk management. Our commodity price risk management program has two primary objectives. The first goal is to preserve and enhance the value of our equity volumes of gas and NGLs with regard to the impact of commodity price movements on EBITDA. The second goal is to manage price risk related to our gas, crude oil and NGL marketing activities to protect profit margins.

We hedged a portion of our equity volumes of gas and NGLs in 1999 at pricing levels approximating our 1999 operating budget. Our equity hedging strategy establishes a minimum and maximum price while allowing market participation between these levels. As of June 30, 1999, we had hedged approximately 71% of our anticipated equity gas for the remainder of 1999 at a weighted average NYMEX equivalent minimum price of $2.00 per Mcf. Additionally, we have hedged approximately 77% of our anticipated equity NGLs for the remainder of 1999 at a weighted average composite Mont Belvieu and West Texas Intermediate crude oil equivalent minimum price of $.23 per gallon.

Summary of the Exchange Offer

On June 15, 1999, we completed the private offering of our 10% Senior Subordinated Notes due 2009. Simultaneously with the private offering, we entered into an exchange and registration rights agreement with the initial purchasers of the private offering in which we agreed to deliver this prospectus to you and to complete the exchange offer no later than 45 days after the effective date of the registration statement of which this prospectus is a part, which effective date must occur on or prior to December 12, 1999. If we do not complete the exchange offer before this date, the annual interest rate on the 10% Senior Subordinated Notes due 2009 will increase by .25% for the first 90-day period during which the registration default continues, will increase by .50% for the second 90-day period during which the registration default continues, and will increase by .75% for the third 90-day period during which the registration default continues and at a rate of 1.0% thereafter for the period during which the registration default continues, up to a maximum increase of 1.0% over the original interest rate of the notes until the exchange offer is completed. You should read the discussion under the heading "--Summary Description of the Notes" and "Description of the Notes" for more information about the registered notes.

We believe that the notes to be issued in the exchange offer may be resold by you without compliance with the registration and prospectus delivery provisions of the Securities Act, unless you are an affiliate of

Western or an underwriter or a broker dealer. You should read the discussion under the heading "The Exchange Offer" for further information regarding the exchange offer and resale of the notes.

Exchange and Registration Rights Agreement.....	This agreement entitles holders of old notes to exchange their notes for registered notes with identical economic terms. The exchange offer will satisfy those rights. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your notes.
The Exchange Offer.....	We are offering to exchange up to $155.0 million of the exchange notes for up to $155.0 million of the old notes. Old notes may be exchanged only in $1,000 increments.
Tenders; Expiration Date; Withdrawal.....	The exchange offer will expire at midnight, New York City time, on , 1999, unless we extend it. If you decide to exchange your old notes for exchange notes, you must acknowledge that you are not engaging in, and do not intend to engage in, a distribution of the exchange notes. You may withdraw your tender of old notes at any time before midnight on ,

	1999. If we decide for any reason not to accept your notes for exchange, we will return them to you promptly and without expense after the exchange offer expires or terminates. See "The Exchange Offer--Terms of the Exchange Offer" for a more complete description of the tender and withdrawal provisions.
Conditions to the Exchange Offer.....	We are not required to accept any old notes in exchange for exchange notes. We may terminate or amend the exchange offer if we determine that the exchange offer violates applicable law or any applicable interpretation of the Commission.
Federal Tax Considerations.....	We believe the exchange of old notes for exchange notes under the exchange offer will not result in any gain or loss to you for federal income tax purposes. See "Certain United States Federal Income Tax Consequences" for a general summary of material United States federal income tax consequences associated with the exchange of the old notes for exchange notes and the ownership and disposition of those new notes.
Use of Proceeds.....	We will receive no proceeds from the exchange offer.
Exchange Agent.....	Chase Bank of Texas, National Association, is the exchange agent for the exchange offer. The address and telephone number of the exchange agent are set forth under the heading "The Exchange Offer--The Exchange Agent."

Consequences of Not Exchanging Your Old Notes

If you do not exchange your old notes in the exchange offer, they will continue to be subject to the restrictions on transfer that are described in the legend on the notes. In general, you may offer or sell your old notes only if they are registered under, or offered or sold under an exemption from the Securities Act and applicable state securities laws.

If old notes are tendered and accepted in the exchange offer, it may become more difficult for you to sell or transfer your unexchanged notes. In addition, if you do not exchange your old notes in the exchange offer, you will no longer be entitled to have those notes registered under the Securities Act.

Consequences of Exchanging Your Old Notes

Based on interpretations of the staff of the Commission, we believe that you may offer for resale, resell or otherwise transfer the notes that we issue in the exchange offer without complying with the registration and prospectus delivery requirements of the Securities Act of 1933, as amended, if:

- you acquire the exchange notes in the ordinary course of your business;
- you are not participating, do not intend to participate, and have no arrangement or undertaking with anyone to participate, in the distribution of the notes issued to you in the exchange offer; and
- you are not an "affiliate" of Western, as defined in Rule 405 of the Securities Act.

Summary Description of the Notes

The terms of the exchange notes and the old notes are identical in all material respects but two:

- the transfer restrictions and registration rights relating to the old notes do not apply to the exchange notes; and
- if we do not complete the exchange offer by a date which is no later than 45 days after the effective date of the registration statement of which this prospectus is a part, which effective date must occur on or prior to

December 12, 1999, the interest rate on the old notes will increase by .25% for the first 90-day period during which the registration default continues, will increase by .50% for the second 90-day period during which the registration default continues, and will increase by .75% for the third 90-day period during which the registration default continues and at a rate of 1.0% thereafter for the period during which the registration default continues, up to a maximum increase of 1.0% over the original interest rate of the old notes.

Issuer.....	Western Gas Resources, Inc.
Exchange Notes to be Issued.....	$155.0 million aggregate principal amount of 10% Senior Subordinated notes due 2009 which have been registered under the Securities Act.
Maturity.....	June 15, 2009.
Interest.....	Annual rate: 10%
Interest Payment Dates..	Payment frequency: every six months on June 15 and December 15, commencing December 15, 1999.
Sinking Fund.....	None.
Ranking.....	The exchange notes will rank junior to all of our existing and future indebtedness, other than trade payables (as to which the exchange notes are pari passu) and any future indebtedness that expressly provides that it is equal to or subordinated in right of payment to the exchange notes. The exchange notes will be junior in right of payment to our existing and future indebtedness under our Revolving Credit Facility and our existing indebtedness under our Master Shelf agreement and our outstanding 1995 Senior notes (collectively, the "Senior Debt Agreements"). The old notes and the exchange notes will rank pari passu with each other.

At June 30, 1999 we had outstanding borrowings of $216.8 million under our Senior Debt Agreements. See "Description of Other Indebtedness."

Subsidiary Guarantees...	Our payment obligations under the exchange notes will be unconditionally guaranteed on a senior subordinated basis by certain of our existing and future subsidiaries. Payments by a subsidiary guarantor on its guarantee of the exchange notes will be junior in right of payment to all of that guarantor's existing and future indebtedness to the same extent and in the same manner as the exchange notes are subordinated to our senior indebtedness. Payments by a subsidiary guarantor on its guarantee of the old notes and the exchange notes will be pari passu with each other. See "Description of Notes--Subsidiary Guarantees."
Optional Redemption.....	We may redeem some or all of the exchange notes at our option at any time on or after June 15, 2004 at the redemption prices listed in "Description of Notes--Optional Redemption."

In addition, on or before June 15, 2002, we may, at our option, use the net proceeds from one or more public equity offerings to redeem up to 35% of the aggregate principal amount of the exchange notes originally issued at the price listed in "Description of Notes--Optional Redemption."

Mandatory Offer to Repurchase.....	If we experience specific kinds of changes of control or certain types of asset sales, we must offer to repurchase the exchange notes at the prices listed in

	"Description of Notes--Repurchase at Option of Holders--Change of Control" and "--Asset Disposition."
Covenants of Indenture..	We will issue the exchange notes under the indenture governing the exchange notes with Chase Bank of Texas, National Association, as trustee. The indenture will limit our ability and/or the ability of certain of our subsidiaries to: . incur more debt; . pay dividends, redeem or repurchase our stock or make other distributions; . make certain investments; . create certain liens; . enter into transactions with affiliates; . merge or consolidate or dispose of all or substantially all of our assets; . dispose of certain asset sale proceeds; and . incur senior subordinated debt that does not rank equal to the exchange notes. These covenants are subject to a number of important qualifications and limitations. See "Description of Notes--Certain Covenants."

Form of Notes Issued in the Exchange Offer.....	The exchange notes with respect to notes currently represented by global securities will be represented by one or more permanent global securities in bearer form deposited with Chase Bank of Texas, National Association, as book-entry depositary, for the benefit of The Depository Trust Company. Notes that are issued in the exchange offer that have been exchanged for notes in the form of registered definitive certificates will be issued in the form of registered definitive certificates until holders direct otherwise. For more information, see "Description of Notes--Book-Entry, Delivery and Form."

Summary Consolidated Financial and Operating Data

(Dollars in thousands, except operating data)

<TABLE>
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	Six Months Ended June 30,			Year Ended December 31,				
	1999	Pro Forma 1999(3)	1998	1998	Pro Forma 1998(3)	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations Data:								
Revenues.....	$863,945	$864,401	$1,081,226	$2,133,566	$2,063,824	$2,385,260	$2,091,009	$1,256,984
Operating profit(1).....	31,565	48,895	77,102	125,914	113,369	153,003	168,686	140,572
Interest expense.....	15,753	13,682	16,296	33,616	29,475	27,474	34,437	37,160
Income (loss) before taxes.....	(24,895)	(4,008)	16,571	(105,623)	(106,311)	2,220	41,631	(8,266)
Provision (benefit) for income taxes.....	(9,062)	(1,544)	6,031	(38,418)	(38,666)	733	13,690	(2,158)

Income (loss) before extraordinary items....	(15,833)	(2,464)	10,540	(67,205)	(67,645)	1,487	27,941	(6,108)
Extraordinary charge for early extinguishment of debt.....	(1,107)	(1,107)	--	--	--	--	--	--
Net income (loss).....	(16,940)	(3,571)	10,540	(67,205)	(67,645)	1,487	27,941	(6,108)
Other Financial Data:								
EBITDA, as adjusted(2)..	37,613	32,942	46,329	79,291	66,747	118,404	137,233	115,141
Depreciation, depletion and amortization.....	24,755	23,268	29,328	59,346	51,631	59,248	63,207	65,361
Loss on impairment of property and equipment.	--	--	--	108,447	108,447	34,615	--	17,642
Preferred dividends.....	5,220	5,220	5,220	10,439	10,439	10,439	10,439	15,431
Capital expenditures....	34,247	--	51,838	105,216	--	198,901	74,555	78,521
Credit Statistics:								
EBITDA/Interest expense(2).....	2.39	2.41	2.84	2.36	2.26	4.31	3.99	3.10
EBITDA/Fixed charges(2).	2.10	2.08	2.48	2.03	1.91	3.34	4.76	2.60
Long-term debt/EBITDA(2).....	4.99	5.64	5.63	6.37	--	3.73	2.77	4.60
Operating Data:								
Average gas sales (MMcf/D).....	2,050	--	2,145	2,200	--	1,975	1,794	1,572
Average NGL sales (MGal/D).....	2,905	--	4,640	4,730	--	4,585	3,744	2,890
Average gas volumes gathered (MMcf/D).....	1,166	--	1,163	1,162		1,229	1,171	1,020
Facility capacity (MMcf/D).....	2,282	--	2,269	2,237	--	2,302	1,940	1,907
Dedicated reserves (Tcf).....	--	--	--	3.1	--	3.3	2.8	2.7
Average gas prices ($/Mcf).....	1.93	--	2.07	2.01	--	2.30	2.19	1.53
Average NGL prices ($/Gal).....	.27	--	.27	.26	--	.36	.41	.31

<CAPTION>

	As of June 30, 1999
<S>	<C>
Balance Sheet Data:	
Total assets.....	$1,004,591
Long-term debt.....	371,833
Stockholders' equity.....	358,207

</TABLE>

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(1) Operating profit is income before interest expense, selling and administrative expense, income taxes, depreciation, depletion and amortization, and $108,447, $34,615 and $17,642 of non-cash impairment losses related to certain oil and gas assets and plant facilities in the fourth quarter of 1998, 1997 and 1995, respectively, in connection with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of", and $1,107 for the six months ended June 30, 1999 of after-tax extraordinary loss on early extinguishment of debt. This data does not purport to reflect any measure of operations or cash flow.

(2) EBITDA, as presented, reflects income before interest expense, income taxes, depreciation, depletion and amortization and $108,447, $34,615 and $17,642 of non-cash impairment losses related to certain oil and gas assets and plant facilities in the fourth quarter of 1998, 1997 and 1995, respectively, in connection with SFAS No. 121 and gains or losses on sales of assets of $(22,000), $15,866, $16,495, $5,153, $2,042 and $(1,179) for the six months ended June 30, 1999 and 1998 and for each of the years ended December 31, 1998, 1997, 1996 and 1995, respectively. The six months ended June 30, 1999 and the pro forma calculations for the six months ended June 30, 1999 also exclude $1,107 of after-tax extraordinary loss on early extinguishment of debt. This data does not purport to reflect any measure of operations or cash flow. EBITDA is not a measure determined pursuant to generally accepted accounting principles, or GAAP, nor is it an alternative to GAAP income. For purposes of calculating the Long-term debt/EBITDA Credit Statistic, the EBITDA for each of the six months ended June 30, 1999 and 1998 have been multiplied by two to arrive at an annualized amount.

(3) The pro forma column reflects the sales of the Katy, Giddings and MiVida facilities for total gross proceeds of $159,700 and the issuance of the old notes and the application of the net proceeds therefrom as if the sales and issuance of the old notes had occurred on January 1, 1998 and January 1, 1999 for the Pro Forma Consolidated Statement of Operations. See "Pro Forma Consolidated Financial Statements."

RISK FACTORS

You should consider carefully all the information set forth in this prospectus, including the following risk factors and warnings, before deciding whether to exchange your old notes for the exchange notes. Except for the first risk factor described below, the risk factors generally apply to the old notes as well as to the exchange notes. The risks described below are not the only risks that could affect us or our notes.

You may have difficulty selling the notes which you do not exchange.

It may be difficult for you to sell notes that are not exchanged in the exchange offer. Those notes may not be offered or sold unless they are registered or there are exemptions from the registration requirements under the Securities Act and applicable state securities laws.

If you do not tender your old notes or if we do not accept some of your old notes, those notes will continue to be subject to the transfer and exchange restrictions in:

- the indenture,
- the legend on the old notes, and
- the Offering Circular relating to the old notes.

The restrictions on transfer of your old notes arise because we issued the old notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the old notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the old notes under the Securities Act. To the extent old notes are tendered and accepted in the exchange offer, the trading market, if any, for the old notes would be adversely affected.

We have substantial debt and debt service requirements.

We have substantial debt and debt service requirements. In addition, we pay approximately $10.4 million in preferred stock dividends per year. As of June 30, 1999, our total debt outstanding was $371.8 million, $216.8 million of which is senior to the exchange notes, and our earnings for the calculation of the ratio of earnings to fixed charges for the six months ended June 30, 1999 and the year ended December 31, 1998 would have been deficits of $26.3 million and $108.5 million, respectively. Accordingly, no ratio of earnings to fixed charges is presented.

Our substantial debt could have important consequences including:

- our substantial degree of leverage could make it more difficult for us to satisfy our obligations under the exchange notes;
- our ability to borrow additional amounts for working capital, capital expenditures and other purposes will be limited or such financing may not be available on terms favorable to us;
- a substantial portion of our cash flows from operations will be used to pay our interest expense, pay our preferred stock dividends and repay our debt, which will reduce the funds that would otherwise be available to us for our operations and future business opportunities; and
- our substantial degree of leverage may limit our flexibility to adjust to changing market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions of our business.

See "Description of Other Indebtedness" and "Description of Notes."

We and our subsidiaries may be able to incur substantial additional indebtedness in the future.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. This could further exacerbate the risks described above. The terms of the indenture do not fully prohibit us or our subsidiaries from incurring other indebtedness. As of June 30, 1999, the Revolving Credit Facility allowed additional borrowings of $218.5 million and all of those borrowings would be senior to the exchange notes. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

See "Capitalization," "Consolidated Historical Financial and Operating Data," "Description of Notes" and "Description of Other Indebtedness."

To service our debt, we will require a significant amount of cash and our ability to generate cash depends on many factors.

Our ability to repay or refinance our current debt, including the exchange notes, depends on our successful financial and operating performance and on our ability to successfully implement our business strategy. Unfortunately, we cannot assure you that we will be successful in implementing our strategy or in realizing our anticipated financial results. Our financial and operational performance depends in part on prevailing economic conditions and on certain financial, business and other factors beyond our control. We cannot assure you that our cash flows and capital resources will be sufficient to pay our interest expense, pay our preferred stock dividends and repay our debt. In the event that we are unable to pay our obligations, we may be forced to: (i) reduce or delay capital expenditures; (ii) delay implementation of our business strategy; (iii) sell assets; (iv) obtain additional equity capital; or (v) refinance or restructure all or a portion of our outstanding debt. However, our ability to raise funds to service our debt and preferred stock obligations may be restricted by the terms of our senior indebtedness, and the indenture and our ability to effect equity financing will be dependent on our results of operations and market conditions. In the event that we are unable to refinance our indebtedness or raise funds through asset sales, sales of equity or otherwise, our ability to pay principal of, and interest on, the exchange notes could be adversely affected.

A breach in any of our restrictive debt covenants could result in a default under debt agreements.

The terms of our Senior Debt Agreements and the indenture governing the exchange notes contain a number of significant covenants. These covenants will limit our ability to, among other things:

- incur more debt;
- pay dividends, redeem or repurchase our stock or senior notes or make other distributions;
- make certain investments;
- use assets as security in other transactions;
- enter into transactions with affiliates;
- merge or issue certain securities or consolidate or dispose of our assets;
- dispose of certain asset sale proceeds;
- incur senior subordinated debt that does not rank equal to the exchange notes;
- create certain liens;
- extend credit;
- sell or discount receivables;
- enter into certain leases; and

. enter into speculative derivative positions.

A breach of any of these covenants could result in a default under our debt agreements. A default, if not waived, could result in acceleration of our indebtedness, in which case the debt would become immediately due and payable. If this occurs, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if new financing is available, it may not be on terms that are acceptable to us.

Certain of our subsidiaries guarantee our outstanding indebtedness under our Senior Debt Agreements. These guarantees are secured by a lien on the capital stock of certain of our subsidiaries, now owned or acquired later. In addition, our Senior Debt Agreements contain covenants requiring us to maintain specified financial ratios. Our ability to meet those financial ratios can be affected by events beyond our control, and there can be no assurance that we will meet those ratios. If we were unable to borrow under our Revolving Credit Facility due to a default or if we fail to meet certain specified prerequisites for borrowing, we could be left without sufficient liquidity and the senior lenders could seize the stock securing these borrowings and/or enforce other remedies at their disposal. The exchange notes will not be secured by any of our assets.

See "Description of Notes--Certain Covenants" and "Description of Other Indebtedness."

The old notes and the exchange notes rank behind all of our existing and future indebtedness (other than trade payables) and any future indebtedness that expressly provides that it is equal to or senior in right of payment to the old notes and the exchange notes; payments by a guarantor on its guarantee of the old notes and the exchange notes are similarly subordinated.

The old notes and the exchange notes rank behind all of our existing and future indebtedness, other than trade payables (as to which the old notes and the exchange notes are pari passu) and any future indebtedness that expressly provides that it is equal to or senior in right of payment to the old notes and the exchange notes. Similarly, payments by a guarantor on its guarantee of the old notes and the exchange notes are subordinated to the prior payment in full of all Guarantor Senior Debt of that guarantor substantially to the same extent as the old notes and the exchange notes are subordinated to all existing and future Senior Debt of Western. As a result, upon any distribution to our creditors in a bankruptcy, liquidation or reorganization, the holders of any senior indebtedness, including the lenders under our Senior Debt Agreements, will be entitled to be paid in full in cash before we will make any payments on the old notes and the exchange notes; and upon any distribution to the creditors of a guarantor in a bankruptcy, liquidation or dissolution relating to that guarantor, the holders of Guarantor Senior Debt of that Guarantor will be entitled to be paid in full before any payment may be made with respect to its guarantee of the old notes and the exchange notes. In the event of our bankruptcy, liquidation or dissolution, our assets would be available to pay obligations on the old notes and the exchange notes only after all payments had been made on our Senior Debt. We cannot assure you that sufficient assets will remain to make any payments on the old notes and the exchange notes.

In addition, all payments on the old notes and the exchange notes will be blocked in the event of a payment default on our Senior Debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on Senior Debt.

In the event of a bankruptcy, liquidation or dissolution relating to us or the guarantors, holders of the old notes and the exchange notes will participate on a pari passu basis with trade creditors and all other holders of senior subordinated indebtedness of Western and the guarantors. However, because the indenture requires that amounts otherwise payable to holders of the old notes and the exchange notes in a bankruptcy or similar proceeding be paid instead to holders of Senior Debt until they are paid in full, holders of the old notes and the exchange notes will in all likelihood receive less, ratably, than holders of trade payables and other senior subordinated debt in any such proceeding. In addition, the acceleration of any of our indebtedness, the aggregate principal amount of which equals or exceeds $10.0 million, will constitute an event of default under the indenture. If an event of default exists under the Senior Debt Agreements or certain other Senior Debt, the indenture may restrict payments on the old notes and the exchange notes until holders of such other indebtedness are paid in full or such default is cured or

waived or has otherwise ceased to exist. In any of these cases, we and the guarantors may not have sufficient funds to pay all of our creditors and holders of the old

notes and the exchange notes will in all likelihood receive less, ratably, than the holders of trade payables and other senior subordinated debt.

The outstanding Senior Debt of Western at June 30, 1999 was $216.8 million. At that date, the only outstanding indebtedness of our subsidiaries was intercompany indebtedness owed to Western and trade payables.

In addition, at June 30, 1999 approximately $218.5 million was available for borrowing as additional Senior Debt under the Revolving Credit Facility. We and our subsidiaries will be permitted to borrow substantial additional indebtedness, including Senior Debt, in the future under the terms of the indenture.

The old notes and the exchange notes are not secured by any of our assets. Our obligations under the Senior Debt Agreements, however, are secured by a pledge of the capital stock of our significant subsidiaries. All of the indebtedness outstanding under the Senior Debt Agreements matures prior to the maturity of the old notes and the exchange notes. If we were to become insolvent or were liquidated, or if payments under the Senior Debt Agreements were accelerated, the lenders under the Senior Debt Agreements will be entitled to exercise the remedies available to a secured lender under applicable law. Under these circumstances, the senior lenders would have a secured claim on the stock of and distributions from our subsidiaries. See "Description of Other Indebtedness" and "Description of Notes--Subordination."

We depend on dividends and other payments from our subsidiaries to satisfy our financial obligations and make payments to investors.

A significant portion of our properties are owned by, and a significant portion of our operations are conducted through, our subsidiaries. As a result, we depend on dividends and other payments from our subsidiaries to satisfy our financial obligations and make payments to our investors. The ability of our subsidiaries to pay dividends and make other payments to us is subject to certain restrictions described elsewhere in this Risk Factor section. See "Risk Factors--The old notes and the exchange notes rank behind all of our existing and future indebtedness (other than trade payables) and any future indebtedness that expressly provides that it is equal to or senior in right of payment to the old notes and the exchange notes; payments by a guarantor on its guarantee of the old notes and the exchange notes are similarly subordinated." and "--A breach in any of our restrictive debt/covenants could result in a default under debt agreements." In addition, the ability of a subsidiary to pay dividends to us will be limited by applicable law. In the event of bankruptcy proceedings affecting a subsidiary, to the extent we are recognized as a creditor of that subsidiary, our claim would still be subordinate to any security interest in or other lien on any assets of that subsidiary and to any of its debt and other obligations that are senior to the payment of the old notes and the exchange notes.

Not all subsidiaries are guarantors on the old notes and the exchange notes.

Our existing subsidiaries, MGTC, Inc., WGR Canada, Inc., Western Gas Resources--California, Inc., Centre Court Travel, Inc., Rising Star Pipeline Corporation and Setting Sun Pipeline Corporation are not guarantors of the old notes and the exchange notes. The guarantees by MGTC, Inc., a Wyoming corporation, of our obligations under the Senior Debt Agreements have been released and MGTC, Inc. has made an application to and has received approval from the Wyoming Public Service Commission (the "PSC") to execute new guarantees in respect of our obligations under the Senior Debt Agreements. In the near future, MGTC, Inc. will execute guarantees of the old notes and the exchange notes pursuant to the terms of the indenture governing the notes. Certain of our future subsidiaries, including any foreign subsidiaries, may not be guarantors of the old notes and the exchange notes. In addition, the subsidiary guarantees will be released and discharged upon the payment of our senior indebtedness.

Payments on the exchange notes are only required to be made by us and the subsidiary guarantors. No payments are required to be made on the exchange notes from assets of subsidiaries which do not guarantee the exchange notes unless those assets are transferred, by dividend or otherwise, to us or a subsidiary guarantor. As a result, the exchange notes and the subsidiary

guarantees are effectively subordinated to all existing and future debt and other liabilities and preferred stock of our subsidiaries that do not guarantee the exchange notes. In the event of any insolvency, liquidation or other reorganization of any of our subsidiaries that do not guarantee the

exchange notes, creditors of the subsidiaries, including trade creditors and holders of the subsidiaries' preferred stock, would be entitled to receive payment in full from the assets of the subsidiaries before Western, as a stockholder, would be entitled to receive any distribution therefrom.

Our Non-guarantor Subsidiaries generated approximately $1.5 million and $1.0 million of EBITDA in the year ended December 31, 1998 and for the six months ended June 30, 1999, respectively.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding notes.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding old and exchange notes. However, it is possible that we will not have sufficient funds at the time of any change of control to make the required purchase of the old and exchange notes or that restrictions in our Senior Debt Agreements will not allow such repurchase.

In particular, a change of control may cause an acceleration of the indebtedness outstanding under the Senior Debt Agreements and other senior indebtedness which may be outstanding in which case such indebtedness would be required to be repaid in full before redemption or repurchase of the old or the exchange notes. See "Description of Notes--Repurchase at Option of Holders--Change of Control" and "Description of Other Indebtedness."

Our future financial condition and results of operations are affected by volatile product prices and hedging transactions.

Our future financial condition and results of operations will depend significantly upon the prices received for our natural gas and NGLs. Prices for natural gas and NGLs are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond our control. These factors include the level of domestic production, the availability of imported oil and gas, actions taken by foreign oil and gas producing nations, the availability of transportation systems with adequate capacity, the availability of competitive fuels, fluctuating and seasonal demand for oil, gas and NGLs, conservation and the extent of governmental regulation of production and the overall economic environment. A substantial or extended decline in gas and/or NGL prices would have a material adverse effect on our financial condition, results of operations and access to capital.

Our risk management policy is to enter into futures, swaps and option contracts primarily to reduce risk and to lock in profit margins on our equity gas, marketing and storage activities. Over-the-counter, or OTC, derivatives with counterparties, also permit us to offer our gas customers alternate pricing and delivery mechanisms meeting their specific needs. To ensure a known price for future equity production and a fixed margin between gas injected into storage and gas withdrawn from storage, we typically will sell a futures contract and related basis swap and thereafter, either (i) make physical delivery of our product to comply with such futures contract and settle our basis swap or (ii) buy matching futures and basis position contracts to unwind our position and sell our production to a customer in the cash market. We also may contract to sell future production to a customer at a fixed price and then purchase futures contracts to lock in a margin. We also may utilize these same techniques to manage price risk for product purchased from marketing customers. These contracts may expose us to the risk of instances where: (i) equity volumes are less than expected; (ii) our customers fail to purchase or deliver the contracted quantities of natural gas or NGLs; or (iii) our OTC counterparties fail to perform. Furthermore, to the extent that we engage in hedging activities, we may be prevented from realizing the benefits of price increases above the levels of such hedges.

The uncertainties of gas supply may affect our ability to replace dedicated reserves.

We must continually connect new wells to our gathering systems in order to maintain or increase throughput levels to offset natural declines in dedicated volumes. Drilling activity in certain basins in which we

operate has continued to be significantly reduced from levels that existed in prior years. The level of drilling will depend upon, among other factors, the prices for gas and oil, the energy policy of the federal government and the availability of foreign oil and gas, none of which is within our control. There is no assurance that we will be successful in replacing the dedicated reserves processed at our facilities.

Our estimates of oil and gas reserves are subject to numerous uncertainties.

Our reserve estimates are subject to numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. The accuracy of these estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Reserve estimates are imprecise and should be expected to change as additional information becomes available. Estimates of economically recoverable reserves and of future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Results of subsequent drilling, testing and production may cause either upward or downward revisions of previous estimates. In addition, the estimates of future net revenues from our proved reserves and the present value of those reserves are based upon certain assumptions about production levels, prices and costs, which may not be correct. Further, the volumes considered to be commercially recoverable fluctuate with changes in prices and operating costs. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumptions upon which they were based. Actual results may differ materially from the results estimated. Our estimates of reserves dedicated to our gathering and processing facilities are calculated by our reservoir engineering staff and are based on publicly available data. These estimates may be less reliable than the reserve estimates made for our own producing properties since the data available for estimates of our own producing properties also includes our proprietary data.

Opportunities for expansion and availability of related financing are uncertain.

In order for us to expand our business through either the purchase or construction of new gathering and processing facilities, we will be required to identify expansion opportunities and to finance these activities, using cash flow, equity or debt financing or a combination thereof. No assurance can be given that appropriate opportunities for expansion at levels of profitability which satisfy our targeted rates of return can be obtained or that financing on terms acceptable to us can be obtained. Natural gas and NGL price volatility make it difficult to estimate the value of acquisitions and to budget and forecast the return on our projects. In addition, unusually volatile prices often disrupt the market for gas and NGL properties, as buyers and sellers have more difficulty agreeing on the purchase price of properties.

The natural gas gathering, processing, treating and marketing businesses are highly competitive and there can be no assurance that we can compete successfully with other companies in the industry.

We compete with other companies in the gathering, processing, treating and marketing businesses both for supplies of natural gas and for customers for our natural gas and NGLs. Competition for natural gas supplies is primarily based on efficiency, reliability, availability of transportation and ability to obtain a satisfactory price for the producers' natural gas. Competition for sales customers is primarily based upon reliability and price of deliverable natural gas and NGLs. Our competitors for obtaining additional gas supplies, for gathering and processing gas and for marketing gas and NGLs include national and local gas gatherers, brokers, marketers and distributors of various sizes, financial resources and experience. For marketing customers that have the capability of using alternative fuels, such as oil and coal, we also compete based primarily on price against companies capable of providing such alternative fuels. We have experienced narrowing margins related to third-party sales due to the increasing availability of pricing information in the natural gas industry. Counterparties in our gas marketing transactions may require additional security such as letters of credit that are not required of certain of our competitors. If the additional security is required, our marketing margins and volumes may be adversely impacted.

The construction and operation of our gathering lines, plants and other facilities are subject to environmental laws and regulations that could affect our financial position or results of operations.

The construction and operation of our gathering lines, plants and other facilities used for the gathering, transporting, processing, treating, storing or producing of natural gas, oil or NGLs are subject to federal, state and local environmental laws and regulations, including those that can impose obligations to clean up hazardous substances at our facilities or well sites or at facilities to which we send waste for disposal. In most instances, the applicable regulatory requirements relate to water and air pollution control or waste management. We believe that we are in substantial compliance with applicable material environmental laws and regulations. Environmental regulation can increase the cost of planning, designing, constructing and operating our facilities or well sites.

Under the Clean Air Act, as amended, individual states are required to adopt regulations to implement the operating permit program. We do not believe that compliance with the Clean Air Act will require any material capital expenditures, although it will cause increased permitting costs in future years and will increase certain operating costs, such as emissions fees, on an ongoing basis. We do not believe that such cost increases will have a material effect on our financial position or results of operations.

We believe that it is reasonably likely that the trend in environmental legislation and regulation will continue to be towards stricter standards. We are unaware of future environmental standards that are reasonably likely to be adopted that will have a material effect on our financial position or results of operations, but cannot rule out that possibility.

Our business is subject to numerous other operational risks.

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

- title problems;
- weather conditions;
- noncompliance with or changes in governmental requirements or regulations;
- shortage or delays in the delivery or availability of equipment; and
- failure to obtain permits from regulatory agencies, such as those issued by the Bureau of Land Management, for our operations in a timely manner.

Regulations may have a significant impact upon our overall operations.

Many aspects of our natural gas and NGL gathering, processing, marketing and transportation operations are subject to federal, state and local laws and regulations which can have a significant impact upon our overall operations. As a processor and marketer of natural gas and NGLs, we depend on the transportation and storage services offered by various interstate and intrastate pipeline companies for the delivery and sale of our own gas and NGL supplies as well as those we process and/or market for others. Both the performance of transportation and storage services by interstate and intrastate pipelines and the rates charged for such services are subject to the jurisdiction of the Federal Energy Regulatory Commission and state regulatory agencies, respectively. An inability to obtain transportation and/or storage services at competitive rates can hinder our processing and marketing operations and/or affect our sales margins.

Insurance and operational risks may result in curtailment or suspension of operations.

We are subject to various hazards which are inherent in the industry in which we operate such as explosions, product spills, leaks and fires, each of which could cause personal injury and loss of life, severe damage to and destruction of property and equipment, and pollution or other environmental damage, and may

result in curtailment or suspension of operations at the affected facility. We maintain physical damage, comprehensive general liability, workers' compensation and business interruption insurance, which insurance is subject to deductibles that we consider reasonable. We are not fully insured against all risks in our business, however, we believe that the coverage we maintain is adequate and consistent with other companies in the industry. Consistent with insurance coverage typically available to the natural gas industry, our insurance policies do not provide coverage for losses or liabilities relating to pollution, except for sudden and accidental occurrences.

In future years, we may be required to expend capital in excess of our budget to continue to grow or maintain our operations.

Our operations are dependent upon the continued connection of new reserves and the building of additional facilities. Largely as a result of low commodity prices, primarily affecting NGL products, we have reduced our budget for capital expenditures in 1999 from the levels expended in 1997 and 1998. Capital expenditures related to existing operations are expected to be approximately $67.0 million during 1999, consisting of the following: (i) approximately $39.6 million related to gathering, processing and pipeline assets, of which $6.3 million is for maintaining existing facilities; (ii) approximately $24.6 million related to exploration and production activities; and (iii) approximately $2.8 million for miscellaneous items. As of June 30, 1999, we had expended approximately $34.3 million of this budget. We believe that in future years we may be required to expend capital in excess of our 1999 budget to continue to grow or maintain our operations.

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

- cash provided by operating activities;
- funds available under our Revolving Credit Facility after the application of proceeds from this notes offering;
- capital available from the sale of additional debt and equity securities; and
- proceeds from asset sales.

We believe the funds provided by these sources will be sufficient to meet our 1999 cash requirements. However, the uncertainties and risks associated with future performance and revenues, as described elsewhere in this Risk Factor section, will ultimately determine our liquidity and ability to meet our anticipated capital requirements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

Failure in Year 2000 compliance could have a material adverse effect on our financial position and results of operations.

Certain existing computer programs and hardware and industrial control equipment were designed and developed to use a two-digit field to indicate the year in an applicable date field, which could result in the improper processing of dates for years after 1999. This issue is commonly known as the "Year 2000" issue. The Year 2000 issue is a broad business issue, which could affect financial and business applications and our automated systems and instrumentation, as well as those of third parties. We have made a comprehensive review of our computer systems to identify the systems that could be affected by the Year 2000 issue and are in the process of identifying and making the appropriate modifications to these computer systems. We believe we also may be at risk in that the systems of other companies on which we rely may not be Year 2000 compliant. Any failure on our part or by third parties of business importance or other entities, such as governmental agencies, to become Year 2000 compliant on a timely basis could have a material adverse effect on our financial position and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources" and "Year 2000."

Undercapitalized partners may have a detrimental effect on our business.

As a part of our long-term strategy, we will continue to enter into joint ventures with third-party producers and other processors. Due to the recent decline in oil and gas prices, some of our joint venture partners and

producers are experiencing liquidity and cash flow problems. These problems may lead to their attempting to delay or slow down the pace of drilling or project development in order to conserve cash, to a point that may be detrimental to our business. Some partners may be unwilling or unable to pay their share of the costs of projects as they become due. In addition, partners in a joint venture are jointly and severally liable for the obligations of a partnership or joint venture. At worst, a partner may declare bankruptcy and refuse or be unable to pay their share of the costs of a project. We may then be required to pay this partner's share of the project costs. In most instances, we believe that we are contractually protected from such an event through our ability to take over the non-paying partner's share of the project and by applicable oil and gas lien laws and bankruptcy laws. However, no assurances can be given that we would be successful, through the exercise of our contractual and legal remedies, in preventing the detrimental effect on our business caused by any undercapitalized partners.

We are at times involved in various forms of litigation the outcome of which may result in our incurring additional liabilities.

During the normal course of our operations, we are at times involved in various forms of litigation, including those discussed in "Business--Legal Proceedings", the outcome of which may result in our incurring additional liabilities. The amount of any liabilities incurred through any unfavorable legal outcome may adversely affect our financial condition and our results of operations including resulting in violation of financial covenants or defaults under our senior debt agreements or defaults under the subordinated debt indenture. While we believe that we have meritorious defenses to all existing litigation, the results of litigation are uncertain. If we sought to appeal any unfavorable judgement, the ultimate results of any litigation would remain unknown until the end of such an appeal process which may take up to several years.

A subsidiary's guarantee of the exchange notes may be subordinated or avoided as a result of fraudulent conveyance.

Certain of our subsidiaries will provide a subordinated guarantee of the exchange notes. Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use those laws to subordinate or avoid any guarantee of the exchange notes issued by any of our subsidiaries. It is also possible that under certain circumstances a court could hold that the direct obligations of a subsidiary guaranteeing the exchange notes are superior to the obligations under that guarantee.

A court could avoid or subordinate the guarantee of the exchange notes by any of our subsidiaries in favor of that subsidiary's other debts or liabilities if, among other things, the court determines either of the following to be true at the time that subsidiary issued the guarantee:

- that subsidiary incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or that such subsidiary contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or

- that subsidiary did not receive fair consideration or reasonably equivalent value for issuing the guarantee and, at the time it issued the guarantee, that subsidiary:

  - was insolvent or rendered insolvent by reason of the issuance of the guarantee,

  - was engaged or about to engage in a business or transaction for which the remaining assets of that subsidiary constituted unreasonably small capital, or

  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

Among other things, a legal challenge of a subsidiary's guarantee of the exchange notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by that subsidiary as a result of our issuance of the old notes. To the extent a subsidiary's guarantee of the exchange notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the exchange note holders would cease to have any claim in respect of that guarantee and would be creditors solely of Western Gas Resources, Inc. and any other remaining guarantors.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. All outstanding notes that are tendered in the exchange offer will be retired and cancelled. Accordingly, the issuance of the notes in the exchange offer will not result in any proceeds to us.

We received net proceeds of approximately $150.0 million from the offering of the old notes, after deducting initial purchasers' discounts and estimated expenses of the offering. We applied a portion of the net proceeds to repay $33.3 million of outstanding indebtedness under the Master Shelf agreement, on which pre-tax make-whole payments of approximately $1.1 million were also paid. Of the $33.3 million repaid, $8.3 million bore interest at 7.51% and was due to mature on October 27, 2000, and the remaining $25.0 million bore interest at 6.77% and was due to mature on September 22, 2003. The remaining proceeds of approximately $115.6 million were used to repay a portion of the outstanding indebtedness under our Revolving Credit Facility. Funds available under the Revolving Credit Facility will be used together with operating cash flow to fund our future capital expenditure plans as well as for general corporate purposes. The amounts outstanding under the Master Shelf agreement and the Revolving Credit Facility at June 30, 1999 were $158.3 million and $31.5 million, respectively, and bore interest at weighted average rates of 8.1% per annum and 6.5% per annum, respectively. The indebtedness outstanding under both facilities was incurred for general corporate purposes. At June 30, 1999, approximately $218.5 million was available for borrowing under the Revolving Credit Facility.

ACCOUNTING TREATMENT

The exchange notes will be recorded at the same carrying value as the old notes as reflected in our accounting records on the date of exchange. Accordingly, no gain or loss for accounting purposes will be recognized by us. The expenses of the exchange offer and the unamortized expenses related to the issuance of the old notes will be amortized over the term of the exchange notes.

CAPITALIZATION

The following table sets forth our consolidated capitalization at June 30, 1999. See "Use of Proceeds." This table should be read in conjunction with the Pro Forma Consolidated Financial Statements and the Consolidated Financial Statements and notes thereto included elsewhere in this prospectus.

<TABLE>
<CAPTION>

	As of June 30, 1999
	(in thousands)
<S>	<C>
Long-term debt:	
Revolving Credit Facility	$ 31,500
1995 Senior Notes	27,000
Master Shelf Agreement	158,334
Senior Subordinated Notes	155,000
Total long-term debt	371,834
Stockholders' equity:	
Preferred Stock: par value $.10; 10,000,000 shares authorized (1)	
$2.28 Cumulative Preferred Stock, 1,400,000 shares issued and outstanding	140
$2.625 Cumulative Convertible Preferred Stock, 2,760,000 shares issued and outstanding	276
Common Stock, par value $.10; 100,000,000 shares authorized: 32,173,009 shares issued and outstanding (2)	3,217
Additional paid-in capital	397,344
Retained (deficit) earnings	(42,447)
Accumulated other comprehensive income	1,349

Treasury stock, at cost; 25,016 shares in treasury.....	(788)
Notes receivable from key employees secured by common stock.....	(884)
Total stockholders' equity.....	358,207
Total capitalization.....	$730,040

</TABLE>

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(1) See Note (1) of Notes to Consolidated Financial Statements for a description of the terms of Western's outstanding preferred stock.

(2) Does not include 1,400,211 shares of Common Stock issuable upon exercise of outstanding stock options.

PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The accompanying Pro Forma Consolidated Statements of Operations for the six months ended June 30, 1999 and the year ended December 31, 1998 give effect to the sales of the Katy, Giddings and MiVida facilities, the effects on interest of the prepayment of certain senior indebtedness and the issuance of the $155.0 million aggregate principal amount of old notes. These transactions were completed prior to June 30, 1999 and are included in the historical Consolidated Balance Sheet as of that date. The Pro Forma Consolidated Statements of Operations are based on the assumptions set forth in the notes to such statements.

The Pro Forma Consolidated Statements of Operations comprise historical financial data which has been retroactively adjusted to reflect the effect of the above transactions on our historical consolidated statements of operations. The historical information assumes that the transactions for which pro forma effects are shown were completed January 1, 1999 and 1998 for the Pro Forma Consolidated Statements of Operations. Such pro forma information should be read in conjunction with the related historical financial information and is not indicative of the results which would actually have occurred had the transactions been in effect on the dates or for the period indicated or which may occur in the future.

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)
For the six months ended June 30, 1999
(Dollars in Thousands)

<TABLE>
<CAPTION>

	Historical Company	Giddings Adjustment(1)	Katy Adjustment(2)	MiVida Adjustment(3)	Debt Offering Adjustment(4)	Pro Forma
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:						
Sale of gas.....	$715,055	$ (8,994)	$ --	$(2,730)	$ --	$703,331
Sale of natural gas liquids.....	139,854	(2,864)	--	(14)	--	136,976
Processing, transportation and storage revenue	24,319	(1,064)	(5,274)	(604)	--	17,377
Other, net.....	(15,283)	6,600	16,600	(1,200)	--	6,717
Total revenues.....	863,945	(6,322)	11,326	(4,548)	--	864,401
Costs and Expenses:						
Product purchases.....	795,178	(10,797)	69	(2,481)	--	781,969
Plant operating expense.....	33,519	(1,117)	(2,051)	(540)	--	29,811
Oil and gas exploration and production costs.....	3,683	--	44	--	--	3,727
Depreciation, depletion and amortization.....	24,755	(36)	(1,128)	(323)	--	23,268
Selling and administrative expense.....	15,952	--	--	--	--	15,952

Interest expense.....	15,753	(1,116)	(3,462)	(372)	2,879	13,682
Total costs and expenses.....	888,840	(13,066)	(6,528)	(3,716)	2,879	868,409
Income (loss) before income taxes.....	(24,895)	6,744	17,854	(832)	(2,879)	(4,008)
Provision (benefit) for income taxes.....	(9,062)	2,428	6,427	(300)	(1,037)	(1,544)
Net Income (loss) before extraordinary items....	(15,833)	4,316	11,427	(532)	(1,842)	(2,464)
Extraordinary charge for early extinguishment of debt.....	(1,107)	--	--	--	--	(1,107)
Net Income (loss).....	(16,940)	4,316	11,427	(532)	(1,842)	(3,571)
Preferred stock dividend requirements.....	(5,220)	--	--	--	--	(5,220)
Income (loss) attributable to common stock.....	$(22,160)	$ 4,316	$ 11,427	$ (532)	$(1,842)	$ (8,791)
Earnings (loss) per share of common stock--basic and diluted(5)...	$ (.69)					$ (.27)

</TABLE>

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited)
For the year ended December 31, 1998

<TABLE>
<CAPTION>

	Historical Company	Giddings Adjustment(1)	Katy Adjustment(2)	MiVida Adjustment(3)	Debt Offering Adjustment(4)	Pro Forma	
			(Dollars in Thousands)				
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues:							
Sale of gas.....	$1,611,521	$(38,859)	$ --	$(4,188)	$ --	$1,568,474	
Sale of natural gas liquids.....	449,696	(8,134)	--	(28)	--	441,534	
Processing, transportation and storage revenue.....	44,743	(193)	(15,980)	(2,360)	--	26,210	
Sale of electric power.....	20	--	--	--	--	20	
Other, net.....	27,586	--	--	--	--	27,586	
Total revenues.....	2,133,566	(47,186)	(15,980)	(6,576)	--	2,063,824	
Costs and Expenses:							
Product purchases.....	1,914,303	(40,540)	(426)	(3,664)	--	1,869,673	
Plant operating expense.....	85,353	(4,485)	(6,429)	(1,654)	--	72,785	
Oil and gas exploration and production costs.....	7,996	--	--	--	--	7,996	
Depreciation, depletion and amortization	59,346	(3,330)	(3,620)	(765)	--	51,631	
Selling and administrative expense.....	30,128	--	--	--	--	30,128	
Interest expense.....	33,616	(2,232)	(6,924)	(744)	5,759	29,475	
Loss on the impairment of property and equipment.....	108,447	--	--	--	--	108,447	

Total costs and expenses	2,239,189	(50,587)	(17,399)	(6,827)	5,759	2,170,135
Income (loss) before income taxes	(105,623)	3,401	1,419	251	(5,759)	(106,311)
Provision (benefit) for income taxes	(38,418)	1,224	511	90	(2,073)	(38,666)
Income (loss)	(67,205)	2,177	908	161	(3,686)	(67,645)
Preferred stock dividend requirements	(10,439)	--	--	--	--	(10,439)
Income (loss) attributable to common stock	$ (77,644)	$ 2,177	$ 908	$ 161	$(3,686)	$ (78,084)
Earnings (loss) per share of common stock--basic and diluted(5)	$ (2.42)					$ (2.43)

</TABLE>

NOTES TO PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(1) The actual results of operations achieved by the Giddings facility during the year ended December 31, 1998 and the six months ended June 30, 1999 are reversed to reflect the sale of this asset as if the sale had occurred on January 1, 1999 and 1998 for the statements of operations. The sale of the Giddings facility for gross proceeds of $36.0 million resulted in a net after-tax loss of approximately $3.7 million in the second quarter of 1999. This loss is not reflected on the Pro Forma Consolidated Statement of Operations for the year ended December 31, 1998 and is revised out of the historical results on the Pro Forma Consolidated Statement of Operations for the six months ended June 30, 1999 as it is not a continuing charge. The proceeds received from the sale of this facility were used to reduce long-term debt and interest expense at our weighted average interest rate on the Revolving Credit Facility of 6.2% for the year ended December 31, 1998 and the six months ended June 30, 1999, respectively.

(2) The actual results of operations achieved by the Katy facility during the year ended December 31, 1998 and the six months ended June 30, 1999 are reversed to reflect the sale of this asset as if the sale had occurred on January 1, 1999 and 1998 for the statements of operations. The sale of the Katy facility for gross proceeds of $100.0 million resulted in a net after-tax loss of approximately $10.9 million in the second quarter of 1999. This loss is not reflected on the Pro Forma Consolidated Statement of Operations for the year ended December 31, 1998 and is revised out of the historical results on the Pro Forma Consolidated Statement of Operations for the six months ended June 30, 1999 as it is not a continuing charge. In conjunction with this sale, we sold approximately 5.1 Bcf of stored gas in the Katy facility for approximately $11.7 million, which approximated our cost of the inventory. The combined proceeds received from the sale of this facility and the inventory were used to reduce long-term debt and interest expense at our weighted average interest rate on the Revolving Credit Facility of 6.2% for the year ended December 31, 1998 and the six months ended June 30, 1999, respectively.

(3) The actual results of operations achieved by the MiVida facility during the year ended December 31, 1998 and the six months ended June 30, 1999 are reversed to reflect the sale of this asset as if the sale had occurred on January 1, 1999 and 1998 for the statements of operations. The sale of the MiVida facility for gross proceeds of $12.0 million resulted in a net after-tax gain of approximately $680,000 in the second quarter of 1999. This gain is not reflected on the Pro Forma Consolidated Statement of Operations for the year ended December 31, 1998 and is revised out of the historical results on the Pro Forma Consolidated Statement of Operations for the six months ended June 30, 1999 as it is not a continuing item. The proceeds received from the sale of this facility were used to reduce long-term debt and interest expense at our weighted average interest rate on the Revolving Credit Facility of 6.2% for the year ended December 31, 1998 and the six months ended June 30, 1999, respectively.

(4) The estimated net proceeds of the sale of $155.0 million aggregate principal amount of the old notes of $150.0 million were used in part to repay $33.3 million of indebtedness under the Master Shelf agreement at an average rate of 6.95%. The pro formas assume the sale of the notes had occurred on January 1, 1999 and 1998 for the statements of operations and reflect interest on the notes at the rate of 10% per annum. In connection with the prepayment of this indebtedness, we incurred an extraordinary loss on the early extinguishment of debt of approximately $1.8 million, or $1.1 million after-tax. This loss is not reflected on the Pro Forma Consolidated Statement of Operations for the year ended December 31, 1998 as it is not a continuing charge. The remaining proceeds from the offering of old notes of approximately $115.6 million was used to repay a portion of the outstanding indebtedness under the Revolving Credit Facility at an average rate of 6.2%.

(5) The calculation of earnings (loss) per share of common stock--basic and diluted excludes the gains and losses on sales of Giddings, Katy and MiVida facilities. The calculation for the year ended December 31, 1998 also excludes the extraordinary loss on early extinguishment of debt. The weighted average shares of common stock outstanding for the six months ended June 30, 1999 and the year ended December 31, 1998 were 32,147,993 and 32,147,354, respectively.

CONSOLIDATED HISTORICAL FINANCIAL AND OPERATING DATA

The following table sets forth selected consolidated historical financial and operating data for Western. Certain prior year amounts have been reclassified to conform to the presentation used in 1999. The data for the six months ended June 30, 1999 and 1998 and the years ended December 31, 1998, 1997 and 1996 should be read in conjunction with our Consolidated Financial Statements and the notes thereto included elsewhere in this prospectus. The quarterly information is derived from unaudited financial information and is subject to normal, recurring adjustments. The results for the first half of 1999 are not indicative of results to be expected for the full year. The selected consolidated financial data for the years ended December 31, 1995 and 1994 is derived from our audited historical Consolidated Financial Statements. See also "Management's Discussion and Analysis of Financial Condition and Results of Operations."

<TABLE>
<CAPTION>

	Six Months Ended June 30,		Year Ended December 31,				
	1999	1998	1998	1997	1996	1995	1994
	(Dollars in thousands, except operating data)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Statement of Operations:							
Revenues	$ 863,945	$1,081,226	$2,133,566	$2,385,260	$2,091,009	$1,256,984	$1,063,489
Gross profit(a)	6,810	47,774	66,568	93,755	105,479	75,211	72,556
Income (loss) before income taxes	(24,895)	16,571	(105,623)	2,220	41,631	(8,266)	11,524
Provision (benefit) for income taxes	(9,062)	6,031	(38,418)	733	13,690	(2,158)	4,160
Income (loss) before extraordinary items	(15,833)	10,540	(67,205)(b)	1,487(b)	27,941	(6,108)(c)	7,364
Extraordinary charge for early extinguishment of debt	(1,107)(d)	--	--	--	--	--	--
Net income (loss)	(16,940)	10,540	(67,205)(b)	1,487(b)	27,941	(6,108)(c)	7,364
Other Financial Data:							
EBITDA, as adjusted(e)	37,613	46,329	79,291	118,404	137,233	115,141	107,026
Capital expenditures	34,247	51,838	105,216	198,901	74,555	78,521	100,540
Balance Sheet Data (at year end):							
Total assets	1,004,591	1,339,852	1,219,377	1,348,276	1,361,631	1,193,997	1,167,362
Long-term debt	371,833	521,914	504,881	441,357	379,500	529,500	493,000
Stockholders' equity	358,207	470,441	385,216	468,112	480,467	371,909	436,683
Dividends on preferred stock	$ 5,220	$ 5,220	$ 10,439	$ 10,439	$ 10,439	$ 15,431	$ 12,212
Operating Data:							
Average gas sales (MMcf/D)	2,050	2,145	2,200	1,975	1,794	1,572	1,097
Average NGL sales							

(MGal/D).....	2,905	4,640	4,730	4,585	3,744	2,890	2,970
Average gas volumes gathered (MMcf/D).....	1,166	1,163	1,162	1,229	1,171	1,020	934
Throughput capacity (MMcf/D).....	2,282	2,269	2,237	2,302	1,940	1,907	1,560
Average gas prices ($/Mcf).....	$ 1.93	$ 2.07	$ 2.01	$ 2.30	$ 2.19	$ 1.53	$ 1.77
Average NGL prices ($/Gal).....	$ .27	$ .27	$ .26	$ .36	$ .41	$ .31	$ .28

</TABLE>

(a) Excludes selling and administrative, interest, restructuring and income tax expenses, expenses for the impairment of property and equipment and any extraordinary items. See further discussion in notes (b), (c) and (d).

(b) Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of," or SFAS No. 121, requires that an impairment loss be recognized when the carrying amount of an asset exceeds the fair market value of or the expected future undiscounted net cash flows. In accordance with SFAS No. 121, we recognized a pre-tax, non-cash loss on the impairment of property and equipment of $108.5 million, or $69.0 million after-tax, and $34.6 million, or $22.0 million after-tax, for the years ended December 31, 1998 and 1997, respectively.

(c) In accordance with SFAS No. 121, we recognized a pre-tax, non-cash loss for the year ended December 31, 1995 on the impairment of property and equipment of $17.6 million, or $12.4 million after-tax. Also, we implemented a cost reduction program to reduce operating and selling and administrative expenses. As a result of this program, a $2.1 million pre-tax, or $1.3 million after-tax, restructuring charge was incurred, primarily related to employee severance costs.

(d) We recognized an extraordinary loss on the early extinguishment of long-term debt in the second quarter of 1999 of $1.8 million pre-tax, or $1.1 million after-tax, primarily related to the prepayment of indebtedness with the proceeds of the subordinated debt offering.

(e) Reflects income before interest expense, income taxes, depreciation, depletion and amortization, $108,447, $34,615 and $17,642 of non-cash impairment losses related to certain oil and gas assets and plant facilities in the fourth quarter of 1998, 1997 and 1995, respectively, in connection with SFAS No. 121, gains or losses on sales of assets of $(22,000), $15,866, $16,495, $5,153, $2,042, $(1,179) for the six months ended June 30, 1999 and 1998 and for each of the years ended December 31, 1998, 1997, 1996, 1995, respectively and a $1,107 after-tax charge for loss on the early extinguishment of long-term debt in the second quarter of 1999. This data does not purport to reflect any measure of operations or cash flow. EBITDA is not a measure determined pursuant to generally accepted accounting principles, or GAAP, nor is it an alternative to GAAP income.

THE EXCHANGE OFFER

Purpose of the Exchange Offer

When we sold the old notes on June 15, 1999, we entered into an exchange and registration rights agreement with the initial purchasers of those notes. Under the exchange and registration rights agreement, we agreed to file a registration statement regarding the exchange of the old notes for notes which are registered under the Securities Act of 1933. We also agreed to use our reasonable best efforts to cause the registration statement to become effective with the Commission, and to conduct this exchange offer after the registration statement is declared effective. We will use our reasonable best efforts to keep this registration statement effective at least until the exchange offer is completed. The exchange and registration rights agreement provides that we will be required to pay liquidated damages to the holders of the old notes if:

(1) the registration statement is not filed by September 13, 1999;

(2) the registration statement is not declared effective by December 12, 1999; or

(3) the exchange offer has not been completed by the 45th day after the registration statement is declared effective.

A copy of the exchange and registration rights agreement is filed as an exhibit to the registration statement of which this prospectus is a part.

Terms of the Exchange Offer

This prospectus and the accompanying letter of transmittal together constitute the exchange offer. Upon the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal, we will accept for exchange old notes which are properly tendered on or before the expiration date and are not withdrawn as permitted below. The expiration date for this exchange offer is midnight, New York City time, on , 1999, or such later date and time to which we, in our sole discretion, extend the exchange offer.

The form and terms of the exchange notes are the same as the form and terms of the old notes, except that:

(1) the exchange notes will have been registered under the Securities Act;

(2) the exchange notes will not bear the restrictive legends restricting their transfer under the Securities Act; and

(3) the exchange notes will not contain the registration rights and liquidated damages provisions contained in the old notes.

Notes tendered in the exchange offer must be in denominations of the principal amount of $1,000 and any integral multiple thereof.

We expressly reserve the right, in our sole discretion:

(1) to extend the expiration date;

(2) to delay accepting any old notes;

(3) if any of the conditions set forth below under "Conditions to the Exchange Offer" have not been satisfied, to terminate the exchange offer and not accept any notes for exchange; or

(4) to amend the exchange offer in any manner.

We will give oral or written notice of any extension, delay, non-acceptance, termination or amendment as promptly as practicable by a public announcement, and in the case of an extension, no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

During an extension, all old notes previously tendered will remain subject to the exchange offer and may be accepted for exchange by us. Any old notes not accepted for exchange for any reason will be returned without cost to the holder that tendered them as promptly as practicable after the expiration or termination of the exchange offer.

How to Tender Old Notes for Exchange

When the holder of old notes tenders, and we accept, notes for exchange, a binding agreement between us and the tendering holder is created, subject to the terms and conditions set forth in this prospectus and the accompanying letter of transmittal. Except as set forth below, a holder of old notes who wishes to tender notes for exchange must do so on or prior to the expiration date. Additionally a holder must:

(1) transmit a properly completed and duly executed letter of transmittal, including all other documents required by such letter of transmittal, to the Chase Bank of Texas, National Association, the "exchange agent," at the address set forth below under the heading "The Exchange Agent;" or

(2) if old notes are tendered pursuant to the book-entry procedures set forth below, the tendering holder must transmit an agent's message to the exchange agent at the address set forth below under the heading "The Exchange Agent."

In addition either:

(1) the exchange agent must receive the certificates for the old notes and the letter of transmittal;

(2) the exchange agent must receive, prior to the expiration date, a timely confirmation of the book-entry transfer of the old notes being tendered into the exchange agent's account at the Depository Trust Company, or DTC, along with the letter of transmittal or an agent's message; or

(3) the holder must comply with the guaranteed delivery procedures described below.

The term "agent's message" means a message, transmitted to DTC and received by the exchange agent and forming a part of a book-entry transfer, which states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such holder.

The method of delivery of the old notes, the letters of transmittal and all other required documents is at the election and risk of the holders. If such delivery is by mail, we recommend registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. No letters of transmittal or notes should be sent directly to us.

Any beneficial owner whose old notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and who wishes to tender, should contact the registered holder promptly and instruct such registered holder to tender on such beneficial owner's behalf. If such beneficial owner wishes to tender on such owner's own behalf, such owner must, prior to completing and executing the letter of transmittal and delivering such owner's old notes, either (1) make appropriate arrangements to register ownership of the old notes in such owner's name or (2) obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal, as the case may be, must be guaranteed unless the old notes surrendered for exchange are tendered:

(1) by a holder of old notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or

(2) for the account of an eligible institution.

An "eligible institution" is a firm which is a member of a registered national securities exchange or a member of the National Association of Securities Dealers, Inc., or a commercial bank or trust company having an office or correspondent in the United States.

If signatures on a letter of transmittal or notice of withdrawal are required to be guaranteed, the guarantor must be an eligible institution. If old notes are registered in the name of a person other than the signer of the letter of transmittal, the old notes surrendered for exchange must be endorsed by, or accompanied by a written instrument or instruments of transfer or exchange, in satisfactory form as determined by us in our sole discretion, duly executed by the registered holder with the holder's signature guaranteed by an eligible institution.

We will determine all questions as to the validity, form, eligibility and acceptance of old notes tendered for exchange in our sole discretion, including questions as to time of receipt. Our determination will be final and binding. We reserve the absolute right to:

(1) reject any and all tenders of any old note improperly tendered;

(2) refuse to accept any old note if, in our judgment or the judgment of our counsel, acceptance of the old note may be deemed unlawful; and

(3) waive any defects or irregularities or conditions of the exchange offer as to any particular old note either before or after the expiration date, including the right to waive the ineligibility of any holder who seeks to tender old notes in the exchange offer.

Our interpretation of the terms and conditions of the exchange offer as to any particular old notes either before or after the expiration date, including

the letter of transmittal and the instructions to it, will be final and binding on all parties. Holders must cure any defects and irregularities in connection with tenders of old notes for exchange within such reasonable period of time as we will determine, unless we waive such defects or irregularities. Neither we, the exchange agent nor any other person shall be under any duty to give notification of any defect or irregularity with respect to any tender of old notes for exchange, nor shall any of us incur any liability for failure to give such notification.

If a person or persons other than the registered holder or holders of the old notes tendered for exchange signs the letter of transmittal, the tendered old notes must be endorsed or accompanied by appropriate powers of attorney, in either case signed exactly as the name or names of the registered holder or holders that appear on the old notes.

If trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity sign the letter of transmittal or any old notes or any power of attorney, such persons should so indicate when signing, and you must submit proper evidence satisfactory to us of such person's authority to so act unless we waive this requirement.

By tendering, each holder will represent to us that, among other things, that the person acquiring notes in the exchange offer is obtaining them in the ordinary course of its business, whether or not such person is the holder, and that neither the holder nor such other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes. In the case of a holder that is not a broker-dealer, each such holder, by tendering, will also represent to us that such holder is not engaged in and does not intend to engage in a distribution of the exchange notes. If any holder or any such other person is an "affiliate," as defined under Rule 405 of the Securities Act, of Western, or is engaged in or intends to engage in or has an arrangement or understanding with any person to participate in a distribution of such notes to be acquired in the exchange offer, such holder or any such other person:

(1) may not rely on the applicable interpretations of the staff of the SEC; and

(2) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Each broker-dealer who acquired its old notes as a result of market-making activities or other trading activities and thereafter receives notes issued for its own account in the exchange offer, must acknowledge that it will deliver a prospectus that meets the requirements of the Securities Act in connection with any resale of such exchange notes. The letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

Acceptance of Old Notes for Exchange; Delivery of the Exchange Notes

Upon satisfaction or waiver of all of the conditions to the exchange offer, we will accept, promptly after the expiration date, all old notes properly tendered and will issue notes registered under the Securities Act. For purposes of the exchange offer, we shall be deemed to have accepted properly tendered old notes for exchange when, as and if we have given oral or written notice to the exchange agent, with written confirmation of any oral notice to be given promptly thereafter. See "Conditions to the Exchange Offer" for a discussion of the conditions that must be satisfied before we accept any old notes for exchange.

For each old note accepted for exchange, the holder will receive a note registered under the Securities Act having a principal amount equal to that of the surrendered old note. Accordingly, registered holders of exchange notes on the relevant record date for the first interest payment date following the consummation of the exchange offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid on the old notes, from June 15, 1999. Old notes that we accept for exchange will cease to accrue interest from and after the date of consummation of the exchange offer. Under the exchange and registration rights agreement, we may be required to make additional payments in the form of liquidated damages to

holders of the old notes under circumstances relating to the timing of the exchange offer. Holders of old notes whose old notes are accepted for exchange will not receive any payment in respect of accrued interest on such old notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the exchange offer.

In all cases, we will issue notes in the exchange offer for old notes that are accepted for exchange only after the exchange agent timely receives:

(1) certificates for such old notes or a timely book-entry confirmation of such old notes into the exchange agent's account at DTC;

(2) a properly completed and duly executed letter of transmittal or an agent's message; and

(3) all other required documents.

If for any reason set forth in the terms and conditions of the exchange offer we do not accept any tendered old notes, or if a holder submits old notes for a greater principal amount than the holder desires to exchange, we will return such unaccepted or non-exchanged old notes without cost to the tendering holder. In the case of the old notes tendered by book-entry transfer into the exchange agent's account at DTC, such non-exchanged old notes will be credited to an account maintained with DTC. We will return the old notes or have them credited to DTC account as promptly as practicable after the expiration or termination of the exchange offer.

Book Entry Transfers

The exchange agent will make a request to establish an account with respect to the old notes at the DTC for purposes of the exchange offer within 2 business days after the date of this prospectus. Any financial institution that is a participant in DTC's systems must make book-entry delivery of old notes by causing the DTC to transfer such old notes into the exchange agent's account at DTC in accordance with DTC's procedures for transfer. Such participant should transmit its acceptance to DTC on or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify such acceptance, execute a book-entry transfer of the tendered old notes into the exchange agent's account at DTC and then send

to the exchange agent confirmation of such book-entry transfer. The confirmation of such book-entry transfer will include an agent's message confirming that DTC has received an express acknowledgment from such participant that such participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against such participant. Delivery of exchange notes may be effected through book-entry transfer at DTC. However, the letter of transmittal or facsimile thereof or an agent's message, with any required signature guarantees and any other required documents, must:

(1) be transmitted to and received by the exchange agent at the address set forth below under " The Exchange Agent" on or prior to the expiration date; or

(2) comply with the guaranteed delivery procedures described below.

Guaranteed Delivery Procedures

If a holder of old notes desires to tender such notes and the holder's old notes are not immediately available, or time will not permit such holder's old notes or other required documents to reach the exchange agent before the expiration date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected if:

(1) the holder tenders the old notes through an eligible institution;

(2) prior to the expiration date, the exchange agent receives from such eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form we have provided, by telegram, telex, facsimile transmission, mail or hand delivery, setting forth the name and address of the holder of the old notes being tendered and the amount of the old notes being tendered. The notice of guaranteed delivery shall state that the tender is being made and guarantee that within three New York Stock Exchange trading days after

the date of execution of the notice of guaranteed delivery, the certificates for all physically tendered old notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal will be deposited by the eligible institution with the Exchange Agent; and

(3) the exchange agent receives the certificates for all physically tendered old notes, in proper form for transfer, or a book-entry confirmation, as the case may be, together with a properly completed and duly executed letter of transmittal or agent's message with any required signature guarantees and any other documents required by the letter of transmittal, within three New York Stock Exchange trading days after the date of execution of the notice of guaranteed delivery.

Withdrawal Rights

You may withdraw tenders of your old notes at any time prior to midnight, New York City time, on the expiration date.

For a withdrawal to be effective, you must send a written notice of withdrawal to the exchange agent at one of the addresses set forth below under " The Exchange Agent." Any such notice of withdrawal must:

(1) specify the name of the person having tendered the old notes to be withdrawn;

(2) identify the old notes to be withdrawn, including the principal amount of such old notes; and

(3) where certificates for old notes are transmitted, specify the name in which old notes are registered, if different from that of the withdrawing holder.

If certificates for old notes have been delivered or otherwise identified to the exchange agent, then, prior to the release of such certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution unless such holder is an eligible institution. If old notes have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number

of the account at DTC to be credited with the withdrawn old notes and otherwise comply with the procedures of such facility. We will determine all questions as to the validity, form and eligibility of such notices, including questions as to time of receipt; our determination will be final and binding on all parties. Any tendered old notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the exchange offer. Any old notes which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder. In the case of old notes tendered by book-entry transfer into the exchange agent's account at DTC, the old notes withdrawn will be credited to an account maintained with DTC for the old notes. The old notes will be returned or credited to DTC account as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn old notes may be re-tendered by following one of the procedures described under " How to Tender Old Notes for Exchange" above at anytime on or prior to midnight, New York City time, on the expiration date.

Conditions to the Exchange Offer

We are not required to accept for exchange, or to issue notes in the exchange offer for any old notes. We may terminate or amend the exchange offer, if at any time before the acceptance of such old notes for exchange or the exchange of the exchange notes for such old notes:

(1) any federal law, statute, rule or regulation shall have been adopted or enacted which, in our judgment, would reasonably be expected to impair our ability to proceed with the exchange offer;

(2) any stop order shall be threatened or in effect with respect to the registration statement of which this prospectus constitutes a part or

the qualification of the indenture under the Trust Indenture Act of 1939, as amended; or

(3) there shall occur a change in the current interpretation by staff of the Commission which permits the exchange notes in exchange for old notes to be offered for resale, resold and otherwise transferred by such holders, other than broker-dealers and any such holder which is an "affiliate" of Western within the meaning of Rule 405 under the Securities Act, without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such notes acquired in the exchange offer are acquired in the ordinary course of such holder's business and such holder has no arrangement or understanding with any person to participate in the distribution of such exchange notes.

The preceding conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any such condition. We may waive the preceding conditions in whole or in part at any time and from time to time in our sole discretion. If we do so, the exchange offer will remain open for at least three business days following any waiver of the preceding conditions. Our failure at any time to exercise the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which we may assert at any time and from time to time.

The Exchange Agent

The Chase Bank of Texas, National Association has been appointed as our exchange agent for the exchange offer. All executed letters of transmittal should be directed to our exchange agent at the address set forth below. Questions and requests for assistance, requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery should be directed to the exchange agent addressed as follows:

Main Delivery To:
Chase Bank of Texas, National Association, as Exchange Agent

By mail, hand or overnight courier to:
Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, TX 77002
Attention: Mauri Cowen--Confidential

By Facsimile (for eligible institutions only):
713-216-6686

Confirm by telephone:
713-216-5476

Delivery of the letter of transmittal to an address other than as set forth above or transmission of such letter of transmittal via facsimile other than as set forth above does not constitute a valid delivery of such letter of transmittal.

Fees and Expenses

We will not make any payment to brokers, dealers, or others soliciting acceptance of the exchange offer except for reimbursement of mailing expenses.

The estimated cash expenses to be incurred in connection with the exchange offer will be paid by us and are estimated in the aggregate to be approximately $350,000.

Transfer Taxes

Holders who tender their old notes for exchange will not be obligated to pay any transfer taxes in connection with the exchange. If, however, exchange notes are to be delivered to, or are to be issued in the name of, any person other than the holder of the old notes tendered, or if a transfer tax is imposed for any reason other than the exchange of old notes in connection with the exchange offer, then the holder must pay any such transfer taxes, whether imposed on the registered holder or on any other person. If satisfactory evidence of payment of, or exemption from, such taxes is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to the tendering holder.

Consequences of Failure to Exchange Old Notes

Holders who desire to tender their old notes in exchange for notes

registered under the Securities Act should allow sufficient time to ensure timely delivery. Neither the exchange agent nor Western is under any duty to give notification of defects or irregularities with respect to the tenders of old notes for exchange.

Old notes that are not tendered or are tendered but not accepted will, following the consummation of the exchange offer, continue to be subject to the provisions in the indenture regarding the transfer and exchange of the old notes and the existing restrictions on transfer set forth in the legend on the old notes and in the offering circular dated June 10, 1999, relating to the old notes. Except in limited circumstances with respect to specific types of holders of old notes, we will have no further obligation to provide for the registration under the Securities Act of such old notes. In general, old notes, unless registered under the Securities Act, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently anticipate that we will take any action to register the old notes under the Securities Act or under any state securities laws.

Upon completion of the exchange offer, holders of the old notes will not be entitled to any further registration rights under the exchange and registration rights agreement, except under limited circumstances.

Holders of exchange notes and any old notes which remain outstanding after consummation of the exchange offer will vote together as a single class for purposes of determining whether holders of the requisite percentage of the class have taken certain actions or exercised certain rights under the indenture. The old notes and the exchange notes will rank pari passu with each other.

Consequences of Exchanging Old Notes

Based on interpretations of the staff of the Commission, as set forth in no-action letters to third parties, we believe that the exchange notes may be offered for resale, resold or otherwise transferred by holders of such exchange notes, other than by any holder which is an "affiliate" of Western within the meaning of Rule 405 under the Securities Act. Such exchange notes may be offered for resale, resold or otherwise transferred without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

(1) such exchange notes are acquired in the ordinary course of such holder's business; and

(2) such holder, other than broker-dealers, has no arrangement or understanding with any person to participate in the distribution of such exchange notes.

However, the Commission has not considered the exchange offer in the context of a no-action letter and we cannot guarantee that the staff of the Commission would make a similar determination with respect to the exchange offer as in such other circumstances.

Each holder, other than a broker-dealer, must furnish a written representation, at our request, that:

(1) it is not an affiliate of Western;

(2) it is not engaged in, and does not intend to engage in, a distribution of the exchange notes and has no arrangement or understanding to participate in a distribution of exchange notes; and

(3) it is acquiring the notes in the exchange offer in the ordinary course of its business.

Each broker-dealer that receives exchange notes for its own account in exchange for old notes must acknowledge that such old notes were acquired by such broker-dealer as a result of a market-making or other trading activities and that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes. See "Plan of Distribution" for a discussion of the exchange and resale obligations of broker-dealers in connection with the exchange offer.

In addition, to comply with state securities laws of certain jurisdictions,

the exchange notes may not be offered or sold in any state unless they have been registered or qualified for sale in such state or an exemption from registration or qualification is available and complied with by the holders selling the exchange notes. We currently do not intend to register or qualify the sale of the exchange notes in any state where an exemption from registration or qualification is required and not available.

The summary in this prospectus of certain provisions of the exchange and registration rights agreement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, all the provisions of the exchange and registration rights agreement, which is filed as an exhibit to the registration statement to which this prospectus forms a part.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis relates to factors that have affected our consolidated financial condition and results of operations for the six months ended June 30, 1999 and 1998 and the three years ended December 31, 1998. Certain prior year amounts have been reclassified to conform to the presentation used in 1999. The quarterly information is derived from unaudited financial information and is subject to normal, recurring adjustments. The results for the first half of 1999 are not indicative of results to be expected for the full year. Reference should also be made to our Consolidated Financial Statements and related notes thereto and the Consolidated Historical Financial and Operating Data included elsewhere in this prospectus.

Results of Operations

Six months ended June 30, 1999 compared to the six months ended June 30, 1998

<TABLE>
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	For the Six Months Ended June 30,		
	1999	1998	Percent Change
	(Dollars in thousands, except per share amounts and operating data)		
<S>	<C>	<C>	<C>
Financial results:			
Revenues	$863,945	$1,081,226	(20)%
Gross profit	6,810	47,774	(85)
Net income (loss)	(16,940)	10,540	--
Earnings (loss) per share of common stock--basic and diluted	(.69)	.17	--
Net cash provided by (used in) operating activities	$ 43,748	$ (51,585)	--
Operating data:			
Average gas sales (MMcf/D)	2,050	2,145	(4)
Average NGL sales (MGal/D)	2,905	4,640	(37)
Average gas prices ($/Mcf)	$ 1.93	$ 2.07	(7)
Average NGL prices ($/Gal)	$ .27	$ .27	--

</TABLE>

Net income decreased $27.5 million for the six months ended June 30, 1999 compared to the same period in 1998. The decrease in net income for the six month period was primarily due to losses of $13.9 million associated with the sales of the Giddings gathering systems and the Katy facility, severance charges associated with a corporate restructuring of $700,000, an extraordinary loss on the early extinguishment of debt of $1.1 million and the recognition of a $9.5 million gain on the sale of the Perkins facility in the first quarter of 1998.

Revenues from the sale of residue gas decreased approximately $89.9 million to $715.1 million for the six months ended June 30, 1999 compared to the same period in 1998, as average gas sales volumes decreased 95 MMcf per day to 2,050 MMcf per day and average gas prices decreased $.14 per Mcf to $1.93 per Mcf. The decrease in sales volumes was primarily related to the reduction in the sale of residue gas purchased from third parties. Included in the average gas price was approximately $272,000 of loss recognized in the six months ended

June 30, 1999 related to futures positions on equity gas volumes. We have entered into futures positions for a portion of our equity gas for the remainder of 1999. See further discussion in "Liquidity and Capital Resources--Risk Management Activities."

Revenues from the sale of NGLs decreased approximately $92.8 million to $139.9 million for the six months ended June 30, 1999 compared to the same period in 1998 as average NGL sales volumes decreased 1,735 MGal per day to 2,905 MGal per day and average NGL prices remained the same at $.27 per gallon. Plant sales volumes were largely affected by increased volumes taken in kind and curtailed drilling activity due to low oil prices by a producer behind Midkiff, and the sale of the Giddings and Edgewood facilities. Included

in the average NGL price was approximately $2.0 million of loss recognized in the six months ended June 30, 1999 related to futures positions on equity volumes. We have entered into futures positions for a portion of our equity production for the remainder of 1999. See further discussion in "Liquidity and Capital Resources--Risk Management Activities."

Other net revenue decreased $36.9 million for the six months ended June 30, 1999 compared to the same period in 1998. The decrease for the six months ended June 30, 1999 is primarily due to the net losses of $22.0 million on the sales of the Katy, Giddings and MiVida assets compounded by a $14.0 million gain recognized on the sale of the Perkins facility in March 1998.

Product purchases decreased $167.1 million for the six months ended June 30, 1999 compared to the same period in 1998. The decrease in product purchases is primarily due to a decrease in sales volumes of product purchased from third parties. Overall product purchases as a percentage of residue gas and NGL sales remained the same at 93% for the six months ended June 30, 1999 as compared to the same period in 1998.

Plant operating expense decreased $5.3 million for the six months ended June 30, 1999 compared to the same period in 1998. The decrease was primarily due to reductions in labor, increased operational efficiencies and asset sales.

Depreciation, depletion and amortization decreased $4.6 million for the six month period ended June 30, 1999 compared to the same period in 1998. The decrease is primarily due to a reduction in depreciation of the Bethel facility resulting from an impairment charge recorded in the fourth quarter of 1998 and the sale of assets in 1998 and 1999.

Selling and administrative expense increased $1.0 million for the six months ended June 30, 1999 compared to the same period in 1998. The increase was primarily related to severance payments associated with a restructuring of operating areas and the aforementioned asset sales.

Interest expense decreased $543,000 for the six months ended June 30, 1999 compared to the same period in 1998. The decrease is due to lower debt balances outstanding. The lower debt balances resulted from application of the proceeds from the sales of assets in 1999 to reduce debt.

Year ended December 31, 1998 compared to year ended December 31, 1997

<TABLE>
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	For the Years Ended December 31,		Percent
	1998	1997	Change
	(Dollars in thousands, except per share amounts and operating data)		
<S>	<C>	<C>	<C>
Financial results:			
Revenues	$2,133,566	$2,385,260	(11)%
Gross profit	66,568	93,775	(29)
Net income (loss)	(67,205)	1,487	--
Loss per share of common stock--basic and diluted	(2.42)	(.28)	(764)
Net cash provided by (used in) operating activities	$ (35,570)	$ 114,755	--
Operating data:			

Average gas sales (MMcf/D).....	2,200	1,975	11
Average NGL sales (MGal/D).....	4,730	4,585	3
Average gas prices ($/Mcf).....	$ 2.01	$ 2.30	(13)
Average NGL prices ($/Gal).....	$ .26	$ .36	(28)

</TABLE>

Net income decreased $68.7 million for the year ended December 31, 1998 compared to 1997. The decrease in net income for the year was primarily due to a $69.0 million, after-tax, charge for impairment

recorded in connection with the evaluation of a decrease in product prices and the impact on our Bethel, Black Lake and Sand Dunes facilities, as required by SFAS No. 121.

Revenues from the sale of gas decreased approximately $46.0 million for the year ended December 31, 1998 compared to 1997. Average gas sales volumes increased 225 MMcf/D to 2,200 MMcf/D for the year ended December 31, 1998 compared to 1997, primarily due to an increase in the sale of gas purchased from third parties. The increase in volumes sold was more than offset by a decrease in average gas prices. Average gas prices realized by us decreased $.29 per Mcf to $2.01 per Mcf for the year ended December 31, 1998 compared to 1997. Included in the realized gas price is approximately $71,000 of loss recognized in the year ended December 31, 1998 related to futures positions on equity volumes. We have entered into futures positions for a portion of our equity gas for 1999 and 2000. See further discussion in "--Liquidity and Capital Resources--Risk Management Activities."

Revenues from the sale of NGLs decreased approximately $162.3 million for the year ended December 31, 1998 compared to 1997. Average NGL sales volumes increased 145 MGal/D to 4,730 MGal/D for the year ended December 31, 1998 compared to 1997, primarily due to an increase in the sale of NGLs purchased from third parties. The increase in sales volumes was more than offset by a decrease in average NGL prices. Average NGL prices realized by us decreased $.10 per gallon to $.26 per gallon for the year ended December 31, 1998 compared to 1997. Included in the realized NGL price was approximately $7.4 million of gain recognized in the year ended December 31, 1998 related to futures positions on equity volumes. We have entered into futures positions for a portion of our equity production for 1999. See further discussion in "--Liquidity and Capital Resources--Risk Management Activities."

Revenue associated with electric power marketing decreased approximately $59.5 million for the year ended December 31, 1998 compared to 1997, as we discontinued wholesale trading of electric power in 1997, due to a lack of profitability.

Other net revenue increased approximately $12.2 million for the year ended December 31, 1998 compared to 1997. The increase was primarily due to a $14.9 million gain on the sale of our Perkins facility and a $1.0 million option payment received from RIS in connection with the potential sale of a portion of our assets in Southwest Wyoming. These increases were offset by decreases of approximately $2.8 million in earnings from our investments in joint ventures, primarily due to the decreases in product prices and the sale of our interest in Redman Smackover. See further discussion at "Business--Significant Projects and Dispositions--Southwest Wyoming."

The reduction in product purchases of $232.1 million to $1.9 billion for the year ended December 31, 1998 compared to 1997, was primarily due to a decrease in commodity prices. Overall, combined product purchases as a percentage of sales of all products increased from 92% to 93% for the year ended December 31, 1998 compared to 1997. Over the past several years, we have experienced narrowing margins in our third-party sales as a result of increasing competitiveness of the natural gas marketing industry. During the year ended December 31, 1998, margins on the sale of third-party gas declined and averaged approximately $.02 per Mcf compared to approximately $.03 per Mcf for 1997. Contributing to the increase in the product purchase percentage for the year ended December 31, 1998 were higher payments related to our "keepwhole" contracts at our Granger facility. Under a "keepwhole" contract, our margin is reduced when the value of NGLs declines relative to the value of gas. Also included in product purchases were lower of cost or market writedowns, primarily related to NGL inventories, of $826,000 and $1.1 million for the years ended December 31, 1998 and 1997, respectively.

Plant operating expense increased approximately $7.2 million for the year ended December 31, 1998 compared to 1997. The increase was primarily due to

compression costs associated with the increasing Powder River basin coal bed methane production activities and expenses incurred at the Bethel Treating facility, which became partially operational during the third quarter of 1997.

Interest expense increased $6.1 million for the year ended December 31, 1998 compared to 1997. The increase is the result of less interest capitalized to capital projects, primarily the Bethel Treating facility, and larger debt balances outstanding during the year ended December 31, 1998 compared to 1997. The larger debt balances resulted primarily from higher product inventory positions, capital expenditures associated with the Bethel Treating facility and reduced cashflow from operations.

Year ended December 31, 1997 compared to year ended December 31, 1996

<TABLE>
<CAPTION>

	For the Years Ended December 31,		Percent
	1997	1996	Change
	(Dollars in thousands, except per share amounts and operating data)		
<S>	<C>	<C>	<C>
Financial results:			
Revenues	$2,385,260	$2,091,009	14%
Gross profit	93,775	105,479	(11)
Net income	1,487	27,941	(95)
Earnings (loss) per share of common stock--basic and diluted	(.28)	.66	--
Net cash provided by operating activities	$ 114,755	$ 168,266	(32)
Operating data:			
Average gas sales (MMcf/D)	1,975	1,794	10
Average NGL sales (MGal/D)	4,585	3,744	22
Average gas prices ($/Mcf)	$ 2.30	$ 2.19	5
Average NGL prices ($/Gal)	$ .36	$ .41	(12)

</TABLE>

Net income decreased $26.5 million for the year ended December 31, 1997 compared to 1996. The decrease in net income for the year was primarily due to a $22.0 million, after-tax, impairment loss recorded in connection with the evaluation of certain property and equipment, primarily related to our Black Lake facility and Sand Wash basin assets, as required by SFAS No. 121. Net income in 1997 increased by a $3.0 million after-tax gain associated with the sale of a 50% interest in our coal bed methane operations.

Revenues from the sale of gas increased approximately $216.6 million for the year ended December 31, 1997 compared to 1996. Average gas sales volumes increased 181 MMcf per day to 1,975 MMcf per day for the year ended December 31, 1997 compared to 1996, primarily due to an increase in the sale of gas purchased from third parties. Average gas prices realized by us increased $.11 per Mcf to $2.30 per Mcf for the year ended December 31, 1997 compared to 1996. Included in the realized gas price was approximately $5.6 million of loss recognized in the year ended December 31, 1997 related to futures positions on equity volumes.

Revenues from the sale of NGLs increased approximately $50.4 million for the year ended December 31, 1997 compared to 1996. Average NGL sales volumes increased 841 MGal per day to 4,585 MGal per day for the year ended December 31, 1997 compared to 1996, largely due to an increase of approximately 800 MGal per day in the sale of NGLs purchased from third parties. Average NGL prices realized by us decreased $.05 per gallon to $.36 per gallon for the year ended December 31, 1997 compared to 1996. Included in the realized NGL price was approximately $5.2 million of gain recognized in the year ended December 31, 1997 related to futures positions on equity volumes.

Revenue associated with electric power marketing increased $28.8 million for the year ended December 31, 1997 compared to 1996, primarily because we had minimal transactions in this market during 1996. Due to a lack of profitability, we elected to discontinue trading electric power and began to evaluate our role in this emerging business, during the second half of 1997.

The increase in product purchases of $302.3 million to $2.1 billion for the year ended December 31, 1997 compared to 1996, was primarily a combination of higher gas prices and increased sales of NGLs purchased

from third parties. Contributing to the increase in product purchases for the year ended December 31, 1997 compared to 1996 were higher payments to producers related to our "keepwhole" contracts at our Granger facility. Under a "keepwhole" contract, our margin is reduced when the value of NGLs declines relative to the value of gas. Also contributing to the increases in product purchases for the year ended December 31, 1997 compared to 1996, were lower of cost or market write-downs of NGL and gas inventories of $1.1 million and $129,000, respectively.

Plant operating expense increased approximately $5.0 million for the year ended December 31, 1997 compared to 1996. The increase was primarily due to additional compression cost associated with the MIGC pipeline. Additional costs associated with the Bethel Treating facility adversely affected our results of operations for the year ended December 31, 1997. As a result of start-up costs associated with opening the facility and depreciation, the Bethel Treating facility did not contribute positively to earnings in 1997.

Depreciation, depletion and amortization decreased $4.0 million for the year ended December 31, 1997 compared to 1996. The decrease was primarily due to decreases in produced volumes related to our Black Lake facility which resulted in a decrease in the associated depletion.

Interest expense decreased $7.0 million for the year ended December 31, 1997 compared to 1996. The decrease in interest expense was primarily due to lower average outstanding debt balances due to our use of the net proceeds from the November 1996 public offering of 6,325,000 shares of Common Stock to reduce indebtedness under the Revolving Credit Facility.

Overall, profitability for the year ended December 31, 1997 was less than anticipated due to several factors. Combined product purchases as a percentage of all product sales increased from 91% to 92% for the year ended December 31, 1997 compared to 1996. Over the past several years, we have experienced narrowing margins related to the increasing competitiveness of the natural gas marketing industry. During the year ended December 31, 1997, our marketing margins were reduced by approximately 50% compared to 1996. Included in the sale of gas and product purchases for the last half of 1997, was the sale of approximately 11.5 Bcf of gas, previously stored in the Katy facility, at a margin of approximately $.20 per Mcf.

Liquidity and Capital Resources

Our sources of liquidity and capital resources historically have been net cash provided by operating activities, funds available under our financing facilities and proceeds from offerings of debt and equity securities. In the past, these sources have been sufficient to meet our needs and finance the growth of our business. We can give no assurance that the historical sources of liquidity and capital resources will be available for future development and acquisition projects, and we may be required to seek alternative financing sources. In 1998, sources of liquidity included the sales of the Perkins facility and the Edgewood facility and related production. In the second quarter of 1999, we completed the sales of our Giddings, Katy and MiVida facilities. In connection with the sale of Katy, we sold gas held in storage at this facility. The total gross proceeds from these 1999 transactions were approximately $160.0 million. We used the proceeds from these sales to reduce debt. Product prices, sales of inventory, our success in increasing the number and efficiency of our facilities and the volumes of natural gas processed by these facilities, the margin on third-party product purchased for resale, as well as the timely collection of our receivables will affect all future net cash provided by operating activities. Additionally, our future growth will be dependent upon obtaining additions to dedicated plant reserves, acquisitions, new project development, marketing, efficient operation of our facilities and our ability to obtain financing at favorable terms.

Given the depressed oil and NGL prices we experienced in 1998 and throughout the first half of 1999 and the disappointing results from the Bethel treating facility, we successfully negotiated amendments to our various financing facilities which are intended to provide more flexibility in a low price environment. There can be no assurance that we can obtain further amendments or waivers in the future, if necessary, or that the terms would be favorable to us. To strengthen our credit ratings and to reduce our overall debt

outstanding, we will

continue to dispose of non-strategic assets and investigate alternative financing sources, including project-financing, joint ventures, issuance of public debt and operating leases.

We believe that the amounts available to be borrowed under the Revolving Credit Facility, together with net cash provided by operating activities and the sale of non-strategic assets, will provide us with sufficient funds to connect new reserves, maintain our existing facilities and complete our current capital expenditure program. Depending on the timing and the amount of our future projects, we may be required to seek additional sources of capital. Our ability to secure such capital is restricted by our financing facilities, although we may request additional borrowing capacity from our lenders, seek waivers from our lenders to permit us to borrow funds from third parties, seek replacement financing facilities from other lenders, use stock as a currency for acquisitions, sell existing assets or a combination of such alternatives. While we believe that we would be able to secure additional financing, if required, we can provide no assurance that we will be able to do so or as to the terms of any such financing. We also believe that cash provided by operating activities and amounts available under our Revolving Credit Facility will be sufficient to meet our debt service and preferred stock dividend requirements for the remainder of 1999.

Below is a summary of our sources and uses of funds for the six months ended June 30, 1999 and the year ended December 31, 1998 (in thousands):

<TABLE>
<CAPTION>

	Six Months Ended June 30, 1999	Year Ended December 31, 1998
<S>	<C>	<C>
Sources of funds:		
Borrowings on Revolving Credit Facility.....	$1,611,300	$3,230,400
Proceeds from the dispositions of property and equipment.....	148,100	78,775
Proceeds from issuance of long-term debt.....	155,000	--
Net cash provided by operating activities.....	43,748	--
Proceeds from exercise of common stock options.....	--	23
Total sources of funds.....	$1,958,148	$3,309,198
Uses of funds:		
Payments related to long-term debt agreements.	$1,908,471	$3,166,920
Capital expenditures.....	34,347	105,216
Net cash used in operating activities.....	--	35,570
Dividends paid.....	8,432	16,869
Total uses of funds.....	$1,951,250	$3,324,575

</TABLE>

Additional sources of liquidity available to us are our inventories of gas and NGLs in storage facilities. We store gas and NGLs primarily to ensure an adequate supply for long-term sales contracts and for resale during periods when prices are favorable. We held gas in storage and in imbalances of approximately 7.5 Bcf at an average cost of $1.94 per Mcf at June 30, 1999 compared to 18.5 Bcf at an average cost of $2.10 per Mcf at June 30, 1998 at our storage facilities. At June 30, 1999, we had hedging contracts in place for anticipated sales of approximately 6.5 Bcf of stored gas at a weighted average price of $2.26 per Mcf for the stored inventory.

We held NGLs in storage of 8,000 MGal, consisting primarily of propane and normal butane, at an average cost of $.28 per gallon and 50,000 MGal at an average cost of $.28 per gallon at June 30, 1999 and 1998, respectively, at various third-party storage facilities. At June 30, 1999, we had no significant hedging contracts in place for anticipated sales of stored NGLs.

Historically, while certain individual plants have experienced declines in dedicated reserves, we have been successful in connecting additional reserves to more than offset the natural declines. There has been a reduction in

drilling activity, primarily in basins that produce oil and casinghead gas, from levels that existed in prior years. However, higher gas prices in 1997 and 1998, improved technology, e.g., 3-D seismic and horizontal

drilling, and increased pipeline capacity from the Rocky Mountain region have stimulated drilling in the Powder River basin and Southwest Wyoming. The overall level of drilling will depend upon, among other factors, the prices for gas and oil, the drilling budgets of third-party producers, the energy policy of the federal government and the availability of foreign oil and gas, none of which is within our control. We have increased our dedicated estimated plant reserves from 2.2 Tcf at December 31, 1993 to 3.1 Tcf at December 31, 1998. On average, over this five year period, including the reserves associated with our joint ventures and partnerships and excluding the facilities sold during this period, we connected new reserves to our facilities to replace approximately 165% of throughput over this period. There is no assurance that we will continue to be successful in replacing the dedicated reserves processed at our facilities.

We have effective shelf registration statements filed with the Commission for an aggregate of approximately $200 million of debt securities and preferred stock, along with the shares of common stock, if any, into which such securities are convertible, and approximately $62 million of debt securities, preferred stock or common stock.

Capital Investment Program

For the years ended December 31, 1998, 1997 and 1996 we expended $105.2 million, $198.9 million and $74.6 million, respectively, on new projects and acquisitions. For the year ended December 31, 1998, our expenditures consisted of the following: (i) $50.4 million for new well connects, system expansions, the Bethel treating facility and asset consolidations; (ii) $10.6 million for maintaining existing facilities; (iii) $41.6 million for exploration and production activities and acquisitions; and (iv) $2.6 million of miscellaneous expenditures.

Largely as a result of low commodity prices, primarily affecting NGL products, we have reduced our budget for capital expenditures in 1999 from the levels expended in 1997 and 1998. We expect capital expenditures related to existing operations to be approximately $67.0 million during 1999, consisting of the following: (i) approximately $39.6 million related to gathering, processing and pipeline assets, of which $6.3 million is for maintaining existing facilities; (ii) approximately $24.6 million related to exploration and production activities; and (iii) approximately $2.8 million for miscellaneous items. Overall, capital expenditures in the Powder River basin coal bed methane development and in Southwest Wyoming operations represent 53% and 22%, respectively, of the total 1999 budget. As of June 30, 1999, we have expended $34.4 million, consisting of the following: (i) $19.9 million for new connects, system expansions and asset consolidations; (ii) $2.2 million for maintaining existing facilities; (iii) $11.7 million for exploration and production activities; and (iv) $598,000 related to other miscellaneous items.

Financing Facilities

Revolving Credit Facility. The Revolving Credit Facility is with a syndicate of banks and provides for a maximum borrowing commitment of $250 million consisting of an $83 million 364-day Revolving Credit Facility, or Tranche A, and a five-year $167 million Revolving Credit Facility, or Tranche B. At June 30, 1999, $31.5 million was outstanding on this facility. The Revolving Credit Facility bears interest at certain spreads over the Eurodollar rate, or the greater of the Federal Funds rate or the agent bank's prime rate. We have the option to determine which rate will be used. We also pay a facility fee on the commitment. The interest rate spreads and facility fee are adjusted based on our debt to capitalization ratio and range from .75% to 2.00%. At June 30, 1999, the interest rate payable on the facility was 6.5%. We are required to maintain a total debt to capitalization ratio of not more than 60% through December 31, 2000 and of not more than 55% thereafter, and a senior debt to capitalization ratio of not more than 40% beginning September 30, 1999 through December 31, 2001 and of not more than 35% thereafter. The agreement also requires a ratio of EBITDA, excluding certain non-recurring items, to interest and dividends on preferred stock as of the end of any fiscal quarter, for the four preceding fiscal quarters, of not less than 1.35 to 1.0 beginning June 30, 1999 and increasing to 3.25 to 1.0 by December 31, 2002. This facility is guaranteed and secured via a pledge of the stock of certain of our subsidiaries. We generally utilize excess daily funds to reduce any outstanding

balances on the Revolving Credit Facility and associated interest expense, and we intend to continue such practice.

Master Shelf Agreement. In December 1991, we entered into a Master Shelf agreement with The Prudential Insurance Company of America. Amounts outstanding under the Master Shelf agreement at June 30, 1999 are as indicated in the following table (dollars in thousands):

<TABLE>
<CAPTION>

Issue Date	Amount	Interest Rate	Final Maturity	Principal Payments Due
<S>	<C>	<C>	<C>	<C>
October 27, 1992	$ 8,334	7.51%	October 27, 1999	single payment at maturity
October 27, 1992	25,000	7.99%	October 27, 2003	$8,333 on each of October 27, 2001 through 2003
December 27, 1993	25,000	7.23%	December 27, 2003	single payment at maturity
October 27, 1994	25,000	9.05%	October 27, 2001	single payment at maturity
October 27, 1994	25,000	9.24%	October 27, 2004	single payment at maturity
July 28, 1995	50,000	7.61%	July 28, 2007	$10,000 on each of July 28, 2003 through 2007
	$158,334			

</TABLE>

In April 1999, effective January 1999, we amended our agreement with Prudential to reflect the following provisions. We are required to maintain a current ratio, as defined therein, of at least .9 to 1.0, a minimum tangible net worth equal to the sum of $300 million plus 50% of consolidated net earnings earned from January 1, 1999 plus 75% of the net proceeds of any equity offerings after January 1, 1999, and a total debt to capitalization ratio of not more than 60% through December 31, 2001 and of not more than 55% thereafter. A senior debt to capitalization ratio was implemented of 40% through March 2002 and 35% thereafter. This amendment also requires an EBITDA to interest ratio of not less than 1.75 to 1.0 increasing to a ratio of not less than 3.75 to 1.0 by March 31, 2002 and an EBITDA to interest on senior debt ratio of not less than 1.75 to 1.0 increasing to a ratio of not less than 5.50 to 1.0 by March 31, 2002. EBITDA in these calculations excludes certain non-recurring items. In addition, we are prohibited from declaring or paying dividends that in the aggregate exceed the sum of $50 million plus 50% of consolidated net income earned after June 30, 1995, or minus 100% of a net loss, plus the aggregate net cash proceeds received after June 30, 1995 from the sale of any stock. At June 30, 1999, approximately $27.0 million was available under this limitation. We presently intend to finance the $8.3 million payment due in October 1999 with amounts available under the Revolving Credit Facility. Borrowings under the Master Shelf agreement are guaranteed and secured via a pledge of the stock of certain of our subsidiaries.

In June 1999, we prepaid approximately $33.3 million of notes outstanding under the Master Shelf agreement with proceeds from the offering of the Subordinated notes.

1995 Senior Notes. In 1995, we sold $42 million of Senior notes, the 1995 Senior notes, to a group of insurance companies with an interest rate of 8.16% per annum. In March 1999, we prepaid $15 million of the principal amount outstanding on the 1995 Senior notes at par. These payments were financed by a portion of the $37 million Bridge Loan described below and by amounts available under the Revolving Credit Facility. The remaining principal amount outstanding of $27 million is due in a single payment in December 2005. The 1995 Senior notes are guaranteed and secured via a pledge of the stock of certain of our subsidiaries. This facility contains covenants similar to the Master Shelf agreement. In the second quarter of 1999, we posted letters of credit for a total of approximately $10.8 million for the benefit of the holders of the 1995 Senior notes.

We are currently paying an annual fee of not more than .65% on the amounts outstanding on the Master Shelf Agreement and the 1995 Senior notes. This fee will continue until we have received an implied investment grade rating on our senior secured debt. On the portion of the 1995 Senior notes for which a letter of credit is posted, this annual fee will not be due.

1993 Senior Notes. In 1993, we sold $50 million of 7.65% Senior notes, the 1993 Senior notes, to a group of insurance companies. Scheduled annual principal payments of $7.1 million on the 1993 Senior notes were made on April

30 of 1997 and 1998. In February 1999, we prepaid $33.5 million of the total principal amounts

outstanding of $35.6 million at par. These payments were financed by a portion of the $37 million Bridge Loan. We prepaid the remaining outstanding principal of $2.1 million in April 1999 with amounts available under the Revolving Credit Facility.

In connection with the repayments on the Master Shelf agreement, the 1995 Senior notes and the 1993 Senior notes, we incurred approximately $1.8 million of pre-tax yield maintenance and other charges. These charges are reflected as an extraordinary loss from early extinguishment of long-term debt in the second quarter of 1999.

Bridge Loan. In February 1999, in order to finance prepayments of amounts outstanding on the 1993 and 1995 Senior notes, we entered into a Bridge Loan agreement in the amount of $37 million with our agent bank. This facility was paid in full in April 1999 with proceeds from the sale of the Katy facility.

Senior Subordinated Notes. In June 1999, we sold $155.0 million of Senior Subordinated notes in a private placement. The Subordinated notes bear interest at 10% and were priced at 99.225% to yield 10.125%. These notes contain maintenance covenants which include limitations on debt incurrence, restricted payments, liens and sales of assets. The Subordinated notes are unsecured and are guaranteed on a subordinated basis by certain of Western's subsidiaries. We anticipate completing an exchange offer for the exchange notes, which will be registered with the SEC for public trading, in the fourth quarter of 1999.

Covenant Compliance. Taking into account all the covenants contained in these agreements, we had approximately $97.0 million of available borrowing capacity at June 30, 1999. In the second quarter of 1999, we amended our various financing facilities providing for financial flexibility and covenant modifications and issued the Subordinated notes. These amendments were needed given the depressed commodity pricing experienced in the industry in general and the disappointing results we have experienced at our Bethel Treating facility. We can provide no assurance that further amendments or waivers can be obtained in the future, if necessary, or that the terms would be favorable to us. To strengthen our credit ratings and to reduce our overall debt outstanding, we will continue to dispose of non-strategic assets and investigate alternative financing sources including the issuance of public debt, project-financing, joint ventures and operating leases.

Risk Management Activities

Our commodity price risk management program has two primary objectives. The first goal is to preserve and enhance the value of our equity volumes of gas and NGLs with regard to the impact of commodity price movements on cash flow, net income and earnings per share in relation to those anticipated by our operating budget. The second goal is to manage price risk related to our gas, crude oil and NGL marketing activities to protect profit margins. This risk relates to hedging fixed price purchase and sale commitments, preserving the value of storage inventories, reducing exposure to physical market price volatility and providing risk management services to a variety of customers.

We utilize a combination of fixed price forward contracts, exchange-traded futures and options, as well as fixed index swaps, basis swaps and options traded in the over-the-counter, or OTC, market to accomplish these objectives. These instruments allow us to preserve value and protect margins because gains or losses in the physical market are offset by corresponding losses or gains in the value of the financial instruments.

We use futures, swaps and options to reduce price risk and basis risk. Basis is the difference in price between the physical commodity being hedged and the price of the futures contract used for hedging. Basis risk is the risk that an adverse change in the futures market will not be completely offset by an equal and opposite change in the cash price of the commodity being hedged. Basis risk exists in natural gas primarily due to the geographic price differentials between cash market locations and futures contract delivery locations.

We enter into futures transactions on the New York Mercantile Exchange, or NYMEX, and the Kansas City Board of Trade and through OTC swaps and options with various counterparties, consisting primarily of

financial institutions and other natural gas companies. We conduct our standard credit review of OTC counterparties and have agreements with these parties that contain collateral requirements. We generally use standardized swap agreements that allow for offset of positive and negative exposures. OTC exposure is marked to market daily for the credit review process. Our OTC credit risk exposure is partially limited by our ability to require a margin deposit from our major counterparties based upon the mark-to-market value of their net exposure. We are subject to margin deposit requirements under these same agreements. In addition, we are subject to similar margin deposit requirements for our NYMEX counterparties related to our net exposures.

The use of financial instruments may expose us to the risk of financial loss in certain circumstances, including instances when (i) equity volumes are less than expected, (ii) our customers fail to purchase or deliver the contracted quantities of natural gas or NGLs, or (iii) our OTC counterparties fail to perform. To the extent that we engage in hedging activities, we may be prevented from realizing the benefits of favorable price changes in the physical market. However, we are similarly insulated against decreases in these prices.

We hedged a portion of our equity volumes of gas and NGLs in 1999, at pricing levels approximating our 1999 operating budget. Our equity hedging strategy establishes a minimum and maximum price while allowing market participation between these levels. As of June 30, 1999, we had hedged approximately 71% of our anticipated equity gas for the remainder of 1999 at a weighted average NYMEX equivalent minimum price of $2.00 per Mcf. Additionally, we have hedged approximately 77% of our anticipated equity NGLs for the remainder of 1999 at a weighted average composite Mont Belvieu and West Texas Intermediate crude oil equivalent minimum price of $.23 per gallon.

At June 30, 1999, we had $28,000 of gains deferred in inventory that will be recognized over the remainder of 1999, and will be offset by margins from our related forward fixed price hedges and physical sales. At June 30, 1999, we had unrecognized net losses of $265,000 related to financial instruments that were offset by corresponding unrecognized net gains from our obligations to sell physical quantities of gas and NGLs.

We enter into speculative futures, swap and option trades on a very limited basis for purposes that include testing of hedging techniques. Our policies contain strict guidelines for these trades including predetermined stop-loss requirements and net open position limits. Speculative futures, swap and option positions are marked to market at the end of each accounting period and any gain or loss is recognized in income for that period. Net gains or losses from these speculative activities for the six months ended June 30, 1999 and 1998 were not material.

Natural Gas Derivative Market Risk

As of December 31, 1998, we held a notional quantity of approximately 370 Bcf of natural gas futures, swaps and options extending from January 1999 to December 2000 with a weighted average duration of approximately four months. This notional quantity was comprised of approximately 178 Bcf of long positions and 192 Bcf of short positions. As of December 31, 1997, we held a notional quantity of approximately 480 Bcf of natural gas futures, swaps and options extending from January 1998 to December 1999 with a weighted average duration of approximately four months. This notional quantity was comprised of approximately 230 Bcf of long positions and 250 Bcf of short positions.

We use a Value-at-Risk (VaR) model designed by J.P. Morgan as one measure of market risk for our natural gas portfolio. The VaR calculated by this model represents the maximum change in market value over the holding period at the specified statistical confidence interval. The VaR model is generally based upon J.P. Morgan's RiskMetrics (TM) methodology using historical price data to derive estimates of volatility and correlation for estimating the contribution of tenor and location risk. The VaR model assumes a one-day holding period and uses a 95% confidence level.

As of December 31, 1998, the calculated VaR of our entire natural gas portfolio of futures, swaps and options was approximately $1.5 million. This figure includes the risk related to our entire portfolio of natural gas financial instruments and does not include the related underlying hedged physical transactions.

All financial instruments for which there are no offsetting physical transactions are treated as either the hedge of an anticipated transaction or a speculative trade. As of December 31, 1998, the VaR of these type of transactions for natural gas was approximately $500,000.

Crude Oil and NGL Derivative Market Risk

As of December 31, 1998, we held a notional quantity of approximately 177,000 MGal of NGL futures, swaps and options extending from January 1999 to December 1999 with a weighted average duration of approximately six months. This notional quantity was comprised of approximately 129,000 MGal of long positions and 48,000 MGal of short positions. As of December 31, 1997, we held a notional quantity of approximately 148,000 MGal of NGL futures, swaps and options extending from January 1998 to December 1998 with a weighted average duration of approximately five months. This notional quantity was comprised of approximately 93,000 MGal of long positions and 55,000 MGal of short positions.

As of December 31, 1998, we had sold 90,000 barrels per month of NYMEX crude swaps for 1999 at an average price of $13.10 per barrel. In addition, we had purchased 90,000 barrels per month of $15.00 per barrel NYMEX calls for July 1999 through December 1999 settlement. We held no crude oil futures, swaps or options for settlement beyond 1999.

As of December 31, 1998, we had purchased puts for 200,000 barrels per month of OPIS Mt. Belvieu monthly average settlement at $0.210 per gallon to hedge a portion of our equity production of propane and butanes for 1999.

As of December 31, 1998, we had purchased puts for 50,000 barrels per month of OPIS Mt. Belvieu monthly average settlement at $0.155 per gallon of purity ethane to hedge a portion of our equity production of ethane for 1999.

As of December 31, 1998, we held no NGL futures, swaps or options for settlement beyond 1999.

As of December 31, 1998, the estimated fair value of the aforementioned crude oil and NGL options held by us was approximately $315,000.

Foreign Currency Derivative Market Risk

We enter into physical gas transactions payable in Canadian dollars. We enter into forward purchases and sales of Canadian dollars from time to time to fix the cost of our future Canadian dollar denominated natural gas purchase, sale, storage and transportation obligations. This is done to protect marketing margins from adverse changes in the U.S. and Canadian dollar exchange rate between the time the commitment for the payment obligation is made and the actual payment date of such obligation. As of December 31, 1998, the notional value of these contracts was approximately $11.0 million in Canadian dollars. As of December 31, 1997, the notional value of these contracts was approximately $5.5 million in Canadian dollars, which approximated their fair market value.

Year 2000

We have made a comprehensive review of our computer systems to identify the systems that could be affected by the Year 2000 issue and are in the process of identifying and making the appropriate modifications to these computer systems. We have: (i) created a Year 2000 awareness program to educate employees; (ii) compiled an inventory of all systems; (iii) developed system test plans as appropriate; (iv) substantially

completed the testing and remediation as required for both information and non-information technology systems; and (v) begun preparation of our contingency plans to minimize the impact of a Year 2000 related failure caused either internally or externally. Additionally, we have initiated a program under which we survey our business counterparties periodically regarding their Year 2000 conversion and contingency plans. Currently, we anticipate spending approximately $1.5 million, of which approximately 79% is currently committed, for remediation purposes, which is primarily consisting of hardware and operating system upgrades. We have incurred and will continue to incur internal staff costs as well as some consulting and other expenses, which have been and are expected to continue to be immaterial. We anticipate our Year 2000 conversion project to be substantially completed by October 1999. Currently, we believe our most significant risk for the Year 2000 issue is that the systems

of other companies on which we rely will not be Year 2000 compliant and that any failure to convert by another company will have an adverse effect on our results of operations or financial position. In order to mitigate this risk, we continue to develop contingency plans and are surveying our vendors and customers to verify the status of their conversion and contingency plans.

BUSINESS

General

Western gathers, processes, treats, develops and produces, transports and markets natural gas and NGLs. We operate in major gas-producing basins in the Rocky Mountain, Mid-Continent, Gulf Coast and Southwestern regions of the United States. We design, construct, own and operate natural gas gathering systems and processing and treating facilities in order to provide our customers with a broad range of services from the wellhead to the sales delivery point.

On a pro forma basis, after giving effect to the April 1999 sales of our Katy gas storage and hub facility and our Giddings gas gathering system and the June 1999 sale of our MiVida treating facility:

- at June 30, 1999, we owned approximately $ 1.0 billion of assets, including approximately 8,000 miles of gathering systems, 21 processing and treating facilities and two regulated natural gas pipelines, and at December 31, 1998 we owned approximately 239 Bcf of net proven natural gas reserves;

- for both the year ended December 31, 1998 and the six months ended June 30, 1999, we had average throughput at our facilities of 1.0 Bcf/D of natural gas;

- for the year ended December 31, 1998 and the six months ended June 30, 1999, we generated revenues of $2.1 billion and $864.4 million, respectively, and earnings before interest expense, income taxes, depreciation, depletion and amortization, non-cash impairment charges and gains or losses on the sales of assets, or EBITDA, of $66.7 million and $32.9 million, respectively.

Our operations are conducted through the following four business segments:

- Gathering and Processing--Our operations are in well-established basins such as the Permian, Anadarko, Powder River, Green River and San Juan basins. We connect oil and gas wells to our gathering systems for delivery to our processing or treating plants. At our plants we process natural gas to extract NGLs and we treat natural gas in order to meet pipeline specifications. We provide these services to major oil and gas companies and to various sized independent producers.

- Production--We develop and, in limited cases, explore for natural gas, primarily with third-party producers. We participate in exploration and production in order to enhance and support our existing gathering and processing operations. We sell the natural gas that we produce to third parties. Our producing properties are primarily located in the Powder River and Green River basins of Wyoming.

- Marketing--We buy and sell natural gas and NGLs in the wholesale market in the United States and in Canada. We provide storage, transportation, scheduling, peaking and other services to our customers. Our customers for these services include utilities, local distribution companies, industrial end-users and other energy marketers.

- Transportation--We transport natural gas through our regulated pipelines for producers and energy marketers under fee schedules regulated by state or federal agencies.

Historically, we have derived over 95% of our revenues from the sale of gas and NGLs. Our revenues by type of operation are as follows (dollars in thousands):

<TABLE>
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	Six Months Ended June 30,	Year Ended December 31,

	1999	%	1998	%	1998	%	1997	%	1996	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Sale of gas.....	$715,055	82.8	$ 804,972	74.4	$1,611,521	75.5	$1,657,479	69.5	$1,440,882	68.9
Sale of NGLs.....	139,854	16.2	232,624	21.5	449,696	21.1	611,969	25.7	561,581	26.9
Processing, Transportation and Storage revenues.....	24,319	2.8	21,991	2.1	44,743	2.1	40,906	1.7	44,943	2.1
Sale of electric power..	--	--	--	--	20	--	59,477	2.5	30,667	1.5
Other, net.....	(15,283)	(1.8)	21,639	2.0	27,586	1.3	15,429	.6	12,936	.6
Total revenues.....	$863,945	100.0	$1,081,226	100.0	$2,133,566	100.0	$2,385,260	100.0	$2,091,009	100.0

</TABLE>

In order to reduce our overall debt level and provide us with additional liquidity to fund our key growth opportunities, in 1998 we sold our Edgewood processing plant and our interest in the production served by this facility and our Perkins gas gathering and processing facility for an aggregate of $75.0 million, and in April 1999 we sold our Katy facility and a portion of the associated natural gas inventory for gross proceeds of $111.7 million and our Giddings facility for gross proceeds of $36.0 million. In June 1999, we sold our MiVida treating facility for gross proceeds of $12.0 million. As a result of these sales in 1999 and the offering of notes and the use of proceeds therefrom, our total debt was $371.8 million at June 30,1999.

Business Strategy

Our long-term business plan is to increase our profitability by: (i) optimizing the profitability of existing operations; (ii) entering into additional agreements with third-party producers who dedicate acreage to our gathering and processing operations; and (iii) investing in projects or acquiring assets that complement and extend our core natural gas gathering, processing, production and marketing businesses.

Capital expenditures related to existing operations are expected to be approximately $67.0 million during 1999. This includes approximately $39.6 million related to gathering, processing and pipeline assets and approximately $18.5 million for the development of gas reserves in the Powder River basin.

Optimize Profitability

We continuously seek to improve the profitability of our existing operations by:

- increasing natural gas throughput levels through new well connections and expansion of gathering systems. In 1999, we expect to spend approximately $8.0 million on additional well connections and compression and gathering system expansions. We increased throughput levels at our facilities from 895 MMcf/D in 1993 to 1,162 MMcf/D in 1998.

- increasing our efficiency through the consolidation of existing gathering and processing facilities. Consolidations allow us to increase the throughput of the surviving plant while eliminating a majority of the operating costs of the closed plant. For example, in 1998 we combined the processing operations of our Four Corners and San Juan River plants.

- evaluating assets. We routinely review the economic performance of each of our operating facilities to ensure that a targeted rate of return is achieved. If an operating facility is not generating targeted returns we will explore various options, such as consolidation with other Western-owned or third-party-owned facilities, dismantlement, asset swap or outright sale.

- controlling operating and overhead expenses. We recently restructured our operational and administrative organization which we expect will result in approximately $5.0 million in savings in plant operating and selling and administrative expenses in 1999 from those incurred in 1998.

Increase Dedicated Acreage

Our operations are located in some of the most actively drilled oil and gas

producing basins in the United States. We enter into agreements under which we gather and process natural gas produced on acreage dedicated to us by third parties. We continually seek to obtain production from new wells and newly dedicated acreage in order to replace declines in existing reserves that are dedicated for gathering and processing at our facilities. We have increased our dedicated estimated reserves from 2.2 Tcf at December 31, 1993 to 3.1 Tcf at December 31, 1998. On average, over this five-year period, including the reserves associated with our joint ventures and partnerships and excluding the reserves associated with the facilities sold during this period, we connected new reserves to our facilities to replace approximately 165% of throughput over this period. In order to obtain additional dedicated acreage and to secure contracts on favorable terms, we may participate to a limited extent with producers in exploration and production activities. For the same reason, we may also offer to sell an ownership interest in our facilities to selected producers.

Expansion of Core Business

We will continue to invest in projects that complement and extend our core natural gas gathering, processing, production and marketing businesses. We will also expand our gathering, processing and production operations into new geographic areas. During 1999, the majority of our capital budget will be spent in the Powder River basin of Wyoming and in Southwest Wyoming. These projects include:

- continued development of Powder River basin coal bed methane reserves to increase natural gas production and throughput at our existing gathering and transportation facilities;

- completion of the Fort Union gathering pipeline and treater, which will enable us and others to increase gas production in the Powder River basin and connect to major interstate pipelines for transportation; and

- continued expansion of our gathering systems and participation in the drilling for additional natural gas reserves in Southwest Wyoming.

Principal Facilities

The following tables provide information concerning our principal facilities at June 30, 1999. We also own and operate several smaller treating, processing and transmission facilities located in the same areas as its other facilities.

<TABLE>
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				Average for the Six Months Ended June 30, 1999		
Plant Facilities (1)	Year Placed In Service	Gas Gathering Systems Miles(2)	Gas Throughput Capacity (MMcf/D)(3)	Gas Throughput (MMcf/D)(4)	Gas Production (MMcf/D)(5)	NGL Production (MGal/D)(5)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Southern Region:						
Texas						
Bethel Treating (6)..	1997	86	350	73	69	--
Giddings Gathering(14).....	1979	--	80	48	31	66
Gomez Treating.....	1971	385	280	109	101	--
Midkiff/Benedum.....	1955	2,139	165	142	92	864
Mitchell Puckett Gathering.....	1972	86	120	109	71	2
MiVida Treating (6)(16).....	1972	--	150	46	44	--
Rosita Treating.....	1973	--	60	39	--	--
Louisiana						
Black Lake.....	1966	56	75	11	6	17
Toca (7)(8).....	1958	--	160	80	76	67
Northern Region:						
Wyoming						
Coal Bed Methane Gathering.....	1990	389	105	116	88	--
Granger (7)(9)(10)...	1987	464	235	154	138	246
Hilight Complex (7)..	1969	622	80	20	16	65
Kitty/Amos Draw (7)..	1969	313	17	12	8	48

Lincoln Road (10)....	1988	149	50	24	22	22
Newcastle.....	1981	146	5	2	2	17
Red Desert.....	1979	111	42	18	16	30
Reno Junction (9)....	1991	--	--	--	--	51
Oklahoma						
Arkoma.....	1985	72	8	6	6	--
Chaney Dell.....	1966	2,050	180	60	47	198
Westana.....	1986	799	45	68	58	66
New Mexico						
San Juan River (6)...	1955	140	60	26	20	20
Utah						
Four Corners Gathering.....	1988	104	15	3	4	11
Total.....		8,111	2,282	1,166	915	1,790

</TABLE>

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Storage and Transmission Facilities (1)	Year Placed In Service	Interconnect and Transmission Miles(2)	Pipeline Capacity (MMcf/D)(2)	Average for the Six Months Ended June 30, 1999 Gas Throughput (MMcf/D)(3)
<S>	<C>	<C>	<C>	<C>
Katy Facility (11)(14).....	1994	--	--	244
MIGC (12)(15).....	1970	245	130	159
MGTC (13).....	1963	252	18	13
Total.....		497	148	416

</TABLE>

Footnotes on following page.

(1) Our interest in all facilities is 100% except for Midkiff/Benedum (73%); Black Lake (69%); Lincoln Road (72%); Westana Gathering Company (50%); Newcastle (50%) and Coal Bed Methane Gathering (50%). We operate all facilities and all data includes our interests and the interests of other joint interest owners and producers of gas volumes dedicated to the facility. Unless otherwise indicated, all facilities shown in the table are gathering and processing facilities.

(2) Gas gathering systems miles, interconnect and transmission miles, gas storage capacity and pipeline capacity are as of June 30, 1999.

(3) Gas throughput capacity is as of June 30, 1999 and represents capacity in accordance with design specifications unless other constraints exist, including permitting or field compression limits.

(4) Aggregate wellhead natural gas volumes collected by a gathering system, aggregate volumes delivered over the header at the Katy Hub and Gas Storage Facility or volumes transported by a pipeline.

(5) Volumes of gas and NGLs are allocated to a facility when a well is connected to that facility; volumes exclude NGLs fractionated for third parties.

(6) Sour gas facility (capable of processing or treating gas containing hydrogen sulfide and/or carbon dioxide).

(7) Fractionation facility (capable of fractionating raw NGLs into end-use products).

(8) Straddle plant, or a plant located near a transmission pipeline that processes gas dedicated to or gathered by a pipeline company or another third party.

(9) NGL production includes conversion of third-party feedstock to iso-butane.

(10) We and our joint venture partner at the Lincoln Road facility have agreed to process such gas at our Granger facility so long as there is available capacity at the Granger facility. Accordingly, operations at the Lincoln Road facility were temporarily suspended for the period between January 1999 and June 1999.

(11) Hub and gas storage facility.

(12) MIGC is an interstate pipeline located in Wyoming and is regulated by the Federal Energy Regulatory Commission.
(13) MGTC is a public utility located in Wyoming and is regulated by the Wyoming Public Service Commission.
(14) This facility was sold in April 1999.
(15) Pipeline capacity represents capacity at the Powder River junction only and does not include northern delivery points.
(16) This facility was sold in May 1999.

Largely as a result of low commodity prices affecting NGL products, we have reduced our budget for capital expenditures in 1999 from the levels expended in 1997 and 1998. We expect capital expenditures related to existing operations to be approximately $67.0 million during 1999, consisting of the following: (i) approximately $39.6 million related to gathering, processing and pipeline assets, of which $6.3 million is for maintaining existing facilities; (ii) approximately $24.6 million related to exploration and production activities; and (iii) approximately $2.8 million for miscellaneous items. Overall, capital expenditures in the Powder River basin coal bed methane development and in Southwest Wyoming operations represent 53% and 22%, respectively, of the total 1999 budget. As of June 30, 1999, we had expended $34.3 million, consisting of the following: (i) $19.9 million for new well connects, system expansions and asset consolidations; (ii) $2.2 million for maintaining existing facilities; (iii) $11.7 million for exploration and production activities; and (iv) $598,000 related to other miscellaneous items.

Gas Gathering, Processing, Storage and Transportation

Gas Gathering and Processing. We contract with producers to gather raw natural gas from individual wells located near our plants or gathering systems. Once we have executed a contract, we connect wells to gathering lines through which the natural gas is delivered to a processing plant or treating facility. At a processing plant, we compress the natural gas, extract raw NGLs and treat the remaining dry gas to meet pipeline quality specifications. Six of our processing plants can further separate, or fractionate, the mixed NGL stream into ethane, propane, normal butane and natural gasoline to obtain a higher value for the NGLs, and three of our plants are able to process and treat natural gas containing hydrogen sulfide or other impurities which require removal prior to transportation. At a treating facility, we treat dry gas, which does not contain liquids that we can economically extract, by removing hydrogen sulfide or carbon dioxide to meet pipeline quality specifications.

We acquire dedicated acreage and natural gas supplies in an effort to maintain or increase throughput levels to offset natural production declines. We obtain these natural gas supplies by purchasing existing systems from third parties, by connecting additional wells, through internally developed projects or through joint ventures. Historically, while certain individual plants have experienced declines in dedicated reserves, we have been successful in connecting additional reserves to more than offset the natural declines. There has been a reduction in drilling activity, primarily in basins that produce oil and casinghead gas, from levels that existed in prior years. Overall, the level of drilling will depend upon, among other factors, the prices for gas and oil, the

drilling budgets of third-party producers, the energy policy of the federal government and the availability of foreign oil and gas, none of which are within our control. We have increased our dedicated estimated reserves from 2.2 Tcf at December 31, 1993 to 3.1 Tcf at December 31, 1998. On average, over this five-year period, including the reserves associated with our joint ventures and partnerships and excluding the reserves associated with the facilities sold during this period, we connected new reserves to our facilities to replace approximately 165% of throughput over this period. There can be no assurance that we will continue to be successful in replacing the dedicated reserves processed at our facilities.

Substantially all gas flowing through our gathering, processing and treating facilities is supplied under long-term contracts providing for the purchase, treating or processing of natural gas for periods ranging from five to twenty years, using three basic contract types. Approximately 70% of our plant facilities' gross margins, or revenues at the plants less product purchases, for the year ended December 31, 1998 resulted from percentage-of-proceeds agreements in which we are typically responsible for arranging for the transportation and marketing of the gas and NGLs. We pay producers a specified percentage of the net proceeds received from the sale of the gas and the NGLs. This type of contract permits us and the producers to share proportionally in

price changes.

Approximately 20% of our plant facilities' gross margins for the year ended December 31, 1998 resulted from contracts that are primarily fee-based whereby we receive a set fee for each Mcf of gas gathered and/or processed. This type of contract provides us with a steady revenue stream that is not dependent on commodity prices, except to the extent that low prices may cause a producer to curtail production. The proportion of fee-based contracts is expected to increase as the volumes from the Powder River basin coal bed methane development and Southwest Wyoming increase. See further discussion in "--Significant Projects and Dispositions."

Approximately 10% of our plant facilities' gross margins for the year ended December 31, 1998 resulted from contracts that combine gathering, compression or processing fees with "keepwhole" arrangements or wellhead purchases. Typically, we charge producers a gathering and compression fee based upon volume. In addition, we retain a predetermined percentage of the NGLs recovered by the processing facility and keep the producers whole by returning to the producers at the tailgate of the plant an amount of residue gas equal on a Btu basis to the natural gas received at the plant inlet. The "keepwhole" component of the contracts permits us to benefit when the value of the NGLs is greater as a liquid than as a portion of the residue gas stream. However, we are adversely affected when the value of the NGLs is lower as a liquid than as a portion of the residue gas stream.

Transportation. We own and operate MIGC, an interstate pipeline located in the Powder River basin in Wyoming, and MGTC, an intrastate pipeline located in Northeast Wyoming. MIGC charges a FERC approved tariff and is connected to the Colorado Interstate Gas Pipeline, the Williston Basin Interstate Pipeline, the Pony Express Pipeline and MGTC. During July 1998, MIGC received approval from the FERC to increase its pipeline capacity from 90 MMcf per day to 130 MMcf per day. The first two compressors associated with this expansion began operating in December 1998 and the third compressor began operating in the first quarter of 1999. See further discussion in "--Significant Projects and Dispositions." MGTC provides transportation and gas sales at rates that are subject to the approval of the Wyoming Public Service Commission.

Significant Projects and Dispositions

Our significant projects and dispositions since January 1, 1996 are:

Coal Bed Methane. We continue to develop our Powder River basin coal bed methane natural gas gathering system and our coal seam gas reserves in Wyoming. We have acquired drilling rights on 830,000 gross acres (or 425,000 net acres) in the vicinity of known coal bed methane production. We and other operators in the area have established production from wells drilled to depths of 400 to 1,200 feet. Together with our partner, we expect to drill approximately 500 wells in 1999, of which approximately 225 have been

drilled through June 30, 1999, all of which are on locations with proven, undeveloped reserves. The average drilling, completion and gathering cost for our coal bed methane wells is approximately $65,000 with proven reserves per well of approximately 320 MMcf. As deeper wells are drilled, the average cost per well is expected to increase. Production of coal bed methane from the Powder River basin has been expanding, and approximately 124 MMcf/D of gas volumes in the second quarter of 1999 were being produced by several operators in the area as compared to 61 MMcf/D in January 1998. Approximately 75% of this production is from acreage equally owned by our partner, Barrett Resources Corporation, and us. We transport most of the coal bed methane gas through our MIGC interstate pipeline located in Wyoming, for redelivery to gas markets in the Rocky Mountain and Midwest regions of the United States.

Current drilling schedules on federal acreage are being delayed subject to approval of an Environmental Impact Statement. In addition, the Wyoming Department of Environmental Quality and the Environmental Protection Agency are reviewing the water discharge and quality standards in the Powder River basin, and this review is causing a delay in the issuance of water disposal permits. We believe that the conditions under which water disposal permits will be issued will be clarified within approximately 60 days. However, we can make no assurance that the conditions under which permits are granted will not impact the level of drilling or the timing of production.

MIGC transports most of the coal bed methane gas for redelivery to gas markets in the Rocky Mountain and Midwest regions of the United States. Our

capital budget in this area provides for expenditures of approximately $35.8 million during 1999. This capital budget includes approximately $18.5 million for drilling costs for our interest in approximately 500 wells, production equipment and undeveloped acreage, $15.3 million for compression and $2 million for our investment in the Fort Union Gas Gathering, L.L.C., as described below. Depending upon future drilling success, we may need to make additional capital expenditures to continue expansion in this basin. However, because of drilling and other uncertainties beyond our control, we can make no assurance that we will incur this level of capital expenditure or that we will make additional capital expenditures. During the years ended December 31, 1998 and 1997, we had expended approximately $46.7 million and $32.2 million, respectively, on this project.

In October 1997, we sold a 50% undivided interest in our Powder River basin coal bed methane gas operations to Barrett Resources Corporation. This sale provided us with a substantial acreage dedication for gathering and compression services within an area of mutual interest, or AMI, additional man-power resources to accelerate development in this area and more technical expertise in exploration and production. The sale involved gathering assets, producing properties, production equipment and certain undeveloped acreage in this area. The final adjusted purchase price was $17.9 million, resulting in a pre-tax gain of $4.7 million, which was recognized in the fourth quarter of 1997.

The AMI with Barrett encompasses approximately 2.1 million acres in the Powder River basin coal bed methane development area. Both parties will continue to develop certain specified areas within the AMI, with Barrett becoming the operator of the producing wells on July 1, 1999. We have committed to gather and compress for a fee all gas produced from the jointly-owned properties within the AMI under a long-term agreement.

In December 1998, we joined with other industry partners to form Fort Union Gas Gathering, L.L.C., to build a 106-mile long, 24-inch gathering pipeline and treater to gather and treat natural gas in the Powder River basin in northeast Wyoming. We own an approximate 13% equity interest in Fort Union and are the construction manager and field operator. We expect the new gathering header to have an initial capacity of approximately 450 MMcf/D of natural gas with expansion capability. The header will deliver coal bed methane gas to a treating facility to be constructed by us near Glenrock, Wyoming and will access interstate pipelines to gas markets in the Rocky Mountain and Midwest regions of the United States. Construction on this project began in April 1999, and operations are anticipated to commence on or about the end of the third quarter of 1999. The new gathering header and treating system is project-financed, and will require a cash investment by us of approximately $2 million.

Southwest Wyoming. The United States Geologic Survey estimates that the Greater Green River basin contains over 120 Tcf of unrecovered natural gas reserves. Our facilities in Southwest Wyoming are comprised of the Granger facility and a 72% ownership interest in the Lincoln Road facility, collectively the "Granger Complex." These facilities have a combined operational capacity of 225 MMcf/D and processed an average of 177 MMcf/D in the second quarter of 1999. We believe that as governmental drilling restrictions affecting a portion of this basin are removed in the fourth quarter of 1999, we may have the opportunity to expand these facilities in the year 2000. Our capital budget in this area provides for expenditures of approximately $14.5 million during 1999. This capital budget includes approximately $6.1 million for drilling costs and production equipment and approximately $8.4 million related to gathering, transportation and expansion of the Granger facility. Because of drilling and other uncertainties beyond our control, we can provide no assurance that we will incur this level of capital expenditure or that we will make future capital expenditures. During the years ended December 31, 1998 and 1997, we expended approximately $16.0 million and $6.2 million, respectively, on this project.

In 1997, we entered into an agreement with Ultra Resources, Inc. to participate in the exploration, development, gathering and processing in the Hoback Basin in Southwestern Wyoming. Under the agreement, we established a 1.8 million acre AMI, in which Ultra currently controls approximately 350,000 acres. We have the option to participate in exploration and production activities within the AMI for approximately a 15% working interest. We have also entered into agreements with Ultra for the gathering and processing of natural gas, which is developed on 16 prospects within the AMI, through our Granger facility.

Additionally, we entered into two separate agreements with RIS Resources

(USA) Inc., an affiliate of Ultra, to sell RIS undivided interests in certain assets. Under the first agreement, in February 1998, we sold RIS a 50% undivided interest in a small portion of the Granger gathering system servicing the Ultra AMI for approximately $4.0 million. This amount approximated our cost in such facilities. We expect to install jointly with RIS additional gathering assets in this area as needed. Under the second agreement with RIS, we granted RIS the option to purchase up to 50% of the Granger Complex. In conjunction with this agreement, in February 1998, RIS paid a $1 million non-refundable option payment to us. RIS's option to acquire an interest in these facilities expired in the fourth quarter of 1998.

Bethel Treating Facility. In 1996 and 1997, the Pinnacle Reef exploration area was rapidly developing into a very active lease acquisition and exploratory drilling area using 3-D seismic technology to identify prospects. The initial discoveries indicated a very large potential gas development. Based on our receipt of large acreage dedications in this area, we constructed the Bethel treating facility for a total cost of approximately $102.8 million with a throughput capacity of 350 MMcf/D. In 1998, the production rates from the wells drilled in this field and the recoverable reserves from these properties, were far less than the producers originally expected. As a result, in 1998, the Bethel treating facility averaged gas throughput of approximately 61 MMcf/D. Due to the unexpected poor drilling results and reductions in the producers' drilling budgets, the number of rigs active in this area has decreased from 18 in July 1998 to one active rig in June 1999.

Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of," requires the review of long-lived assets whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. SFAS No. 121 also requires that an impairment loss be recognized when the carrying amount of an asset exceeds its fair market value or its expected future undiscounted net cash flows. Because of uncertainties related to the pace and success of third-party drilling programs, declines in volumes produced at certain wells and other conditions outside our control, we determined that such an evaluation of the Bethel treating facility was necessary. We compared the net book value of the assets to the discounted expected future cash flows of the facility and determined that the results of this comparison required a pre-tax, non-cash impairment charge of $77.8 million in the fourth quarter of 1998.

Edgewood. In two transactions which closed in October 1998 we sold our Edgewood gathering system, including our undivided interest in the producing properties associated with this facility, and our 50% interest in the Redman Smackover Joint Venture. The combined sales price was $55.8 million. We used the proceeds from these sales to repay a portion of the balances outstanding under the Revolving Credit Facility. After the accrual of certain related expenses, we recognized a pre-tax gain of approximately $1.6 million during the fourth quarter of 1998.

Perkins. In November 1997, we entered into an agreement to sell our Perkins facility. In March 1998, we completed the sale of this facility, with an effective date of January 1, 1998. The sales price was $22.0 million and resulted in a pre-tax gain of approximately $14.9 million. We used the proceeds from this sale to repay a portion of the balances outstanding under the Revolving Credit Facility.

Giddings. In April 1999, we sold our Giddings facility for gross proceeds of $36.0 million, which resulted in an approximate pre-tax loss of $6.6 million in the second quarter of 1999, subject to final accounting adjustment.

Katy. We continue to view access to storage capacity as a significant element of our marketing strategy. However, as a result of an increase in third-party storage services available in the marketplace combined with our 1999 business plan objective of improving our balance sheet, in April 1999 we sold all the outstanding common stock of our wholly owned subsidiary, Western Gas Resources Storage, Inc., for gross proceeds of $100.0 million. This transaction resulted in an approximate pre-tax loss of $16.6 million, in the second quarter of 1999, subject to final accounting adjustment. The only asset of this subsidiary was the Katy facility. In April 1999, we also sold 5.1 Bcf of stored gas in the Katy facility for total sales proceeds of $11.7 million, which approximated our cost of the inventory. To meet the needs of our marketing operations, we will continue to contract for storage capacity. Accordingly, we entered into a long-term agreement with the purchaser for

approximately 3 Bcf of storage capacity at market rates.

MiVida. In June 1999, we sold our MiVida treating facility for gross proceeds of $12.0 million. This transaction is subject to final accounting adjustment and is expected to result in an approximate pre-tax gain of $1.2 million.

Other. We routinely review the economic performance of each of our operating facilities to ensure that a targeted rate of return is achieved. If an operating facility is not generating targeted returns we will explore various options, such as consolidation with other Western-owned or third party-owned facilities, dismantlement, asset swap or outright sale.

Marketing

Gas. We market gas produced at our plants and purchased from third parties to end-users, local distribution companies, or LDCs, pipelines and other marketing companies throughout the United States and in Canada. Historically, our gas marketing was an outgrowth of our gas processing activities and was directed towards selling gas processed at our plants to ensure their efficient operation. As we expanded into new basins and the natural gas industry became deregulated and offered more opportunity, we began to increase our third-party gas marketing. For the six months ended June 30, 1999 and the year ended December 31, 1998, our gas sales volumes averaged 2.0 Bcf/D and 2.2 Bcf/D, respectively. Third-party sales and gas storage, combined with the stable supply of gas from our facilities, enable us to respond quickly to changing market conditions and to take advantage of seasonal price variations and peak demand periods. We sell gas under agreements with varying terms and conditions in order to match seasonal and other changes in demand. Most of our current sales contracts range from a few days to two years. During 1997, we created a wholly owned subsidiary to operate a marketing office in Calgary, Alberta. The Calgary office provides us with information regarding gas supplies being transported from Canada and establishes a presence in an evolving gas market.

In general, we do not expect to increase our third-party sales volumes in 1999 significantly from levels achieved during the year ended December 31, 1998. Our 1999 gas marketing plan emphasizes growth through our asset base and storage and transportation capacities which we control.

We continue to view access to storage capacity as a significant element of our marketing strategy. We customarily store gas in underground storage facilities to ensure an adequate supply for long-term sales contracts and for resale during periods when prices are favorable. As of December 31, 1998, we had contracts in place for approximately 16.2 Bcf of storage capacity, including storage through our Canadian subsidiary, for resale during periods when prices are favorable. The fees associated with these contracts currently do not exceed $.61 per Mcf and the associated periods range from two months to six years. As of December 31, 1998, we also had contracts for approximately 490 MMcf/D of firm transportation; approximately 30% of these contracts expire during 1999. The fees associated with these contracts do not exceed $.33 per Mcf, and the associated periods range from seven months to thirteen years. Certain of these long-term storage and firm transportation contracts require an annual renewal. In addition, some contracts contain provisions which would require us to pay the fees associated with these contracts whether or not the service was used.

We held gas in storage and in imbalances of approximately 7.5 Bcf at an average cost of $1.94 per Mcf at June 30, 1999 compared to 18.5 Bcf at an average cost of $2.10 per Mcf at June 30, 1998, at various storage facilities. At June 30, 1999, we had hedging contracts in place for anticipated sales of approximately 6.5 Bcf of stored gas at a weighted average price of $2.26 per Mcf for the stored inventory. See further discussion in "--Significant Projects and Dispositions--Katy" and "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources--Risk Management Activities."

During the year ended December 31, 1998, we sold gas to approximately 475 end-users, pipelines, LDCs and other customers. No single gas customer accounted for more than 4% of consolidated revenues for the year ended December 31, 1998.

NGLs. We market NGLs, or ethane, propane, iso-butane, normal butane, natural gasoline and condensate, produced at our plants and purchased from third

parties, in the Rocky Mountain, Mid-Continent, Gulf Coast and Southwestern regions of the United States. A majority of our production of NGLs moves to the Gulf Coast area, which is the largest NGL market in the United States. Through the development of end-use markets and distribution capabilities, we seek to ensure that products from our plants move on a reliable basis, avoiding curtailment of production. For the six months ended June 30, 1999, NGL sales averaged 2,785 MGal/D.

Consumers of NGLs are primarily the petrochemical industry, the petroleum refining industry and the retail and industrial fuel markets. As an example, the petrochemical industry uses ethane, propane, normal butane and natural gasoline as feedstocks in the production of ethylene, which is used in the production of various plastics products. Over the last several years, the petrochemical industry has increased its use of NGLs as a major feedstock and is projected to continue to increase such usage. Further, consumers use propane for home heating, transportation and for agricultural applications. Price, seasonality and the economy primarily affect the demand for NGLs.

We increased sales to third parties by approximately 385 MGal/D for the year ended December 31, 1998 compared to 1997. In general, we do not anticipate that sales to third parties in 1999 will increase at the rate experienced in prior years. Our NGL marketing plan contemplates: (i) continued growth in sales to end-users; (ii) maximizing profitability on volumes produced at our facilities; and (iii) efficient use of various third-party storage facilities to increase profitability while limiting carrying risk.

We lease NGL storage space at major trading locations, primarily near Houston and in central Kansas, in order to store products for resale during periods when prices are favorable and to facilitate the distribution of products. In addition, as of December 31, 1998, we had contracts in place for approximately 30,450 MGal of storage capacity. The base fees associated with such contracts currently do not exceed $.03 per gallon and the associated periods range from three months to four years. Certain of the long-term contracts require an annual

renewal and contain provisions which would require us to pay the fees associated with such contracts whether or not the service was used.

We held NGLs in storage of 8,000 MGal, consisting primarily of propane and normal butane, at an average cost of $.28 per gallon and 50,000 MGal at an average cost of $.28 per gallon at June 30, 1999 and 1998, respectively, at various third-party storage facilities. At June 30, 1999, we had no significant hedging contracts in place for anticipated sales of stored NGLs.

NGL sales were made to approximately 175 different customers for the year ended December 31, 1998. No single customer accounted for more than 2% of our consolidated revenues for the year ended December 31, 1998. We also derive revenues from contractual marketing fees charged to some producers for NGL marketing services. For the year ended December 31, 1998, these fees were less than 1% of our consolidated revenues.

Power Marketing. In July 1996, the FERC issued its final order requiring investor-owned electric utilities to provide open access for wholesale transmission. This action allowed companies to participate in a market previously controlled by electric utilities. During 1996 and 1997, we traded electric power in the wholesale market and entered into transactions that arbitrage the value of gas and electric power. During the second half of 1997, we elected to discontinue wholesale trading of electric power, due to a lack of profitability.

Producing Properties

During 1997, we began to invest more capital in oil and gas producing activities primarily to replace declining reserves which are processed at our facilities and to encourage expansion in basins where our facilities are located. See "Business--Significant Projects and Dispositions--Coal Bed Methane" and "--Southwest Wyoming." We believe that in order to secure additional gas supply for our facilities, we must be willing to consider participation in exploration and production activities. At December 31, 1998, we had an interest in 671 gross wells (or 304 net wells) located primarily in the Powder River Basin. Revenues derived from our producing properties comprised approximately 1.3%, 1.3% and 1.6% of consolidated revenues for the years ended December 31, 1998, 1997 and 1996, respectively.

The following table provides a summary of the net annual production volumes:

<TABLE>
<CAPTION>

State	For the Year Ended December 31, 1998 Gas (MMcf)	1998 Oil (MBbl)	1997 Gas (MMcf)	1997 Oil (MBbl)	1996 Gas (MMcf)	1996 Oil (MBbl)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Colorado	274	2	243	6	73	6
Louisiana	2,810	75	4,760	108	7,255	117
Texas (1)	1,787	5	6,092	21	7,193	32
Wyoming:						
Coal Bed Methane	7,136	--	1,751	--	12	--
All Other	3,283	40	1,752	19	233	3
Total	15,290	122	14,598	154	14,766	158

</TABLE>

(1) We sold our producing properties in Texas during 1998.

As a result of a review of the reserves at our Black Lake facility, and by comparing the net book value of the assets to the undiscounted expected future cash flows, which management determined by applying future prices estimated over the lives of the associated reserves, we wrote down the Black Lake reserves and the processing facility associated with such reserves in accordance with SFAS No. 121 to the net present value of expected cash flows discounted using an interest rate commensurate with the risk associated with the underlying asset. Accordingly, we recognized a pre-tax, non-cash loss of $28.8 million for the year ended December 31, 1998. In addition, we recognized a pre-tax, non-cash loss on the impairment of property and

equipment, primarily related to our Black Lake facility and Sand Wash basin assets, of $34.6 million for the year ended December 31, 1997.

We employ a total staff of eight full time reservoir and production engineers and geologists who complete annual reserve estimates of dedicated reserves behind each of our existing facilities. These engineers also complete annual reserve estimates of each of our producing areas. The reserve report prepared internally for the Powder River coal bed methane for 1998 has been audited by Fairchild, Ancell & Wells, Inc. The reserves associated with the Black Lake field have been prepared by Williamson Petroleum Consultants, Inc. since 1996.

Our reserve estimates are subject to numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. The accuracy of these estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Reserve estimates are imprecise and should be expected to change as additional information becomes available. Estimates of economically recoverable reserves and of future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Results of subsequent drilling, testing and production may cause either upward or downward revisions of previous estimates. In addition, the estimates of future net revenues from our proved reserves and the present value of those reserves are based upon certain assumptions about production levels, prices and costs, which may not be correct. Further, the volumes considered to be commercially recoverable fluctuate with changes in prices and operating costs. The meaningfulness of such estimates is highly dependent upon the accuracy of the assumptions upon which they were based. Actual results may differ materially from the results estimated. Our estimates of reserves dedicated to our gathering and processing facilities are calculated by our reservoir engineering staff and are based on publicly available data. These estimates may be less reliable than the reserve estimates made for our own producing properties since the data available for estimates of our own producing properties also includes our proprietary data.

Environmental

The construction and operation of our gathering systems, plants and other

facilities used for the gathering, transporting, processing, treating or storing of gas and NGLs are subject to federal, state and local environmental laws and regulations, including those that can impose obligations to clean up hazardous substances at our facilities or at facilities to which we send wastes for disposal. In most instances, the applicable regulatory requirements relate to water and air pollution control or waste management. We employ six environmental engineers and seven regulatory compliance specialists to monitor environmental and safety compliance at our facilities. Prior to consummating any major acquisition, our environmental engineers perform audits on the facilities to be acquired. In addition, on an ongoing basis, the environmental engineers perform environmental assessments of our existing facilities. We believe that we are in substantial compliance with applicable material environmental laws and regulations. Environmental regulation can increase the cost of planning, designing, constructing and operating our facilities. We believe that the costs for compliance with current environmental laws and regulations have not had and will not have a material effect on our financial position or results of operations.

The Texas Natural Resource Conservation Commission which has authority to regulate, among other things, stationary air emissions sources, has created a committee to make recommendations to the Commission regarding a voluntary emissions reduction plan for the permitting of existing "grandfathered" air emissions sources within the State of Texas. A "grandfathered" air emissions source is one that does not need a state operating permit because it was constructed prior to 1971. We operate a number of these sources within the State of Texas, including portions of our Midkiff plant and many of our compressors. The recommendations proposed by the committee would create a voluntary permitting program for grandfathered sources, including incentives to participate, like the ability to operate in these sources in a flexible manner. It is not clear which of the committee's recommendations, if any, that the Commission will implement and it is not possible to assess the potential effect on us until final regulations are promulgated.

We anticipate that it is reasonably likely that the trend in environmental legislation and regulation will continue to be towards stricter standards. We are unaware of future environmental standards that are reasonably likely to be adopted that will have a material effect on our financial position or results of operations, but we cannot rule out that possibility.

We are in the process of voluntarily cleaning up substances at certain facilities that we operate. Our expenditures for environmental evaluation and remediation at existing facilities have not been significant in relation to our results of operations and totaled approximately $1.4 million for the year ended December 31, 1998, including approximately $732,000 in air emissions fees to the states in which we operate, $132,000 of which was attributable to the Edgewood facility which we sold in October 1998. Although we anticipate that such environmental expenses per facility will increase over time, we do not believe that such increases will have a material effect on our financial position or results of operations.

Competition

We compete with other companies in the gathering, processing, treating and marketing businesses both for supplies of natural gas and for customers for our natural gas and NGLs. Competition for natural gas supplies is primarily based on efficiency, reliability, availability of transportation and ability to obtain a satisfactory price for the producers' natural gas. Competition for sales customers is primarily based upon reliability and price of deliverable natural gas and NGLs. Our competitors for obtaining additional gas supplies, for gathering and processing gas and for marketing gas and NGLs include national and local gas gatherers, brokers, marketers and distributors of various sizes, financial resources and experience. For marketing customers that have the capability of using alternative fuels, such as oil and coal, we also compete based primarily on price against companies capable of providing such alternative fuels. We have experienced narrowing margins related to third-party sales due to the increasing availability of pricing information in the natural gas industry. Counterparties in our gas marketing transactions may require additional security such as letters of credit that are not required of certain of our competitors. If the additional security is required, our marketing margins and volumes may be adversely impacted.

Regulation

Our purchase and sale of natural gas and the fees we receive for gathering and processing have generally not been subject to regulation and, therefore, except as constrained by competitive factors, we have considerable pricing flexibility. However, many aspects of our gathering, processing, marketing and transportation of natural gas and NGLs are subject to federal, state and local laws and regulations which can have a significant impact upon our overall operations.

As a processor and marketer of natural gas, we depend on the transportation and storage services offered by various interstate and intrastate pipeline companies for the delivery and sale of our own gas supplies as well as those we process and/or market for others. Both the interstate pipelines' performance of transportation and storage services, and the rates charged for such services, are subject to the jurisdiction of the FERC under the Natural Gas Act of 1938 and the Natural Gas Policy Act of 1978. At times, other system users can pre-empt the availability of interstate transportation and storage services necessary to enable us to make deliveries and/or sales of gas in accordance with FERC-approved methods for allocating the system capacity of "open access" pipelines. Moreover, the rates the pipelines charge for such services are often subject to negotiation between shippers and the pipelines within certain FERC-established parameters and will periodically vary depending upon individual system usage and other factors. An inability to obtain transportation and/or storage services at competitive rates can hinder our processing and marketing operations and/or adversely affect our sales margins.

In 1997, the State of Texas adopted a statute that will require us to obtain a pre-construction permit for certain gas gathering lines containing more than 100 parts per million of hydrogen sulfide and grants affected persons, in certain circumstances, the right to request a hearing relating to the issuance of such a permit. This

may increase the time and cost associated with constructing hydrogen sulfide gathering lines. We operate the Bethel facility in Texas which removes hydrogen sulfide from the natural gas.

Generally, neither the FERC nor any state agency regulates gathering and processing prices. The Oklahoma Corporation Commission, or the OCC, has limited authority in certain circumstances, after the filing of a complaint by a producer, to compel a gas gatherer to provide open access gathering and to set aside unduly discriminatory gathering fees. The Oklahoma state legislature is considering legislation that would expand the authority of the OCC to compel a gas gatherer to provide open access gas gathering and to establish rates, terms and conditions of services which a gas gatherer provides. In addition, the state legislatures and regulators in other states in which we gather gas are also contemplating additional regulation of gas gathering. We do not believe that any of the proposed legislation of which we are aware is likely to have a material adverse effect on our financial position or results of operation. However, we cannot predict what additional legislation or regulations the States may adopt regarding gas gathering.

Employees

At June 30, 1999, we employed approximately 772 full-time employees, none of whom was a union member. We consider relations with employees to be excellent.

Legal Proceedings

McMurry Oil Company, et al. v. TBI Exploration, Inc., Mountain Gas Resources, Inc. and Wildhorse Energy Partners, LLC, District Court, Ninth Judicial District, Sublette County, Wyoming, Civil Action No. 5882. McMurry Oil Company and certain other producers (collectively, "McMurry") filed suit against TBI Exploration, Inc. ("TBI"), Mountain Gas Resources, Inc., our wholly-owned subsidiary ("Mountain Gas") and Wildhorse Energy Partners, LLC ("Wildhorse"). The central dispute in this case concerns the ownership, nature and extent of a call on certain gas and the right to match offers for gathering and/or purchasing gas (collectively the "Preferential Rights"). In November 1998, the court granted summary judgment in favor of McMurry as to the ownership of the Preferential Rights. In early 1999, McMurry, TBI and Wildhorse settled their claims and crossclaims and as a result TBI and Wildhorse were dismissed from the case. Trial on the liability phase of the litigation between McMurray and Mountain Gas was held in May 1999 and judgment was rendered against Mountain Gas in June 1999, assessing liability for intentional interference of business expectancies and opportunities and a finding that such interference caused McMurry to forego or delay entry into these opportunities

and further, that Mountain Gas' assertion of ownership of Preferential Rights were false and thereby disparaged McMurry's title and rights. The court ruled that McMurry was entitled to seek damages against Mountain Gas and that the damages may include punitive damages. McMurry has submitted damage claims in this matter of approximately $29 million, not including punitive damages. Mountain Gas has filed a motion to reconsider the applicability of punitive damages in this matter. A determination of the extent and amount of damages, including causation and mitigation, for McMurry's damage claims is set for a jury trial in September 1999. Mountain Gas believes the damage claims are excessive and unjustified and will vigorously defend its actions and the damage claims raised by McMurry in this matter. Under the terms of the court's order, Mountain Gas is not permitted to file any appeal until the damage claims have been litigated. Mountain Gas believes it has several grounds for appeal in this matter. At the present time, it is not possible to express an opinion as to the final outcome of this litigation or to estimate the final amount of damages, if any, to be assessed in this matter.

Berco Resources, Inc. v. Amerada Hess Corporation and Western Gas Resources, Inc., United States District Court, District of Colorado, Civil Action No. 97-WM-1332. Berco Resources, Inc. is an independent producer and marketer of natural gas and alleges that it owns or has the right to produce and sell natural gas in the Temple/Tioga Area in North Dakota. Berco alleges that Amerada Hess engaged in unlawful monopolization under Section 2 of the Sherman Act and Section 7 of the Clayton Act by acquiring natural gas gathering and producing facilities owned by us. Berco alleges that we, along with Amerada Hess, have conspired, through the purchase and sale of our facilities in the Temple/Tioga Area, to create a monopoly affecting an appreciable

amount of interstate commerce in violation of Sections 1 and 2 of the Sherman Act. Berco seeks an award against Amerada Hess and us of threefold the amount of damages actually sustained by Berco, in an amount to be determined at trial, and/or divestiture of the assets which Amerada Hess acquired, for an order restraining and enjoining us and Amerada Hess from violating the antitrust laws, and for costs, attorney fees and interest. We believe that we have meritorious defenses to the claims and are vigorously defending such claims. At the present time it is not possible to predict the outcome of this litigation to estimate the amount of potential damages.

Internal Revenue Service. The Internal Revenue Service has completed its examination of our tax returns for the years 1990 and 1991 and has proposed adjustments to taxable income reflected in such tax returns that would shift the recognition of certain items of income and expense from one year to another. To the extent taxable income in a prior year is increased by proposed timing adjustments, taxable income may be reduced by a corresponding amount in other years. However, we would incur an interest charge as a result of such adjustments. We currently are protesting certain of these proposed adjustments. In the opinion of management, any proposed adjustments for the additional income taxes and interest that may result would not be material. However, it is reasonably possible that the ultimate resolution could result in an amount which differs materially from management's estimates.

Other. We are involved in various other litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims, will not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

MANAGEMENT

Set forth below is certain information as of August 6, 1999 concerning the directors and officers of Western and its predecessors.

<TABLE>
<CAPTION>

Name	Age	Position
<S>	<C>	<C>
Brion G. Wise.....	53	Chairman of the Board and Chief Executive Officer (1)
Walter L. Stonehocker...	74	Vice Chairman of the Board (3)
Dean Phillips.....	67	Director (3)(5)

Joseph E. Reid.....	70	Director (2)(4)(5)
Richard B. Robinson.....	50	Director (1)(4)(5)
Bill M. Sanderson.....	69	Director (3)
Ward Sauvage.....	74	Director (2)
James A. Senty.....	63	Director (3)(4)(5)
Lanny F. Outlaw.....	63	President and Chief Operating Officer
John C. Walter.....	53	Executive Vice President, General Counsel and Secretary
Edward A. Aabak.....	47	Senior Vice President--Operations
John F. Chandler.....	43	Senior Vice President--Marketing and Business Development and Assistant Secretary
Vance S. Blalock.....	46	Treasurer and Assistant Secretary
Brian E. Jeffries.....	41	Vice President--Gas Marketing
J. Burton Jones.....	40	Vice President--Business Development
Jeffery E. Jones.....	46	Vice President--Production
William J. Krysiak.....	39	Vice President--Finance

</TABLE>

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(1) Class One Director; term expires in 1999.
(2) Class Two Director; term expires in 2000.
(3) Class Three Director; term expires in 2001.
(4) Member of the Audit Committee.
(5) Member of the Compensation and Nominating Committee.

Brion G. Wise, has served as Chairman of the Board since July 1987, Chief Executive Officer since December 31, 1986 and as President from 1971 through 1986. Mr. Wise received his Bachelor of Science Degree in Chemical Engineering from Washington State University.

Walter L. Stonehocker, has served as Vice Chairman of the Board since July 1992, a director since July 1987, Senior Vice President from January 1985 to July 1992 and Vice President from 1971 to 1985. In addition, he has been active as a lobbyist for the oil and gas industry in various western states.

Dean Phillips, has served as a director since July 1987 and as a member of the Compensation and Nominating Committee since May 1995. Mr. Phillips has been engaged in the wholesale and retail distribution of natural gas liquids since 1956. Mr. Phillips also serves as an officer and director of several banking institutions in Missouri and Illinois.

Joseph E. Reid, has served as a director since May 1994, a member of the Audit Committee since May 1995 and as a member of the Compensation and Nominating Committee since May 1994. Mr. Reid has been involved in the oil and gas business since 1956, and since 1987 has been an independent oil and gas consultant. From 1984 to 1986 he served as President and Chief Executive Officer of Meridian Oil, Inc., from 1982 to 1984 as an independent oil and gas consultant and from 1978 to 1982 as President and Chief Executive Officer of Superior Oil Company. Mr. Reid also serves as a director for Riverway Bank and Cliffs Drilling Co. He received his M.B.A. from the Harvard Graduate School of Business and his Bachelor of Science Degree from Louisiana State University.

Richard B. Robinson, has served as a director since July 1987, a member of the Audit Committee since May 1988 and as a member of the Compensation and Nominating Committee since September 1993. Mr. Robinson has been a shareholder of the law firm of Lentz, Evans and King P.C. since 1980. He has also been an adjunct professor at the University of Denver College of Law since 1980. He has represented us since 1977 with respect to tax, corporate and partnership law matters. Mr. Robinson received his Juris Doctor Degree from the University of Denver and his L.L.M. in Taxation from New York University.

Bill M. Sanderson, has served as a director since July 1987, President from December 1986 through March 1996, Chief Operating Officer from May 1986 through March 1996 and Senior Vice President from 1981 through 1986. Mr. Sanderson received his Bachelor of Science Degree, cum laude, in Chemical Engineering from Texas Tech University.

Ward Sauvage, has served as a director since July 1987. Mr. Sauvage was engaged in the wholesale and retail distribution of natural gas liquids from 1949 through 1993. He owns certain interests in several banking institutions in Nebraska and serves as a director of such institutions. Mr. Sauvage is Chairman of the Board and President of Sauvage Gas Company, a diversified private investment company formed in 1958.

James A. Senty, has served as a director since July 1987, a member of the Audit Committee since May 1988 and as a member of the Compensation and

Nominating Committee since September 1993. Mr. Senty has been engaged in the wholesale and retail distribution of natural gas liquids since 1960. He has owned certain banking interests since 1976 and currently serves as Chairman of the Board and President of Midwest Bottle Gas Co., a company which directly and through subsidiaries is engaged in the retail and wholesale marketing of natural gas, natural gas liquids and other related items in several states. He is a director and Senior Vice President of MNIC Companies, the parent organization of several insurance companies in Wisconsin.

Lanny F. Outlaw, has served as President and Chief Operating Officer since April 1996, Executive Vice President from September 1994 through March 1996, Vice President--Business Development and Rocky Mountain Region from October 1993 to September 1994 and Vice President--Business Development from August 1987 to October 1993. Mr. Outlaw was employed by Shell Oil Company from 1958 to 1987 in various management positions within the Exploration and Production Department. Mr. Outlaw received his Bachelor of Science Degree in Engineering from the South Dakota School of Mines and Technology.

John C. Walter, has served as Executive Vice President, General Counsel and Secretary since September 1994, served as Vice President--General Counsel from May 1988 to August 1994, Corporate Counsel from May 1986 to April 1988 and Land Manager from March 1983 to April 1986. Mr. Walter received his Bachelor of Arts Degree in Economics and Juris Doctor Degree from the University of Colorado.

Edward A. Aabak, has served as Senior Vice President--Operations, since September 1997, Vice President--Rocky Mountain and Northern Region from June 1995 to August 1997, Vice President--Rocky Mountain Region from September 1994 to May 1995, and Operations Manager of the Rocky Mountain Region from February 1993 to August 1994. From 1982 to 1992, Mr. Aabak was employed by DEKALB Energy Company in various management, engineering and operations functions. From 1976 to 1982, Mr. Aabak was employed by Dome Petroleum Limited. Mr. Aabak holds a Bachelor of Science Degree in Chemical Engineering from the University of Alberta.

John F. Chandler, has served as Senior Vice President--Marketing and Business Development since April 1996, Vice President--Marketing and Pipelines from September 1993 through March 1996, Manager of Business Development from January 1991 through August 1993 and from July 1984 through August 1993 in various positions in engineering and business development. Mr. Chandler received his Bachelor of Science Degree in Engineering from the South Dakota School of Mines and Technology.

Vance S. Blalock, has served as Treasurer since November 1994, Controller of Systems Development and Acquisitions from January 1993 through November 1994, as Controller of Operational Accounting from May

1990 through December 1992 and in various other positions in the accounting area from September 1981 through April 1990. Ms. Blalock received her Bachelor of Science Degree in Commerce from the University of Louisville and is a Certified Public Accountant.

Brian E. Jeffries, has served as Vice President--Gas Marketing since April 1996 and has been employed by Western since November 1992 as Director of Marketing and Transportation. Mr. Jeffries was employed by United Gas Pipe Line Company from 1991 to 1992 and for LaSER Marketing Company from 1988 through 1991 in various marketing management positions. Mr. Jeffries received his Bachelor of Science Degree in Civil Engineering from the University of Colorado.

J. Burton Jones, has served as Vice President--Business Development since September 1997 and has been employed by Western since August 1996 as Director of Strategic Planning. Mr. Jones was employed by Burlington Resources, Inc. from July 1988 to August 1996 in various gas supply and business development positions, most recently as Director, Gas Supply. Mr. Jones received his Bachelor of Science Degree in Petroleum Engineering from Texas Tech University.

Jeffery E. Jones, has served as Vice President--Production since October 1993 and has been employed by Western since 1989, previously as Production Manager. From 1987 to 1989, Mr. Jones was an independent oil and gas consultant. Mr. Jones received his Bachelor of Science Degree in Psychology from Colorado College and his Bachelor of Science Degree in Mechanical Engineering from the University of Colorado.

William J. Krysiak, has served as Vice President--Finance since September

1993, Corporate Controller from June 1993 to August 1993, Controller--Financial Accounting from June 1990 to May 1993, Director of Tax Accounting and Reporting from May 1987 to May 1990 and in various other positions in the accounting area since August 1985. Mr. Krysiak is the principal financial and accounting officer of Western. He received his Bachelor of Science Degree in Business Administration from Colorado State University and is a Certified Public Accountant.

DESCRIPTION OF OTHER INDEBTEDNESS

Revolving Credit Facility. The Revolving Credit Facility is with a syndicate of banks and provides for a maximum borrowing commitment of $250 million consisting of an $83 million 364-day Revolving Credit Facility, or Tranche A, and a five-year $167 million Revolving Credit Facility, or Tranche B. At June 30, 1999, $31.5 million was outstanding on this facility. The Revolving Credit Facility bears interest at certain spreads over the Eurodollar rate, or the greater of the Federal Funds rate or the agent bank's prime rate. We have the option to determine which rate will be used. We also pay a facility fee on the commitment. The interest rate spreads and facility fee are adjusted based on our debt to capitalization ratio and range from .75% to 2.00%. At June 30, 1999, the interest rate payable on the facility was 6.5%. We are required to maintain a total debt to capitalization ratio of not more than 60% through December 31, 2000 and of not more than 55% thereafter, and a senior debt to capitalization ratio of not more than 40% beginning September 30, 1999 through December 31, 2001 and of not more than 35% thereafter. The agreement also requires a ratio of EBITDA, excluding certain non-recurring items, to interest and dividends on preferred stock as of the end of any fiscal quarter, for the four preceding fiscal quarters, of not less than 1.35 to 1.0 beginning June 30, 1999 and increasing to 3.25 to 1.0 by December 31, 2002. This facility is guaranteed and secured via a pledge of the stock of certain of our subsidiaries. We generally utilize excess daily funds to reduce any outstanding balances on the Revolving Credit Facility and associated interest expense, and we intend to continue such practice.

Master Shelf Agreement. In December 1991, we entered into a Master Shelf agreement with The Prudential Insurance Company of America. Amounts outstanding under the Master Shelf agreement at June 30, 1999 are as indicated in the following table (dollars in thousands):

<TABLE>
<CAPTION>

Issue Date	Amount	Interest Rate	Final Maturity	Principal Payments Due
<S>	<C>	<C>	<C>	<C>
October 27, 1992	$ 8,334	7.51%	October 27, 1999	single payment at maturity
October 27, 1992	25,000	7.99%	October 27, 2003	$8,333 on each of October 27, 2001 through 2003
December 27, 1993	25,000	7.23%	December 27, 2003	single payment at maturity
October 27, 1994	25,000	9.05%	October 27, 2001	single payment at maturity
October 27, 1994	25,000	9.24%	October 27, 2004	single payment at maturity
July 28, 1995	50,000	7.61%	July 28, 2007	$10,000 on each of July 28, 2003 through 2007
	$158,334			

</TABLE>

In April 1999, effective January 1999, we amended our agreement with Prudential to reflect the following provisions. We are required to maintain a current ratio, as defined therein, of at least .9 to 1.0, a minimum tangible net worth equal to the sum of $300 million plus 50% of consolidated net earnings earned from January 1, 1999 plus 75% of the net proceeds of any equity offerings after January 1, 1999, and a total debt to capitalization ratio of not more than 60% through December 31, 2001 and of not more than 55% thereafter. A senior debt to capitalization ratio was implemented of 40% through March 2002 and 35% thereafter. This amendment also requires an EBITDA to interest ratio of not less than 1.75 to 1.0 increasing to a ratio of not less than 3.75 to 1.0 by March 31, 2002 and an EBITDA to interest on senior debt ratio of not less than 1.75 to 1.0 increasing to a ratio of not less than 5.50 to 1.0 by March 31, 2002. EBITDA in these calculations excludes certain non-recurring items. In addition, we are prohibited from declaring or paying dividends that in the aggregate exceed the sum of $50 million plus 50% of consolidated net income earned after June 30, 1995, or minus 100% of a net loss, plus the aggregate net cash proceeds received after June 30, 1995 from the sale of any stock. At June 30, 1999, approximately $27.0 million was

available under this limitation. We presently intend to finance the $8.3 million payment due in October 1999 with amounts available under the Revolving Credit Facility. Borrowings under the Master Shelf agreement are guaranteed and secured via a pledge of the stock of certain of our subsidiaries.

In June 1999, we prepaid approximately $33.3 million of notes outstanding under the Master Shelf agreement with proceeds from the offering of the subordinated notes.

1995 Senior Notes. In 1995, we sold $42 million of senior notes, the 1995 senior notes, to a group of insurance companies with an interest rate of 8.16% per annum. In March 1999, we prepaid $15 million of the principal amount outstanding on the 1995 Senior notes at par. These payments were financed by a portion of the $37 million Bridge Loan described below and by amounts available under the Revolving Credit Facility. The remaining principal amount outstanding of $27 million is due in a single payment in December 2005. The 1995 Senior notes are guaranteed and secured via a pledge of the stock of certain of our subsidiaries. This facility contains covenants similar to the Master Shelf agreement. In the second quarter of 1999, we posted letters of credit for a total of approximately $10.8 million for the benefit of the holders of the 1995 Senior notes.

We are currently paying an annual fee of not more than .65% on the amounts outstanding on the Master Shelf Agreement and the 1995 senior notes. This fee will continue until we have received an implied investment grade rating on our senior secured debt. On the portion of the 1995 Senior notes for which a letter of credit is posted, this annual fee will not be due.

1993 Senior Notes. In 1993, we sold $50 million of 7.65% senior notes, the 1993 senior notes, to a group of insurance companies. Scheduled annual principal payments of $7.1 million on the 1993 Senior notes were made on April 30 of 1997 and 1998. In February 1999, we prepaid $33.5 million of the total principal

amounts outstanding of $35.6 million at par. These payments were financed by a portion of the $37 million Bridge Loan. We prepaid the remaining outstanding principal of $2.1 million in April 1999 with amounts available under the Revolving Credit Facility.

In connection with the repayments on the Master Shelf agreement, the 1995 senior notes and the 1993 senior notes, we incurred approximately $1.8 million of pre-tax yield maintenance and other charges. These charges are reflected as an extraordinary loss from early extinguishment of long-term debt in the second quarter of 1999.

Bridge Loan. In February 1999, in order to finance prepayments of amounts outstanding on the 1993 and 1995 senior notes, we entered into a Bridge Loan agreement in the amount of $37 million with our agent bank. This facility was paid in full in April 1999 with proceeds from the sale of the Katy facility.

Senior Subordinated Notes. In June 1999, we sold $155.0 million of senior subordinated notes in a private placement. The subordinated notes bear interest at 10% and were priced at 99.225% to yield 10.125%. These notes contain maintenance covenants which include limitations on debt incurrence, restricted payments, liens and sales of assets. The subordinated notes are unsecured and are guaranteed on a subordinated basis by certain of Western's subsidiaries. We anticipate completing an exchange offer for the exchange notes, which will be registered with the SEC for public trading, in the fourth quarter of 1999.

Covenant Compliance. Taking into account all the covenants contained in these agreements, we had approximately $97.0 million of available borrowing capacity at June 30, 1999. In the second quarter of 1999, we amended our various financing facilities providing for financial flexibility and covenant modifications and issued the subordinated notes. These amendments were needed given the depressed commodity pricing experienced in the industry in general and the disappointing results we have experienced at our Bethel Treating facility. We can provide no assurance that further amendments or waivers can be obtained in the future, if necessary, or that the terms would be favorable to us. To strengthen our credit ratings and to reduce our overall debt outstanding, we will continue to dispose of non-strategic assets and investigate alternative financing sources including the issuance of public debt, project-financing, joint ventures and operating leases.

DESCRIPTION OF NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "Western" refers only to Western Gas Resources, Inc. and not to any of its subsidiaries.

Western issued the old notes under an indenture among itself, the subsidiary guarantors and Chase Bank of Texas, National Association, as trustee. The terms of the old notes and the exchange notes include those stated in the indenture and those made part of the indenture by reference to the Trust Indenture Act of 1939, as amended. You can find the definitions of terms used in this description under the subheading "Definitions" below. A copy of the indenture is filed as an exhibit to the registration statement which includes this prospectus and is available to you upon request.

The terms of the exchange notes are identical in all material respects to the terms of the old notes, except for transfer restrictions relating to the old notes. Any old notes that remain outstanding after the exchange offer, together with the exchange notes, will be treated as a single class of securities under the indenture for voting purposes. When we refer to the term "note" or "notes" in this "Description of Notes" section, we are referring to both the old notes and the exchange notes. When we refer to "holders" of the notes, we are referring to those persons who are the registered holders of the notes on the books of the registrar appointed under the indenture.

The following description is a summary of the material provisions of the indenture. It does not restate that agreement in its entirety. We urge you to read the indenture because it, and not this description, defines your rights as holders of the notes.

Brief Description of the Notes and the Subsidiary Guarantees

The notes:

- are general unsecured obligations of Western;
- are limited to $225.0 million aggregate principal amount of which $155.0 million will be issued in this exchange offering;
- are subordinated in right of payment to all existing and future Senior Debt of Western;
- are senior in right of payment to any existing and future Indebtedness of Western that is by its terms subordinated to these notes; and
- are unconditionally guaranteed by the Guarantors.

After the Issue Date, additional amounts of notes up to an aggregate of $70.0 million may be issued in one or more series from time to time subject to the limitations under "--Certain Covenants--Incurrence of Indebtedness." The notes currently issued and any additional notes subsequently issued under the indenture would be treated as a single class for all purposes under the indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase.

The Subsidiary Guarantees

The old notes are and the exchange notes will be guaranteed by the following subsidiaries of Western:

Lance Oil & Gas Company, Inc.,

MIGC, Inc.,

Mountain Gas Resources, Inc.,

Pinnacle Gas Treating, Inc.,

Western Gas Resources--Texas, Inc.,

Western Gas Resources Oklahoma, Inc., and

Western Gas Wyoming, L.L.C.

The guarantees by MGTC, Inc., a Wyoming corporation, of our obligations

under the Senior Debt Agreements have been released and MGTC, Inc. has made an application to and received approval from the Wyoming Public Service Commission (the "PSC") to execute new guarantees in respect of our obligations under the Senior Debt Agreements. In the near future MGTC, Inc. will execute guarantees of the old notes and the exchange notes pursuant to the terms of the indenture governing the notes.

The Subsidiary Guarantees of the notes will be:

- general unsecured obligations of each Guarantor;
- subordinated in right of payment to all existing and future Guarantor Senior Debt of each Guarantor; and
- senior in right of payment to any existing and future Indebtedness of each Guarantor that is by its terms subordinated to the Subsidiary Guarantee.

At June 30, 1999, Western and the Guarantors had total Senior Debt and Guarantor Senior Debt of approximately $216.8 million. As indicated above, and as discussed in detail below under the subheading "--Subordination," payments on the notes and under the Subsidiary Guarantees will be subordinated to the

payment of Senior Debt and Guarantor Senior Debt, respectively. The indenture will permit us and the Guarantors to incur additional Senior Debt and Guarantor Senior Debt in the future.

As of the date of the indenture, all of our subsidiaries will be "Restricted Subsidiaries." However, under the circumstances described below under the subheading "--Certain Covenants--Designation of Restricted and Unrestricted Subsidiaries," we will be permitted to designate certain of our subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the indenture. Unrestricted Subsidiaries will not guarantee these notes.

Not all of our "Restricted Subsidiaries" will guarantee these notes. In addition, under certain circumstances the Subsidiary Guarantees may be released. See "--Subsidiary Guarantees." In the event of a bankruptcy, liquidation or reorganization of any of these non-guarantor subsidiaries ("non-Guarantor Subsidiaries"), these non-Guarantor Subsidiaries will pay the holders of their Indebtedness and preferred stock before they will be able to distribute any of their assets to us. The non-Guarantor Subsidiaries generated approximately $1.0 million and $367,000 of our EBITDA in 1998 and in the six months ended June 30, 1999, respectively. To the extent a Subsidiary Guarantee of the notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the holders of notes would cease to have any claim in respect of that Subsidiary Guarantee and would be creditors solely of Western and the other Guarantors.

Principal, Maturity and Interest

Western may issue notes with a maximum aggregate principal amount of $225.0 million under the indenture, of which $155.0 million aggregate principal amount is currently outstanding. Western will issue notes in denominations of $1,000 and integral multiples of $1,000. The notes will mature on June 15, 2009.

Interest on these notes will accrue at the rate of 10% per annum and will be payable semi-annually in arrears on June 15 and December 15, commencing on December 15, 1999. Western will make each interest payment to the holders of record of these notes on the immediately preceding June 1 and December 1.

Interest on these notes will accrue from the date of original issuance or, if interest has already been paid, from the date it has been most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder of at least U.S. $1,000,000 aggregate principal amount of the notes has given wire transfer instructions to Western, we will make all principal, premium, if any, and interest payments on those notes in accordance with those instructions. All other payments on these notes will be made at the office or agency of the Paying Agent and Registrar within the City and State of New York unless Western elects to make interest payments by check mailed to the

holders at their addresses set forth in the registrar of holders.

Paying Agent and Registrar for the Notes

The trustee will initially act as Paying Agent and Registrar. Western may change the Paying Agent or Registrar without prior notice to the holders of the notes, and Western or any of its Subsidiaries may act as Paying Agent or Registrar.

Transfer and Exchange

A holder may transfer or exchange notes in accordance with the indenture. The Registrar and the trustee may require a holder, among other things, to furnish appropriate endorsements and transfer documents and Western may require a holder to pay any taxes and fees required by law or permitted by the indenture. Western

is not required to transfer or exchange any note selected for redemption. Also, Western is not required to transfer or exchange any note for a period of 15 days before a selection of notes to be redeemed.

The registered holder of a note will be treated as the owner of it for all purposes.

Subsidiary Guarantees

The Guarantors will jointly and severally guarantee Western's obligations under these notes. Each guarantee (a "Subsidiary Guarantee") will be subordinated to the prior payment in full of all Guarantor Senior Debt of that Guarantor substantially to the same extent as the notes are subordinated to all existing and future Senior Debt of Western. The obligations of each Guarantor under its Subsidiary Guarantee will be limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors--A subsidiary's guarantee of the exchange notes may be subordinated or avoided as a result of fraudulent conveyance." and "Description of Notes--Subordination."

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another Person, unless:

(1) at the time of and immediately after giving effect to that transaction, no Default or event of default exists; and

(2) either:

(a) the Person acquiring the property in that sale or disposition or the Person formed by or surviving that consolidation or merger (if other than Western or a Guarantor) assumes all the obligations of that Guarantor pursuant to an agreement reasonably satisfactory to the trustee; or

(b) the Net Available Proceeds of that sale or other disposition are applied in accordance with the applicable provisions of the indenture.

Notwithstanding the foregoing, any Subsidiary Guarantee of a Guarantor, whether in existence on the Issue Date or entered into thereafter pursuant to "--Certain Covenants--Additional Subsidiary Guarantees" or "--Certain Covenants--Limitations on Issuances of Subsidiary Guarantees of Indebtedness," will be released and discharged upon:

(1) any sale, exchange or transfer of all or substantially all the Capital Stock owned by Western or any Restricted Subsidiary in the applicable Guarantor to a Person that is not Western or a Restricted Subsidiary, if Western applies the Net Available Proceeds of that sale, exchange or transfer in accordance with "--Repurchase at Option of holders--Asset Disposition,"

(2) any sale, assignment, conveyance, transfer, lease or other disposition of all or substantially all of the properties and assets of such Guarantor (including by way of merger or consolidation) to a Person that is not Western or a Restricted Subsidiary, if Western applies the Net Available Proceeds of that sale, assignment, conveyance, transfer,

lease or other disposition in accordance with "--Repurchase at Option of holders--Asset Disposition,"

(3) the merger or consolidation of such Guarantor with or into Western or a Restricted Subsidiary (provided that in the case of a merger into or consolidation with a Restricted Subsidiary that is not then a Guarantor, the surviving Restricted Subsidiary assumes the Subsidiary Guarantee of such Guarantor and that transaction or series of transactions is not prohibited by the indenture),

(4) the release or discharge of all Guarantees by such Guarantor of all Senior Debt of Western, or

(5) Western's designation of that Guarantor as an Unrestricted Subsidiary in accordance with the indenture.

See "--Repurchase at Option of holders--Asset Disposition."

Subordination

The payment of principal, premium, if any, and interest on these notes and any other Obligations with respect to the notes, including but not limited to any Obligation to repurchase the notes and the Obligation to pay any special interest due in connection with the exchange offer, will be subordinated to the prior payment in full in cash of all Senior Debt of Western whether outstanding on the date of the indenture or subsequently incurred.

The holders of Senior Debt of Western will be entitled to receive payment in full in cash of all Obligations due in respect of Western's Senior Debt before the holders of notes will be entitled to receive any payment with respect to the notes (except that holders of notes may receive and retain Permitted Junior Securities and payments made from the trust described under "--Legal Defeasance and Covenant Defeasance") in the event of any distribution to creditors of Western:

(1) in a liquidation or dissolution of Western;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to Western or its property;

(3) in an assignment for the benefit of Western's creditors; or

(4) in any marshalling of Western's assets and liabilities.

Western also may not make any payment in respect of the notes (except in Permitted Junior Securities or from the trust described under "--Legal Defeasance and Covenant Defeasance") if:

(1) a default in the payment of any Obligations relating to any Designated Senior Debt occurs and is continuing beyond any applicable grace period; or

(2) any other default occurs and is continuing on Designated Senior Debt that permits (or that would permit, following the passage of time, the giving of notice, or both) holders of the Designated Senior Debt as to which the default relates to accelerate its maturity and the trustee receives a notice of such default (a "Payment Blockage Notice") from Western or the Required holders.

Payments on the notes may and shall be resumed:

(1) in the case of a payment default on Designated Senior Debt, upon the date on which such default is cured or waived; and

(2) in case of a nonpayment default on Designated Senior Debt, upon the earlier of the date on which such nonpayment default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice may be delivered unless and until 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 180 days.

Western must promptly notify the holders of Senior Debt if payment of the notes is accelerated because of an event of default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of Western, holders of these notes will in all likelihood recover less ratably than creditors of Western who are holders of Senior Debt. See "Risk Factors--The old notes and the exchange notes rank behind all of our existing and future indebtedness (other than trade payables) and any future indebtedness that expressly provides that it is equal to or senior in right of payment to the old notes and the exchange notes; payments by a guarantor on its guarantee of the old notes and the exchange notes are similarly subordinated."

To the extent the obligation to repay any Senior Debt of the Company or Guarantor Senior Debt of a Guarantor is declared to be fraudulent, invalid or otherwise set aside under any bankruptcy, insolvency,

receivership, fraudulent transfer, or similar law, then the obligation so declared fraudulent or invalid or otherwise set aside (and all other amounts that would have come due with respect thereto had such obligation not been so affected) shall be deemed to be reinstated and outstanding as Senior Debt of the Company or Guarantor Senior Debt of such Guarantor, as applicable, as if such declaration, invalidity, or setting aside had not occurred.

Optional Redemption

Prior to June 15, 2002, Western may on any one or more occasions redeem up to 35% of the aggregate principal amount of notes originally issued under the indenture at a redemption price of 110% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, with the net cash proceeds of one or more Public Equity Offerings; provided that

(1) at least 65% of the aggregate principal amount of notes originally issued remains outstanding immediately after the occurrence of such redemption (excluding notes held by Western and its Subsidiaries); and

(2) the redemption must occur within 90 days after Western's receipt of the net cash proceeds of a Public Equity Offering.

Except pursuant to the preceding paragraph, the notes will not be redeemable at Western's option prior to June 15, 2004.

Beginning on or after June 15, 2004, Western, at its option, may redeem all or a part of these notes upon not less than 30 or more than 60 days' notice at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest thereon, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on June 15 of the years indicated below:

<TABLE>
<CAPTION>

Year	Percentage
<S>	<C>
2004.....	105.00%
2005.....	103.75%
2006.....	102.50%
2007.....	101.25%
2008 and thereafter.....	100.00%

</TABLE>

Western's Senior Debt Agreements restrict Western's ability to optionally redeem the notes. See "Description of Other Indebtedness."

Mandatory Redemption

Except as set forth below under "Repurchase at Option of holders," Western is not required to make mandatory redemption or sinking fund payments with

respect to the notes.

Repurchase at Option of holders

Change of Control

If a Change of Control occurs, each holder of notes will have the right to require Western to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that holder's notes pursuant to the Change of Control Offer. In the Change of Control Offer, Western will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of notes repurchased plus accrued and unpaid interest thereon, if any, to the date of purchase. Within 30 days following any Change of Control, Western will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase notes on the Change of Control Payment Date specified in such notice, pursuant to the procedures required by the indenture and described in such notice. Western will comply with the requirements of Rule

14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations with respect to the procedural requirements for tender offers conflict with the Change of Control provisions of the indenture, Western will comply with the applicable securities laws and regulations with respect to those procedural requirements and will not be deemed to have breached its obligations under the Change of Control provisions of the indenture by virtue of such conflict.

On the Change of Control Payment Date, Western will, to the extent lawful:

(1) accept for payment all notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the trustee the notes so accepted together with an Officers' Certificate stating the aggregate principal amount of notes or portions thereof being purchased by Western.

The Paying Agent will promptly mail to each holder of notes so tendered the Change of Control Payment for such notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new note equal in principal amount to any unpurchased portion of the notes surrendered, if any; provided that each such new note will be in a principal amount of $1,000 or an integral multiple thereof.

The provisions described above that require Western to make a Change of Control Offer following a Change of Control will be applicable regardless of whether or not any other provisions of the indenture are applicable. Except as described above with respect to a Change of Control, the indenture does not contain provisions that permit the holders of the notes to require that Western repurchase or redeem the notes in the event of a takeover, recapitalization or similar transaction. As a result, the provisions of the indenture would not necessarily afford holders of the notes protection in the event of a highly leveraged transaction, reorganization, restructuring, merger or similar transaction involving Western that may adversely affect such holders.

Western's Senior Debt Agreements currently prohibit Western from purchasing any notes and also provide that certain Change of Control events with respect to Western would constitute a default under the Senior Debt Agreements. Any future credit agreements or other agreements relating to Senior Debt to which Western becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when Western is prohibited from purchasing notes, Western could seek to obtain the consent of its senior lenders to the purchase of notes or could attempt to refinance the borrowings that contain such prohibition. If Western does not obtain such a consent or repay such borrowings, Western will remain prohibited from purchasing notes. In such case, Western's failure to purchase tendered notes would constitute an event of default under the indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the indenture would likely restrict payments to the holders of notes.

Western will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by Western and purchases all notes validly tendered and not withdrawn under such Change of Control Offer.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the assets of Western and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of notes to require

Western to repurchase such notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of Western and its Subsidiaries taken as a whole to another Person or group may be uncertain.

Asset Disposition

Western will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Disposition unless:

(1) Western (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Disposition at least equal to the fair market value of the assets or Capital Stock issued or sold or otherwise disposed of;

(2) such fair market value is determined by Western's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the trustee; and

(3) at least 75% of the consideration therefor received by Western or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following shall be deemed to be cash:

(a) any liabilities (as shown on Western's or such Restricted Subsidiary's most recent balance sheet or in the notes thereto) of Western or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases Western or such Restricted Subsidiary from further liability; and

(b) any securities, notes or other obligations received by Western or any such Restricted Subsidiary from such transferee that are converted by Western or such Restricted Subsidiary into cash or Cash Equivalents within 120 days of the consummation of such Asset Sale (to the extent of the cash or Cash Equivalents received in that conversion).

Within 365 days of the receipt of any Net Available Proceeds from an Asset Disposition, Western may apply such Net Available Proceeds at its option:

(1) to repay Obligations relating to Indebtedness of Western or any Restricted Subsidiary, other then Indebtedness which is subordinated to the notes or to the Restricted Subsidiary's Subsidiary Guarantee, as applicable;

(2) to invest in the Capital Stock of any Person primarily engaged in the Principal Business if such investment would be a Permitted Business Investment or if, as a result of such acquisition, such Person becomes a Restricted Subsidiary;

(3) to make a capital expenditure for the Principal Business; or

(4) to acquire other long-term assets that are used or useful in the Principal Business.

Any Net Available Proceeds from an Asset Disposition that are not applied or invested as provided in the preceding paragraph will constitute Excess Proceeds. As soon as practical, after any date (an "Asset Disposition Trigger

Date") that the aggregate amount of Excess Proceeds exceeds $10.0 million, Western will make an Asset Sale Offer to all holders of notes and all holders of other Indebtedness that is pari passu with the notes containing provisions similar to those set forth in the indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Disposition Offer will be equal to 100% of principal amount plus accrued and unpaid interest, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Disposition Offer, Western may use such Excess Proceeds for any purpose not otherwise prohibited by the indenture. If the aggregate principal amount of notes and such other pari passu Indebtedness tendered into such Asset Disposition Offer exceeds the amount of Excess Proceeds, the trustee shall select the notes and such

other pari passu Indebtedness to be purchased on a pro rata basis. Upon completion of each Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero. The Senior Debt Agreements may prohibit the use of Excess Proceeds to repurchase the notes.

Selection and Notice

If less than all of the notes are to be redeemed at any time, the trustee will select notes for redemption as follows:

(1) if the notes are listed, in compliance with the requirements of the principal national securities exchange on which the notes are listed; or

(2) if the notes are not so listed, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

No notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30, but not more than 60 days, before the redemption date to each holder of notes to be redeemed at its registered address. Notices of redemption may not be conditional.

If any note is to be redeemed in part only, the notice of redemption that relates to that note shall state the portion of the principal amount thereof to be redeemed. A new note in principal amount equal to the unredeemed portion of the original note will be issued in the name of the holder thereof upon cancellation of the original note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on notes or portions of them called for redemption.

Certain Covenants

Restricted Payments

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

(1) declare or pay any dividend, either in cash or in property (except dividends payable in Capital Stock of Western, other than Disqualified Stock, or options, warrants or other rights to purchase Capital Stock of Western, other than Disqualified Stock), on, or make any other payment or distribution on account of, Western's or any of its Restricted Subsidiaries' Capital Stock, other than dividends, payments or distributions payable to Western or a Wholly Owned Restricted Subsidiary of Western;

(2) purchase, redeem, retire, defease or otherwise acquire for value any of its Capital Stock, now or hereafter outstanding (other than in exchange for Western's Capital Stock (other than Disqualified Stock) or options, warrants or other rights to purchase Western's Capital Stock (other than Disqualified Stock));

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (collectively a "prepayment") any Indebtedness of Western (other than the notes) which is subordinate in right of payment to the notes prior to the scheduled maturity or on or prior to any scheduled repayment of principal (and premium, if any) or sinking fund payment, except out of Excess Proceeds in the case of an Asset Disposition Offer; or

(4) make any Restricted Investment

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default of event of default shall have occurred and be continuing or would occur as a consequence thereof;

(2) Western would be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Consolidated Operating Cash Flow Ratio test set forth in the first paragraph of the covenant described below under the caption "--Incurrence of Indebtedness"; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by Western and its Restricted Subsidiaries after the date of the indenture (including Restricted Payments permitted by clauses (1) and (5) of the next succeeding paragraph and excluding the other Restricted Payments permitted by such paragraph and including Restricted Payments permitted by the second succeeding paragraph), is less than the sum, without duplication, of

(a) 50% of the aggregate Consolidated Net Operating Income of Western for the period (taken as one accounting period) from the first day of the fiscal quarter commencing after the Issue Date to the end of Western's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Operating Income for such period is a deficit, less 100% of such deficit), plus

(b) 100% of the aggregate net cash proceeds received by Western from the issue or sale of Capital Stock of Western (other than Disqualified Stock) or from the issue or sale of any options, warrants or rights to purchase shares of Capital Stock of Western (other than Disqualified Stock) or from the issue or sale of shares of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities that have been converted into or exchanged for such Capital Stock (other than Capital Stock (or Disqualified Stock or debt securities) sold to a Subsidiary of Western), plus

(c) to the extent not otherwise included in Western's Consolidated Net Operating Income, if any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment, plus

(d) to the extent not otherwise included in Western's Consolidated Net Operating Income, the net reduction in Investments in Unrestricted Subsidiaries resulting from repayments of loans or advances to Western or a Restricted Subsidiary after the date of the indenture from any Unrestricted Subsidiary or from the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary (valued in each case as provided in the definition of "Investment"), not to exceed in the case of any Unrestricted Subsidiary the total amount of Investments (other than Permitted Investments) in such Unrestricted Subsidiary made by Western and its Restricted Subsidiaries in such Unrestricted Subsidiary after the date of the indenture.

For purposes of any calculation pursuant to the proceeding sentence which is required to be made within 60 days after the declaration of a dividend by Western, such dividend shall be deemed to be paid at the date of declaration.

So long as no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at the date of declaration such payment would have complied with the provisions of the indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition

of any subordinated Indebtedness of Western or any Restricted Subsidiary of Western or of shares of Capital Stock of Western or any Restricted Subsidiary of Western in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of Western) of, shares of Western's Capital Stock (other than Disqualified Stock) or options, warrants or other rights to purchase Western's Capital Stock (other than Disqualified Stock);

(3) other Restricted Payments in an aggregate amount not to exceed $20.0 million;

(4) the redemption, repurchase, retirement, defeasance or other acquisition of subordinated Indebtedness of Western or any Restricted Subsidiary of Western (other than Disqualified Stock) with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(5) the payment of any dividend by a Restricted Subsidiary of Western to the holders of all of its Capital Stock on a pro rata basis; and

(6) the redemption, repurchase, retirement, defeasance or other acquisition of any Disqualified Stock of Western or any Restricted Subsidiary in exchange for, or out of the substantially concurrent sale (other than to Western or a Subsidiary of Western) of Disqualified Stock of Western or such Restricted Subsidiary, respectively; provided that: (A) the aggregate liquidation preference of such Disqualified Stock does not exceed the aggregate liquidation preference of the Disqualified Stock so extended, refinanced, renewed, replaced, defeased or refunded; and (B) such Disqualified Stock has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Disqualified Stock so extended, refinanced, renewed, replaced, defeased or refunded.

In addition, the provisions in the first paragraph of this covenant will not prohibit the declaration and payment of dividends to holders of Western's issued and outstanding $2.28 Cumulative Preferred Stock and $2.625 Cumulative Convertible Preferred Stock or any other class or series of preferred stock of Western issued in exchange for or to refinance the $2.28 Cumulative Preferred Stock or $2.625 Cumulative Convertible Preferred Stock; provided that such new class or series of preferred stock has a dividend rate that is the same as or less than the dividend rate on the $2.28 Cumulative Preferred Stock and the $2.625 Cumulative Convertible Preferred Stock, so exchanged or refinanced.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by Western or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined in the good faith judgment of the Board of Directors of Western whose resolution with respect thereto shall be delivered to the trustee. Not later than ten days after the date of making any Restricted Payment, Western shall deliver to the trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "Restricted Payments" covenant were computed.

Incurrence of Indebtedness

Western will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt) other than (1) Indebtedness represented by the notes to be issued on the date of the indenture and Indebtedness represented by the exchange notes to be issued pursuant to the exchange and registration rights agreement and (2) Permitted Indebtedness unless, after giving effect to the incurrence of such Indebtedness and the receipt and applications of the proceeds therefrom, Western's Consolidated Operating Cash Flow Ratio is greater than 2.0 to 1 with respect to calculations made on or before June 30, 2001 and greater than 2.25 to 1 with respect to calculations made after June 30, 2001. Western will not permit any Unrestricted Subsidiary to incur any Indebtedness other than Non-Recourse Debt; provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an

incurrence of Indebtedness by Western.

So long as no Default shall have occurred and be continuing or would be caused thereby, the first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Indebtedness"):

(1) Indebtedness under the Credit Facilities (including, without limitation, Indebtedness under the Revolving Credit Facility) in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of Western and its Restricted Subsidiaries thereunder) not to exceed an amount equal to $250.0 million;

(2) Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which are used to refinance, extend, renew, replace, defease or refund, Indebtedness that was permitted by the indenture to be incurred (pursuant to clauses (3) through (11) below or previously incurred pursuant to this clause (2));

(3) the Existing Indebtedness (excluding Indebtedness under the Revolving Credit Facility);

(4) between or among Western and/or its Restricted Subsidiaries;

(5) arising out of Sale/Leaseback Transactions or Capitalized Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of Western or such Restricted Subsidiary of Western (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets), in an aggregate amount or accreted value, if applicable, not to exceed $15.0 million at any time outstanding;

(6) arising out of Hedging Obligations; provided, however, that such obligations are incurred in the ordinary course of business and not for speculative purposes;

(7) in-kind obligations relating to net gas balancing positions arising in the ordinary course of business;

(8) any Guarantee by Western or any of its Restricted Subsidiaries of Indebtedness so long as the incurrence of such Indebtedness is permitted to be incurred by Western or any of its Restricted Subsidiaries under this indenture;

(9) Indebtedness incurred in respect of workers' compensation claims, self insurance obligations, performance, surety and similar bonds, including guarantees and letters of credit supporting such performance, surety and similar bonds, provided by Western or a Restricted Subsidiary in the ordinary course of business (in each case other than for an obligation for money borrowed);

(10) Indebtedness arising from any agreements of Western or a Restricted Subsidiary of Western providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or Capital Stock of a Subsidiary; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds (including non-cash proceeds) actually received by Western and/or such Restricted Subsidiary in connection with such disposition; and

(11) in addition to Indebtedness permitted by clauses (1) through (10) above, Indebtedness not to exceed on a consolidated basis for Western and its Restricted Subsidiaries at any time $25.0 million.

For purposes of determining compliance with this "--Incurrence of Indebtedness" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Indebtedness described in clauses (1) through (11) above, or is entitled to be incurred

pursuant to the first paragraph of this covenant, Western will be permitted to classify such item of Indebtedness on the date of its incurrence in any manner that complies with this covenant, and such item of Indebtedness will be treated as having been incurred pursuant to only one of such clauses or pursuant to the first paragraph of this covenant.

Other than the limitations on incurrence of Indebtedness contained in this covenant, there are no provisions in the indenture that would protect the holders of notes in the event of a highly leveraged transaction.

No Layering of Indebtedness

Western will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of Western and senior in any respect in right of payment to the notes. No Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Guarantor Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee.

Liens

Western will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien (other than Permitted Liens) on any asset now owned or hereafter acquired, or on any income or profits therefrom, or assign or convey any right to receive income therefrom to secure (a) any Indebtedness of Western, unless the notes are secured equally and ratably simultaneously with or prior to the creation, incurrence or assumption of such Lien for so long as such Lien exists or (b) any Indebtedness of any Guarantor, unless the Subsidiary Guarantee of such Guarantor is secured equally and ratably simultaneously with or prior to the creation, incurrence or assumption of such Lien for so long as such Lien exists; provided, that in any case involving a Lien securing Indebtedness which is subordinated in right of payment to the notes or the Subsidiary Guarantees, as the case may be, such Lien is subordinated to the Lien securing the notes or the Subsidiary Guarantees to the same extent that such subordinated debt is subordinated to the notes or the Subsidiary Guarantees.

Dividend and Other Payment Restrictions Affecting Subsidiaries

Western will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends, in cash or otherwise, or make any other distributions on its Capital Stock to Western or any of Western's Restricted Subsidiaries or pay any Indebtedness owed to Western or any of Western's Restricted Subsidiaries;

(2) make loans or advances to Western or any of Western's Restricted Subsidiaries; or

(3) transfer any of its properties or assets to Western or any of Western's Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) any agreement or other instrument as in effect on the date of the indenture and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings thereof, provided that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, in any material respect with respect to such dividend and other payment restrictions than those contained in such agreements or instruments as in effect on the date of the indenture, all as determined in the good faith judgment of the Board of Directors;

(2) the indenture and the notes;

(3) applicable laws, rules, regulations and/or orders;

(4) any agreement or other instrument of a Person acquired by Western or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent entered into or created in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any other Person, or the properties or assets of any other Person, other than the Person, or the property or assets of the Person, so acquired;

(5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(6) pursuant to Capitalized Lease Obligations and purchase money obligations for property leased or acquired in the ordinary course of business that impose restrictions on the property so acquired in the nature described in clause (3) of the preceding paragraph;

(7) Permitted Refinancing Indebtedness, provided that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, in any material respect than those contained in the agreements governing the Indebtedness being refinanced as determined in the good faith judgment of the Board of Directors;

(8) Liens, securing Indebtedness, otherwise permitted to be created or incurred pursuant to the provisions of the covenant described above under the caption "--Liens" that limit the right of Western or any of its Restricted Subsidiaries to dispose of or transfer the assets subject to such Lien;

(9) pursuant to any merger agreements, stock purchase agreements, asset sale agreements and similar agreements limiting the transfer of properties and assets or distributions pending consummation of the subject transaction;

(10) pursuant to agreements among holders of Capital Stock of any Restricted Subsidiary of Western requiring distributions in respect of such Capital Stock to be made pro rata based on the percentage of ownership in and/or contribution to such Restricted Subsidiary;

(11) in the case of clause (3) of the first paragraph of this covenant, any encumbrance or restriction (a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license, or similar contract or (b) by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of Western or any of its Subsidiaries not otherwise prohibited by the indenture; and

(12) other Indebtedness of Restricted Subsidiaries permitted to be incurred pursuant to the provisions of the covenant described under "--Incurrence of Indebtedness" subsequent to the Issue Date; provided, however, that the provisions relating to such encumbrances or restrictions contained in such Indebtedness are not less favorable to Western, taken as a whole, in any material respect as determined in the good faith judgment of the Board of Directors of Western than the provisions relating to such encumbrance or restriction contained in the indenture.

Merger, Consolidation or Sale of Assets

Western may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not Western is the surviving corporation); or (2) sell, assign, lease, transfer, convey or otherwise dispose of all or substantially all of its properties or assets, in one or more related transactions, to another Person unless:

(1) either (a) Western is the surviving corporation or (b) the Person formed by or surviving any such consolidation or merger (if other than Western) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than Western) or the Person to which such sale, assignment,

transfer, conveyance or other disposition shall have been made assumes all the obligations of Western under the notes and the indenture pursuant to agreements reasonably satisfactory to the trustee;

(3) at the time of and immediately after giving effect to that transaction, no Default or event of default exists;

(4) except in the case of a merger of Western with or into a Wholly Owned Restricted Subsidiary of Western or a sale, assignment, lease, transfer, conveyance or disposition to a Wholly Owned Restricted Subsidiary of Western, immediately after giving effect to that transaction on a pro forma basis, the Person formed by or surviving any such consolidation or merger (if other than Western) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made shall have Consolidated Net Worth in an amount that is not less than the Consolidated Net Worth of Western immediately prior to such transaction;

(5) except in the case of a merger of Western with or into a Wholly Owned Restricted Subsidiary of Western or a sale, assignment, lease, transfer, conveyance or disposition to a Wholly Owned Restricted Subsidiary of Western, Western or the Person formed by or surviving any such consolidation or merger (if other than Western) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto, be permitted to incur at least $1.00 of additional Indebtedness

pursuant to the Consolidated Operating Cash Flow Ratio test set forth in the first paragraph of the covenant described above under the caption "--Incurrence of Indebtedness;" and

(6) if any of the properties or assets of Western or any Restricted Subsidiary would upon such transaction or series of transactions become subject to any Lien (other than a Permitted Lien), the creation and imposition of such Lien shall have been in compliance with the covenant described above under the caption "--Liens."

In addition, Western may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This "Merger, Consolidation or Sale of Assets" covenant will not apply to a merger by Western with an Affiliate of Western that is a corporation incorporated solely for the purpose of reincorporating Western in another jurisdiction.

Transactions with Affiliates

Western will not, and will not permit any of its Restricted Subsidiaries to, conduct any business or enter into any transaction or series of similar transactions (including, without limitation, the purchase, sale, lease, transfer or exchange of any of its properties or assets or the rendering of any service) with, or for the benefit of, any Affiliate of Western other than a Restricted Subsidiary (each, an "Affiliate Transaction"), unless:

(1) such Affiliate Transaction is on terms that are no less favorable to Western or the relevant Restricted Subsidiary in all material respects than those that would have been obtained in a comparable transaction by Western or such Restricted Subsidiary with an unrelated Person; and

(2) Western delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million an Officers' Certificate certifying that such Affiliate Transaction complies with clause (1) above and that such Affiliate Transaction has been approved by a majority of the Disinterested Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $15.0 million, an opinion as to the fairness of such Affiliate Transaction in all material respects, taken as a whole, to the

(c) holders from a financial point of view issued by an accounting,

engineering, appraisal or investment banking firm of national standing.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) Restricted Payments permitted by, and Permitted Investments that are not prohibited by, the provisions of the indenture described above under "Restricted Payments" (other than Permitted Investments in another Person in which an Affiliate of Western or an Affiliate of any of Western's Subsidiaries owns an interest);

(2) any employment agreement, employee benefit plan, related trust agreement or any similar arrangement, payment of compensation and fees to, and indemnity provided on behalf of, employees, officers, directors or consultants, maintenance of benefit programs or arrangements for employees, officers or directors, including vacation plans, health and life insurance plans, deferred compensation plans, and retirement or savings plan and similar plans, and loans and advances to employees, officers, directors, consultants and shareholders, in each case entered into by Western or any of its Restricted Subsidiaries in the ordinary course of business or approved by a majority of Disinterested Directors (or the Board of Directors of Western in the case of plans or agreements affecting all employees, officers or directors as a group);

(3) transactions between or among Western and/or its Restricted Subsidiaries;

(4) transactions with a Person that is an Affiliate of Western solely because Western owns any Capital Stock in such Person;

(5) payment of directors fees;

(6) any agreement or arrangement in effect on the Issue Date and any amendments, modifications or replacements thereof (so long as any such amendment, modification or replacement is no less favorable to Western and its Restricted Subsidiaries in any material respect than the agreement as in effect on the Issue Date); and

(7) any stockholder agreement or registration rights agreement to which Western is a party on the Issue Date and any similar agreements which it may enter into thereafter; provided that the performance by Western or any of its Restricted Subsidiaries of obligations under any future amendment or under such a similar agreement entered into after the Issue Date shall only be permitted by this clause (7) to the extent that the terms are no less favorable to Western and its Restricted Subsidiaries in any material respect than the agreement as in effect on the Issue Date.

Additional Subsidiary Guarantees

Each current and future domestic Restricted Subsidiary of Western will be required to be a Guarantor for so long as such Restricted Subsidiary has outstanding any Guarantees with respect to any Senior Debt of Western. In addition, Western may cause any other Restricted Subsidiary to become a Guarantor. To become a Guarantor, a Restricted Subsidiary shall execute and deliver to the trustee a supplemental indenture in form reasonably satisfactory to the trustee providing for a Subsidiary Guarantee of the notes by such Subsidiary, which Subsidiary Guarantee will be subordinated to Guarantor Senior Debt (but no other Indebtedness) to the same extent that the notes are subordinated to Senior Debt of Western. Thereafter, such Restricted Subsidiary shall be deemed to be a Guarantor for all purposes under the indenture.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default or event of default; provided that, in no event shall the business currently operated by Western be transferred to or held by an Unrestricted Subsidiary, unless after giving pro forma effect to such transfer Western could have incurred an additional $1.00 of Indebtedness pursuant to the Consolidated Operating Cash Flow Ratio test set forth in the first paragraph of the covenant described under "Incurrence of Indebtedness." If a Restricted Subsidiary is designated as

an Unrestricted Subsidiary, all outstanding Investments owned by Western and its Restricted Subsidiaries (except to the extent repaid in cash) in the Subsidiary so designated will be deemed to be Restricted Payments at the time of such designation and will reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "--Restricted Payments." All such outstanding Investments will be valued at their fair market value at the time of such classification as determined in the good faith judgment of the Board of Directors. That designation will only be permitted if such Restricted Payment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary, provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Western of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "--Incurrence of Indebtedness," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or event of default would be in existence following such designation.

Limitations on Issuances of Subsidiary Guarantees of Indebtedness

Western will not permit any domestic Restricted Subsidiary that is not a Guarantor (a "non-Guarantor Subsidiary"), directly or indirectly, to guarantee or secure the payment of any Senior Debt of Western unless

such non-Guarantor Subsidiary simultaneously executes and delivers a supplemental indenture to the indenture providing for a Subsidiary Guarantee of the notes by such non-Guarantor Subsidiary, which Subsidiary Guarantee will be subordinated to Guarantor Senior Debt (but no other Indebtedness) to the same extent that the notes are subordinated to Senior Debt of Western.

Payments for Consent

Western will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the indenture or the notes unless such consideration is offered to be paid and is paid to all holders of the notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or amendment.

Reports

Whether or not required by the Commission, so long as any notes are outstanding, Western will furnish to the holders of notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if Western were required to file such forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by Western's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if Western were required to file such reports.

In addition, whether or not required by the Commission, Western will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request.

Events of Default and Remedies

Each of the following is an event of default:

(1) default for a continued period of 30 days in the payment when due of interest on the notes, whether or not prohibited by the subordination provisions of the indenture;

(2) default in payment when due of the principal of or premium, if any, on the notes, whether or not prohibited by the subordination provisions of the indenture;

(3) failure by Western or any of its Restricted Subsidiaries to comply with the provisions described under the captions "--Merger, Consolidation or Sale of Assets" or "--Repurchase at Option of holders--Change of Control" or "--Asset Disposition;"

(4) failure by Western or any of its Restricted Subsidiaries for 30 days after notice from the trustee or the holders of at least 25% in principal amount of the notes then outstanding to comply with the provisions described under the captions "--Certain Covenants--Restricted Payments" or "--Incurrence of Indebtedness;"

(5) failure by Western or any of its Restricted Subsidiaries for 60 days after notice from the trustee or the holders of at least 25% in principal amount of the notes then outstanding to comply with any of the other agreements in the indenture;

(6) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Western or any of its

Restricted Subsidiaries (or the payment of which is guaranteed by Western or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the indenture, if that default:

(a) is caused by a failure to pay principal of or premium, if any, or interest on such Indebtedness at final maturity upon the expiration of any grace period provided in such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $10.0 million or more;

(7) the failure by Western or any of its Restricted Subsidiaries to pay a final judgment or judgments (not subject to appeal) against Western or any of its Restricted Subsidiaries in an aggregate principal amount in excess of $10.0 million, which judgments are not paid, discharged or stayed for a period of 60 consecutive days;

(8) except as permitted by the indenture, any Subsidiary Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and

(9) certain events of bankruptcy or insolvency with respect to Western or any of its Restricted Subsidiaries.

In the case of an event of default arising from certain events of bankruptcy or insolvency with respect to Western, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding notes will become due and payable immediately without further action or notice. If any other event of default occurs and is continuing, the trustee or the holders of at least 25% in principal amount of the then outstanding notes may declare all the notes to be due and payable immediately; provided that such acceleration shall not be effective until the earlier of (i) an acceleration of the Designated Senior Debt or (ii) five business days after receipt by Western of written notice of such acceleration.

Holders of the notes may not enforce the indenture or the notes except as provided in the indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from

holders of the notes notice of any continuing Default or event of default (except a Default or event of default relating to the payment of principal (and premium, if any) or interest) if it determines that withholding notice is in their interest.

The holders of a majority in aggregate principal amount of the notes then outstanding by notice to the trustee may on behalf of the holders of all of the notes waive any existing Default or event of default and its consequences under the indenture except a continuing Default or event of default in the payment of interest on, or the principal of (and premium, if any), the notes.

No holder of any note will have any right to institute any proceeding with respect to the indenture or for any remedy thereunder, unless such holder shall have previously given to the trustee written notice of a continuing event of default and unless the holders of at least 25% in aggregate principal amount of the outstanding notes shall have made written request, and offered reasonable indemnity, to the trustee to institute such proceeding as trustee, and the trustee shall not have received from the holders of a majority in aggregate principal amount of the outstanding notes a direction inconsistent with such request and shall have failed to institute such proceeding within 60 days. However, such limitations do not apply to a suit instituted by a holder of a note for enforcement of payment of the principal of (and premium, if any) or interest on such note on or after the respective due dates expressed in such note.

Western is required to deliver to the trustee annually a statement regarding compliance with the indenture. Upon becoming aware of any Default or event of default, Western is required to deliver to the trustee a statement specifying such Default or event of default.

No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders

No director, officer, employee, incorporator or stockholder of Western or any Guarantor, as such, shall have any liability for any obligations of Western or the Guarantors under the notes, the indenture, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws, and it is the view of the Commission that such a waiver is against public policy.

Legal Defeasance and Covenant Defeasance

Western may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding notes and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees ("Legal Defeasance") except for:

(1) the rights of holders of outstanding notes to receive payments in respect of the principal of, premium, if any, and interest on such notes when such payments are due from the trust referred to below;

(2) Western's obligations with respect to the notes concerning issuing temporary notes, registration of notes, mutilated, destroyed, lost or stolen notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and Western's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the indenture.

In addition, Western may, at its option and at any time, elect to have the obligations of Western and the Guarantors released with respect to certain covenants that are described in the indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants shall not constitute a Default or event of default with respect to the notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an event of default with respect to the notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Western must irrevocably deposit with the trustee, in trust, for the benefit of the holders of the notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, premium, if any, and interest on the outstanding notes on the stated maturity or on the applicable redemption date, as the case may be, and Western must specify whether the notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Western shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that (a) Western has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the indenture, there has been a change in the applicable federal income tax law, in either case, to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Western shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that the holders of the outstanding notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or event of default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or event of default resulting from the borrowing of funds to be applied to such deposit); or (b) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the indenture) to which Western or any of its Restricted Subsidiaries is a party or by which Western or any of its Restricted Subsidiaries is bound;

(6) Western must have delivered to the trustee an Opinion of Counsel to the effect that after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(7) Western must deliver to the trustee an Officers' Certificate stating that the deposit was not made by Western with the intent of preferring the holders of notes over the other creditors of Western with the intent of defeating, hindering, delaying or defrauding creditors of Western or others; and

(8) Western must deliver to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Modifications and amendments of the indenture may be made by Western and the trustee with the consent of the holders of a majority in aggregate principal amount of the outstanding notes; provided, however, that without the consent of each holder affected, an amendment or waiver may not (with respect to any notes held by a non-consenting holder):

(1) change the Stated Maturity of the principal of (or premium, if any), or reduce the rate or change the time for payment of interest on, any

note;

(2) reduce the principal amount of (or premium, if any), or interest on, any notes;

(3) change the currency of payment of principal of (or premium, if any), or interest on, any notes;

(4) impair the right to institute suit for the enforcement of any payment on or with respect to any notes;

(5) reduce the above-stated percentage of aggregate principal amount of outstanding notes necessary for waiver of compliance with certain provisions of the indenture or for waiver of certain defaults;

(6) modify any provisions of the indenture relating to the modification and amendment of the indenture or any provisions of the indenture relating to the waiver of past defaults or covenants, except as otherwise specified; or

(7) modify or amend the obligation of Western to make and consummate a Change of Control Offer in the event of a Change of Control.

Notwithstanding the preceding, without the consent of any holder of notes, Western and the trustee may amend or supplement the indenture or the notes:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated notes in addition to or in place of certificated notes;

(3) to provide for the assumption of Western's obligations to holders of notes in the case of a merger or consolidation or sale of all or substantially all of Western's assets;

(4) to make any change that would provide any additional rights or benefits to the holders of notes or that does not adversely affect the legal rights under the indenture of any such holder; or

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the indenture under the Trust Indenture Act.

The holders of a majority in aggregate principal amount of the outstanding notes may waive Western's compliance with certain restrictive provisions of the indenture. The holder of a majority in aggregate principal amount of the outstanding notes may waive any past default under the indenture, except a default in the payment of principal, premium or interest and certain covenants and provisions of the indenture which cannot be amended without the consent of holders of each outstanding note.

Concerning the Trustee

If the trustee becomes a creditor of Western or any Guarantor, the indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions with Western or an Affiliate of Western; however, if the trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The holders of a majority in principal amount of the then outstanding notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The indenture provides that in case an event of default shall occur and be continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of such person's own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the indenture at the request of any holder of notes, unless such holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

Certain Definitions

Set forth below are certain defined terms used in the indenture. Reference is made to the indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"Acquired Debt" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person or assumed in connection with an acquisition by such Person of the properties and assets of any Person which constitute all or substantially all of the properties and assets of such Person or any division or line of business or business segment of such Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person or such acquisition; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings. Notwithstanding the foregoing, any Person who enters with Western or any of its Subsidiaries into any Permitted Business Investment (including, without limitation, any Person who has an ownership, management or operating position

in any Permitted Business Investment), and any Person created as a result of the foregoing, shall not be deemed to be an Affiliate for purposes of the indenture solely by reason of entering into, or owning an ownership, management or operating position in, a Permitted Business Investment or being a Person so created, as the case may be.

"Asset Disposition" by any Person means any transfer, conveyance, sale, lease or other disposition by such Person or any of its Restricted Subsidiaries (including by means of a Sale/Leaseback Transaction or a consolidation or merger or other sale of any such Restricted Subsidiaries with, into or to another Person in a transaction in which such Restricted Subsidiary ceases to be a Restricted Subsidiary, but excluding a disposition by a Restricted Subsidiary of such Person to such Person or a Restricted Subsidiary of such Person or by such Person to a Restricted Subsidiary of such Person), directly or indirectly, in one or a series of related transactions, of

(1) shares of Capital Stock (other than directors' qualifying shares) of a Restricted Subsidiary of such Person held by such Person or a Restricted Subsidiary of such Person,

(2) substantially all of the assets of such Person or any of its Restricted Subsidiaries representing a division, or line of business or business segment, or

(3) other properties or assets of such Person or any of its Restricted Subsidiaries outside of the ordinary course of business,

which in the case of either clause (1), (2) or (3) whether in a single transaction or a series of related transactions, results in Net Available Proceeds in excess of $5.0 million. For the purpose of this definition, the term "Asset Disposition" shall not include:

(a) any transfer of properties or assets that is governed by, and made in accordance with, the provisions described under the caption "--Merger, Consolidation or Sale of Assets,"

(b) any transfer of properties or assets to any Person if permitted under the definition of Permitted Investments (except as set forth in clause (d) below) or if permitted under the provisions described under the caption "--Certain Covenants--Restricted Payments,"

(c) any trade or exchange of properties and assets used in the Principal Business of Western or shares of Capital Stock in any Person in the Principal Business of Western or any Restricted Subsidiary of Western, in each case owned by Western or any Restricted Subsidiary, for properties and assets of any Person used in the Principal Business in any Person owned or held by another Person, provided, that (A) the fair market value of the properties, assets and shares traded or exchanged by Western or such Restricted Subsidiary is reasonably equivalent to or less than the fair market value of the properties and assets to be received by Western or such Restricted Subsidiary as determined in good faith by (x) any officer of Western if such fair market value is less than $5.0 million and (y) the Board of Directors of Western as evidenced by a certified resolution delivered to the trustee if such fair market value is equal to or in excess of $5.0 million; provided, that if such fair market value is equal to or in excess of $30.0 million Western shall deliver a written appraisal by a nationally recognized accounting, engineering, appraisal or investment banking firm, in each case specializing or having a specialty in oil and gas properties, and (B) such exchange is approved by a majority of the Disinterested Directors, provided, further, that if such trade or exchange results in the receipt by Western or a Restricted Subsidiary of Western of aggregate cash or Cash Equivalents in excess of $5.0 million, such cash or Cash Equivalents shall be deemed to be Net Available Proceeds for purposes of "--Repurchase at Option of holders--Asset Disposition," or

(d) any Permitted Business Investment; provided that if such investment results in the receipt by Western or a Restricted Subsidiary of Western of cash or Cash Equivalents (excluding any dividends or distributions of earnings) such cash or Cash Equivalents shall be deemed Net Available Proceeds for purposes of this covenant.

"Attributable Debt" means, in respect of a Sale/Leaseback Transaction, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such Sale/Leaseback Transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Board of Directors" means, (1) with respect to Western, either the Board of Directors of Western or any properly constituted committee thereof that is authorized to take the action in question and (2) with respect to any Restricted Subsidiary of Western, the Board of Directors of that Restricted Subsidiary or any properly constituted committee thereof that is authorized to take the action in question.

"Capitalized Lease Obligation" of any Person means any lease of any property (whether real, personal or mixed) by such Person as lessee in respect of which the present value of the minimum rental commitment would be capitalized on a balance sheet of the lessee in accordance with GAAP.

"Capital Stock" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof

(provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of $500 million and a Thompson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper and other securities having the highest rating obtainable from Moody's or S&P and in each case maturing within twelve months after the date of acquisition; and

(6) investments in money market or other mutual funds substantially all of whose assets comprise securities of the types described in clauses (2) through (5) above.

"Change of Control" means the occurrence of any of the following:

(1) the sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the assets of Western and its Subsidiaries taken as a whole to another "person" (as such term is used in Section 13(d)(3) of the Exchange Act) other than a Principal or a Person controlled by a Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of Western;

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above) other than a Principal or a Person controlled by a Principal, becomes the beneficial owner (as determined in accordance with Rule 13(d)(3) under the Exchange Act), directly or indirectly, of at least 50% of the total voting power of all classes of Capital Stock of Western; or

(4) the first day on which a majority of the members of the Board of Directors of Western are not Continuing Directors.

"Consolidated Net Operating Income" means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(1) the net income (or loss) of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be excluded (except to the extent of the amount of cash dividends or cash distributions paid to the specified Person or its Restricted Subsidiaries);

(2) the net income (or loss) of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(3) the net income of any Restricted Subsidiary of such Person shall be excluded to the extent the transfer to that Person of that income is restricted by contract or otherwise (except to the extent of the amount of cash or other distributions paid to the specified Person or its Restricted Subsidiaries);

(4) the net income (or loss) of any Unrestricted Subsidiary of such Person shall be excluded (except to the extent of the amount of cash dividends or other cash distributions paid to the specified Person or its Restricted Subsidiaries);

(5) extraordinary gains and losses, and gains and losses from the sale of assets outside the ordinary course of such Person's business, shall be excluded;

(6) the cumulative effect of a change in accounting principles shall be excluded;

(7) any write-downs of non-current assets, provided that any ceiling limitation write-downs under Commission guidelines or impairments of oil and gas properties required by Statement of Financial Accounting Standards No. 121 of the Financial Accounting Standards Board shall be excluded as if such write-downs had not occurred; and

(8) the tax effect of any of the items described in clauses (1) through (7) above shall be excluded.

"Consolidated Net Worth" means, at any date, the stockholders' equity of Western and its Restricted Subsidiaries, as determined on a consolidated basis in accordance with GAAP, less (to the extent included in stockholders' equity) amounts attributable to Disqualified Stock of Western or its Restricted Subsidiaries.

"Consolidated Operating Cash Flow" means, with respect to any Person for any period, the Consolidated Net Operating Income of such Person and its Restricted Subsidiaries for such period plus:

(1) consolidated Fixed Charges of such Person and its Restricted Subsidiaries which reduced Consolidated Net Operating Income for such period; plus

(2) consolidated income tax expense of such Person and its Restricted Subsidiaries which reduced Consolidated Net Operating Income for such period; plus

(3) consolidated depreciation, depletion and amortization expense (including amortization of purchase accounting adjustments) of such Person and its Restricted Subsidiaries and any other non-cash items to the extent that such depreciation, depletion, amortization and other non-cash items reduced Consolidated Net Operating Income for such period; minus

(4) non-cash items which increased Consolidated Net Operating Income for such period,

in each case, on a consolidated basis and determined in accordance with GAAP for the four full quarters for which financial information in respect thereof is available immediately prior to the Transaction Date.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation, depletion and amortization and other non-cash charges of, a Restricted Subsidiary of Western shall be added to Consolidated Net Operating Income to compute Consolidated Operating Cash Flow of Western only to the extent that a corresponding amount would be permitted at the date of determination to be dividended, distributed or otherwise paid to Western by such Restricted Subsidiary without prior approval (that has not been obtained) pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Operating Cash Flow Ratio" means, with respect to any Person, the ratio of

(1) Consolidated Operating Cash Flow of such Person and its Restricted Subsidiaries for the four quarters for which financial information in respect thereof is available immediately prior to the Transaction Date to

(2) the aggregate Fixed Charges of such Person and its Restricted Subsidiaries for such four quarters, such Fixed Charges to be calculated on the basis of the amount of the Indebtedness of such Person and its Restricted Subsidiaries outstanding on the Transaction Date and interest on Indebtedness which accrues on a fluctuating basis for periods succeeding the date of determination shall be deemed to accrue at a rate equal to the average daily rate of interest in effect

during such immediately preceding quarter;

provided, however, that if such Person or any Restricted Subsidiary of such Person shall have acquired, sold or otherwise disposed of any asset material to its Principal Business or engaged in a Public Equity Offering during the four full quarters for which financial information in respect thereof is available immediately prior to the Transaction Date or during the period from the end of such fourth full quarter to and including the Transaction Date, the calculation required in clause (1) above will be made giving effect to such acquisition, sale or disposition or the other investment of the net proceeds of such Public Equity Offering on a pro forma basis as if such acquisition, sale, disposition or offering had occurred at the beginning of such four full quarter period without giving effect to clause (2) of the definition of "Consolidated Net Operating Income" (that is, including in such calculation the net income for the relevant prior period of any Person acquired in a pooling of interests transaction, notwithstanding the provisions of said clause (2)); provided, further, that Fixed Charges of such Person during the applicable period shall not include the amount of consolidated Interest Expense which is directly attributable to Indebtedness to the extent such Indebtedness is reduced by the proceeds of the incurrence of such Indebtedness which gave rise to the need to calculate the Consolidated Operating Cash Flow Ratio.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of Western who:

(1) was a member of such Board of Directors on the date of the indenture; or

(2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election.

"Credit Facilities" means, one or more debt agreements, including without limitation, commercial paper facilities, in each case with banks or other institutional lenders, providing for revolving credit loans, term loans or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time. The term "Credit Facilities" shall include the Revolving Credit Facility, but shall exclude any other Senior Debt Agreements.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an event of default.

"Designated Senior Debt" means

(1) any Obligations outstanding from time to time under the Senior Debt Agreements; and

(2) any other Senior Debt permitted under the indenture the principal amount of which is $50.0 million or more and that has been designated by Western as "Designated Senior Debt."

"Disinterested Director" means, as used with reference to the covenant entitled "--Certain Covenants--Transactions with Affiliates," a member of the Board of Directors who does not have any material direct or indirect financial interest (other than an interest arising solely from the beneficial ownership of Capital Stock of Western) in or with respect to the particular transaction or series of transactions, if any, that is subject to approval by a majority of the Disinterested Directors pursuant to such covenant.

"Disqualified Stock" means any Capital Stock of Western that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require Western to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provided that Western may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant entitled "--Certain Covenants--Restricted Payments."

"Dollar-Denominated Production Payments" means production payment obligations recorded as liabilities in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Existing Indebtedness" means any outstanding Indebtedness of Western and its Subsidiaries as of the Issue Date after giving effect to the use of proceeds of this Offering.

"Fixed Charges" of any Person means, for any period, the sum, without duplication, of (1) consolidated Interest Expense of such Person and its Restricted Subsidiaries, plus (2) all but the principal component of rentals in respect of consolidated Capitalized Lease Obligations of such Person and its Restricted Subsidiaries paid, accrued or scheduled to be paid or accrued by such Person and its Restricted Subsidiaries during such period, and determined in accordance with GAAP plus (3) all dividends paid or accrued (excluding items eliminated in consolidation) on any series of preferred stock of such Person.

For purposes of this definition:

(a) interest on Indebtedness which accrues on a fluctuating basis for periods succeeding the date of determination shall be deemed to accrue at a rate equal to the average daily rate of interest in effect during such immediately preceding quarter,

(b) interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined in good faith by the chief financial officer, treasurer or controller of such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board),

(c) in making such computation, the consolidated Interest Expense attributable to interest on any Indebtedness under a revolving credit facility shall be computed based upon the average daily balance of such Indebtedness during the applicable period, provided, that such average daily balance shall be reduced by the amount of any repayment of Indebtedness under a revolving credit facility during the applicable period, which repayment permanently reduced the commitments or amounts available to be reborrowed under such facility, and

(d) notwithstanding clauses (a) and (b) of this proviso, interest on Indebtedness determined on a fluctuating basis, to the extent such interest is covered by agreements relating to interest rate

protection agreements, shall be deemed to have accrued at the rate per annum resulting after giving effect to the operation of such agreements.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date.

"Government Securities" means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America, the timely payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America which, in either case, are not callable or redeemable at the option of the issuer thereof, and shall also include a depository receipt issued by a bank (as defined in Section 2(a)(2) of the Securities Act), as custodian, with respect to any such Government Security or a specific payment of principal of or interest on any such Government Security held by such custodian for the account of the holder of such depository receipt; provided, however, that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the Government Security or the specific payment of principal of or interest on the Government Security evidenced by such depository receipt.

"Guarantee" means a guarantee other than by endorsement of negotiable

instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of Indebtedness.

"Guarantor Senior Debt" with respect to a Guarantor means:

(1) all Indebtedness outstanding under the Senior Debt Agreements (including interest after the commencement of any bankruptcy or insolvency proceeding at the rate specified in the applicable Senior Debt Agreements) and all Hedging Obligations with respect thereto;

(2) any other Indebtedness permitted to be incurred by such Guarantor under the terms of the indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with the Subsidiary Guarantee or subordinated in right of payment to the Subsidiary Guarantee or any other Indebtedness of such Guarantor; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2).

Notwithstanding anything to the contrary in the preceding, Guarantor Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by such Guarantor;

(2) any Indebtedness of such Guarantor to Western or any of Western's Subsidiaries or other Affiliates;

(3) any trade payables;

(4) any Indebtedness that is incurred in violation of the indenture;

(5) any Indebtedness represented by preferred stock; or

(6) any Indebtedness evidenced by the Subsidiary Guarantees.

"Guarantors" means each of:

(1) Lance Oil & Gas Company, Inc., MIGC, Inc., Mountain Gas Resources, Inc., Pinnacle Gas Treating, Inc., Western Gas Resources -- Texas, Inc., Western Gas Resources -- Oklahoma, Inc., Western Gas Wyoming, L.L.C.; and

(2) any other Subsidiary of Western that executes a Subsidiary Guarantee in accordance with the provisions of the idenTure;

and their respective successors and assigns.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements, futures contracts, forward contracts, options contracts, hedges and other derivative contracts and similar arrangements;

(2) other agreements or arrangements designed to protect such person against fluctuations in interest rates;

(3) agreements or arrangements designed to protect such Person against exchange rate risk with respect to any agreement or indebtedness of such Person payable in a currency other than U.S. dollars; and

(4) agreements or arrangements designed to protect such Person against commodities risk relating to commodities agreements, entered into in the ordinary course of business by Western and its Restricted Subsidiaries.

"Holder" means the Person in whose name a note is registered on Western's securities register.

"Indebtedness" means, with respect to any Person, without duplication,

(1) all liabilities of such Person for borrowed money or for the deferred purchase price of property or services, excluding any trade accounts payable and other accrued current liabilities incurred in the ordinary course of business, but including, without limitation, all obligations, contingent or otherwise, of such Person in connection with any letters of credit, bankers' acceptance or other similar credit transaction,

(2) all obligations of such Person evidenced by bonds, notes, debentures or other similar instruments,

(3) all Indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even if the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), but excluding trade accounts payable arising in the ordinary course of business,

(4) all Capitalized Lease Obligations of such Person,

(5) the Attributable Debt (in excess of any related Capitalized Lease Obligations) related to any Sale/Leaseback Transaction of such Person,

(6) all Indebtedness referred to in the preceding clauses of other Persons, the payment of which is secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured) any Lien upon property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness (the amount of such obligation being deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured),

(7) all guarantees by such Person of Indebtedness referred to in this definition (including, with respect to any Production Payment, any warranties or guarantees of production or payment by such Person with respect to such Production Payment but excluding other contractual obligations of such Person with respect to such Production Payment),

(8) all Disqualified Stock of such Person valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends,

(9) all obligations of such Person under or in respect of Hedging Obligations, and

(10) any amendment, supplement, modification, deferral, renewal, extension or refunding of any liability of such Person of the types referred to in clauses (1) through (9) above,

if, and to the extent, any of the foregoing would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP.

For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value to be determined in the good faith judgment of the Board of Directors of the issuer of such Disqualified Stock, provided, however, that if such Disqualified Stock is not at the date of determination permitted or required to be repurchased, the "maximum fixed repurchase price" shall be the book value of such Disqualified Stock. Subject to clause (7) of the first sentence of this definition, neither Dollar-Denominated Production Payments nor Volumetric Production Payments shall be deemed to be Indebtedness.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that

is more than 30 days past due, in the case of any other Indebtedness.

"Interest Expense" of any Person means, for any period, the aggregate amount of interest expense of such Person (including without limitation or duplication (1) amortization of debt issuance expense, (2) amortization of original issue discount on any Indebtedness and (3) the interest portion of any deferred payment obligation, all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers acceptance financings and the net cost under Hedging Obligations) paid, accrued or scheduled to be paid or accrued by such Person during such period, in each case determined in accordance with GAAP.

"Investment" means, with respect to any Person, any direct or indirect advance, loan, guarantee of Indebtedness or other extension of credit or capital contribution to (by means of any transfer of cash or other property or assets to others or any payment for property, assets or services for the account or use of others), or any purchase or acquisition by such Person of any Capital Stock, bonds, notes, debentures or other securities (including derivatives) or evidences of Indebtedness issued by, any other Person (excluding commission, payroll, travel, employee transfer assistance loans and similar loans and advances to directors, officers, employees, consultants and stockholders made in the ordinary course of business). In addition, the fair market value of the net assets of any Restricted Subsidiary at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary shall be deemed to be an "Investment" made by Western in such Unrestricted Subsidiary at such time. "Investments" shall exclude (1) extensions of trade credit in the ordinary course of business, (2) Hedging Obligations entered into in the ordinary course of business or as required by any Permitted Indebtedness or any Indebtedness incurred in compliance with the covenant described above under the caption "--Certain Covenants--Incurrence of Indebtedness," and (3) bonds, notes, debentures or other securities received in compliance with the covenant described under the caption "Repurchase at Option of holders--Asset Disposition."

"Issue Date" means the date notes are first issued under the indenture.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind (except for taxes not yet owing) in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"Moody's" means Moody's Investors Service, Inc. and its successors.

"Net Available Proceeds" means cash or readily marketable Cash Equivalents received by Western or any of its Restricted Subsidiaries in respect of an Asset Disposition (including by way of sale or discounting of a note, installment receivable or other receivable, but excluding any other consideration received in the form of assumption by the acquiree of Indebtedness or other obligations relating to such properties or assets or received in any other noncash form) net of (1) all legal and accounting expenses, commissions, investment banking fees and other fees and expenses incurred and all federal, state, provincial, foreign and local taxes paid or payable or required to be accrued as a liability as a consequence of such transaction, and (2) all payments made by such Person or its Restricted Subsidiaries on any Indebtedness which must, in order to obtain a necessary consent to such transaction or by applicable law, be repaid out of the proceeds from such transaction.

"Non-Recourse Debt" means Indebtedness:

(1) as to which neither Western nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against any Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder

of any other Indebtedness (other than the notes) of Western or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of Western or any of its Restricted Subsidiaries.

"Obligations" means any principal (and premium, if any), interest, letter of credit deposits and reimbursements, penalties, fees, indemnifications, reimbursements, costs, expenses, yield maintenance amounts, damages and all other liabilities payable under the documentation governing any Indebtedness.

"Officers' Certificate" means a certificate delivered to the trustee signed by the Chairman, the President, a Vice President or the Chief Financial Officer, and by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of Western.

"Opinion of Counsel" means a written opinion of legal counsel for Western (or any Guarantor, if applicable) including an employee of Western (or any Guarantor, if applicable), who is reasonably acceptable to the trustee.

"Permitted Business Investments" means Investments in a Person of a nature that is or shall become customary in the Principal Business as a means of actively exploiting, exploring for, acquiring, developing, processing, gathering, treating, marketing or transporting oil, gas and natural gas liquids through agreements, transactions, interests or arrangements which permit one to share risks or costs, comply with regulatory requirements regarding local ownership or satisfy other objectives customarily achieved through the conduct of the Principal Business jointly with third parties, including without limitation,

(1) ownership interests in oil and gas properties, processing facilities, gathering systems or ancillary real property interests, and

(2) Investments in the form of or pursuant to operating agreements, processing agreements, farm-in agreements, farm-out agreements, development agreements, area of mutual interest agreements, utilization agreements, pooling agreements, joint bidding agreements, service contracts, joint venture agreements, partnership agreements, subscription agreements, stock purchase agreements and other similar agreements with third parties,

provided that with respect to such Investment

(1) the investing Person receives and maintains at least 50% of the Voting Stock in such Person and is allocated and continues to receive at least 50% of the profits, losses and distributions of such Person,

(2) the Person in which the Investment is made shall not, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to any Indebtedness (including Acquired Debt),

(3) the Person in which the Investment is made shall not, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of such Person to

(a) pay dividends, in cash or otherwise, or make any other distributions on its Capital Stock or pay any Indebtedness owed to holders of its Capital Stock,

(b) make loans or advances to holders of its Capital Stock, or

(c) transfer any of its properties or assets to holders of its Capital Stock, and

(4) such Investment, when aggregated with all other outstanding or existing Permitted Business Investments at the time of such Investment, does not exceed 30% of Total Assets. All Permitted Business Investments will be valued at their fair market value at the time of such classification as determined in the good faith judgment of the Board of Directors.

Notwithstanding the above, the restrictions set forth in clause (3) above will not apply to encumbrances or restrictions existing under or by reason of:

(1) applicable laws, rules, regulations and/or orders;

(2) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices; or

(3) any merger agreements, stock purchase agreements, asset sale agreements and similar agreements limiting the transfer of properties and assets or distributions pending consummation of the subject transactions; provided, that all of the consideration received in such transaction is in the form of cash or Cash Equivalents (which shall include any securities, notes or other obligations received from the transferee that are converted into cash or Cash Equivalents within 120 days of the consummation of such transaction), and the consideration shall be deemed to be Net Available Proceeds and applied in accordance with "--Repurchase at Option of holders--Asset Disposition."

"Permitted Investments" means:

(1) any Investment in Western or in a Restricted Subsidiary of Western;

(2) any Investment in Cash Equivalents;

(3) any Investment by Western or any Restricted Subsidiary of Western in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of Western; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, Western or a Restricted Subsidiary of Western;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Disposition that was made pursuant to and in compliance with the covenant described above under the caption "--Repurchase at Option of holders--Asset Disposition;"

(5) any acquisition of assets solely in exchange for the issuance of Capital Stock (other than Disqualified Stock) of Western;

(6) Permitted Business Investments;

(7) entry into any arrangement pursuant to which Western or any of its Restricted Subsidiaries may incur Hedging Obligations;

(8) loans or advances to officers, directors or employees of Western or any Subsidiary of Western for purposes of purchasing Western's Common Stock in an aggregate amount outstanding at any one

time not to exceed $5.0 million and other loans and advances (including without limitation loans for relocation costs) to such officers, directors or employees in the ordinary course of business of Western or its Restricted Subsidiaries;

(9) stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to Western or any of its Restricted Subsidiaries or in satisfaction of judgments or claims;

(10) Investments in connection with pledges, deposits, payments or performance bonds made or given in the ordinary course of business in connection with or to secure statutory, regulatory or similar obligations, including obligations under health, safety or environmental obligations; and

(11) Investments in securities of trade creditors or customers received in settlement of obligations or pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors of customers.

"Permitted Junior Securities" means Capital Stock (and all warrants, options or other rights to acquire Capital Stock) of Western or debt

securities that are subordinated to the notes (and any debt securities issued in exchange for Senior Debt) to substantially the same extent as, or to a greater extent than, the notes are subordinated to Senior Debt pursuant to the indenture.

"Permitted Liens" means the following types of Liens:

(1) Liens existing as of the Issue Date;

(2) Liens, if any, securing the notes;

(3) Liens in favor of Western or a Restricted Subsidiary;

(4) Liens securing Senior Debt or Guarantor Senior Debt;

(5) Liens for taxes, assessments and governmental charges or claims that are either (a) not delinquent or (b) being contested in good faith by appropriate proceedings and as to which Western or a Restricted Subsidiary of Western shall have set aside on its books such reserves or provisions, if any, as may be required pursuant to GAAP;

(6) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, suppliers, materialmen, and repairmen that are either (a) Liens imposed by law incurred in the ordinary course of business for sums not delinquent or (b) being contested in good faith, if in the case of this clause (b), Western or a Restricted Subsidiary shall have set aside on its books such reserves or provisions, if any, as may be required pursuant to GAAP;

(7) Liens incurred and deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, and Liens incurred and deposits made to secure the payment or performance of tenders, statutory or regulatory obligations, surety and appeal bonds, leases, government contracts and leases, trade contracts (other than to secure an obligation for borrowed money), performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money but including lessee and operator obligations under statutes, governmental regulations or instruments related to the ownership, exploration and production of oil, gas and minerals on state, federal or foreign lands or waters);

(8) pre-judgment Liens and judgment Liens not giving rise to an event of default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment shall not have been finally terminated or the period within which such proceedings may be initiated shall not have expired;

(9) any interest or title of a lessor under any lease whether or not characterized as a capital or operating lease;

(10) Liens resulting from the deposit of funds or evidences of Indebtedness in trust for the purpose of defeasing Indebtedness of Western or any of its Subsidiaries; customary Liens for the fees, costs and expenses of trustees and escrow agents pursuant to the indenture, escrow agreement or other similar agreement establishing such trust or escrow arrangement; and Liens pursuant to merger agreements, stock purchase agreements, asset sale agreements and similar agreements (a) limiting the transfer of properties and assets pending consummation of the subject transaction or (b) in respect of earnest money deposits, good faith deposits, purchase price adjustment escrows or similar deposits or escrow arrangements made or established thereunder;

(11) Liens securing any Hedging Obligations of Western or any Restricted Subsidiary;

(12) Liens securing reimbursement obligations with respect to letters of credit which encumber documents and other property relating to such letters of credit and products and proceeds thereof;

(13) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of Western or its Restricted Subsidiaries relating to such property or assets and Liens

to secure Indebtedness used to finance all or a part of the construction of property or assets used by Western or any of its Restricted Subsidiaries in their Principal Business; provided, that such Liens do not extend to any other property or assets owned by Western or its Restricted Subsidiaries;

(14) Liens on, or related to, properties or assets to secure all or part of the costs incurred in the ordinary course of business for the exploration, drilling, development or operation thereof;

(15) Liens on pipeline or pipeline facilities which arise out of operation of law;

(16) Liens arising under operating agreements, joint venture agreements, partnership agreements, oil and gas leases, farm-out agreements, division orders, contracts for the sale, purchase, transportation, processing or exchange of oil, gas or other hydrocarbons, unitization and pooling declarations and agreements, area of mutual interest agreements, development agreements, joint ownership arrangements and other agreements which are customary in the Principal Business other than any Indebtedness with respect to a Permitted Business Investment;

(17) Liens constituting survey exceptions, encumbrances, easements, or reservations of, or right to others for, rights-of-way, zoning restrictions and other similar charges and encumbrances as to the use of real properties, and minor defects of title which, in the case of any of the foregoing, were not incurred or created to secure the payment of borrowed money or the deferred purchase price of property, assets or services, and in the aggregate do not interfere in any material respect with the ordinary conduct of the business of Western or its Restricted Subsidiaries;

(18) rights reserved to or vested in any municipality or governmental, statutory or public authority by the terms of any right, power, franchise, grant, license or permit, or by any provision of law, to terminate such right, power, franchise, grant, license or permit or to purchase, condemn, expropriate or recapture or to designate a purchaser of any of the property of such Person; rights reserved to or vested in any municipality or governmental, statutory or public authority to control or regulate any property of such Person, or to use such property in a manner which does not materially impair the use of such property for the purposes for which it is held by such Person; any obligation or duties affecting the property of such Person to any municipality or governmental, statutory or public authority with respect to any franchise, grant, license or permit;

(19) Liens securing Non-Recourse Debt; provided, however, that the related Non-Recourse Debt shall not be secured by any property or assets of Western or any Restricted Subsidiary of Western other than the property and assets acquired by Western or such Restricted Subsidiary with the proceeds of such Non-Recourse Debt;

(20) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with Western or any Guarantor; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with Western or the Guarantor;

(21) Liens on property existing at the time of acquisition thereof by Western or any Guarantor, provided that such Liens were in existence prior to the contemplation of such acquisition;

(22) Liens securing Permitted Refinancing Indebtedness incurred to extend, refinance, renew, replace, defease or refund secured Indebtedness where both the Liens securing the Indebtedness being refinanced were permitted under the indenture and the Liens securing the Permitted Refinancing Indebtedness only encumber assets and properties encumbered under Liens securing the Indebtedness so extended, refinanced, renewed, replaced, deferred or refunded; and

(23) Liens arising out of the refinancing, extension, renewal or refunding of any Indebtedness permitted by this indenture that is secured by any

Lien permitted by (1) through (22) above.

Notwithstanding anything in clauses (1) through (23) of this definition, the term "Permitted Liens" does not include any Liens resulting from the creation, incurrence, issuance, assumption or guarantee of any Production Payments other than Production Payments that are created, incurred, issued, assumed or guaranteed in connection with the financing of, and within 30 days after, the acquisition of the properties or assets that are subject thereto.

"Permitted Refinancing Indebtedness" means any Indebtedness of Western or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of Western or any of its Restricted Subsidiaries (other than intercompany Indebtedness); provided that:

(1) the principal amount (or accreted value or liquidation value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount of (or accreted value or liquidation value, if applicable), plus accrued interest and accumulated dividends on, the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus the amount of expenses, costs or premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date that is the same as or later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the notes, such Permitted Refinancing Indebtedness has a final maturity date that is the same as or later than the final maturity date of, and is subordinated in right of payment to, the notes on terms at least as favorable, in all material respects, taken as a whole (as determined in the good faith judgment of the Board of Directors of Western or a Restricted Subsidiary of Western, as the case may be), to the holders of notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(4) such Indebtedness is incurred or issued either by Western or by the Restricted Subsidiary which is the obligor on or issuer of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(5) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded provided for payment or accrual of interest or dividends on a non-cash basis, then such Indebtedness contains provisions allowing for the payment or accrual of interest and dividends on comparable terms.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, estate, unincorporated organization or government or any agency or political subdivision thereof or any other entity.

"Principal Business" means

(1) the gathering, marketing, treating, processing, storage, selling and transporting of any natural gas and its components including NGLs,

(2) any business relating to or arising from the acquisition, development, production, treatment, processing, storage, refining, transportation, distribution or marketing of oil, gas, electricity and other minerals and products produced in association therewith,

(3) the acquisition, exploration, exploitation, development, operation and disposition of interests in oil, gas and other hydrocarbon properties, and

(4) any activity necessary, appropriate or incidental to the activities described in the foregoing clauses (1) through (3) of this definition.

"Principal" means any of Brion Wise, Walter Stonehocker, Ward Sauvage, Dean

Phillips and Bill Sanderson.

"Production Payments" means, collectively, Dollar-Denominated Production Payments and Volumetric Production Payments.

"Public Equity Offering" means any underwritten public offering of Capital Stock of Western pursuant to a registration statement (other than a Form S-8 or any other form relating to securities under any employee benefit plan of Western) that is declared effective by the Commission after the Issue Date in which the gross proceeds to Western are at least $20.0 million.

"Required holders" means, with respect to any series of Western's Designated Senior Debt, at any time the holders of the required percentage of the aggregate principal amount outstanding as defined in each of the Senior Debt Agreements.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Revolving Credit Facility" means the Loan Agreement, dated April 29, 1999, by and among Western and Nationsbank, N.A., as agent, and the lender parties thereto, as amended and restated from time to time, and all notes, guarantees, collateral documents and other instruments and agreements executed and delivered pursuant thereto, as amended and restated from time to time.

"S&P" means Standard & Poor's Rating Services and its successors.

"Sale/Leaseback Transaction" means, with respect to any Person, any direct or indirect arrangements pursuant to which properties or assets are sold or transferred by such Person or a Subsidiary of such Person and are thereafter leased back from the purchaser or transferee by such Person or one of its Subsidiaries; provided, however, Sale/Leaseback Transactions shall not include transactions whereby property or assets are sold or transferred by Western or any of its Restricted Subsidiaries to any Affiliate of Western or pursuant to any Permitted Investment constituting a joint ownership arrangement, which property or assets are leased back, directly or indirectly, to Western, any Affiliate of Western or to the constituent parties to any such joint venture arrangement.

"Senior Debt" when used with respect to Western means:

(1) all Indebtedness outstanding under the Senior Debt Agreements (including interest after the commencement of any bankruptcy or insolvency proceeding at the rate specified in the applicable Senior Debt Agreement) and all Hedging Obligations with respect thereto;

(2) any other Indebtedness permitted to be incurred by Western under the terms of the indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with the notes or subordinated in right of payment to the notes or any other Indebtedness of Western; and

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by Western;

(2) any Indebtedness of Western to any of its Subsidiaries or other Affiliates;

(3) any trade payables;

(4) any Indebtedness that is incurred in violation of the indenture;

(5) any Indebtedness represented by preferred stock; or

(6) any Indebtedness evidenced by the notes.

Any purchaser of Senior Debt incurred after the date of this indenture shall be entitled to rely on a certificate of Western's Chief Financial Officer that

the Senior Debt has been incurred in accordance with the covenant contained under "--Certain Covenants--Incurrence of Indebtedness" in order to qualify as Senior Debt.

"Senior Debt Agreements" means, collectively:

(1) the Loan Agreement, dated April 29, 1999, by and among Western and NationsBank, N.A., as agent, and the lender parties thereto, as amended and restated from time to time, and all notes, guarantees, collateral documents and other instruments and agreements executed and delivered pursuant thereto, as amended and restated from time to time;

(2) the Second Amended and Restated Master Shelf Agreement, dated as of December 19, 1991, by and between Western and The Prudential Insurance Company of America, as amended and restated from time to time, and all notes, guarantees, collateral documents and other instruments and agreements executed and delivered pursuant thereto, as amended and restated from time to time; and

(3) the Amended and Restated Note Purchase Agreement, dated as of April 28, 1999, by and among Western, American General Life Insurance Company and the other note purchasers party thereto, as amended and restated from time to time, and all notes, guarantees, collateral documents and other instruments and agreements executed and delivered pursuant thereto, as amended and restated from time to time.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"Special Interest" means any additional interest on the notes that is required to be paid to the holders of the notes under the terms of the exchange and registration rights agreement.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Subsidiary" means, with respect to any Person:

(1) any corporation, association or other business entity of which more than 50% of the Voting Stock is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

Notwithstanding the foregoing, any Person invested in or created as a result of a Permitted Business Investment by Western or any of its Subsidiaries shall be deemed to be a Subsidiary for purposes of the indenture.

"Total Assets" means the total consolidated assets of Western and its Restricted Subsidiaries, as shown on the most recent balance sheet of Western.

"Transaction Date" means the date on which Indebtedness giving rise to the need to calculate the Consolidated Operating Cash Flow Ratio was incurred or the date on which, pursuant to the terms of the indenture, the transaction giving rise to the need to calculate the Consolidated Operating Cash Flow Ratio occurred.

"Trust Indenture Act" means the Trust Indenture Act of 1939 as in force at the Issue Date; provided, however, that in the event the Trust Indenture Act of 1939 is amended after such date, "Trust Indenture Act" means, to the extent required by any such amendment, the Trust Indenture Act of 1939 as so amended.

"Unrestricted Subsidiary" means any Subsidiary of Western that is designated

by the Board of Directors of Western as an Unrestricted Subsidiary pursuant to a resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with Western or any Restricted Subsidiary of Western unless the terms of any such agreement, contract, arrangement or understanding are not less favorable to Western or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of Western;

(3) is a Person with respect to which neither Western nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Capital Stock (including options, warrants or other rights to acquire Capital Stock) or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of Western or any of Western's Restricted Subsidiaries.

Any designation of a Subsidiary of Western as an Unrestricted Subsidiary shall be evidenced to the trustee by filing with the trustee a certified copy of the resolution of the Board of Directors of Western giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "--Certain Covenants--Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of Western as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "--Certain Covenants--Incurrence of Indebtedness," Western shall be in default of such covenant. The Board of Directors of Western may, at any time, designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of Western of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "--Certain Covenants--Incurrence of Indebtedness," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or event of default would be in existence following such designation.

"Volumetric Production Payments" means production payment obligations recorded as deferred revenue in accordance with GAAP, together with all undertakings and obligations in connection therewith.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors, managers or trustees of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing;

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal or redemption amount, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by

(2) the then outstanding principal amount or liquidation preference of such Indebtedness.

"Wholly Owned Restricted Subsidiary" of any Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Restricted Subsidiaries of such Person.

The exchange notes exchanged for old notes through the Book-Entry Transfer Facility will be represented by a global note (the "new global note"). One new global note shall be issued with respect to each $100 million or less in aggregate principal amount at maturity of the new global note. The new global note will be issued on the date of the closing of the exchange offer with the trustee, as custodian of DTC, pursuant to a FAST Balance Certificate Agreement between the trustee and DTC and registered in the name of Cede & Co., as nominee of DTC.

Exchange notes exchanged for old notes which are in the form of registered definitive certificates (the "certificated notes") will be issued in the form of certificated notes. Such certificated notes may, unless the new global note has previously been exchanged for certificated notes, be exchanged for an interest in the new global note representing the principal amount of exchange notes being transferred.

The Global Notes. We expect that pursuant to procedures established by DTC (i) upon the issuance of the new global notes, DTC or its custodian will credit, on its internal system, the principal amount of the individual beneficial interests represented by such new global notes to the respective accounts of persons who have accounts with DTC ("participants") and (ii) ownership of beneficial interests in the new global notes will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants).

So long as DTC, or its nominee, is the registered owner or holder of the exchange notes, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the notes represented by such new global notes for all purposes under the indenture. No beneficial owner of an interest in any of the new global notes will be able to transfer that interest except in accordance with DTC's procedures, in addition to those provided for under the indenture with respect to the exchange of notes and, if applicable, those of Euroclear or Cedel Bank.

Payments of the principal, premium (if any) and interest on the new global notes will be made to DTC or its nominee, as the case may be, as the registered owner thereof. None of Western, the trustee or any Paying Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the new global notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interest.

We expect that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of the new global notes, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the new global notes as shown on the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the new global notes held through the participants will be governed by standing instructions and customary practice, as

is now the case with securities held for the accounts of customers registered in the names of nominees for those customers. These payments will be the responsibility of the participants.

Transfers between participants in DTC will be effected in the ordinary way through DTC's same day funds system in accordance with DTC rules and will be settled in same day funds. If a holder requires physical delivery of a certificated note for any reason, including to sell notes to persons in states which require physical delivery of the notes, or to pledge such securities, such holder must transfer its interest in participants to whose account the DTC interests in the new global notes are credited and only in respect of that portion of the aggregate principal amount of notes as to which that participant or participants has or have given such direction. However, if there is an event of default under the indenture, DTC will exchange the new global notes for certificated notes, which it will distribute to its participants and which will be legended as set forth under the heading "Notice to Investors." Transfers between participants in Euroclear and Cedel Bank will be effected in the ordinary way in accordance with their respective rules and operating procedures.

DTC has advised us as follows: DTC is a limited purpose trust company

organized under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ("indirect participants").

Although DTC, Euroclear and Cedel Bank have agreed to the foregoing procedures in order to facilitate transfers of interests in the Global notes among participants of DTC, Euroclear and Cedel Bank they are under no obligation to perform these procedures, and these procedures may be discontinued at any time. Neither we nor the trustee will have any responsibility for the performance by DTC, Euroclear or Cedel Bank or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Certificated Notes. If we deliver to the trustee written notice from DTC that it is unwilling or unable to continue to act as Depository or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depository is not appointed by us within 120 days after the date of such notice from DTC or we in our sole discretion determine that the Global Securities (in whole but not in part) should be exchanged for Definitive Securities and deliver a written notice to such effect to the trustee, certificated notes will be issued in exchange for the new global notes.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES

General

The following is a summary of material U.S. federal income tax consequences associated with the exchange of old notes for exchange notes and the ownership and disposition of those notes applicable to you if you acquired the old notes in the initial offer and, for U.S. federal income tax purposes, you are not a "United States person" as defined below (a "Non-U.S. holder"). This summary is based upon current U.S. federal income tax laws, regulations, rulings, and judicial decisions, as discussed below under the caption "Exchange Offer," which discusses the U.S. federal income tax treatment to all holders of old notes all of which are subject to change, possibly retroactively. This summary does not discuss all aspects of U.S. federal income taxation which may be important to you in light of your individual investment circumstances, for example, if you are an investor subject to special tax rules (e.g., if you are a bank, thrift, real estate investment trust, regulated investment company, insurance company, dealer in securities or currencies, expatriate or tax-exempt

investor) or if you will hold notes as a position in a "straddle," as part of a "synthetic security" or "hedge", as part of a "conversion transaction" or other integrated investment, or as other than a capital asset. In addition, this summary does not address any aspect of state, local or foreign taxation.

You are urged to consult your tax advisors concerning the particular tax consequences to you of acquiring, owning and disposing of the notes in light of your particular tax and investment situation and the particular state, local and foreign income and other tax laws.

For purposes of this summary, a "United States person" means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, partnership or other entity created or organized in the United States or under the laws of the United States or any state thereof (including the District of Columbia);
- an estate the income of which is includible in gross income for U.S. income tax purposes regardless of its source; or

. a trust if a court within the United States is able to exercise primary supervision over the administration of such trust and one or more United States persons have the authority to control all substantial decisions of such trust.

A "Non-U.S. holder" means a holder of a note that is not a U.S. holder. The following summary applies to you only if you are a Non-U.S. holder.

Exchange Offer

The exchange of outstanding notes for the notes issued in the exchange offer will not be treated as an "exchange" for United States federal income tax purposes because the notes issued in the exchange offer will not differ materially in kind or extent from the outstanding notes. Rather, the notes received by you in the exchange offer will be treated as a continuation of the outstanding notes owned by you. As a result, there will be no federal income tax consequences to you. In addition, you will have the same adjusted tax basis and holding period in the notes issued in the exchange offer as you had in the outstanding notes immediately prior to the exchange.

Payments of Interest to non-U.S. Holders

Subject to the discussion of backup withholding below, payments of interest on a note to you generally will not be subject to U.S. federal income or withholding tax, provided that

(1) you:

. do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote, and

. are not a controlled foreign corporation that is related to the Company actually or constructively through stock ownership for United States federal income tax purposes;

(2) such interest payments are not effectively connected with the conduct by you of a trade or business within the United States; and

(3) we or our paying agent receives:

. from you, a properly completed Form W-8 (or substitute Form W-8) signed under penalties of perjury which provides your name and address and certifies that you are a Non-U.S. holder, or

. from a security clearing organization, bank or other financial institution that holds the notes in the ordinary course of its trade or business (a "financial institution") on behalf of you, certification under penalties of perjury that such Form W-8 (or substitute Form W-8) has been received by it, or by another such financial institution, from you, and a copy of the Form W-8 (or substitute Form W-8) is furnished to us or our paying agent.

If you do not qualify for an exemption from withholding under the preceding paragraph, you generally will be subject to withholding of U.S federal income tax at the rate of 30% (or a lower rate if a treaty applies) when you receive interest on the notes.

If you are engaged in a trade or business in the United States and interest on the notes is effectively connected with the conduct of such trade or business, you will not be subject to a withholding tax (assuming a proper certification is provided) but will be subject to U.S. federal income tax on such interest on a net income basis in the same manner as if you were a U.S. person. In addition, if you are a foreign corporation, you may be subject to a branch profits tax at a 30% rate (or, if applicable, a lower rate specified by a treaty).

Sale, Exchange or Redemption of Notes by Non-U.S. Holders

Subject to the discussion concerning backup withholding, any gain realized by you on the sale, exchange, retirement or other disposition of a note generally will not be subject to a U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by you of a trade of business

within the United States, or (ii) you are an individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are satisfied. Any such gain that is effectively connected with the conduct of a United States trade or business by you will be subject to United States federal income tax on a net income basis in the same manner as if you were a United States person and, if you are a corporation, such gain may also be subject to the 30% United States branch profits tax described above.

Federal Estate Taxes with Respect to Non-U.S. Holders

If you are an individual who at the time of death is not a citizen or resident of the United States, the note held by you at the time of your death will not be subject to United States federal estate tax, provided that (i) you do not actually or constructively own 10% or more of the total combined voting power of all classes of stock of the Company entitled to vote and (ii) the interest accrued on the note was not effectively connected with your conduct of a United States trade or business.

Backup Withholding and Information Reporting for Non-U.S. Holders

Backup withholding and information reporting generally will not apply to payments made to you if you provide the certification described under "Payments of Interest" or otherwise establish an exemption from backup withholding. Payments by a United States office of a broker of the proceeds of a disposition of the notes generally will be subject to backup withholding at a rate of 31% unless you certify that you are a Non-U.S. holder under penalties of perjury or otherwise establish an exemption. Payments of the proceeds of a disposition of the notes by or through a foreign office of a United States broker or foreign broker with certain relationships to the United States generally will be subject to information reporting, but not backup withholding.

Any amount withheld from a payment to you under the backup withholding rules is allowable as a credit against your U.S. federal income tax liability, or if withholding results in an overpayment of taxes, a refund may be obtained, provided that the required information is furnished to the IRS. Certain holders (including, among others, corporations and foreign individuals who comply with certain certification requirements) are not subject to backup withholding.

New Withholding Regulations

The U.S. Treasury Department issued final Treasury Regulations ("New Withholding Regulations") governing information reporting and the certification procedures regarding withholding and backup withholding on certain amounts paid to Non-U.S. holders after December 31, 2000. The New Withholding Regulations generally would not alter the treatment of Non-U.S. holders described above. The New Withholding Regulations would alter the procedures for claiming the benefits of an income tax treaty and may change the

certification procedures relating to the receipt by intermediaries of payments on behalf of a beneficial owner of a note. You should consult your tax advisors concerning the effect, if any, of such New Withholding Regulations on an investment in the notes.

PLAN OF DISTRIBUTION

Each broker-dealer that receives notes for its own account in the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of those notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes where the old notes were acquired as a result of market-making activities or other trading activities. We have agreed that, for a period of 180 days after the consummation of the exchange offer, we will make this prospectus, as amended and supplemented, available to any broker-dealer for use in connection with any such resale.

We will not receive any proceeds from any sale of exchange notes by broker-dealers. Exchange notes received by broker-dealers for their own account under the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the notes or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or at negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in

the form of commissions or concessions from any such broker-dealer or the purchasers of any such notes. Any broker-dealer that resells notes that were received by it for its own account in the exchange offer and any broker or dealer that participates in a distribution of such notes may be deemed to be an "underwriter" within the meaning of the Securities Act, and profit on any such resale of notes issued in the exchange and any commission or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letter of transmittal states that, by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the consummation of the exchange offer, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in the letter of transmittal. We have agreed to pay all expenses incident to the exchange offer, including the reasonable expenses of one counsel for the holders of the notes, other than the commissions or concessions of any broker-dealers, and will indemnify the holders of the old notes, including any broker-dealers, against certain liabilities, including liabilities under the Securities Act. We note, however, that, in the opinion of the Commission, indemnification against liabilities arising under federal securities laws is against public policy and may be unenforceable.

LEGAL MATTERS

The validity of the notes offered hereby will be passed upon for Western by Skadden, Arps, Slate, Meagher & Flom LLP, New York.

EXPERTS

The estimates as of December 31, 1998 of our interests in the proved reserves attributable to the Black Lake field included in this prospectus are based upon a reserve report dated February 4, 1999 prepared by Williamson Petroleum Consultants, Inc., independent petroleum consultants, and are included herein upon the authority of such firm as experts with respect to such matters covered by such report.

The estimates as of December 31, 1998 of our interests in the proved reserves attributable to the Powder River coal bed methane included in this prospectus are based upon an audit dated October 27, 1998 by Fairchild, Ancell & Wells, Inc., independent petroleum consultants, of an internally prepared reserve report dated October 1, 1998, updated February 12, 1999, and are included herein upon the authority of such firm as experts with respect to such matters covered by such report.

INDEPENDENT ACCOUNTANTS

The consolidated financial statements of Western as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998, included in this prospectus, have been audited by PricewaterhouseCoopers LLP, independent accountants, as stated in their report incorporated by reference herein.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Western Gas Resources, Inc.'s Consolidated Financial Statements as of June 30, 1999 (unaudited), December 31, 1998 and 1997 and for each of the six months ended June 30, 1999 and 1998 (unaudited) and for each of the three years in the period ended December 31, 1998:

<TABLE>
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REPORT OF MANAGEMENT

The financial statements and other financial information included in this prospectus are the responsibility of Management. The financial statements have been prepared in conformity with generally accepted accounting principles appropriate in the circumstances and include amounts that are based on Management's informed judgments and estimates.

Management relies on the Company's system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that transactions are properly recorded and executed in accordance with Management's authorization. The concept of reasonable assurance is based on the recognition that there are inherent limitations in all systems of internal accounting control and that the cost of such systems should not exceed the benefits to be derived. The internal accounting controls, including internal audit, in place during the periods presented are considered adequate to provide such assurance.

The Company's financial statements as of and for each of the three years ended December 31, 1998 are audited by PricewaterhouseCoopers LLP, independent accountants. Their report states that they have conducted their audit in accordance with generally accepted auditing standards. These standards include an evaluation of the system of internal accounting controls for the purpose of establishing the scope of audit testing necessary to allow them to render an independent professional opinion on the fairness of the Company's financial statements.

Oversight of Management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee that consists solely of outside directors. The Audit Committee meets periodically with financial management, internal auditors and the independent accountants to review how each is carrying out its responsibilities and to discuss matters concerning auditing, internal accounting control and financial reporting. The independent accountants and the Company's internal audit department have free access to meet with the Audit Committee without Management present.

<TABLE>
<CAPTION>

Signature	Title
/s/ L. F. Outlaw L. F. Outlaw	President and Chief Operating Officer
/s/ William J. Krysiak William J. Krysiak	Vice President--Finance (Principal Financial and Accounting Officer)

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of Western Gas Resources, Inc.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of cash flows, of operations, and of changes in stockholders' equity present fairly, in all material respects, the financial position of Western Gas Resources, Inc. and its subsidiaries at December 31,

1998 and 1997, and the results of their cash flows and their operations for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. 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 of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 22, 1999

WESTERN GAS RESOURCES, INC.

CONSOLIDATED BALANCE SHEET

(000s, except share data)

<TABLE>
<CAPTION>

	Six Months Ended June 30, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
	(unaudited)		
ASSETS			
<S>	<C>	<C>	<C>
Current assets:			
Cash and cash equivalents	$ 11,298	$ 4,400	$ 19,777
Trade accounts receivable, net	195,273	233,574	258,791
Product inventory	17,379	46,207	17,261
Parts inventory	9,917	10,153	9,405
Other	58	2,951	2,364
Total current assets	233,925	297,285	307,598
Property and equipment:			
Gas gathering, processing, storage and transmission	768,832	952,531	1,050,676
Oil and gas properties and equipment	128,998	111,602	136,129
Construction in progress	77,945	87,943	64,268
	975,775	1,152,076	1,251,073
Less: Accumulated depreciation, depletion and amortization	(285,534)	(305,589)	(294,350)
Total property and equipment, net	690,241	846,487	956,723
Other assets:			
Gas purchase contracts (net of accumulated amortization of $30,531, $29,978 and $27,554, respectively)	37,898	41,263	43,687
Other	42,527	34,342	40,268
Total other assets	80,425	75,605	83,955
Total assets	$1,004,591	$1,219,377	$1,348,276

<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY			
<S>	<C>	<C>	<C>
Current liabilities:			
Accounts payable	$ 210,715	$ 245,315	$ 326,696
Accrued expenses	22,226	31,727	27,151

Dividends payable	4,217	4,217	4,217
Total current liabilities	237,158	281,259	358,064
Long-term debt	216,833	504,881	441,357
Senior subordinated debt	155,000	--	--
Deferred income taxes payable, net	37,393	48,021	80,743
Total liabilities	646,384	834,161	880,164
Commitments and contingent liabilities	--	--	--
Stockholders' equity:			
Preferred Stock; 10,000,000 shares authorized:			
$2.28 cumulative preferred stock, par value $.10; 1,400,000 shares issued ($35,000,000 aggregate liquidation preference)	140	140	140
$2.625 cumulative convertible preferred stock, par value $.10; 2,760,000 shares issued ($138,000,000 aggregate liquidation preference)	276	276	276
Common stock, par value $.10; 100,000,000 shares authorized; 32,173,009, 32,173,009 and 32,171,453 shares issued, respectively	3,217	3,217	3,217
Treasury stock, at cost; 25,016 shares in treasury	(788)	(788)	(788)
Additional paid-in capital	397,344	397,344	397,321
Retained (deficit) earnings	(42,447)	(17,075)	66,999
Accumulated other comprehensive income	1,349	3,053	2,233
Notes receivable from key employees secured by common stock	(884)	(951)	(1,286)
Total stockholders' equity	358,207	385,216	468,112
Total liabilities and stockholders' equity	$1,004,591	$1,219,377	$1,348,276

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

WESTERN GAS RESOURCES, INC.

CONSOLIDATED STATEMENT OF CASH FLOWS

(000s)

<TABLE>
<CAPTION>

	Six Months Ended June 30,		Year Ended December 31,		
	1999	1998	1998	1997	1996
	(unaudited)				
<S>	<C>	<C>	<C>	<C>	<C>
Reconciliation of net income (loss) to net cash provided by (used in) operating activities:					
Net income (loss)	$ (16,940)	$ 10,540	$ (67,205)	$ 1,487	$ 27,941
Add income items that do not affect cash:					
Depreciation, depletion and amortization	24,755	29,328	59,346	59,248	63,207
Deferred income taxes	(10,344)	9,680	(32,722)	465	12,538
Distributions in excess of equity income, net	--	--	963	1,764	4,339
(Gain) loss on the sale of property and equipment	21,717	(14,813)	(16,478)	(4,681)	(2,747)

Loss on the impairment of property and equipment.....	--	--	108,447	34,615	--
Other non-cash items, net.....	(1,371)	778	2,595	3,250	336
	17,817	35,513	54,946	96,148	105,614
Adjustments to working capital to arrive at net cash provided by (used in) operating activities:					
(Increase) decrease in trade accounts receivable.....	38,301	50,907	25,317	79,963	(134,538)
(Increase) decrease in product inventory.....	28,828	(36,457)	(29,810)	7,480	2,115
(Increase) decrease in parts inventory.....	236	(267)	(748)	(6,806)	(172)
(Increase) decrease in other current assets..	2,893	(579)	(587)	(1,027)	(42)
(Increase) decrease in other assets and liabilities, net.....	1,000	558	257	257	(733)
(Decrease) increase in accounts payable.....	(35,595)	(94,310)	(81,381)	(59,572)	186,758
(Decrease) increase in accrued expenses.....	(9,732)	(6,950)	(3,564)	(1,688)	9,264
Total adjustments.....	25,931	(87,098)	(90,516)	18,607	62,652
Net cash provided by (used in) operating activities.....	43,748	(51,585)	(35,570)	114,755	168,266
Cash flows from investing activities:					
Purchases of property and equipment, including acquisitions.....	(34,247)	(51,838)	(104,171)	(196,293)	(74,203)
Proceeds from the disposition of property and equipment.....	148,100	22,250	75,286	20,034	7,656
Contributions to unconsolidated affiliates.....	(100)	(729)	(1,045)	(2,608)	(352)
Distribution from unconsolidated affiliates.....	--	--	3,489	--	1,500
Net cash used in investing activities...	113,753	(30,317)	(26,441)	(178,867)	(65,399)
Cash flows from financing activities:					
Net proceeds from issuance of common stock.....	--	--	--	--	96,376
Net proceeds from exercise of common stock options.....	--	23	23	239	62
Proceeds from issuance of long-term debt.....	155,000	--	--	--	--
Payments on long-term debt.....	(84,047)	(7,143)	(15,476)	(94,643)	(12,500)
Borrowings under revolving credit facility.....	1,611,300	1,443,200	3,230,400	1,894,950	1,035,377
Payments on revolving credit facility.....	(1,815,300)	(1,355,500)	(3,151,400)	(1,738,450)	(1,172,877)
Debt issue costs paid..	(9,124)	(2)	(44)	(847)	--
Dividends paid.....	(8,432)	(8,435)	(16,869)	(16,864)	(15,596)
Net cash provided by					

(used in) financing activities.....	(150,603)	72,143	46,634	44,385	(69,158)
Net (decrease) increase in cash.....	6,898	(9,759)	(15,377)	(19,727)	33,709
Cash and cash equivalents at beginning of year.....	4,400	19,777	19,777	39,504	5,795
Cash and cash equivalents at end of year.....	$ 11,298	$ 10,018	$ 4,400	$ 19,777	$ 39,504

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

WESTERN GAS RESOURCES, INC.

CONSOLIDATED STATEMENT OF OPERATIONS

(000s, except share and per share amounts)

<TABLE>
<CAPTION>

	Six Months Ended June 30,		Year Ended December 31,		
	1999	1998	1998	1997	1996
	(unaudited)				
<S>	<C>	<C>	<C>	<C>	<C>
Revenues:					
Sale of gas.....	$ 715,055	$ 804,972	$ 1,611,521	$ 1,657,479	$ 1,440,882
Sale of natural gas liquids.....	139,854	232,624	449,696	611,969	561,581
Processing, transportation and storage revenue.....	24,319	21,991	44,743	40,906	44,943
Sale of electric power.....	--	--	20	59,477	30,667
Other, net.....	(15,283)	21,639	27,586	15,429	12,936
Total revenues.....	863,945	1,081,226	2,133,566	2,385,260	2,091,009
Costs and expenses:					
Product purchases.....	795,178	962,282	1,914,303	2,146,430	1,844,151
Plant operating expense.....	33,519	38,847	85,353	78,113	73,116
Oil and gas exploration and production costs..	3,683	2,995	7,996	7,714	5,056
Depreciation, depletion and amortization.....	24,755	29,328	59,346	59,248	63,207
Selling and administrative expense.....	15,952	14,907	30,128	29,446	29,411
Interest expense.....	15,753	16,296	33,616	27,474	34,437
Loss on the impairment of property and equipment.....	--	--	108,447	34,615	--
Total costs and expenses.....	888,840	1,064,655	2,239,189	2,383,040	2,049,378
Income (loss) before income taxes.....	(24,895)	16,571	(105,623)	2,220	41,631
Provision (benefit) for income taxes:					
Current.....	1,282	(3,649)	(5,696)	268	1,152
Deferred.....	(10,344)	9,680	(32,722)	465	12,538
Total provision (benefit) for income					

taxes.....	(9,062)	6,031	(38,418)	733	13,690
Income (loss) before extraordinary items....	(15,833)	10,540	(67,205)	1,487	27,941
Extraordinary charge for early extinguishment of debt, net of tax benefit.....	(1,107)	--	--	--	--
Net income (loss).....	(16,940)	10,540	(67,205)	1,487	27,941
Preferred stock requirements.....	(5,220)	(5,220)	(10,439)	(10,439)	(10,439)
Income (loss) attributable to common stock.....	$ (22,160)	$ 5,320	$ (77,644)	$ (8,952)	$ 17,502
Earnings (loss) per share of common stock..	$ (.69)	$ .17	$ (2.42)	$ (.28)	$ .66
Weighted average shares of common stock outstanding.....	32,147,993	37,147,035	32,147,354	32,134,011	26,519,635
Earnings (loss) per share of common stock--assuming dilution.....	$ (.69)	$ .17	$ (2.42)	$ (.28)	$ .66
Weighted average shares of common stock outstanding--assuming dilution.....	32,147,993	32,149,885	32,147,354	32,137,803	26,541,565

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

WESTERN GAS RESOURCES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited as to the six months ended June 30, 1999)

(Dollars in thousands, except share amounts)

<TABLE>
<CAPTION>

	Shares of $2.28 Cumulative Preferred Stock	Shares of $2.625 Cumulative Convertible Preferred Stock	Shares of Common Stock	Shares of Common Stock in Treasury	$2.28 Cumulative Preferred Stock	$2.625 Cumulative Convertible Preferred Stock	Common Stock	Treasury Stock	Addi-tional Paid-In Capital	Retained (Deficit) Earnings
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at December 31, 1995.....	1,400,000	2,760,000	25,769,712	25,016	$140	$276	$2,580	$(788)	$301,234	$ 70,348
Comprehensive Income: Net income, 1996.....	--	--	--	--	--	--	--	--	--	27,941
Comprehensive Income.....										
Dividends: Dividends declared on common stock	--	--	--	--	--	--	--	--	--	(5,472)
Dividends declared on $2.28 cumulative preferred stock.	--	--	--	--	--	--	--	--	--	(3,194)
Dividends										

declared on $2.625 cumulative convertible preferred stock.	--	--	--	--	--	--	--	--	--	(7,245)
Stock options exercised.....	--	--	14,423	--	--	--	1	--	83	--
Loans forgiven..	--	--	--	--	--	--	--	--	--	--
Common stock offering.....	--	--	6,325,000	--	--	--	632	--	95,744	--
Balance at December 31, 1996.....	1,400,000	2,760,000	32,109,135	25,016	140	276	3,213	(788)	397,061	82,378
Comprehensive Income:										
Net income, 1997.....	--	--	--	--	--	--	--	--	--	1,487
Tax benefit related to stock options.....	--	--	--	--	--	--	--	--	--	--
Comprehensive Income.....										
Dividends:										
Dividends declared on common stock....	--	--	--	--	--	--	--	--	--	(6,427)
Dividends declared on $2.28 cumulative preferred stock.	--	--	--	--	--	--	--	--	--	(3,194)
Dividends declared on $2.625 cumulative convertible preferred stock.	--	--	--	--	--	--	--	--	--	(7,245)
Stock options exercised.....	--	--	37,302	--	--	--	4	--	260	--
Loans forgiven..	--	--	--	--	--	--	--	--	--	--
Balance at December 31, 1997.....	1,400,000	2,760,000	32,146,437	25,016	140	276	3,217	(788)	397,321	66,999

<CAPTION>

	Cumulative Accumulated Other Comprehensive Income	Notes Receivable from Key Employees	Total Stockholders' Equity
<S>	<C>	<C>	<C>
Balance at December 31, 1995.....	$ --	$(1,881)	$371,909
Comprehensive Income:			
Net income, 1996.....	--	--	27,941
Comprehensive Income.....			27,941
Dividends:			
Dividends declared on common stock	--	--	(5,472)
Dividends declared on $2.28 cumulative preferred stock.	--	--	(3,194)
Dividends declared on $2.625 cumulative			

convertible preferred stock.	--	--	(7,245)
Stock options exercised.....	--	(24)	60
Loans forgiven..	--	92	92
Common stock offering.....	--	--	96,376
Balance at December 31, 1996.....	--	(1,813)	480,467
Comprehensive Income:			
Net income, 1997.....	--	--	1,487
Tax benefit related to stock options.....	2,233	--	2,233
Comprehensive Income.....			3,720
Dividends:			
Dividends declared on common stock....	--	--	(6,427)
Dividends declared on $2.28 cumulative preferred stock.	--	--	(3,194)
Dividends declared on $2.625 cumulative convertible preferred stock.	--	--	(7,245)
Stock options exercised.....	--	(25)	239
Loans forgiven..	--	552	552
Balance at December 31, 1997.....	2,233	(1,286)	468,112

</TABLE>

WESTERN GAS RESOURCES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

(unaudited as to the six months ended June 30, 1999)

(Dollars in thousands, except share amounts)

<TABLE>
<CAPTION>

	Shares of $2.28 Cumulative Preferred Stock	Shares of $2.625 Cumulative Convertible Preferred Stock	Shares of Common Stock	Shares of Common Stock in Treasury	$2.28 Cumulative Preferred Stock	$2.625 Cumulative Convertible Preferred Stock	Common Stock	Treasury Stock	Addi-tional Paid-In Capital	Retained (Deficit) Earnings
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Comprehensive Income:										
Net income 1998.....	--	--	--	--	$--	$--	$ --	$ --	$ --	$(67,205)
Translation adjustments.....	--	--	--	--	--	--	--	--	--	--
Comprehensive Income.....										
Dividends:										
Dividends declared on										

common stock....	--	--	--	--	--	--	--	--	--	(6,430)
Dividends declared on $2.28 cumulative preferred stock.	--	--	--	--	--	--	--	--	--	(3,194)
Dividends declared on $2.625 cumulative convertible preferred stock.	--	--	--	--	--	--	--	--	--	(7,245)
Stock options exercised.....	--	--	1,556	--	--	--	--	--	23	--
Loans forgiven..	--	--	--	--	--	--	--	--	--	--
Balance at December 31, 1998.....	1,400,000	2,760,000	32,147,993	25,016	140	276	3,217	(788)	397,344	(17,075)
Comprehensive Income:										
Net income 1999.....	--	--	--	--	--	--	--	--	--	(16,940)
Translation adjustments.....	--	--	--	--	--	--	--	--	--	--
Comprehensive Income.....										
Dividends:										
Dividends declared on common stock....	--	--	--	--	--	--	--	--	--	(3,214)
Dividends declared on $2.28 cumulative preferred stock.	--	--	--	--	--	--	--	--	--	(1,596)
Dividends declared on $2.625 cumulative convertible preferred stock.	--	--	--	--	--	--	--	--	--	(3,622)
Loans forgiven..	--	--	--	--	--	--	--	--	--	--
Balance at June 30, 1999.....	1,400,000	2,760,000	32,147,993	25,016	$140	$276	$3,217	$(788)	$397,344	$(42,447)

<CAPTION>

	Cumulative Accumulated Other Comprehensive Income	Notes Receivable from Key Employees	Total Stockholders' Equity
<S>	<C>	<C>	<C>
Comprehensive Income:			
Net income 1998.....	$ --	$ --	$(67,205)
Translation adjustments.....	820	--	820
Comprehensive Income.....			(68,025)
Dividends:			
Dividends declared on common stock....	--	--	(6,430)
Dividends declared on $2.28 cumulative preferred stock.	--	--	(3,194)
Dividends declared on $2.625 cumulative convertible			

preferred stock.	--	--	(7,245)
Stock options exercised.....	--	--	23
Loans forgiven..	--	335	335
Balance at December 31, 1998.....	3,053	(951)	385,216
Comprehensive Income:			
Net income 1999.....	--	--	(16,940)
Translation adjustments.....	(1,704)	--	(1,704)
Comprehensive Income.....			(18,644)
Dividends:			
Dividends declared on common stock....	--	--	(3,214)
Dividends declared on $2.28 cumulative preferred stock.	--	--	(1,596)
Dividends declared on $2.625 cumulative convertible preferred stock.	--	--	(3,622)
Loans forgiven..	--	67	67
Balance at June 30, 1999.....	$ 1,349	$ (884)	$358,207

</TABLE>

The accompanying notes are an integral part of the consolidated financial statements.

WESTERN GAS RESOURCES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--NATURE OF ORGANIZATION

Western Gas Resources, Inc. (the "Company") is an independent gas gatherer and processor and energy marketer providing a full range of services to its customers from the wellhead to the delivery point. The Company designs, constructs, owns and operates natural gas gathering, processing, treating and storage facilities in major gas-producing basins in the Rocky Mountain, Mid-Continent, Gulf Coast and Southwestern regions of the United States. The Company connects producers' wells to its gathering systems for delivery to its processing or treating plants, processes the natural gas to extract natural gas liquids ("NGLs") and treats the natural gas in order to meet pipeline specifications. The Company markets gas and NGLs nationwide and in Canada, providing risk management, storage, transportation, scheduling, peaking and other services to a variety of customers. The Company owns and operates certain producing properties, primarily in Wyoming and Louisiana. The Company also explores and develops gas reserves, primarily in Wyoming, in support of its existing facilities.

Western Gas Resources, Inc. was formed in October 1989 to acquire a majority interest in Western Gas Processors, Ltd. (the "Partnership") and to assume the duties of WGP Company, the general partner of the Partnership. The Partnership was a Colorado limited partnership formed in 1977 to engage in the gathering and processing of natural gas. The reorganization was accomplished in December 1989 through an exchange for common stock of partnership units held by the former general partners of WGP Company and an initial public offering of Western Gas Resources, Inc. Common Stock. On May 1, 1991, a further restructuring ("Restructuring") of the Partnership and Western Gas Resources, Inc. (together with its predecessor, WGP Company, collectively, the "Company") was approved by a vote of the security holders. The combinations were reorganizations of entities under common control and were accounted for at

historical cost in a manner similar to poolings of interests.

The Company has completed three public offerings of Common Stock. In December 1989, the Company issued 3,527,500 shares of Common Stock at a public offering price of $11.50. In November 1991, the Company issued 4,115,000 shares of Common Stock at a public offering price of $18.375 per share. In November 1996, the Company issued 6,325,000 shares of Common Stock at a public offering price of $16.25 per share. The net proceeds to the Company from the November 1996 public offering of Common Stock of $96.4 million were primarily used to reduce indebtedness under the Revolving Credit Facility.

The Company has also issued preferred stock in a private transaction and has completed two public offerings of preferred stock. In October 1991, the Company issued 400,000 shares of 7.25% Cumulative Senior Perpetual Convertible Preferred Stock ("7.25% Preferred Stock") with a liquidation preference of $100 per share to an institutional investor. In May 1995, the Company redeemed all of the issued and outstanding shares of its 7.25% Preferred Stock pursuant to the provisions of its Certificate of Designation relating to such preferred stock, at an aggregate redemption price of approximately $42.0 million, including a redemption premium of $2.0 million. In November 1992, the Company issued 1,400,000 shares of $2.28 Cumulative Preferred Stock with a liquidation preference of $25 per share, at a public offering price of $25 per share, redeemable at the Company's option on or after November 15, 1997. In February 1994, the Company issued 2,760,000 shares of $2.625 Cumulative Convertible Preferred Stock with a liquidation preference of $50 per share, at a public offering price of $50 per share, redeemable at the Company's option on or after February 16, 1997 and convertible at the option of the holder into Common Stock at a conversion price of $39.75.

Significant Business Acquisitions, Dispositions and Projects

Powder River Basin

The Company continues to develop its Powder River Basin coal bed methane natural gas gathering system and developing its own coal seam gas reserves in Wyoming. The Company has acquired drilling rights in the

vicinity of known coal bed methane production. During the years ended December 31, 1998, 1997 and 1996, the Company has expended approximately $46.7 million, $32.2 million and $6.9 million, respectively, on this project. On October 30, 1997, the Company sold a 50% undivided interest in its Powder River Basin coal bed methane gas operations. The final adjusted purchase price was $17.9 million, resulting in a pre-tax gain of $4.7 million, which was recognized in the fourth quarter of 1997.

In December 1998, the Company joined with other industry participants to form the Fort Union Gas Gathering, L.L.C., which is currently constructing a 106-mile, 24-inch gathering pipeline and treater to gather and treat natural gas produced in the Powder River Basin in northeast Wyoming. The Company has an approximate 13% equity interest in Fort Union and is the construction manager and field operator of the system. The Company expects operations to commence on or about the end of the third quarter of 1999. The new gathering pipeline and treating system was project-financed, and will require a cash investment by the Company of approximately $2 million.

Southwest Wyoming

The Company's facilities in Southwest Wyoming are comprised of the Granger facility and a 72% ownership interest in the Lincoln Road facility (collectively the "Granger Complex"). The Company began to expand its gas gathering and exploration and production activities in Southwest Wyoming during 1997. The expansion in this area is primarily intended to develop acreage to replace declines in reserves and generate additional volumes for gathering and processing at its facilities. During the years ended December 31, 1998 and 1997, the Company has expended approximately $16.0 million and $6.2 million, respectively, on this project. In February 1998, the Company sold a 50% undivided interest in a small portion of the Granger gathering system for approximately $4.0 million. This amount approximated the Company's cost in such facilities.

In 1997, the Company granted an option to an affiliate of a producer behind the Granger Complex to purchase up to 50% of the Granger Complex. In conjunction with this agreement, in February 1998, the Company received a $1.0 million non-refundable option payment. The option to acquire an interest in these facilities expired in the fourth quarter of 1998.

Bethel Treating Facility

In 1996 and 1997 the Pinnacle Reef trend was rapidly developing into a very active lease acquisition and exploratory play using 3-D seismic technology. The initial discoveries in the play indicated a very large potential gas development. Based on the Company's receipt of large acreage dedications in this area, the Company constructed the Bethel Treating facility for a total cost of approximately $102.8 million with a throughput capacity of 350 MMcf per day. In 1998, the production rates from the wells drilled in this field and the recoverable reserves from these properties, were far less than originally expected by the producers. As a result, in 1998, the Bethel Treating facility averaged gas throughput of approximately 61 MMcf per day. Due to the unexpected poor drilling results and reductions in the producers' drilling budgets, the number of rigs active in this area has decreased from 18 in July 1998 to one active rig in June 1999.

In 1998, the Company completed the construction of the Bethel Treating facility in East Texas that gathers gas from the Cotton Valley Pinnacle Reef trend, for a total cost of approximately $102.8 million. Because of uncertainties related to the pace and success of third-party drilling programs, declines in volumes produced at certain wells and other conditions outside of the Company's control, the Company determined that a pre-tax, non-cash impairment charge of $77.8 million in the fourth quarter of 1998 was required.

Edgewood

In two transactions which closed in October 1998 the Company sold its Edgewood gathering system, including its undivided interest in the producing properties associated with this facility, and its 50% interest in the Redman Smackover Joint Venture ("Redman Smackover"). The combined sales price was $55.8 million. The proceeds from these sales were used to repay a portion of the balances outstanding under the Revolving Credit Facility. After the accrual of certain related expenses, the Company recognized a pre-tax gain of approximately $1.6 million during the fourth quarter of 1998.

Perkins

In November 1997, the Company entered into an agreement to sell its Perkins facility. In March 1998, the Company completed the sale of this facility with an effective date of January 1, 1998. The sales price was $22.0 million and resulted in a pre-tax gain of approximately $14.9 million. The proceeds from this sale were used to repay a portion of the balances outstanding under the Revolving Credit Facility.

Subsequent Events (unaudited)

Giddings. In April 1999, the Company sold our Giddings gathering system in Texas to GPM Gas Corporation, a business unit of Phillips Petroleum Company. This transaction had an effective date of January 1, 1999. The proceeds from this sale were $36.0 million. This sale resulted in an approximate pre-tax loss of $6.6 million in the second quarter of 1999, subject to final accounting adjustment.

Katy. Effective April 30, 1999, the Company sold all the stock of its wholly-owned subsidiary, Western Gas Resources Storage, Inc., to the Aquila Energy Corporation, a business unit of Utilicorp United, for gross proceeds of $100.0 million. The sole asset of this subsidiary was the Katy Hub and Gas Storage Facility. This transaction resulted in an approximate pre-tax loss of $16.6 million, in the second quarter of 1999, subject to final accounting adjustments. In April 1999, the company also sold 5.1 Bcf of stored gas in the Katy facility to the same purchaser for total sales proceeds of $11.7 million, which approximated the cost of the inventory. To meet the needs of the Company's marketing operations, it will continue to contract for storage

capacity. Accordingly, the Company has entered into a long-term agreement with the purchaser for approximately 3 Bcf of storage capacity at market rates.

MiVida. In June 1999, the Company sold our MiVida treating facility for gross proceeds of $12.0 million. This transaction resulted in an approximate pre-tax gain of $1.2 million in the second quarter of 1999, subject to final accounting adjustments.

The proceeds from all of these sales were used to reduce borrowings outstanding under the Revolving Credit Facility.

Sale of senior subordinated debt. In June 1999, the Company sold $155.0 million of Senior Subordinated Notes in a private placement. These notes bear interest at 10% and were priced at 99.225% to yield 10.125%. The Company received net proceeds of approximately $150.0 million from the offering of these notes, after deducting underwriters' discounts and estimated expenses of the offering. The Company applied a portion of the net proceeds to repay approximately $33.3 million of outstanding indebtedness under the Master Shelf agreement, on which pre-tax make-whole payments of $1.1 million were also paid. The remaining proceeds of approximately $115.6 million were used to repay a portion of the outstanding indebtedness under the Revolving Credit Facility.

Extraordinary item--Early extinguishment of debt. In addition to the $1.1 million make-whole payment incurred in connection with the repayments under the Master Shelf agreement, the Company incurred an additional $700,000 in fees and expenses related to these prepayments as well as prepayments of a portion of the 1995 Senior Notes and the prepayment of the 1993 Senior Notes. The total costs incurred of approximately $1.8 million net of a tax benefit of $700,000, are reflected as an extraordinary loss on early extinguishment of debt in the second quarter of 1999. The net extraordinary loss of $1.1 million resulted in an increase in loss per share of common stock--assuming dilution of $.03.

NOTE 2--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed by the Company and its wholly-owned subsidiaries are presented here to assist the reader in evaluating the financial information contained herein. The Company's accounting policies are in accordance with generally accepted accounting principles. The interim consolidated financial statements as of June 30, 1999 and for the six month periods ended June 30, 1999 and 1998 included herein are unaudited but reflect, in the opinion of management, all adjustments (which include only normal recurring adjustments) necessary to fairly present the results for such periods. The results of operations for the six months ended June 30, 1999 are not necessarily indicative of the results of operations expected for the year ended December 31, 1999.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and the Company's wholly-owned subsidiaries. All material intercompany transactions have been eliminated in consolidation. The Company's interest in certain investments is accounted for by the equity method.

Inventories

Since January 1, 1997, the cost of gas and NGL inventories is determined by the weighted average cost on a location-by-location basis. Prior to 1997, the cost of NGL inventories was determined by the last-in, first-out (LIFO) method, on a location-by-location basis. The change in accounting method from LIFO to weighted average cost was not material. As a result, prior year financial statements were not restated. Residue and NGL inventory covered by hedging contracts is accounted for on a specific identification basis. Product inventory includes $42.8 million and $11.9 million of gas and $3.4 million and $5.4 million of NGLs at December 31, 1998 and 1997, respectively. During the six months ended June 30, 1998 and the years ended December 31, 1998 and 1997, the Company recorded lower of cost or market write-downs of NGL inventories of $328,000, $826,000 and $1.1 million, respectively.

Property and Equipment

Property and equipment is recorded at the lower of cost, including interest on funds borrowed to finance the construction of new projects, or estimated realizable value. Interest incurred during the construction period of new projects is capitalized and amortized over the life of the associated assets.

Depreciation is provided using the straight-line method based on the estimated useful life of each facility which ranges from three to 35 years. Useful lives are determined based on the shorter of the life of the equipment or the reserves serviced by the equipment. The cost of acquired gas purchase contracts is amortized using the straight-line method.

Oil and Gas Properties and Equipment

The Company follows the successful efforts method of accounting for oil and gas exploration and production activities. Acquisition costs, development costs and successful exploration costs are capitalized. Exploratory dry hole costs, lease rentals and geological and geophysical costs are charged to expense as incurred. Upon surrender of undeveloped properties, the original cost is charged against income. Producing properties and related equipment are depleted and depreciated by the units-of-production method based on estimated proved reserves for producing properties and proved developed reserves for lease and well equipment.

Income Taxes

Deferred income taxes reflect the impact of temporary differences between amounts of assets and liabilities for financial reporting purposes and such amounts as measured by tax laws. These temporary differences are determined and accounted for in accordance with SFAS No. 109, "Accounting for Income Taxes."

Foreign Currency Adjustments

During the second quarter of 1997, the Company began operating a subsidiary in Canada. The assets and liabilities associated with this subsidiary are translated into U.S. dollars at the exchange rate as of the balance sheet date and revenues and expenses at the weighted-average of exchange rates in effect during each reporting period. SFAS No. 52, "Foreign Currency Translation," requires that cumulative translation adjustments be reported as a separate component of stockholders' equity. The translation adjustment for the six months ended June 30, 1999 and for the year ended December 31, 1998 was ($1.7 million) and $820,000, respectively. The adjustment for the year ended December 31, 1997 was not material.

Revenue Recognition

Revenue for sales or services is recognized at the time the gas, NGLs or electric power is delivered or at the time the service is performed.

Comprehensive Income

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130, "Reporting Comprehensive Income," ("SFAS No. 130") effective for fiscal years beginning after December 15, 1997. SFAS No. 130 requires that changes in items of comprehensive income be reported as a separate component of stockholders' equity. The Company's cumulative translation adjustments of $1.3 million and $820,000, respectively, for the six months ended June 30, 1999 and the year ended December 31, 1998, and tax benefits related to stock options of $2.2 million for the year ended December 31, 1997 are separately reported on the Consolidated Statement of Changes in Stockholders' Equity.

Gas and NGL Hedges

Gains and losses on hedges of product inventory are included in the carrying amount of the inventory and are ultimately recognized in gas and NGL sales when the related inventory is sold. Gains and losses related to qualifying hedges, as defined by SFAS No. 80, "Accounting for Futures Contracts," of firm commitments or anticipated transactions (including hedges of equity production) are recognized in gas and NGL sales, as reported on the Consolidated Statement

of Operations, when the hedged physical transaction occurs. For purposes of the Consolidated Statement of Cash Flows, all hedging gains and losses are classified in net cash

provided by operating activities. To the extent the Company engages in speculative transactions, they are marked to market at the end of each accounting period and any gain or loss is recognized in income for that period.

Impairment of Long-Lived Assets

The Company complies with SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS No. 121"). The Company reviews its assets at the plant facility and oil and gas producing property levels. SFAS No. 121 also requires long-lived assets be reviewed whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. In order to determine whether an impairment exists, the Company compares its net book value of the asset to the estimated fair market value or the undiscounted expected future cash flows, determined by applying future prices estimated by management over the shorter of the lives of the facilities or the reserves supporting the facilities. If an impairment exists, write-downs of assets are based upon expected cash flows discounted using an interest rate commensurate with the risk associated with the underlying asset. The Company has written-down property and equipment of $108.5 million and $34.6 million in accordance with SFAS No. 121 during the years ended December 31, 1998 and 1997, respectively.

Earnings (Loss) Per Share of Common Stock

The Company follows SFAS No. 128, "Earnings per Share" ("SFAS No. 128") which requires that earnings per share and earnings per share--assuming dilution be calculated and presented on the face of the statement of operations. In accordance with SFAS No. 128, earnings (loss) per share of common stock is computed by dividing income (loss) attributable to common stock by the weighted average shares of common stock outstanding. In addition, earnings (loss) per share of common stock--assuming dilution is computed by dividing income (loss) attributable to common stock by the weighted average shares of common stock outstanding as adjusted for potential common shares. Income (loss) attributable to common stock is income (loss) less preferred stock dividends. The Company declared preferred stock dividends of $5.2 million for each of the six months ended June 30, 1999 and 1998, respectively and $10.4 million for each of the years ended December 31, 1998, 1997 and 1996, respectively. Common stock options, which are potential common shares, had a dilutive effect on earnings per share and increased the weighted average shares of common stock outstanding by 2,850, 3,792 and 21,930 shares for the six months ended June 30, 1998 and for the years ended December 31, 1997 and 1996, respectively. The Common stock options were anti-dilutive in the six months ended June 30, 1999 and for the year 1998, therefore the numerator and denominator for each of these periods was not adjusted. SFAS No. 128 dictates that the computation of earnings per share shall not assume conversion, exercise or contingent issuance of securities that would have an anti-dilutive effect on earnings (loss) per share. As a result, the numerators and the denominators for each of the three years ended December 31, 1998 are not adjusted to reflect the Company's $2.625 Cumulative Convertible Preferred Stock outstanding. The shares are anti-dilutive as the incremental shares result in an increase in earnings per share, or a reduction of loss per share, after giving affect to the dividend requirements.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable and over-the-counter ("OTC") swaps and options. The risk is limited due to the large number of entities comprising the Company's customer base and their dispersion across industries and geographic locations. At December 31, 1998, the Company believes it had no significant concentrations of credit risk.

Cash and Cash Equivalents

Cash and cash equivalents includes all cash balances and highly liquid investments with an original maturity of three months or less.

Supplementary Cash Flow Information

Interest paid was $16.7 million, $20.5 million, $36.1 million, $33.1 million and $36.7 million, respectively, for the six months ended June 30, 1999 and 1998 and for the years ended December 31, 1998, 1997 and 1996. Capitalized interest associated with construction of new projects was $2.5 million, $5.1 million and $1.7 million, respectively, for the years ended December 31, 1998, 1997 and 1996.

Income taxes paid were $0, $0, $0, $2.6 million and $4.2 million, respectively, for the six months ended June 30, 1999 and 1998 and for the years ended December 31, 1998, 1997 and 1996.

Stock Compensation

As permitted under SFAS No. 123, "Accounting for Stock-Based Compensation" ("SFAS No. 123"), the Company has elected to continue to measure compensation costs for stock-based employee compensation plans as prescribed by Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"). The Company has complied with the pro forma disclosure requirements of SFAS No. 123 as required under the pronouncement.

The Company realizes an income tax benefit from the exercise of non-qualified stock options related to the difference between the market price at the date of exercise and the option price. APB No. 25 requires that this difference be credited to additional paid-in capital. In September 1997, the Company recorded a credit of $2.2 million to Additional Paid-In Capital to reflect such difference associated with the Company's $5.40 Stock Option Plan.

Use of Estimates and Significant Risks

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. The more significant areas requiring the use of estimates relate to oil and gas reserves, fair value of financial instruments, future cash flows associated with assets and useful lives for depreciation, depletion and amortization. Actual results could differ from those estimates.

The Company is subject to a number of risks inherent in the industry in which it operates, primarily fluctuating prices and gas supply. The Company's financial condition and results of operations will depend significantly upon the prices received for gas and NGLs. These prices are subject to fluctuations in response to changes in supply, market uncertainty and a variety of additional factors that are beyond the control of the Company. In addition, the Company must continually connect new wells to its gathering systems in order to maintain or increase throughput levels to offset natural declines in dedicated volumes. The number of new wells drilled will depend upon, among other factors, prices for gas and oil, the drilling budgets of third-party producers, the energy policy of the federal government and the availability of foreign oil and gas, none of which are within the Company's control.

Accounting for Derivative Instruments and Hedging Activities

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"), effective for fiscal years beginning after

June 15, 2000. Under SFAS No. 133, the Company will be required to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. Changes in the fair value

of derivatives are recorded each period in current earnings or other comprehensive income depending upon the nature of the underlying transaction. The Company has not yet determined the impact that the adoption of SFAS No. 133 will have on its earnings or financial position.

Reclassifications

Certain prior years' amounts in the consolidated financial statements and related notes have been reclassified to conform to the presentation used in 1998.

NOTE 3--RELATED PARTIES

The Company enters into joint ventures and partnerships in order to reduce risk, create strategic alliances and to establish itself in oil and gas producing basins in the United States. For the years ended December 31, 1998, 1997 and 1996, the Company had a 50% ownership interest in Williston Gas Company ("Williston") and Westana Gathering Company ("Westana"). In addition, for the years ended December 31, 1997 and 1996 the Company also had a 50% ownership interest in Redman Smackover. This interest was sold effective July 1, 1998. The Company acts as operator for Williston and Westana. The Company also has a 49% interest in the Sandia Energy Resources Joint Venture ("Sandia"), which was formed in March 1996. The Company's share of equity income or loss in these ventures is reflected in Other net revenue. All transactions entered into by the Company with its related parties are consummated in the ordinary course of business.

Historically, the Company had purchased a significant portion of the production of Williston. The Company also performed various operational and administrative functions for Williston and charged a monthly overhead fee to cover such services. In August 1996, substantially all of the assets associated with Williston were sold to a third party. The Company expects that Williston will be dissolved during 1999. At December 31, 1998, the Company's investment in Williston was immaterial.

The Company performs various operational and administrative functions for Westana and charges a monthly overhead fee to cover such services. The Company records receivable and payable balances at the end of each accounting period related to transactions with Westana. At December 31, 1998, the Company's investment in Westana was $26.9 million.

The Company provides substantially all of the natural gas that Sandia markets and also provides various administrative services to Sandia. In addition, the Company purchases gas from Sandia. The Company records receivable and payable balances at the end of each accounting period related to the above referenced transactions. At December 31, 1998, the Company's investment in Sandia was $546,000. Sandia will be dissolved in the first quarter of 1999.

The following table summarizes account balances reflected in the financial statements (000s):

<TABLE>
<CAPTION>

	As of or for the Year Ended December 31,		
	1998	1997	1996
<S>	<C>	<C>	<C>
Trade accounts receivable.....	$3,794	$4,295	$5,552
Accounts payable.....	9,474	7,246	11,041
Sales of gas and NGLs.	31,319	19,504	10,592
Processing revenue....	192	336	256
Product purchases.....	58,899	59,082	57,675
Administrative expense.....	$ 483	$ 421	$ 419

</TABLE>

The Company has entered into agreements committing the Company to loan to certain key employees an amount sufficient to exercise their options as each portion of their options vests under the Key Employees' Incentive Stock Option Plan and the $5.40 Stock Option Plan (see note 10). The Company will forgive the loan and accrued interest if the employee has been continuously employed by the Company for periods specified under the agreements and Board of Directors' resolutions. As of December 31, 1998 and 1997, loans totaling $951,000 and $1.3 million, respectively, were outstanding to certain employees under these programs. The loans are secured by a portion of the Common Stock issued upon exercise of the options and are accounted for as a reduction of stockholders' equity. During 1998 and 1997, the Board of Directors approved the forgiveness of loans to certain employees totaling approximately $335,000 and $552,000, respectively, in connection with these plans.

NOTE 4--COMMODITY RISK MANAGEMENT

Gas and NGL Hedges

The Company's commodity price risk management program has two primary objectives. The first goal is to preserve and enhance the value of the Company's equity volumes of gas and NGLs with regard to the impact of commodity price movements on cash flow, net income and earnings per share in relation to those anticipated by the Company's operating budget. The second goal is to manage price risk related to the Company's physical gas, crude oil and NGL marketing activities to protect profit margins. This risk relates to hedging fixed price purchase and sale commitments, preserving the value of storage inventories, reducing exposure to physical market price volatility and providing risk management services to a variety of customers.

The Company utilizes a combination of fixed price forward contracts, exchange-traded futures and options, as well as fixed index swaps, basis swaps and options traded in the over-the-counter ("OTC") market to accomplish these objectives. These instruments allow the Company to preserve value and protect margins because gains or losses in the physical market are offset by corresponding losses or gains in the value of the financial instruments.

The Company uses futures, swaps and options to reduce price risk and basis risk. Basis is the difference in price between the physical commodity being hedged and the price of the futures contract used for hedging. Basis risk is the risk that an adverse change in the futures market will not be completely offset by an equal and opposite change in the cash price of the commodity being hedged. Basis risk exists in natural gas primarily due to the geographic price differentials between cash market locations and futures contract delivery locations.

The Company enters into futures transactions on the New York Mercantile Exchange ("NYMEX") and the Kansas City Board of Trade and through OTC swaps and options with various counterparties, consisting primarily of financial institutions and other natural gas companies. The Company conducts its standard credit review of OTC counterparties and has agreements with such parties that contain collateral requirements. The Company generally uses standardized swap agreements that allow for offset of positive and negative exposures. OTC exposure is marked to market daily for the credit review process. The Company's OTC credit risk exposure is partially limited by its ability to require a margin deposit from its major counterparties based upon the mark-to-market value of their net exposure. The Company is subject to margin deposit requirements under these same agreements. In addition, the Company is subject to similar margin deposit requirements for its NYMEX counterparties related to its net exposures.

The use of financial instruments may expose the Company to the risk of financial loss in certain circumstances, including instances when (i) equity volumes are less than expected, (ii) the Company's customers fail to purchase or deliver the contracted quantities of natural gas or NGLs, or (iii) the Company's OTC counterparties fail to perform. To the extent that the Company engages in hedging activities, it may be prevented from realizing the benefits of favorable price changes in the physical market. However, it is similarly insulated against decreases in such prices.

The Company has hedged a portion of its equity volumes of gas and NGLs in 1999, particularly in the first quarter, at pricing levels approximating its 1999 operating budget. The Company's equity hedging strategy establishes a minimum and maximum price to the Company while allowing market participation between these levels. As of February 19, 1999, the Company had hedged approximately 75% of its anticipated equity gas for 1999 at a weighted average NYMEX-equivalent minimum price of $2.00 per Mcf, including approximately 80% of first quarter anticipated equity volumes at a weighted average NYMEX-equivalent minimum price of $2.00 per Mcf. Additionally, the Company has hedged approximately 75% of its anticipated equity NGLs for 1999 at a weighted average composite Mont Belvieu and West Texas Intermediate Crude-equivalent minimum price of $.23 per gallon.

At December 31, 1998, the Company had $1.1 million of losses deferred in inventory that will be recognized primarily during the first quarter of 1999 and are expected to be offset by margins from the Company's related forward fixed price hedges and physical sales. At December 31, 1998, the Company had unrecognized net gains of $3.8 million related to financial instruments that are expected to be offset by corresponding unrecognized net losses from the Company's obligations to sell physical quantities of gas and NGLs.

The Company enters into speculative futures, swap and option trades on a very limited basis for purposes that include testing of hedging techniques. The Company's policies contain strict guidelines for such trading including predetermined stop-loss requirements and net open positions limits. Speculative futures, swap and option positions are marked to market at the end of each accounting period and any gain or loss is recognized in income for that period. Net gains or losses from such speculative activities for the years ended December 31, 1998 and 1997 were not material.

Natural Gas Derivative Market Risk

As of December 31, 1998, the Company held a notional quantity of approximately 370 Bcf of natural gas futures, swaps and options extending from January 1999 to December 2000 with a weighted average duration of approximately four months. This was comprised of approximately 178 Bcf of long positions and 192 Bcf of short positions in such instruments. As of December 31, 1997, the Company held a notional quantity of approximately 480 Bcf of natural gas futures, swaps and options extending from January 1998 to December 1999 with a weighted average duration of approximately four months. This was comprised of approximately 230 Bcf of long positions and 250 Bcf of short positions in such instruments.

Crude Oil and NGL Derivative Market Risk

As of December 31, 1998, the Company held a notional quantity of approximately 177 million gallons of NGL futures, swaps and options extending from January 1999 to December 1999 with a weighted average duration of approximately six months. This was comprised of approximately 129 million gallons of long positions and 48 million gallons of short positions in such instruments. As of December 31, 1997, the Company held a notional quantity of approximately 148 million gallons of NGL futures, swaps and options extending from January 1998 to December 1998 with a weighted average duration of approximately five months. This was comprised of approximately 93 million gallons of long positions and 55 million gallons of short positions in such instruments.

As of December 31, 1998, the Company had sold 90,000 barrels per month of NYMEX crude swaps for 1999 at an average price of $13.10 per barrel. In addition, the Company had purchased 90,000 barrels per month of $15.00 per barrel NYMEX calls for July 1999 through December 1999 settlement. The Company held no crude oil futures, swaps, or options for settlement beyond 1999.

As of December 31, 1998, the Company had purchased 200,000 barrels per month of OPIS Mt. Belvieu monthly average settlement $0.210 per gallon puts to hedge a portion of the Company's equity production of propane and butanes for 1999.

As of December 31, 1998, the Company had purchased 50,000 barrels per month of OPIS Mt. Belvieu monthly average settlement $0.155 per gallon of purity ethane puts to hedge a portion of the Company's equity production of ethane for 1999.

As of December 31, 1998, the Company held no NGL futures, swaps, or options for settlement beyond 1999.

As of December 31, 1998, the estimated fair value of the aforementioned crude oil and NGL options held by the Company was approximately $315,000.

NOTE 5--DEBT

The following summarizes the Company's consolidated debt at the dates indicated (000s):

<TABLE>
<CAPTION>

	December 31,	
	1998	1997
<S>	<C>	<C>
Master shelf and senior notes..	$269,381	$284,857
Variable rate revolving credit facility.....	235,500	156,500
Total long-term debt.....	$504,881	$441,357

</TABLE>

Revolving Credit Facility. The Company's variable rate Revolving Credit Facility was restated and amended in May 1997. The Revolving Credit Facility is with a syndicate of banks and provides for a maximum borrowing commitment of $300 million, $235.5 million of which was outstanding at December 31, 1998. The interest rate payable on the facility at December 31, 1998 was 6.2%. The Company has reached an agreement with the agent bank on a term sheet for a restated facility which will reflect the following changes. The restated Revolving Credit Facility is with a syndicate of banks and will provide for an aggregate borrowing commitment of $300 million consisting of a $100 million 364-day Revolving Credit Facility ("Tranche A") and a five year $200 million Revolving Credit Facility ("Tranche B"). The Revolving Credit Facility will bear interest at certain spreads over the Eurodollar rate, at the Federal Funds rate plus .50% or at the agent bank's prime rate. The Company will have the option to determine which rate will be used. The Company also will pay a facility fee on the commitment. The interest rate spreads and facility fee will be adjusted based on the Company's debt to capitalization ratio and will range from .75% to 2.00%. Pursuant to the Revolving Credit Facility, the Company will be required to maintain a debt to capitalization ratio of not more than 60% through December 31, 2000 and of not more than 55% thereafter, and a senior debt to capitalization ratio of not more than 40% beginning September 30, 1999 through December 31, 2001 and of not more than 35% thereafter. The agreement also requires a ratio of EBITDA to interest and dividends on preferred stock as of the end of any fiscal quarter of not less than 1.35 to 1.0 beginning June 30, 1999 increasing to 3.25 to 1.0 by December 31, 2002. Tranche A and Tranche B will be reduced on a pro rata basis to a total of $250 million by September 30, 1999. The Revolving Credit Facility is WESTERN GAS RESOURCES, INC. guaranteed and will be secured via a pledge of the stock of the Company's significant subsidiaries. Documentation reflecting this agreement is

expected to be completed on or about the end of the first quarter of 1999. The Company generally utilizes excess daily funds to reduce any outstanding balances on the Revolving Credit Facility and associated interest expense, and it intends to continue such practice.

Master Shelf Agreement. In December 1991, the Company entered into a Master

Shelf agreement (as amended and restated, the "Master Shelf") with The Prudential Insurance Company of America ("Prudential"). Amounts outstanding under the Master Shelf agreement at December 31, 1998 are as indicated in the following table (000s):

<TABLE>
<CAPTION>

Issue Date	Amount	Interest Rate	Final Maturity	Principal Payments Due
<S>	<C>	<C>	<C>	<C>
October 27, 1992.....	$ 16,667	7.51%	October 27, 2000	$8,333 on each of October 27, 1999 through 2000
October 27, 1992.....	25,000	7.99%	October 27, 2003	$8,333 on each of October 27, 2001 through 2003
September 22, 1993.....	25,000	6.77%	September 22, 2003	single payment at maturity
December 27, 1993.....	25,000	7.23%	December 27, 2003	single payment at maturity
October 27, 1994.....	25,000	9.05%	October 27, 2001	single payment at maturity
October 27, 1994.....	25,000	9.24%	October 27, 2004	single payment at maturity
July 28, 1995.....	50,000	7.61%	July 28, 2007	$10,000 on each of July 28, 2003 through 2007
	$191,667			

</TABLE>

In March 1999, the Company reached an agreement on an amendment with Prudential which will be effective as of January 1999 with the following provisions. The Company will be required to maintain a current ratio (as defined therein) of at least 1.0 to 1.0, a minimum tangible net worth equal to the sum of $300 million plus 50% of consolidated net earnings earned from January 1, 1999 plus 75% of the net proceeds of any equity offerings after January 1, 1999, and a debt to capitalization ratio of not more than 60% through December 31, 2000 and of not more than 55% thereafter. A senior debt to capitalization ratio will be implemented, if and when, the Company issues subordinated debt. This amendment also requires an EBITDA to interest ratio of not less than 1.75 to 1.0 beginning March 31, 1999 increasing to a ratio of not less than 3.75 to 1.0 by March 31, 2002. Documentation reflecting this amendment is expected to be completed on or about the end of the first quarter of 1999. In addition, under the existing agreement, the Company is prohibited from declaring or paying dividends that in the aggregate exceed the sum of $50 million plus 50% of consolidated net income earned after June 30, 1995 (or minus 100% of a net loss), plus the aggregate net cash proceeds received after June 30, 1995 from the sale of any stock. At December 31, 1998, $51.5 million was available under this limitation. This amount is expected to be reduced by approximately $14.9 million as a result of the after-tax losses recognized on the sales of the Giddings and Katy facilities. The Company presently intends to finance the $8.3 million payment due on October 27, 1999 with amounts available under the Revolving Credit Facility. The Master Shelf Agreement is guaranteed and will be secured via a pledge of the stock of the Company's significant subsidiaries.

1995 Senior Notes. In 1995, the Company sold $42 million of Senior notes (the "1995 Senior notes") to a group of insurance companies with an interest rate of 8.16% per annum. In February 1999, the Company offered to prepay the 1995 Senior notes at par. Note holders representing $15 WESTERN GAS RESOURCES, INC. million of the principal amount outstanding on the 1995 Senior notes accepted the Company's offer and were paid in full in March 1999. These payments were financed by the Bridge Loan and by amounts available under the Revolving Credit Facility. The remaining principal amount outstanding of $27 million is due in a single payment in December 2005. The 1995 Senior notes are guaranteed and will be secured via a pledge of the stock of the Company's significant subsidiaries. The Company has reached an agreement with the note holders which provides for certain financial covenants on terms that will be no more restrictive than those

contained in the Master Shelf. Documentation reflecting this agreement is expected to be completed on or about the end of the first quarter of 1999.

Effective January 1, 1999, the Company will pay an annual fee of no more than .65% on the amounts outstanding on the Master Shelf and the 1995 Senior notes. This fee will continue until the Company has received an implied investment grade rating on its senior secured debt.

1993 Senior Notes. In 1993, the Company sold $50 million of 7.65% Senior notes (the "1993 Senior notes") to a group of insurance companies. Scheduled annual principal payments of $7.1 million on the 1993 Senior notes were made on April 30 of 1997 and 1998. In February 1999, the Company offered to prepay the 1993 Senior notes at par. Note holders representing approximately $33.5 million of the total principal amount outstanding of $35.6 million accepted the Company's offer and were paid in full in February 1999. These payments were financed by a $37 million Bridge Loan. The Company intends to pay the remaining outstanding principal of $2.1 million in the second quarter of 1999 with amounts available under the Revolving Credit Facility.

Bridge Loan. In February 1999, in order to finance prepayments at par of amounts outstanding on the 1993 and 1995 Senior notes, the Company entered into a Bridge Loan agreement in the amount of $37 million with its agent bank (the "Bridge Loan"). The Bridge Loan bears interest at certain spreads over the Eurodollar rate ranging from 1.75% at date of issuance to 2.75% at maturity. The Bridge Loan may be prepaid in whole or in part at any time and matures on October 31, 1999. The Company presently intends to finance the payment of the Bridge Loan with amounts available under the Revolving Credit Facility, proceeds from the sale of assets or proceeds from the issuance of public debt.

Covenant Compliance. At December 31, 1998, the Company was in compliance with all covenants in its loan agreements. Taking into account all the covenants contained in these agreements, the Company had approximately $64.5 million of available borrowing capacity at December 31, 1998. In March 1999, the Company successfully completed negotiations with its lenders for amendments to its various financing facilities providing for financial flexibility and covenant modifications. These amendments were needed given the depressed commodity pricing experienced by the industry in general and the disappointing results the Company has experienced at its Bethel Treating facility. There can be no assurance that further amendments or waivers can be obtained in the future, if necessary, or that the terms would be favorable to the Company. To strengthen credit ratings and to reduce its overall debt outstanding, the Company will continue to dispose of non-strategic assets (such as the Giddings and Katy facilities) and investigate alternative financing sources (including the issuance of public debt, project-financing, joint ventures and operating leases).

Approximate future maturities of long-term debt at the date indicated, which do not reflect the payments made in the first quarter of 1999, are as follows at December 31, 1998 (000s):

<TABLE>

<S>	<C>
1999	$ 15,476
2000	15,477
2001	40,476
2002	250,976
2003	75,476
Thereafter	107,000
Total	$504,881

</TABLE>

NOTE 6--FINANCIAL INSTRUMENTS

The estimated fair values of the Company's financial instruments have been determined by the Company using available market information and valuation methodologies. Considerable judgment is required to develop the estimates of fair value; thus, the estimates provided herein are not necessarily indicative of the amount that the Company could realize upon the sale or refinancing of such financial instruments.

<TABLE>
<CAPTION>

	December 31, 1998	December 31, 1997

	Carrying Value	Fair Value	Carrying Value	Fair Value
	(000s)		(000s)	
<S>	<C>	<C>	<C>	<C>
Cash and cash equivalents.....	$ 4,400	$ 4,400	$ 19,777	$ 19,777
Trade accounts receivable.....	233,574	233,574	258,791	258,170
Accounts payable.....	245,315	245,315	326,696	326,696
Long-term debt.....	504,881	503,001	441,357	447,843
Risk management contracts.....	$ --	$ 2,281	$ --	$ (2,189)

</TABLE>

The following methods and assumptions were used by the Company in estimating the fair value of its financial instruments:

Cash and cash equivalents, trade accounts receivable and accounts payable

Due to the short-term nature of these instruments, the carrying value approximates the fair value.

Long-term debt

The Company's long-term debt was primarily comprised of fixed rate facilities; for this portion, fair market value was estimated using discounted cash flows based upon the Company's current borrowing rates for debt with similar maturities. The remaining portion of the long-term debt was borrowed on a revolving basis which accrues interest at current rates; as a result, carrying value approximates fair value of the outstanding debt.

Risk Management Contracts

Fair value represents the amount at which the instrument could be exchanged in a current arms-length transaction.

NOTE 7--INCOME TAXES

The provision (benefit) for income taxes for the years ended December 31, 1998, 1997 and 1996 is comprised of (000s):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Current:			
Federal.....	$ (5,696)	$268	$ 1,152
State.....	--	--	--
Total Current.....	(5,696)	268	1,152
Deferred:			
Federal.....	(31,272)	448	12,071
State.....	(1,450)	17	467
Total Deferred.....	(32,722)	465	12,538
Total tax provision (benefit).....	$(38,418)	$733	$13,690

</TABLE>

Temporary differences and carryforwards which give rise to the deferred tax liabilities (assets) at December 31, 1998 and 1997 are as follows (000s):

<TABLE>
<CAPTION>

	1998	1997
<S>	<C>	<C>
Property and equipment.....	$133,054	$158,258

Differences between the book and tax basis of acquired assets	14,386	15,334
Total deferred income tax liabilities	147,440	173,592
Alternative Minimum Tax ("AMT") credit carryforwards	(21,128)	(26,849)
Net Operating Loss ("NOL") carryforwards	(78,291)	(66,000)
Total deferred income tax assets	(99,419)	(92,849)
Net deferred income taxes	$ 48,021	$ 80,743

</TABLE>

The differences between the provision (benefit) for income taxes at the statutory rate and the actual provision (benefit) for income taxes for the years ended December 31, 1998, 1997 and 1996 are summarized as follows (000s):

<TABLE>
<CAPTION>

	1998	%	1997	%	1996	%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Income tax (benefit) at statutory rate	$(36,968)	35.0	$777	35.0	$14,570	35.0
State income taxes, net of federal benefit	(1,450)	1.4	31	1.4	562	1.4
Permanent differences on asset write-downs	--	--	--	--	--	--
Reduction of deferred income taxes to reflect adjustment in acquired NOL carryforward	--	--	--	--	(900)	(2.2)
Adjustment to prior year income taxes	--	--	--	--	(383)	(.9)
Other	--	--	(75)	(3.4)	(159)	(.4)
Total	$(38,418)	36.4	$733	33.0	$13,690	32.9

</TABLE>

At December 31, 1998 the Company had NOL carryforwards for Federal and State income tax purposes and AMT credit carryforwards for Federal income tax purposes of approximately $215.4 million and $21.1 million, respectively. These carryforwards expire as follows (000s):

<TABLE>
<CAPTION>

Expiration Dates	NOL	AMT
<S>	<C>	<C>
2003	$ 170	$ --
2004	413	--
2005	943	--
2006	478	--
2007	--	--
2008	12,179	--
2009	56,308	--
2010	59,857	--
2011	16,221	--
2012	39,033	--
2018	29,807	--
No expiration	--	21,128
Total	$215,409	$21,128

</TABLE>

The Company believes that the NOL carryforwards and AMT credit carryforwards will be utilized prior to their expiration because they are substantially offset by existing taxable temporary differences reversing within

the carryforward period or are expected to be realized by achieving future profitable operations based on the Company's dedicated and owned reserves, past earnings history, projections of future earnings and current assets.

NOTE 8--COMMITMENTS AND CONTINGENT LIABILITIES

McMurry Oil Company, et al. v. TBI Exploration, Inc., Mountain Gas Resources, Inc. and Wildhorse Energy Partners, LLC, District Court, Ninth Judicial District, Sublette County, Wyoming, Civil Action No. 5882.

McMurry Oil Company and certain other producers (collectively, "McMurry") filed suit against TBI Exploration, Inc. ("TBI"), Mountain Gas Resources, Inc., our wholly-owned subsidiary ("Mountain Gas") and Wildhorse Energy Partners, LLC ("Wildhorse"). The central dispute in this case concerns the ownership, nature and extent of a call on certain gas and the right to match offers for gathering and/or purchasing gas (collectively the "Preferential Rights"). In November 1998, the court granted summary judgment in favor of McMurry as to the ownership of the Preferential Rights. In early 1999, McMurry, TBI and Wildhorse settled their claims and crossclaims and as a result TBI and Wildhorse were dismissed from the case. Trial on the liability phase of the litigation between McMurray and Mountain Gas was held in May 1999 and judgment was rendered against Mountain Gas in June 1999, assessing liability for intentional interference of business expectancies and opportunities and a finding that such interference caused McMurry to forego or delay entry into these opportunities and further, that Mountain Gas' assertion of ownership of Preferential Rights were false and thereby disparaged McMurry's title and rights. The court ruled that McMurry was entitled to seek damages against Mountain Gas and that the damages may include punitive damages. McMurry has submitted damage claims in this matter of approximately $29 million, not including punitive damages. Mountain Gas has filed a motion to reconsider the applicability of punitive damages in this matter. A determination of the extent and amount of damages, including causation and mitigation, for McMurry's damage claims is set for a jury trial in September 1999. Mountain Gas believes the damage claims are excessive and unjustified and will vigorously defend its actions and the damage claims raised by McMurry in this matter. Under the terms of the court's order, Mountain Gas is not permitted to file any appeal until the damage claims have been litigated. Mountain Gas believes it has several grounds for appeal in this matter. At the present time, it is not possible to express an opinion as to the final outcome of this litigation or to estimate the final amount of damages, if any, to be assessed in this matter.

Berco Resources, Inc. v. Amerada Hess Corporation and Western Gas Resources, Inc., United States District Court, District of Colorado, Civil Action No. 97-WM-1332. Berco Resources, Inc. is an independent producer and marketer of natural gas and alleges that it owns or has the right to produce and sell natural gas in the Temple/Tioga Area in North Dakota. Berco alleges that Amerada Hess engaged in unlawful monopolization under Section 2 of the Sherman Act and Section 7 of the Clayton Act by acquiring natural gas gathering and producing facilities owned by the Company. Berco alleges that the Company, along with Amerada Hess, have conspired, through the purchase and sale of our facilities in the Temple/Tioga Area, to create a monopoly affecting an appreciable amount of interstate commerce in violation of Sections 1 and 2 of the Sherman Act. Berco seeks an award against Amerada Hess and the Company of threefold the amount of damages actually sustained by Berco, in an amount to be determined at trial, and/or divestiture of the assets which Amerada Hess acquired, for an order restraining and enjoining the Company and Amerada Hess from violating the antitrust laws, and for costs, attorney fees and interest. The Company believes that it has meritorious defenses to the claims and is vigorously defending such claims. At the present time it is not possible to predict the outcome of this litigation to estimate the amount of potential damages.

Internal Revenue Service. The Internal Revenue Service has completed its examination of the Company's tax returns for the years 1990 and 1991 and has proposed adjustments to taxable income reflected

in such tax returns that would shift the recognition of certain items of income and expense from one year to another. To the extent taxable income in a prior year is increased by proposed timing adjustments, taxable income may be reduced

by a corresponding amount in other years. However, the Company would incur an interest charge as a result of such adjustments. The Company currently is protesting certain of these proposed adjustments. In the opinion of management, any proposed adjustments for the additional income taxes and interest that may result would not be material. However, it is reasonably possible that the ultimate resolution could result in an amount which differs materially from management's estimates.

Other. The Company is involved in various other litigation and administrative proceedings arising in the normal course of business. In the opinion of management, any liabilities that may result from these claims, will not, individually or in the aggregate, have a material adverse effect on its financial position or results of operations.

NOTE 9--BUSINESS SEGMENTS AND RELATED INFORMATION

The Company operates in four principal business segments, as follows: Gas Gathering and Processing, Producing Properties, Marketing and Transmission, and these segments are separately monitored by management for performance against its internal forecast and are consistent with the Company's internal financial reporting package. These segments have been identified based upon the differing products and services, regulatory environment and the expertise required for these operations.

The Gas Gathering and Processing segment connects producers' wells to its gathering systems for delivery to its processing or treating plants, processes the natural gas to extract NGLs and treats the natural gas in order to meet pipeline specifications. The residue gas and NGLs extracted at the processing facilities are sold by the Marketing segment.

The activities of the Producing Properties segment includes the exploration and development of certain oil and gas producing properties in basins where the Company's facilities are located. The majority of the gas and oil produced from these properties is sold by the Marketing segment.

The Marketing segment buys and sells gas and NGLs nationwide and in Canada, providing storage, transportation, scheduling, peaking and other services to our customers. In addition, this segment also markets gas and NGLs produced by the Company's facilities. The gains and losses from any hedges on equity gas and NGL volumes are included in this segments results. The operations associated with the Katy Facility and the loss from the sale of this facility are included in the Marketing segment, as are our Canadian marketing operations (which are immaterial for separate presentation).

The Transmission segment reflects the operations of the Company's MIGC and MGTC pipelines. The majority of the revenue presented in this segment is derived from transportation of residue gas.

The following table sets forth the Company's segment information as of and for the six months ended June 30, 1999 and 1998 and the years ended December 31, 1998, 1997 and 1996 (in 000s). Due to the Company's integrated operations, the use of allocations in the determination of business segment information is necessary. Intersegment revenues are valued at prices comparable to those of unaffiliated customers.

<TABLE>
<CAPTION>

	Gas Gathering and Processing	Producing Properties	Marketing	Transmission	Corporate	Eliminating Entries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Six months ended June 30, 1999							
Revenues from unaffiliated customers.	$ 23,131	$ 1,080	$ 855,451	$ 3,696	$ 1,722	$ (29)	$ 885,051
Interest income.....	1	--	24	--	13,308	(13,190)	143
Other, net.....	(4,789)	--	(16,460)	--	--	--	(21,249)

Intersegment sales.....	163,205	13,083	38,940	8,182	--	(223,410)	--
Total revenues.....	181,548	14,163	877,955	11,878	15,030	(236,629)	863,945
Product purchases.....	127,799	899	889,180	518	(1,501)	(221,717)	795,178
Plant operating expense.	24,920	1,002	1,673	5,371	1,916	(1,363)	33,519
Oil and gas exploration and production expense.	--	3,597	(44)	--	130	--	3,683
Operating profit.....	$ 28,829	$ 8,665	$ (12,854)	$ 5,989	$14,485	$ (13,549)	$ 31,565
Depreciation, depletion and amortization.....							24,755
Interest expense.....							15,753
Selling and administrative expense.							15,952
Income (loss) before income taxes.....							$ (24,895)
Identifiable assets.....	$510,070	$ 95,226	$ 94	$67,993	$36,758	$ --	$ 710,141

<CAPTION>

	Gas Gathering and Processing	Producing Properties	Marketing	Transmission	Corporate	Eliminating Entries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Six months ended June 30, 1998							
Revenues from unaffiliated customers.	$ 17,951	$ 860	$1,041,419	$ 3,320	$ 346	$ 548	$1,064,444
Interest income.....	--	--	--	--	19,171	(18,421)	750
Other, net.....	15,397	703	(52)	(16)	--	--	16,032
Intersegment sales.....	225,303	13,337	43,934	5,488	--	(288,062)	--
Total revenues.....	258,651	14,900	1,085,301	8,792	19,517	(305,935)	1,081,226
Product purchases.....	173,987	720	1,072,777	91	(2,030)	(283,263)	962,282
Plant operating expense.	30,978	1,339	2,880	5,317	2,435	(4,102)	38,847
Oil and gas exploration and production expense.	(1)	2,968	7	--	3	18	2,995
Operating profit.....	$ 53,687	$ 9,873	$ 9,637	$ 3,384	$19,109	$ (18,588)	$ 77,102
Depreciation, depletion and amortization.....							29,328
Interest expense.....							16,296
Selling and administrative expense.							14,907
Income (loss) before income taxes.....							$ 16,571
Identifiable assets.....	$681,841	$119,757	$ 120,470	$53,234	$29,847	$ --	$1,005,149

</TABLE>

<TABLE>
<CAPTION>

	Gas Gathering and Processing	Producing Properties	Marketing	Transmission	Corporate	Eliminating Entries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended December 31,							

1998							
Revenues from unaffiliated customers.	$ 38,613	$ 1,979	$2,067,561	$ 4,956	$ 1,091	$ 709	$2,114,909
Interest income.....	1	--	45	--	29,531	(28,486)	1,091
Other, net.....	16,759	703	120	(16)	--	--	17,566
Intersegment sales.....	425,895	24,878	81,384	12,365	--	(544,522)	--
Total revenues.....	481,268	27,560	2,149,110	17,305	30,622	(572,299)	2,133,566
Product purchases.....	330,369	1,368	2,126,621	--	(3,386)	(540,669)	1,914,303
Plant operating expense.	65,318	2,437	6,999	11,167	2,694	(3,262)	85,353
Oil and gas exploration and production expense.		7,466	155	--	233	142	7,996
Operating profit.....	$ 85,581	$16,289	$ 15,335	$ 6,138	$31,081	$(28,510)	$ 125,914
Depreciation, depletion and amortization.....							59,346
Interest expense.....							33,616
Loss on the impairment of property and equipment.....							108,447
Selling and administrative expense.							30,128
Income (loss) before income taxes.....							$ (105,623)
Identifiable assets.....	$577,782	$89,191	$ 118,661	$63,946	$17,780	$ --	$ 867,360

</TABLE>

<TABLE>
<CAPTION>

	Gas Gathering and Processing	Producing Properties	Marketing	Transmission	Corporate	Eliminating Entries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1997							
Revenues from unaffiliated Customers.	$ 33,180	$ 1,189	$2,333,064	$ 5,457	$ 780	$ 3,871	$2,377,541
Interest income.....	18	--	114	--	17,556	(16,460)	1,228
Other, net.....	1,094	4,727	132	--	538	--	6,491
Intersegment sales.....	522,783	34,123	51,411	7,419	--	(615,736)	--
Total revenues.....	557,075	40,039	2,384,721	12,876	18,874	(628,325)	2,385,260
Product purchases.....	399,651	1,238	2,352,107	4,409	(2,558)	(608,417)	2,146,430
Plant operating expense.	63,749	2,912	6,597	6,394	1,814	(3,353)	78,113
Oil and gas exploration and Production expense.	7	7,634	106	--	3	(36)	7,714
Operating profit.....	$ 93,668	$ 28,255	$ 25,911	$ 2,073	$19,615	$(16,519)	$ 153,003
Depreciation, depletion and Amortization.....							59,248
Interest expense.....							27,474
Loss on the impairment of property and equipment.....							34,615
Selling and administrative expense.							29,446
Income (loss) before income taxes.....							$ 2,220

Identifiable assets... .	$698,899	$104,744	$ 121,305	$48,541	$13,723	$ --	$ 987,212

<CAPTION>

	Gas Gathering and Processing	Producing Properties	Marketing	Transmission	Corporate	Eliminating Entries	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Year ended December 31, 1996							
Revenues from unaffiliated customers.	$ 45,828	$ 764	$2,032,696	$ 5,187	$(2,785)	$ 1,106	$2,082,796
Interest income.....	--	--	--	--	14,316	(13,663)	653
Other, net.....	2,748	2,807	106	(6)	1,905	--	7,560
Intersegment sales.....	506,356	33,041	38,377	6,249	--	(584,023)	--
Total revenues.....	554,932	36,612	2,071,179	11,430	13,436	(596,580)	2,091,009
Product purchases.....	390,890	334	2,033,190	4,551	(5,948)	(578,866)	1,844,151
Plant operating expense.	63,980	2,774	7,238	4,266	1,539	(6,681)	73,116
Oil and gas exploration and production expense.	--	4,440	133	--	--	483	5,056
Operating profit.....	$100,062	$ 29,064	$ 30,618	$ 2,613	$17,845	$(11,516)	$ 168,686
Depreciation, depletion and amortization.....							63,207
Interest expense.....							34,437
Loss on the impairment of property and equipment							--
Selling and administrative expense.							29,411
Income (loss) before income taxes.....							$ 41,631
Identifiable assets.....	$598,453	$119,132	$ 121,978	$36,110	$14,019	$ --	$ 889,692

</TABLE>

NOTE 10--EMPLOYEE BENEFIT PLANS

Profit Sharing Plan

A discretionary profit sharing plan (a defined contribution plan) exists for all Company employees meeting certain service requirements. The Company may make annual discretionary contributions to the plan as determined by the Board of Directors and provides for a match of 50% of employee contributions on the first 4% of employee compensation contributed. Contributions are made to common/collective trusts for which Fidelity Management Trust Company acts as trustee. The discretionary contributions made by the Company were $1.9 million, $1.9 million and $1.7 million, for the years ended December 31, 1998, 1997 and 1996, respectively. The matching contributions were $668,000, $310,000 and $256,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

Key Employees' Incentive Stock Option Plan and Non-employee Director Stock Option Plan

Effective April 1987, the Board of Directors of the Company adopted a Key Employees' Incentive Stock Option Plan ("Key Employee Plan") and a Non-Employee Director Stock Option Plan ("Directors' Plan") that authorize the granting of options to purchase 250,000 and 20,000 shares of the Company's Common Stock, respectively. Under the plans, each of these options became exercisable as to 25% of the shares covered by it on the later of January 1, 1992 or one year from the date of grant, subject to the continuation of the optionee's relationship with the Company, and became exercisable as to an additional 25%

of the covered shares on the later of each subsequent January 1 through 1995 or on each subsequent date of grant anniversary, subject to the same condition. Each of these plans will terminate on the earlier of February 6, 2000 or the date on which all options granted under each of the plans have been exercised in full. The Company has entered into agreements committing the Company to loan certain employees an amount sufficient to exercise their options as each portion of their options vests. The Company will forgive such loans and associated accrued interest if the employee has been continuously employed by the Company for four years after the date of each loan increment. In January 1999, the Board of Directors voted to extend the maturity for all such loans for officers still employed in January 1999, until January 2001. During 1996, under the terms of a severance agreement, the Company extended the maturity date of one former officer's loans to December 31, 2000. In addition, under the terms of a severance agreement, the loans of a former officer are being forgiven over the life of the original loan forgiveness schedule. As of December 31, 1998 and 1997, loans related to 81,250 and 112,500 shares of Common Stock, respectively, totaling $870,000 and $1.2 million, respectively, were outstanding under these terms.

1993 and 1997 Stock Option Plans

The 1993 Stock Option Plan ("1993 Plan") became effective on May 24, 1993 and the 1997 Stock Option Plan ("1997 Plan") became effective on May 21, 1997 after approvals by the Company's stockholders. Each plan is intended to be an incentive stock option plan in accordance with the provisions of Section 422 of the Internal Revenue Code of 1986, as amended. The Company has reserved 1,000,000 shares of Common Stock for issuance upon exercise of options under each of the 1993 Plan and the 1997 Plan. The 1993 Plan and the 1997 Plan will terminate on the earlier of March 21, 2003 and May 21, 2007, respectively, or the date on which all options granted under each of the plans have been exercised in full.

Under both of the plans, the Board of Directors of the Company determines and designates from time to time those employees of the Company to whom options are to be granted. If any option terminates or expires prior to being exercised, the shares relating to such option are released and may be subject to reissuance pursuant to a new option. The Board of Directors has the right to, among other things, fix the price, terms and conditions for the grant or exercise of any option. The purchase price of the stock under each option shall be

the fair market value of the stock at the time such option is granted. Under the 1993 Plan, options granted vest 20% each year on the anniversary of the date of grant commencing with the first anniversary. Under the 1997 Plan, the Board of Directors has the authority to set the vesting schedule from 20% per year to 33 1/3% per year. Under both plans, the employee must exercise the option within five years of the date each portion vests.

$5.40 Stock Option Plan

In April 1987 and amended in February 1994, the Partnership adopted an employee option plan ("$5.40 Plan") that authorized granting options to employees to purchase 483,000 common units in the Partnership. Pursuant to the Restructuring, the Company assumed the Partnership's obligation under the employee option plan. The plan was amended upon the Restructuring to allow each holder of existing options to exercise such options and acquire one share of Common Stock for each common unit they were originally entitled to purchase. The exercise price and all other terms and conditions for the exercise of such options issued under the amended plan were the same as under the plan, except that the Restructuring accelerated the time upon which certain options may be exercised. All options under the plan were either exercised or forfeited on or before May 31, 1997. The Company has entered into agreements committing the Company to loan to certain employees an amount sufficient to exercise their options, provided that the Company will not loan in excess of 25% of the total amount available to the employee in any one year. In accordance with the agreements, the Company forgave the majority of such loans and associated accrued interest on July 2, 1997. Under the terms of a severance agreement, the Company extended the maturity date of one former officer's loans to December 31, 2000. As of December 31, 1998 and 1997, loans related to 15,000 shares of Common Stock in each year, respectively, totaling $81,000, were outstanding

under these terms.

The following table summarizes the number of stock options exercisable and available for grant under the Company's benefit plans:

<TABLE>
<CAPTION>

	$5.40 Plan	Key Employee Plan	Directors' Plan	1993 Plan	1997 Plan
<S>	<C>	<C>	<C>	<C>	<C>
Exercisable:					
December 31, 1996	33,148	56,250	11,000	288,438	--
December 31, 1997	--	75,000	12,250	448,171	--
December 31, 1998	--	75,000	13,500	562,138	26,250
Available for Grant:					
December 31, 1996	--	31,250	1,250	4,734	--
December 31, 1997	--	31,250	1,250	9,382	828,900
December 31, 1998	--	31,250	1,250	96,609	763,400

</TABLE>

The following table summarizes the stock option activity under the Company's benefit plans:

<TABLE>
<CAPTION>

		Number of Shares				
	Per Share Price Range	$5.40 Plan	Key Employee Plan	Directors' Plan	1993 Plan	1997 Plan
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance 12/31/95		47,571	75,000	13,500	688,061	--
Granted	$13.88-$18.63	--	--	--	351,733	--
Exercised	5.40	(14,423)	--	--	--	--
Forfeited or canceled.	13.25-35.00	--	--	--	(46,591)	--
Balance 12/31/96		33,148	75,000	13,500	993,203	--
Granted	17.75-24.00	--	--	--	64,654	171,100
Exercised	5.40-23.50	(32,077)	--	--	(5,225)	--
Forfeited or canceled.	5.40-34.13	(1,071)	--	--	(69,302)	--
Balance 12/31/97		--	75,000	13,500	983,330	171,100
Granted	19.28	--	--	--	40,511	106,500
Exercised	15.83	--	--	--	(1,556)	--
Forfeited or canceled.	$19.19-$21.78	--	--	--	(129,809)	(41,000)
Balance 12/31/98		--	75,000	13,500	892,476	236,600

</TABLE>

The following table summarizes the weighted average option exercise price information under the Company's benefit plans:

<TABLE>
<CAPTION>

	$5.40 Plan	Key Employee Plan	Directors' Plan	1993 Plan	1997 Plan
<S>	<C>	<C>	<C>	<C>	<C>
Balance 12/31/95	$5.40	$30.23	$14.13	$25.11	$ --
Granted	--	--	--	14.63	--
Exercised	5.40	--	--	--	--
Forfeited or canceled	--	--	--	27.05	--

</TABLE>

Balance 12/31/96	5.40	30.23	14.13	21.31	--
Granted	--	--	--	19.71	19.63
Exercised	5.40	--	--	16.91	--
Forfeited or canceled	5.40	--	--	25.54	--
Balance 12/31/97	--	30.23	14.13	20.93	19.63
Granted	--	--	--	19.28	11.69
Exercised	--	--	--	14.78	--
Forfeited or canceled	--	--	--	21.97	19.16
Balance 12/31/98	$ --	$30.23	$14.13	$20.71	$16.15

SFAS No. 123 encourages companies to record compensation expense for stock-based compensation plans at fair value. As permitted under SFAS No. 123, the Company has elected to continue to measure compensation costs for such plans as prescribed by APB No. 25. SFAS No. 123 requires pro forma disclosures for each year a statement of operations is presented. Such information was only calculated for the options granted under the 1993 Plan and the 1997 Plan as there were no grants under any other plans. The weighted average fair value of options granted under the 1993 Plan of $0.37, $10.54 and $10.18 for the years ended December 31, 1998, 1997 and 1996, respectively, and the weighted average fair value of options granted under the 1997 Plan of $1.00

and $12.66 for the years ended December 31, 1998 and 1997, respectively was estimated using the Black-Scholes option-pricing model with the following assumptions:

	1993 Plan			1997 Plan	
	1998	1997	1996	1998	1997
Risk-free interest rate	5.3%	6.1%	6.35%	5.3%	6.1%
Expected life (in years)	5	6	7	6	10
Expected volatility	45%	42%	37%	45%	42%
Expected dividends (quarterly)	$.05	$.05	$.05	$.05	$.05

Had compensation expense for the Company's 1998, 1997 and 1996 grants for stock-based compensation plans been determined consistent with the fair value method under SFAS No. 123, the Company's net income (loss), income (loss) attributable to common stock, earnings (loss) per share of common stock and earnings (loss) per share of common stock--assuming dilution would approximate the pro forma amounts below (000s, except per share amounts):

	1998		1997		1996	
	As Reported	Pro forma	As Reported	Pro forma	As Reported	Pro forma
Net income (loss)	$(67,205)	$(67,997)	$ 1,487	$ 941	$27,941	$27,891
Net income (loss) attributable to common stock	(77,644)	(78,436)	(8,952)	(9,498)	17,502	17,452
Earnings (loss) per share of common stock	(2.42)	(2.44)	(.28)	(.30)	.66	.66
Earnings (loss) per share of common stock--assuming dilution	$ (2.42)	$ (2.44)	$ (.28)	$ (.30)	$ .66	$ .66

The 1993 Plan dictates that the options granted vest 20% each year on the anniversary of the date of grant commencing with the first anniversary. The Board of Directors has the authority to set the vesting schedule from 20% per

year to 33 1/3% per year for the 1997 Plan. All options granted in 1997 will vest at the rate of 20% per year. As a result, no compensation expense, as defined under SFAS No. 123, is recognized in the year options are granted. In addition, the fair market value of the options at grant date is amortized over this vesting period for purposes of calculating compensation expense.

NOTE 11--SUPPLEMENTAL INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED):

Costs

The following tables set forth capitalized costs at December 31, 1998, 1997 and 1996 and costs incurred for oil and gas producing activities for the years ended December 31, 1998, 1997 and 1996 (000s):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Capitalized costs:			
Proved properties	$110,090	$134,102	$140,871
Unproved properties	33,255	18,464	8,064
Total	143,345	152,566	148,935
Less accumulated depletion	(58,994)	(61,766)	(58,548)
Net capitalized costs	$ 84,351	$ 90,800	$ 90,387
The Company's share of Redman Smackover's net capitalized costs	$ --	$ 3,845	$ 4,385
Costs incurred:			
Acquisition of properties			
Proved	$ 2,174	$ 7,499	$ 242
Unproved	22,633	10,457	909
Development costs	23,208	13,134	3,893
Exploration costs	4,177	1,322	2,581
Total costs incurred	$ 52,192	$ 32,412	$ 7,625
The Company's share of Redman Smackover's costs incurred	$ 72	$ 236	$ 8

</TABLE>

Results of Operations

The results of operations for oil and gas producing activities, excluding corporate overhead and interest costs, for the years ended December 31, 1998, 1997 and 1996 are as follows (000s):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Revenues from sale of oil and gas:			
Sales	$ 2,592	$ 5,970	$ 1,821
Transfers	23,188	25,571	31,733
Total	25,780	31,541	33,554
Production costs	(6,611)	(6,384)	(4,256)
Exploration costs	(1,599)	(1,439)	(898)
Depreciation, depletion and amortization	(11,749)	(11,549)	(11,756)
Impairment of oil and gas properties	(16,528)	(19,615)	--
Income tax benefit (expense)	3,690	2,792	(6,261)

Results of operations	$ 7,017	$ (4,654)	$ 10,383
The Company's share of Redman Smackover's operations	$ 421	$ 1,265	$ 1,745

Reserve Quantity Information

Reserve estimates are subject to numerous uncertainties inherent in the estimation of quantities of proved reserves and in the projection of future rates of production and the timing of development expenditures. The accuracy of such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Estimates of economically recoverable reserves and of future net cash flows expected therefrom prepared by different engineers or by the same engineers at different times may vary substantially. Results of subsequent drilling, testing and production may cause either upward or downward revisions of previous estimates. Further, the volumes considered to be commercially recoverable fluctuate with changes in commodity prices and operating costs. Any significant revision of reserve estimates could materially adversely affect the Company's financial condition and results of operations.

The following table sets forth information for the years ended December 31, 1998, 1997 and 1996 with respect to changes in the Company's proved reserves, all of which are in the United States. The Company has no significant undeveloped reserves.

	Natural Gas (MMcf)	Crude Oil (MBbls)
Proved reserves:		
December 31, 1995	108,820	715
Revisions of previous estimates	(2,147)	286
Purchases of reserves in place	2,372	--
Production	(13,014)	(158)
December 31, 1996	96,031	843
Revisions of previous estimates	(18,132)	(74)
Extensions and discoveries	113,251	191
Purchases of reserves in place	34,588	--
Production	(13,142)	(154)
December 31, 1997	212,596	806
Revisions of previous estimates	28,617	(200)
Extensions and discoveries	43,248	66
Sales/Purchases of reserves in place, net	(31,020)	--
Production	(14,511)	(117)
December 31, 1998	238,930	555
The Company's share of Redman Smackover's proved reserves:		
December 31, 1996	10,811	--
December 31, 1997	10,218	--
December 31, 1998	--	--

Standardized Measures of Discounted Future Net Cash Flows

Estimated discounted future net cash flows and changes therein were determined in accordance with SFAS No. 69, "Disclosures about Oil and Gas

Producing Activities." Certain information concerning the assumptions used in computing the valuation of proved reserves and their inherent limitations are discussed below. The Company believes such information is essential for a proper understanding and assessment of the data presented.

Future cash inflows are computed by applying year end prices of oil and gas relating to the Company's proved reserves to the year end quantities of those reserves. Future price changes are considered only to the extent provided by contractual arrangements, including futures contracts, in existence at year end.

The assumptions used to compute estimated future net revenues do not necessarily reflect the Company's expectations of actual revenues or costs, nor their present worth. In addition, variations from the expected production rate also could result directly or indirectly from factors outside of the Company's control, such as unintentional delays in development, changes in prices or regulatory controls. The reserve valuation further assumes that all reserves will be disposed of by production. However, if reserves are sold in place, additional economic considerations could also affect the amount of cash eventually realized.

Future development and production costs are computed by estimating the expenditures to be incurred in developing and producing the 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, with consideration of future tax rates already legislated, to the future pre-tax net cash flows relating to the Company's proved oil and gas reserves. Permanent differences in oil and gas-related tax credits and allowances are recognized.

An annual discount rate of 10% was used to reflect the timing of the future net cash flows relating to proved oil and gas reserves.

Information with respect to the Company's estimated discounted future cash flows from its oil and gas properties for the years ended December 31, 1998, 1997 and 1996 is as follows (000s):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Future cash inflows	$345,217	$352,491	$305,095
Future production costs	(108,457)	(118,056)	(54,306)
Future development costs	(46,066)	(28,803)	(1,728)
Future income tax expense	(33,749)	(32,614)	(37,870)
Future net cash flows	156,945	173,018	211,191
10% annual discount for estimated timing of cash flows	(59,068)	(73,445)	(100,474)
Standardized measure of discounted future net cash flows relating to proved oil and gas reserves	$ 97,877	$ 99,573	$110,717
The Company's share of Redman Smackover's standardized measure of discounted future net cash flows relating to proved oil and gas reserves	$ --	$ 6,326	$ 5,684

</TABLE>

Principal changes in the Company's estimated discounted future net cash flows for the years ended December 31, 1998, 1997 and 1996 are as follows (000s):

<TABLE>
<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
January 1	$ 99,573	$ 110,717	$ 81,762
Sales and transfers of oil and gas produced, net of production costs	(19,170)	(25,157)	(29,298)
Net changes in prices and production costs related to future production	367	(146,968)	61,888
Development costs incurred during the period	23,208	13,134	3,893
Changes in estimated future development costs	(33,723)	(26,875)	(2,057)
Changes in extensions and discoveries	23,336	158,314	--
Revisions of previous quantity estimates	35,438	(47,859)	2,554
Sales/Purchases of reserves in place, net	(38,251)	47,867	5,266
Accretion of discount	9,957	11,072	8,176
Net change in income taxes	(1,134)	5,256	(19,484)
Other, net	(1,724)	72	(1,983)
December 31	$ 97,877	$ 99,573	$110,717

</TABLE>

NOTE 12--QUARTERLY RESULTS OF OPERATIONS (UNAUDITED):

The following summarizes certain quarterly results of operations (000s, except per share amounts):

<TABLE>
<CAPTION>

	Operating Revenues	Gross Profit (a)	Net Income (Loss)	Earnings (Loss) Per Share of Common Stock	Earnings (Loss) Per Share of Common Stock-Assuming Dilution
<S>	<C>	<C>	<C>	<C>	<C>
1999 quarter ended:					
March 31	$ 429,505	$13,259	$ (2,176)	$ (.15)	$ (.15)
June 30	434,440	(6,449)	(14,764)	(.54)	(.54)
	$863,945	$ 6,810	$(16,940)	$ (.69)	$ (.69)
1998 quarter ended:					
March 31	$ 580,455	$37,019	$ 13,185	$ .33	$ .33
June 30	500,771	10,755	(2,645)	(.16)	(.16)
September 30	516,259	8,307	(4,647)	(.23)	(.23)
December 31	536,081	10,487	(73,098)(c)	(2.36)	(2.36)
	$2,133,566	$66,568	$(67,205)	$(2.42)	$(2.42)
1997 quarter ended:					
March 31	$ 635,538	$30,847	$ 10,608	$ .25	$ .25
June 30	463,575	15,508	878	(.05)	(.05)
September 30	555,888	20,757	4,997	.07	.07
December 31	730,259	26,643	(14,996)(b)	(.55)	(.55)
	$2,358,260	$93,755	$ 1,487	$ (.28)	$ (.28)

</TABLE>

(a) Excludes selling and administrative, interest and income tax expenses, loss on the impairment of property and equipment and extraordinary items.
(b) Includes a pre-tax, non-cash expense resulting from the evaluation of property and equipment in accordance with SFAS No. 121 of $34.6 million.
(c) Includes a pre-tax, non-cash expense resulting from the evaluation of property and equipment in accordance with SFAS No. 121 of $108.5 million.

PART II

INFORMATION NOT REQUIRED IN THE PROSPECTUS

Item 20. Indemnification of Directors and Officers.

Section 102 of the Delaware General Corporation Law ("DGCL"), as amended, allows a corporation to eliminate the personal liability of directors of a corporation to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except where the director breached his duty of loyalty, failed to act in good faith, engaged in intentional misconduct or knowingly violated a law, authorized the payment of a dividend or approved a stock repurchase in violation of Delaware corporate law or obtained an improper personal benefit.

Section 145 of the DGCL provides, among other things, that the Company may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than an action by or in the right of the Company) by reason of the fact that the person is or was a director, officer, agent or employee of the Company or is or was serving at the Company's request as a director, officer, agent, or employee of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgment, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding. The power to indemnify applies (a) if such person is successful on the merits or otherwise in defense of any action, suit or proceeding, or (b) if such person acted in good faith and in a manner he reasonably believed to be in the best interest, or not opposed to the best interest, of the Company, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The power to indemnify applies to actions brought by or in the right of the Company as well, but only to the extent of defense expenses (including attorneys' fees but excluding amounts paid in settlement) actually and reasonably incurred and not to any satisfaction of judgment or settlement of the claim itself, and with the further limitation that in such actions no indemnification shall be made in the event of any adjudication of negligence or misconduct in the performance of his duties to the Company, unless the court believes that in light of all the circumstances indemnification should apply.

Section 174 of the DGCL provides, among other things, that a director, who willfully or negligently approves of an unlawful payment of dividends or an unlawful stock purchase or redemption, may be held liable for such actions. A director who was either absent when the unlawful actions were approved or dissented at the time, may avoid liability by causing his or her dissent to such actions to be entered in the books containing the minutes of the meetings of the board of directors at the time such action occurred or immediately after such absent director receives notice of the unlawful acts.

Our Certificate of Incorporation provides that a director of Western shall not be personally liable to Western or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to Western or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, as the same exists or hereafter may be amended, or (iv) for any transaction from which such director derived an improper personal benefit. Our Certification of Incorporation provides further that if the DGCL is amended after the filing of the Certificate of Incorporation so as to authorize corporate actions further eliminating or limiting personal liability of directors, then the liability of each director of Western shall be eliminated or limited to the fullest extent permitted by the law of the State of Delaware as the same exists from time to time. Finally, our Certificate of Incorporation states that any repeal or modification of the foregoing by the stockholders or Western shall be prospective only and shall not adversely affect any limitation on the personal

liability of a director of Western existing at the time of such repeal or modification.

Article VII, Section 1 of our By-laws provides the following:

(a) Western shall indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed actions, suit or proceeding, whether civil, criminal,

administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of Western, or is or was serving at the request of Western as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Western, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of nolo contenders or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of Western, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

(b) Western shall indemnify any officer or director who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of Western to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of Western, or is or was serving at the request of Western as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of Western and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to Western unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

(c) To the extent that a director, officer, employee or agent of Western has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs (a) or (b) above, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

(d) Any indemnification under subsection (a) or (b) (unless ordered by a court) shall be made by Western only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in subsections (a) and (b). Such determination shall be made (1) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (2) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (3) by the stockholders.

(e) Expenses (including attorneys' fees) incurred in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by Western in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by Western as authorized in this section.

(f) The indemnification and advancement of expenses provided by or

granted pursuant to these provisions shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation or any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

(g) Western shall have power to purchase and maintain insurance on behalf of any officer or director who is or was a director, officer, employee or agent of Western, or is or was serving at the request of

Western as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not Western would have the power to indemnify him against such liability under these provisions.

(h) For purposes of the foregoing provisions reference to "Western" includes any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any officer or director who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under these provisions with respect to the resulting or surviving corporation as he would have with respect to such constituent corporation if its separate existence had continued.

Western has entered into indemnification agreements with certain of Western's directors and officers. The indemnification agreements require, among other things, Western to indemnify the officers and directors to the fullest extent permitted by law, and to advance to such directors and officers all related expenses, subject to reimbursement if it is subsequently determined that indemnification is not permitted. Western will also indemnify and advance all expenses incurred by such directors and officers seeking to enforce their rights under the indemnification agreements, and cover directors and officers under Western's directors' and officers' liability insurance. Although such indemnification agreements will offer substantially the same scope of coverage afforded by provisions in Western's Certificate of Incorporation and Western's By-Laws, they provide greater assurance to directors and officers that indemnification will be available because, as a contract, it cannot be modified unilaterally in the future by the Board of Directors of Western or by the stockholders to eliminate the rights provided therein. Indemnification for officers of Western is or will be provided for in their respective employment agreements.

Item 21. Exhibits

<TABLE>
<CAPTION>

Exhibit No.	Description
<C>	<S>
1.1*	Purchase Agreement, dated June 10, 1999, by and among Western Gas Resources, Inc. (the "Company"), Lance Oil & Gas Company, Inc., MIGC, Inc., Mountain Gas Resources, Inc., Western Gas Resources--Oklahoma, Inc., Pinnacle Gas Treating, Inc., Western Gas Resources--Texas, Inc. and Western Gas Wyoming, L.L.C., (the "Guarantors"), and Goldman, Sachs & Co., Banc of America Securities LLC, Prudential Securities Incorporated, SG Cowen Securities Corporation and Petrie Parkman & Co., Inc., (the "Initial Purchasers").
3.1	The Company's Certificate of Incorporation, as amended through August 1999, was filed with the SEC as an Exhibit to the Company's Registration Statement on Form S-1, Registration No. 33-31604 dated November 1989 and is incorporated herein by reference.

3.2	The Company's Amended and Restated Bylaws, adopted on February 12, 1999, were filed with the SEC as an Exhibit to the Company's 10-K for the year ended December 31, 1998, and are incorporated herein by reference.
3.3*	Lance Oil & Gas Company, Inc.'s Certificate of Incorporation.
3.4*	Lance Oil & Gas Company, Inc.'s Bylaws.
3.5*	MIGC, Inc.'s Certificate of Incorporation, as amended.
3.6*	MIGC, Inc.'s Bylaws.
3.7*	MGTC, Inc.'s Certificate of Incorporation.
3.8*	MGTC, Inc.'s Bylaws.

Exhibit No.	Description
3.9*	Mountain Gas Resources, Inc.'s Certificate of Incorporation, as amended.
3.10*	Mountain Gas Resources, Inc.'s Bylaws.
3.11*	Pinnacle Gas Treating, Inc.'s Certificate of Incorporation.
3.12*	Pinnacle Gas Treating, Inc.'s Bylaws.
3.13*	Western Gas Resources--Texas, Inc.'s Certificate of Incorporation, as amended.
3.14*	Western Gas Resources--Texas, Inc.'s Bylaws.
3.15*	Western Gas Resources--Oklahoma, Inc.'s Certificate of Incorporation.
3.16*	Western Gas Resources--Oklahoma, Inc.'s Bylaws.
3.17*	Western Gas Wyoming, L.L.C.'s Articles of Organization.
4.1	Indenture, dated June 15, 1999, by and among the Company, the Guarantors, and Chase Bank of Texas, National Association, (the "Trustee") was filed with the SEC as an Exhibit to the Company's quarterly report on Form 10-Q for the period ended June 30, 1999 and is incorporated herein by reference.
4.2*	Form of First Supplemental Indenture, dated as of September , 1999, among the Company, the Guarantors and Chase Bank of Texas National Association, as Trustee.
4.3	Form of Certificate of Senior Subordinated Note (included as Exhibit A to Exhibit 4.1).
4.4*	Exchange and Registration Rights Agreement, dated June 15, 1999, by and among the Company, the Guarantors and the Initial Purchasers.
5.1*	Opinion and Consent of Skadden, Arps, Slate, Meagher & Flom LLP as to legality of the Senior Subordinated Notes to be issued by the Company.
21	A list of the subsidiaries of the Company was filed with the SEC as an Exhibit to the Company's 10-K for the year ended December 31, 1998, and is incorporated herein by reference.
23*	Consent of Independent Accountants.
24.1*	Power of Attorney of certain officers and directors of the Company. Included in Part II of the Registration Statement.
24.2*	Power of Attorney of certain officers and directors of the Guarantors. Included in Part II of the Registration Statement.
25*	Statement of Eligibility and Qualification on Form T-1 of Chase Bank of Texas, National Association, as trustee under the Indenture relating to the Exchange Notes.
99.1*	Form of Letter of Transmittal.
99.2*	Form of Notice of Guaranteed Delivery.
99.3*	Form of Letter to Clients.
99.4*	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99.5*	Form of Exchange Agent Agreement.
99.6*	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

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*Filed with this Registration Statement.

Item 22. Undertakings.

The undersigned registrant hereby undertakes:

To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

To include any prospectus required by Section 10(a) (3) of the Securities Act of 1933;

To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Securities and Exchange Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement; and

To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by one or more of the registrants of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, each registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(b) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) For purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934

(and were applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) The undersigned registrant hereby undertakes to respond to requests for information that is incorporated by reference into the prospectus pursuant to Item 4, 10(b), 11, or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(c) The undersigned registrant hereby undertakes to supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

The undersigned registrants hereby undertake to file an application for the purposes of determining the eligibility of the trustee to act under subsection (a) of Section 310 of the Trust Indenture Act, as amended (the "TIA"), in accordance with the rules and regulation prescribed by the Commission under Section 305(b) (2) of the TIA.

Pursuant to the requirements of the Securities Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Denver, State of Colorado, on this 10th day of September 1999.

Western Gas Resources, Inc.

/s/ William J. Krysiak
By: _____
(Principal Accounting & Financial Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints John C. Walter, William J. Krysiak and Vance S. Blalock, or either of them, as such signatory's true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, to sign on his or her behalf, individually and in the capacities stated below, any and all amendments (including post-effective amendments) to this Registration Statement (and to any Registration Statement filed pursuant to Rule 462 under the Securities Act), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully as to all intents and purposes as such signatory might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed on September 10, 1999 by the following persons in the capacities indicated.

/s/ Brion G. Wise
By: _____
Name: Brion G. Wise
Title: Chairman of the Board
Chief Executive Officer

/s/ Walter L. Stonehocker
By: _____
Name: Walter L. Stonehocker
Title: Vice Chairman of the Board

/s/ Dean Phillips
By: _____

/s/ Joseph E. Reid
By: _____
Name: Joseph E. Reid

Name: Dean Phillips
Title: Director

/s/ Richard B. Robinson
By: _____
Name: Richard B. Robinson
Title: Director

/s/ Ward Sauvage
By: _____
Name: Ward Sauvage
Title: Director

/s/ Lanny F. Outlaw
By: _____
Name: Lanny F. Outlaw
Title: President and Chief Operating Officer

/s/ William J. Krysiak
By: _____
Name: William J. Krysiak
Title: Vice President--Finance (Principal Accounting & Financial Officer)

Title: Director

/s/ Bill M. Sanderson
By: _____
Name: Bill M. Sanderson
Title: Director

/s/ James A. Senty
By: _____
Name: James A. Senty
Title: Director

Pursuant to the requirements of the Securities Act of 1933, each of the Registrants listed below certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-4 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the city of Denver, State of Colorado, on this 10th day of September 1999.

Lance Oil & Gas Company, Inc.
MIGC, Inc.
MGTC, Inc.
Mountain Gas Resources, Inc.
Pinnacle Gas Treating, Inc.
Western Gas Resources--Texas, Inc.
Western Gas Resources--Oklahoma, Inc.
Western Gas Wyoming, L.L.C.

/s/ Vance S. Blalock
By: _____
Name: Vance S. Blalock
Title: Treasurer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints William J. Krysiak and Vance S. Blalock, or either of them, as such signatory's true and lawful attorneys-in-fact and agents with full power of substitution and resubstitution, to sign on his or her behalf, individually and in the capacities stated below, any and all amendments (including post-effective amendments) to this Registration Statement (and to any Registration Statement filed pursuant to Rule 462 under the Securities Act), and to file the same, with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the foregoing, as fully as to all intents and purposes as such signatory might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed on September 10, 1999 by the following persons in the capacities indicated.

/s/ Brion G. Wise
By: _____
Name: Brion G. Wise
Title: Chairman of the Board
Chief Executive Officer

/s/ Lanny F. Outlaw
By: _____
Name: Lanny F. Outlaw
Title: President and Chief Operating
Officer

/s/ John C. Walter
By: _____
Name: John C. Walter
Title: Executive Vice President
General Counsel and Secretary

EXHIBIT INDEX

<TABLE>
<CAPTION>

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4.1	Indenture, dated June 15, 1999, by and among the Company, the Guarantors, and Chase Bank of Texas, National Association, (the "Trustee") was filed with the SEC as an Exhibit the Company's quarterly report on Form 10-Q for the period ended June 30, 1999 and is incorporated herein by reference.
4.2*	Form of First Supplemental Indenture, dated as of September , 1999, among the Company, the Guarantors and Chase Bank of Texas National Association, as Trustee.

4.3	Form of Certificate of Senior Subordinated Note (included as Exhibit A to Exhibit 4.1).
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5.1*	Opinion and Consent of Skadden, Arps, Slate, Meagher & Flom LLP as to legality of the Senior Subordinated Notes to be issued by the Company.
21	A list of the subsidiaries of the Company was filed with the SEC as an Exhibit to the Company's 10-K for the year ended December 31, 1998, and is incorporated herein by reference.

Exhibit No.	Description	
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24.1*	Power of Attorney of certain officers and directors of the Company. Included in Part II of the Registration Statement.	
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25*	Statement of Eligibility and Qualification on Form T-1 of Chase Bank of Texas, National Association, as trustee under the Indenture relating to the Exchange Notes.	
99.1*	Form of Letter of Transmittal.	
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99.4*	Form of Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.	
99.5*	Form of Exchange Agent Agreement.	
99.6*	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.	

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*Filed with this Registration Statement.

EXHIBIT 1.1

Western Gas Resources, Inc.

10% Senior Subordinated Notes due 2009

guarancteed as to the payment of principal, premium,
if any, and interest by

Lance Oil & Gas Company, Inc.,
MIGC, Inc.,
Mountain Gas Resources, Inc.,
Pinnacle Gas Treating, Inc.
Western Gas Resources - Texas, Inc.,
Western Gas Resources - Oklahoma, Inc., and
Western Gas Wyoming, L.L.C.

_____

Purchase Agreement

June 10, 1999

Goldman, Sachs & Co.,
Banc of America Securities LLC,
Prudential Securities Incorporated
SG Cowen Securities Corporation,
Petrie Parkman & Co., Inc.
As representatives of the several Purchasers
named in Schedule I hereto,
c/o Goldman, Sachs & Co.
85 Broad Street,
New York, New York 10004

Ladies and Gentlemen:

Western Gas Resources, Inc., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to issue and sell to the Purchasers named in Schedule I hereto (the "Purchasers") an aggregate of $155,000,000 principal amount of the Notes specified above (the "Notes"). The Notes will be unconditionally guaranteed as to the payment of principal,

premium, if any, and interest (collectively, the "Guarantees") by Lance Oil & Gas Company, Inc., a Delaware corporation, MIGC, Inc., a Delaware corporation, Mountain Gas Resources, Inc., a Delaware corporation, Pinnacle Gas Treating, Inc., a Texas corporation, Western Gas Resources - Texas, Inc., a Texas corporation, Western Gas Resources - Oklahoma, Inc., a Delaware corporation, and Western Gas Wyoming, L.L.C., a Wyoming limited liability company (collectively,

the "Guarantors"). The Notes and the Guarantees are hereinafter collectively called the "Securities".

1. Each of the Company and the Guarantors, jointly and severally, represents and warrants to, and agrees with, each of the Purchasers that:

(a) A preliminary offering circular, dated May 25, 1999 (the "Preliminary Offering Circular") and an offering circular, dated June 10, 1999 (the "Offering Circular"), in each case including the international supplement thereto, have been prepared in connection with the offering of the Securities. Any reference to the Preliminary Offering Circular or the Offering Circular shall be deemed to refer to and include the Company's most recent Annual Report on Form 10-K and all subsequent documents filed with the United States Securities and Exchange Commission (the "Commission") pursuant to Section 13(a), 13(c) or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), on or prior to the date of the Preliminary Offering Circular or the Offering Circular, as the case may be, and any reference to the Preliminary Offering Circular or the Offering Circular, as the case may be, as amended or supplemented, as of any specified date, shall be deemed to include (i) any documents filed with the Commission pursuant to Section 13(a), 13(c) or 15(d) of the Exchange Act after the date of the Preliminary Offering Circular or the Offering Circular, as the case may be, and prior to such specified date and (ii) any Additional Issuer Information (as defined in Section 5(f)) furnished by the Company prior to the completion of the distribution of the Securities and all documents filed under the Exchange Act and so deemed to be included in the Preliminary Offering Circular or the Offering Circular, as the case may be, or any amendment or supplement thereto are hereinafter called the "Exchange Act Reports". The Exchange Act Reports, when they were or are filed with the Commission, conformed or will conform in all material respects to the applicable requirements of the Exchange Act and the applicable rules and regulations of the Commission thereunder. The Preliminary Offering Circular, the Offering Circular and any amendments or supplements thereto and the Exchange Act Reports did not and will not, as of their respective dates, contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a Purchaser through Goldman, Sachs & Co. expressly for use therein;

(b) Neither the Company, the Guarantors nor any of their respective subsidiaries has sustained since the date of the latest audited financial statements included or incorporated by reference in the Offering Circular any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Circular; and, since the respective dates as of which information is given in the Offering Circular, there has not been any change in the capital stock or

long-term debt of the Company, the Guarantors or any of their respective subsidiaries or any material adverse change, or any development involving a

prospective material adverse change, in or affecting the business, management, financial position, stockholders' equity or results of operations of the Company, the Guarantors or any of their respective subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Offering Circular;

(c) Each of the Company, the Guarantors and their respective subsidiaries has good and defensible title to all its material properties and assets, in each case free and clear of all liens, encumbrances and defects except that (i) with regard to easements and rights-of-way relating to gathering systems of each of the Company, the Guarantors and their respective subsidiaries, as the case may be, there exist no liens, encumbrances and defects that a reasonable and prudent operator in the gas processing business would consider to be a material impairment of title and each of the Company, the Guarantors and their respective subsidiaries, as the case may be, have such title as is reasonably necessary to permit the use and enjoyment of such gathering systems and (ii) no representation or warranty is made with respect to any oil, gas or mineral property or interest to which no proved oil or gas reserves are properly attributed;

(d) Each of the Company and the Guarantors has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Circular, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction; and each subsidiary of the Company and the Guarantors has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, except, where the failure to be so qualified or, where applicable, in good standing, would not have a material adverse effect on the business, consolidated financial position, stockholders' equity or results of operations of the Company, the Guarantors and their respective subsidiaries taken as a whole (a "Material Adverse Effect");

(e) The Company has an authorized capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Company and the Guarantors have been duly and validly authorized and issued and are fully paid and non-assessable; and all of the issued shares of capital stock of each subsidiary of the Company and the Guarantors have been duly and validly authorized and issued, are fully paid and non-assessable and (except for directors' qualifying shares) are owned directly or indirectly by the Company or the Guarantors, as the case may be, free and clear of all liens, encumbrances, equities or claims;

(f) The Notes have been duly authorized and, when issued and delivered as provided herein, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Company entitled to the benefits provided by the indenture to be dated as of June 15, 1999 (the "Indenture") among the Company, the Guarantors and Chase Bank of Texas, National Association, as Trustee (the "Trustee"), under which they are to be issued, which will be substantially in the form previously delivered to you;

the Guarantees have been duly authorized and, upon the due authorization, issuance and delivery of the related Notes and the due endorsement of the Guarantees thereon, will have been duly executed, authenticated, issued and delivered and will constitute valid and legally binding obligations of the Guarantors entitled to the benefits provided by the Indenture; the Indenture and the Exchange and Registration Rights Agreement, dated as of the date hereof, among the Company, the Guarantors and the Purchasers (the "Registration Rights Agreement") have each been duly authorized and, when executed and delivered by the Company, the Guarantors and the Trustee (in the case of the Indenture) and the Purchasers (in the case of the Registration Rights Agreement), will constitute valid and legally binding instruments, enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Securities, the Indenture and the Registration Agreement will conform to the descriptions thereof in the Offering Circular;

(g) The issue and sale of the Securities and the compliance by the Company and the Guarantors with all of the provisions of the Securities, the Indenture and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company, the Guarantors or any of their respective subsidiaries is a party or by which the Company, the Guarantors or any of their respective subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their respective subsidiaries is subject, except for such conflicts, breaches, violations or defaults which, individually or in the aggregate, would not have a Material Adverse Effect, nor will such action result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Company, the Guarantors or any of their respective subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their respective subsidiaries or any of their respective properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company or the Guarantors of the transactions contemplated by this Agreement or the Indenture, except for the filing of a registration statement by the Company with the Commission pursuant to United States Securities Act of 1933, as amended (the "Act"), pursuant to Section 5(l) hereof and such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Purchasers;

(h) Neither the Company, the Guarantors nor any of their respective subsidiaries is in violation of its Certificate of Incorporation or By-laws (or other organizational documents) or in default in the performance or observance of any material obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its

properties may be bound, except where such violation or default would not result in a Material Adverse Effect;

(i) The statements set forth in the Offering Circular under the caption "Description of Notes," insofar as they purport to constitute a summary of the terms of the Securities, under

the caption "Certain United States Federal Income Tax Consequences" insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair;

(j) Other than as set forth in the Offering Circular, there are no legal or governmental proceedings pending to which the Company, the Guarantors or any of their respective subsidiaries is a party or of which any of their properties is the subject which, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries, would, individually or in the aggregate, have a Material Adverse Effect; and, to the best of the Company's and the Guarantors' knowledge, no such proceedings are threatened by governmental authorities or others;

(k) Neither the Company nor the Guarantors are or, after giving effect to the offering and sale of the Securities, will be an "investment company," as such term is defined in the Investment Company Act of 1940, as amended (the "Investment Company Act");

(l) Neither the Company, the Guarantors nor any of their affiliates does business with the government of Cuba or with any person or affiliate located in Cuba within the meaning of Section 517.075, Florida Statutes;

(m) PricewaterhouseCoopers LLP, who have certified certain financial statements of the Company, the Guarantors and their respective subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder;

(n) The Company has reviewed its operations and that of its subsidiaries and any third parties with which the Company or any of its subsidiaries has a material relationship to evaluate the extent to which the business or operations of the Company or any of its subsidiaries will be affected by the Year 2000 Problem. As a result of such review, the Company has no reason to believe, and does not believe, that the Year 2000 Problem will have a material adverse effect on the business, consolidated financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, or result in any material loss or interference with the Company's business or operations. The "Year 2000 Problem" as used herein means any significant risk that computer hardware or software used in the receipt, transmission, processing, manipulation, storage, retrieval, retransmission or other utilization of data or in the operation of mechanical or electrical systems of any kind will not, in the case of dates or time periods occurring after December 31, 1999, function at least as effectively as in the case of dates or time periods occurring prior to January 1, 2000.

(o) None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of

the Securities) will violate or result in a violation of Section 7 of the Exchange Act, or any regulation promulgated thereunder, including, without limitation, Regulations G, T, U, and X of the Board of Governors of the Federal Reserve System;

(p) Prior to the date hereof, neither the Company nor any of its affiliates has taken any action which is designed to or which has constituted or which might have been expected to

cause or result in stabilization or manipulation of the price of any security of the Company in connection with the offering of the Securities;

(q) When the Securities are issued and delivered as provided in this Agreement, the Securities will not be of the same class (within the meaning of Rule 144A under the Act) as securities which are listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system;

(r) The Company is subject to Section 13 or 15(d) of the Exchange Act;

(s) Neither the Company, the Guarantors, nor any person acting on its or their behalf (other than the Purchasers, with respect to whom no representation or warranty is made) has offered or sold the Securities by means of any general solicitation or general advertising within the meaning of Rule 502(c) under the Act or, with respect to Securities sold outside the United States to non-U.S. persons (as defined in Rule 902 under the Act), by means of any directed selling efforts within the meaning of Rule 902 under the Act and the Company, the Guarantors, any affiliate of the Company and any person acting on its or their behalf (other than the Purchasers, with respect to whom no representation or warranty is made) has complied with and will implement the "offering restriction" within the meaning of such Rule 902;

(t) Within the preceding six months, neither the Company nor any other person acting on behalf of the Company (other than the Purchasers, with respect to whom no representation or warranty is made) has offered or sold to any person any Securities, or any securities of the same or a similar class as the Securities, other than Securities offered or sold to the Purchasers hereunder. The Company will take reasonable precautions designed to insure that any offer or sale, direct or indirect, in the United States or to any U.S. person (as defined in Rule 902 under the Act) of any Securities or any substantially similar security issued by the Company, within six months subsequent to the date on which the distribution of the Securities has been completed (as notified to the Company by Goldman, Sachs & Co.), is made under restrictions and other circumstances reasonably designed not to affect the status of the offer and sale of the Securities in the United States and to U.S. persons contemplated by this Agreement as transactions exempt from the registration provisions of the Act;

(u) The consolidated financial statements and schedules of the Company and its consolidated subsidiaries and the related notes thereto included in the Offering Circular present fairly in all material respects

the financial position of the Company and its consolidated subsidiaries and the results of operations and changes in financial condition as of the dates and periods therein specified. Such financial statements and schedules have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as otherwise noted therein). The pro forma consolidated financial statements of the Company and its consolidated subsidiaries and the related notes thereto included in the Offering Circular have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give effect to the transactions and circumstances referred to therein. The selected consolidated financial and

operating data set forth under the caption "Selected Consolidated Financial and Operating Data" in the Offering Circular present fairly in all material respects, on the basis stated in the Offering Circular, the information included therein. The other financial, engineering and statistical information and data set forth in, or incorporated by reference into, the Offering Circular is accurately presented and, to the extent such information and data is derived from the financial books and records of the Company, is prepared on a basis consistent with such financial statements and the books and records of the Company. The Company has complied with Industry Guide 2 promulgated under the Act to the extent required.

(v) No labor dispute with the employees of the Company, the Guarantors or any of their respective subsidiaries exists or, to the knowledge of the Company, is threatened that would result in a Material Adverse Effect.

(w) The Company, the Guarantors and each of their respective subsidiaries are insured by insurers of recognized financial responsibility against such material losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; and neither the Company, the Guarantors nor any of their respective subsidiaries has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not result in a Material Adverse Effect;

(x) No subsidiary of the Company is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution on such subsidiary's capital stock, from repaying to the Company any loans or advances to such subsidiary from the Company or from transferring any of such subsidiary's property or assets to the Company, except as described in or contemplated by the Offering Circular;

(y) The Company, the Guarantors and their respective subsidiaries possess, and are in compliance with, all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities required to conduct their respective businesses except for those the failure of which to possess or be in compliance with, individually or in the aggregate, would not have a Material Adverse Effect,

and neither the Company, the Guarantors nor any of their respective subsidiaries has received any notice of proceedings relating to the revocation or modification of any such certificate, authorizing or permit which, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect;

(z) The Company and the Guarantors have filed all foreign, federal, state and local tax returns that are required to be filed through the date hereof or have requested extensions thereof and have paid all taxes (other than immaterial amounts of franchise taxes with respect to immaterial subsidiaries and immaterial amounts of severance taxes) required to be paid by them and any other assessment, fine or penalty levied against them, to the extent that any of the foregoing is due and payable, except for any such assessment, fine or penalty that is currently being contested in good faith or as described in or contemplated by the Offering Circular;

(aa) Neither the Company, the Guarantors nor any of their respective subsidiaries is in violation of any federal or state law or regulation, rule or order relating to occupational safety and health or to the use, storage, handling, disposal or transportation of hazardous or toxic materials or relating to the protection or restoration of the environment or human exposure to hazardous or toxic substances (collectively, "environmental laws"), owns or operates any real property contaminated with any substance that is subject to any environmental laws, is liable for any off-site disposal or contamination pursuant to any environmental laws, or is subject to any claim relating to any environmental laws, which violation, contamination, liability or claim would, individually or in the aggregate, have a Material Adverse Effect; and the Company and the Guarantors are not aware of any pending investigation which might lead to such a claim; and

(bb) The Company, the Guarantors and each of their respective subsidiaries own, possess or license adequate trademarks, trade names and other rights to inventions, know-how, patents, copyrights, confidential information and other intellectual property (collectively, "intellectual property rights") necessary to conduct the business now operated by them, or presently employed by them, and have not received any notice of termination of any license or notice of infringement of or conflict with asserted rights of others with respect to any intellectual property rights that, if determined adversely to the Company, the Guarantors or any of their respective subsidiaries would, individually or in the aggregate, have a Material Adverse Effect.

2. Subject to the terms and conditions herein set forth, the Company and the Guarantors agree to issue and the Company agrees to sell to each of the Purchasers, and each of the Purchasers agrees, severally and not jointly, to purchase from the Company, at a purchase price of 99.225% of the principal amount thereof, plus accrued interest, if any, from June 15, 1999 to the Time of Delivery (as defined in paragraph 4) hereunder, the principal amount of Securities set forth opposite the name of such Purchaser in Schedule I hereto.

3. Upon the authorization by you of the release of the Securities, the several Purchasers propose to offer the Securities for sale upon the terms and conditions set forth in this Agreement and the Offering Circular and each

Purchaser hereby represents and warrants to, and agrees with the Company and the Guarantors that:

(a) It will offer and sell the Securities only to: (i) persons who it reasonably believes are "qualified institutional buyers" ("QIBs") within the meaning of Rule 144A under the Act in transactions meeting the requirements of Rule 144A or (ii) upon the terms and conditions set forth in Annex I to this Agreement;

(b) It is an accredited investor within the meaning of Rule 501 under the Act; and

(c) It will not offer or sell the Securities by any form of general solicitation or general advertising, including but not limited to the methods described in Rule 502(c) under the Act.

4. (a) Except as set forth in the next paragraph, the Securities to be purchased by each Purchaser hereunder will be represented by one or more definitive global Securities in book-entry form which will be deposited by or on behalf of the Company with The Depository Trust

Company ("DTC") or its designated custodian. The Company will deliver the Securities to Goldman, Sachs & Co., for the account of each Purchaser, against payment by or on behalf of such Purchaser of the purchase price therefor by wire transfer of Federal (same-day) funds to the account specified by the Company to Goldman, Sachs & Co. at least forty-eight hours in advance, by causing DTC to credit the Securities to the account of Goldman, Sachs & Co. at DTC. The Company will cause the certificates representing the Securities to be made available to Goldman, Sachs & Co. for checking at least twenty-four hours prior to the Time of Delivery (as defined below) at the office of DTC or its designated custodian (the "Designated Office"). The time and date of such delivery and payment shall be 9:30 a.m., New York City time, on June 15, 1999 or such other time and date as Goldman, Sachs & Co. and the Company may agree upon in writing. Such time and date are herein called the "Time of Delivery".

(b) The documents to be delivered at the Time of Delivery by or on behalf of the parties hereto pursuant to Section 7 hereof, including the cross-receipt for the Securities and any additional documents requested by the Purchasers pursuant to Section 7(k) hereof, will be delivered at the offices of Vinson & Elkins L.L.P., 2001 Ross Avenue, Suite 3700, Dallas, Texas 75201 (the "Closing Location"), and the Securities will be delivered at the Designated Office, all at the Time of Delivery. A meeting will be held at the Closing Location at 2:00 p.m., Dallas, Texas time, on the New York Business Day next preceding the Time of Delivery, at which meeting the final drafts of the documents to be delivered pursuant to the preceding sentence will be available for review by the parties hereto. For the purposes of this Section 4, "New York Business Day" shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York are generally authorized or obligated by law or executive order to close.

5. Each of the Company and the Guarantors, jointly and severally, agrees with each of the Purchasers:

(a) To prepare the Offering Circular in a form approved by you; to make no amendment or any supplement to the Offering Circular which shall be disapproved by you promptly after reasonable notice thereof; and to furnish you with copies thereof;

(b) Promptly from time to time to take such action as you may reasonably request to qualify the Securities for offering and sale under the securities laws of such jurisdictions as you may request and to comply with such laws so as to permit the continuance of sales and dealings therein in such jurisdictions for as long as may be necessary to complete the distribution of the Securities, provided that in connection therewith neither the Company nor any Guarantor shall be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(c) To furnish the Purchasers with such number of copies of the Offering Circular and each amendment or supplement thereto with the independent accountants' report(s) in the Offering Circular, and any amendment or supplement containing amendments to the financial statements covered by such report(s), signed by the accountants, in such quantities as you may from time to time reasonably request, and if, at any time prior to the expiration of nine

months after the date of the Offering Circular, any event shall have occurred as a result of which the Offering Circular as then amended or supplemented would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such Offering Circular is delivered, not misleading, or, if for any other reason it shall be necessary or desirable during such same period to amend or supplement the Offering Circular, to notify you and upon your request to prepare and furnish without charge to each Purchaser and to any dealer in securities as many copies as you may from time to time reasonably request of an amended Offering Circular or a supplement to the Offering Circular which will correct such statement or omission or effect such compliance;

(d) During the period beginning from the date hereof and continuing until the date six months after the Time of Delivery, not to offer, sell, contract to sell or otherwise dispose of, except as provided hereunder, any securities of the Company that are substantially similar to the Securities;

(e) Not to be or become, at any time prior to the expiration of three years after the Time of Delivery, an open-end investment company, unit investment trust, closed-end investment company or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act;

(f) At any time when the Company is not subject to Section 13 or 15(d) of the Exchange Act, for the benefit of holders from time to time of Securities, to furnish at its expense, upon request, to holders of Securities and prospective purchasers of securities information (the "Additional Issuer Information") satisfying the requirements of subsection (d)(4)(i) of Rule 144A under the Act;

(g) If requested by you, to use its best efforts to cause the Securities to be eligible for the PORTAL trading system of the National Association of Securities Dealers, Inc.;

(h) To file with the Commission, not later than 15 days after the Time of Delivery, five copies of a notice on Form D under the Act (one of which will be manually signed by a person duly authorized by the Company); to otherwise comply with the requirements of Rule 503 under the Act; and to furnish promptly to you evidence of each such required timely filing (including a copy thereof);

(i) To make generally available to the holders of the Securities as soon as practicable after the end of each fiscal year an annual report (including a balance sheet and statements of income, stockholders' equity and cash flows of the Company and its consolidated subsidiaries certified by independent public accountants) and, as soon as practicable after the end of each of the first three quarters of each fiscal year (beginning with the fiscal quarter ending after the date of the Offering Circular), to make generally available to its holders of the Securities consolidated summary financial information of the Company and its subsidiaries for such quarter in reasonable detail;

(j) During a period of five years from the date of the Offering Circular, to furnish to you copies of all reports or other communications (financial or other) furnished to stockholders

of the Company, and to deliver to you (i) as soon as they are available, copies of any reports and financial statements furnished to or filed with the Commission or any securities exchange on which the Securities or any class of securities of the Company are listed; and (ii) such additional information concerning the business and financial condition of the Company as you may from time to time reasonably request (such financial statements to be on a consolidated basis to the extent the accounts of the Company and its subsidiaries are consolidated in reports furnished to its stockholders generally or to the Commission); and

(k) During the period of two years after the Time of Delivery, not to, and not to permit any of its "affiliates" (as defined in Rule 144 under the Act) to, resell any of the Securities which constitute "restricted securities" under Rule 144 that have been reacquired by any of them.

6. Each of the Company and the Guarantors, jointly and severally, covenants and agrees with the several Purchasers that the Company will pay or cause to be paid the following: (i) the fees, disbursements and expenses of their counsel and accountants in connection with the issue of and all other expenses in connection with the preparation and printing of the Preliminary Offering Circular and the Offering Circular and any amendments and supplements thereto and the mailing and delivering of copies thereof to the Purchasers and dealers; (ii) the cost of printing or producing any Agreement among Purchasers, this Agreement, the Indenture, the Blue Sky and Legal Investment Memoranda, closing documents (including any compilations thereof) and any other documents in connection with the offering, purchase, sale and delivery of the Securities; (iii) all expenses in connection with the qualification of the Securities for

offering and sale under state securities laws as provided in Section 5(b) hereof, including the fees and disbursements of counsel for the Purchasers in connection with such qualification and in connection with the Blue Sky and legal investment surveys; (iv) any fees charged by securities rating services for rating the Securities; (v) the cost of preparing the Securities; (vi) the fees and expenses of the Trustee and any agent of the Trustee and the fees and disbursements of counsel for the Trustee in connection with the Indenture and the Securities; (vii) any cost incurred in connection with the designation of the Securities for trading in PORTAL; and (viii) all other costs and expenses incident to the performance of its obligations hereunder which are not otherwise specifically provided for in this Section. It is understood, however, that, except as provided in this Section, and Sections 8 and 11 hereof, the Purchasers will pay all of their own costs and expenses, including the fees of their counsel, transfer taxes on resale of any of the Securities by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Purchasers hereunder shall be subject, in their discretion, to the condition that all representations and warranties and other statements of the Company and the Guarantors herein are, at and as of the Time of Delivery, true and correct, the condition that each of the Company and the Guarantors shall have performed all of their respective obligations hereunder theretofore to be performed, and the following additional conditions:

(a) Vinson & Elkins L.L.P., counsel for the Purchasers, shall have furnished to you such opinion or opinions, dated the Time of Delivery, with respect to the matters covered in paragraphs (i), (ii), (iii), (iv), (v), (xi) and (xii) of Exhibit B below as well as such other related matters as
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you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters;

(b) John C. Walter, general counsel for the Company and the Guarantors, shall have furnished to you his written opinion, dated the Time of Delivery, in form and substance satisfactory to you, in substantially the form attached hereto as Exhibit A and such counsel shall have received
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such papers and information as he may reasonably request to enable him to pass upon such matters;

(c) Skadden, Arps, Slate, Meagher & Flom LLP, counsel for the Company and the Guarantors incorporated under the laws of the State of Delaware, shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, in substantially the form attached hereto as Exhibit B, and such counsel shall have received
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such papers and information as they may reasonably request to enable them to pass upon such matters;

(d) Andrews & Kurth, L.L.P., special Texas counsel to Pinnacle Gas Treating, Inc. and Western Gas Resources - Texas, Inc., shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, in substantially the form attached hereto as Exhibit C, and such counsel shall have received such papers and

information as they may reasonably request to enable them to pass upon such matters.

(e) Holland & Hart, special Wyoming counsel to Western Gas Wyoming, L.L.C., shall have furnished to you their written opinion, dated the Time of Delivery, in form and substance satisfactory to you, in substantially the form attached hereto as Exhibit D, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

(f) On the date of the Offering Circular at a time prior to the execution of this Agreement and also at the Time of Delivery, PricewaterhouseCoopers LLP shall have furnished to you a letter or letters, dated the respective dates of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex II hereto;

(g) (i) Neither the Company, the Guarantors nor any of their respective subsidiaries shall have sustained since the date of the latest audited financial statements included in the Offering Circular any loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth or contemplated in the Offering Circular, and (ii) since the respective dates as of which information is given in the Offering Circular there shall not have been any change in the capital stock or long-term debt of the Company, the Guarantors or any of their respective subsidiaries or any change, or any development involving a prospective change, in or affecting the business, management, financial position, stockholders' equity or results of operations of the Company, the Guarantors or any of their respective subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Offering Circular, the effect of which, in any such case described in clause (i) or (ii), is in the judgment of the Representatives so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Offering Circular;

(h) On or after the date hereof (i) no downgrading shall have occurred in the rating accorded the Company's debt securities by any "nationally recognized statistical rating organization", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's debt securities other than the negative outlook with respect to the Company reaffirmed by Standard & Poor's on May 26, 1999;

(i) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally on the New York Stock Exchange; (ii) a suspension or material limitation in trading in the Company's securities on the New York Stock Exchange; (iii) a general moratorium on commercial banking activities declared by either Federal or New York State authorities; (iv) the outbreak

or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this clause (iv) in the judgment of the Representatives makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Securities on the terms and in the manner contemplated in the Offering Circular; or (v) the occurrence of any material adverse change in the existing financial, political or economic conditions in the United States or elsewhere which, in the judgment of the Representatives, would materially and adversely affect the financial markets or the markets for the Securities and other debt securities;

(j) The Securities shall have been designated for trading on PORTAL;

(k) The Company and the Guarantors shall have furnished or caused to be furnished to you at the Time of Delivery certificates of officers of the Company and the Guarantors satisfactory to you as to the accuracy of the representations and warranties of the Company and the Guarantors herein at and as of such Time of Delivery, as to the performance by the Company and the Guarantors of all of their obligations hereunder to be performed at or prior to such Time of Delivery, as to the matters set forth in subsections (e) and (f) of this Section and as to such other matters as you may reasonably request;

(l) The Company and the Guarantors shall have furnished to you at the Time of Delivery an executed original of the Registration Rights Agreement; and

(m) The lenders under the Senior Debt Agreements shall not have revoked or modified their consents to the offering of the Securities and the terms of the Indenture.

8. (a) The Company and the Guarantors, jointly and severally, will indemnify and hold harmless each Purchaser against any losses, claims, damages or liabilities, joint or several, to which such Purchaser may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Circular or the Offering Circular, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not

misleading, and will reimburse each Purchaser for any legal or other expenses reasonably incurred by such Purchaser in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that neither the Company nor the Guarantors shall be liable in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any Preliminary Offering Circular, or the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by any Purchaser through Goldman, Sachs & Co. expressly for use therein.

(b) Each Purchaser will indemnify and hold harmless the Company and the Guarantors against any losses, claims, damages or liabilities to which the Company or the Guarantors may become subject, under the Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Preliminary Offering Circular, the Offering Circular or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in any Preliminary Offering Circular, or the Offering Circular or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Purchaser through Goldman, Sachs & Co. expressly for use therein; and will reimburse the Company and the Guarantors for any legal or other expenses reasonably incurred by the Company and the Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Promptly after receipt by an indemnified party under subsection (a) or (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party under such subsection, notify such indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party shall not be liable to such indemnified party under such subsection for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or

judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to, or an admission of, fault, culpability or a failure to act, by or on behalf of any indemnified party.

(d) If the indemnification provided for in this Section 8 is unavailable

to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company and the Guarantors on the one hand and the Purchasers on the other from the offering of the Securities. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company and the Guarantors on the one hand and the Purchasers on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company and the Guarantors on the one hand and the Purchasers on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company and the Guarantors bear to the total underwriting discounts and commissions received by the Purchasers, in each case as set forth in the Offering Circular. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or the Guarantors on the one hand or the Purchasers on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Guarantors and the Purchasers agree that it would not be just and equitable if contribution pursuant to this subsection (d) were determined by pro rata allocation (even if the Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), no Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Purchasers' obligations in this subsection (d) to contribute are several in proportion to their respective underwriting obligations and not joint.

(e) The obligations of the Company and the Guarantors under this Section 8 shall be in addition to any liability which the Company or the

Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls any Purchaser within the meaning of the Act; and the obligations of the Purchasers under this Section 8 shall be in addition to any liability which the respective Purchasers may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company or the Guarantors and to each person, if any, who controls the Company or the Guarantors within the meaning of the Act.

9. (a) If any Purchaser shall default in its obligation to purchase the Securities which it has agreed to purchase hereunder, you may in your discretion arrange for you or another party or other parties to purchase such Securities on the terms contained herein. If within thirty-six hours after such default by any Purchaser you do not arrange for the purchase of such Securities, then the Company shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Securities on such terms. In the event that, within the respective prescribed periods, you notify the Company that you have so arranged for the purchase of such Securities, or the Company notifies you that it has so arranged for the purchase of such Securities, you or the Company shall have the right to postpone the Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Offering Circular, or in any other documents or arrangements, and the Company agrees to prepare promptly any amendments to the Offering Circular which in your opinion may thereby be made necessary. The term "Purchaser" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Securities.

(b) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Purchaser or Purchasers by you and the Company as provided in subsection (a) above, the aggregate principal amount of such Securities which remains unpurchased does not exceed one-eleventh of the aggregate principal amount of all the Securities, then the Company shall have the right to require each non-defaulting Purchaser to purchase the principal amount of Securities which such Purchaser agreed to purchase hereunder and, in addition, to require each non-defaulting Purchaser to purchase its pro rata share (based on the principal amount of Securities which such Purchaser agreed to purchase hereunder) of the Securities of such defaulting Purchaser or Purchasers for which such arrangements have not been made; but nothing herein shall relieve a defaulting Purchaser from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Securities of a defaulting Purchaser or Purchasers by you and the Company as provided in subsection (a) above, the aggregate principal amount of Securities which remains unpurchased exceeds one-eleventh of the aggregate principal amount of all the Securities, or if the Company shall not exercise the right described in subsection (b) above to require non-defaulting Purchasers to purchase Securities of a defaulting Purchaser or Purchasers, then this Agreement shall thereupon terminate, without liability on the part of any non-defaulting Purchaser, the Company or the Guarantors, except for the expenses to be borne by the Company, the Guarantor and the Purchasers as provided in Section 6 hereof and the indemnity and contribution agreements

in Section 8 hereof; but nothing herein shall relieve a defaulting Purchaser from liability for its default.

10. The respective indemnities, agreements, representations, warranties and other statements of the Company, the Guarantors and the several Purchasers set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Purchaser or any controlling person of any Purchaser, or the Company, the Guarantors or any officer or director or controlling person of the Company or the Guarantors, and shall survive delivery of and payment for the Securities.

11. If this Agreement shall be terminated pursuant to Section 9 hereof, neither the Company nor the Guarantors shall then be under any liability to any Purchaser except as provided in Sections 6 and 8 hereof; but, if for any other reason, the Securities are not delivered by or on behalf of the Company as provided herein, the Company and the Guarantors, jointly and severally, will reimburse the Purchasers through you for all out-of-pocket expenses, including fees and disbursements of counsel, reasonably incurred by the Purchasers in making preparations for the purchase, sale and delivery of the Securities, but neither the Company nor the Guarantors shall then be under any further liability to any Purchaser except as provided in Sections 6 and 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Purchasers, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Purchaser made or given by you jointly or by Goldman, Sachs & Co. on behalf of you as the representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Purchasers shall be delivered or sent by mail, telex or facsimile transmission to you as the representatives in care of Goldman, Sachs & Co., 32 Old Slip, 21st Floor, New York, New York 10005, Attention: Registration Department; if to the Company shall be delivered or sent by mail, telex or facsimile transmission to the address of the Company set forth in the Offering Circular, Attention: Secretary; and if to a Guarantor shall be delivered or sent by mail, telex or facsimile transmission to the address of that Guarantor set forth in the Indenture, Attention: Secretary; provided, however, that any notice to a Purchaser pursuant to Section 8(c) hereof shall be delivered or sent by mail, telex or facsimile transmission to such Purchaser at its address set forth in its Purchasers' Questionnaire, or telex constituting such Questionnaire, which address will be supplied to the Company and the Guarantors by you upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Purchaser, the Company, the Guarantors and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company or the Guarantors and each person who controls the Company, the Guarantors or any Purchaser, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Securities from any Purchaser shall be deemed a successor or assign by reason merely of such purchase.

14. Time shall be of the essence of this Agreement.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us one counterpart hereof for the Company, the Guarantors and each of the Representatives plus one for each counsel, and upon the acceptance hereof by you, on behalf of each of the Purchasers, this letter and such acceptance hereof shall constitute a binding agreement between each of the Purchasers, the Company and the Guarantors. It is understood that your acceptance of this letter on behalf of each of the Purchasers is pursuant to the authority set forth in a form of Agreement among Purchasers, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

WESTERN GAS RESOURCES, INC.

By:
Name:
Title:

LANCE OIL & GAS COMPANY, INC.
MIGC INC.
MOUNTAIN GAS RESOURCES, INC.
PINNACLE GAS TREATING, INC.
WESTERN GAS RESOURCES-TEXAS, INC.
WESTERN GAS RESOURCES-OKLAHOMA, INC.
WESTERN GAS WYOMING L.L.C.

By:
Name:
Title:

Accepted as of the date hereof:

Goldman, Sachs & Co.
Banc of America Securities LLC
Prudential Securities Incorporated

SG Cowen Securities Corporation
Petrie Parkman & Co., Inc.

By:
(Goldman, Sachs & Co.)
On behalf of each of the Purchasers

<TABLE>
<CAPTION>
SCHEDULE I

Underwriter	Principal Amount of Securities to be Purchased
<S>	<C>
Goldman, Sachs & Co.	$ 93,000,000
Banc of America Securities LLC	27,125,000
Prudential Securities Incorporated	19,375,000
SG Cowen Securities Corporation	7,750,000
Petrie Parkman & Co., Inc.	7,750,000
Total	$155,000,000

</TABLE>

EXHIBIT A

Form of John Walter Opinion

(i) Each of the Company, the Guarantors and each other subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Circular;

(ii) The Company has an authorized capitalization as set forth in the Offering Circular, and all of the issued shares of capital stock of the Company and the Guarantors have been duly and validly authorized and issued and are fully paid and non-assessable;

(iii) Each of the Company, the Guarantors and their subsidiaries has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, or is subject to no material liability or disability by reason of the failure to be so qualified in any such jurisdiction (such counsel being entitled to rely in respect of the opinion in this clause upon opinions of local counsel and in respect of matters of fact upon certificates of officers of the Company and the Guarantors, provided that such counsel shall state that he believes that both you and he are justified in relying upon such opinions and certificates);

(iv) Each Guarantor and other subsidiary of the Company has been duly

incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation; and all of the issued shares of capital stock of each such Guarantor or other subsidiary have been duly and validly authorized and issued, are fully paid and non-assessable, and (except for directors' qualifying shares) are owned directly or indirectly by the Company and the Guarantors, as the case may be, free and clear of all liens, encumbrances, equities or claims (such counsel being entitled to rely in respect of the opinion in this clause upon opinions of local counsel and in respect of matters of fact upon certificates of officers of the Company and the Guarantors or their subsidiaries, provided that such counsel shall state that he believes that both you and they are justified in relying upon such opinions and certificates);

(v) Each of the Company, the Guarantors and their subsidiaries has good and marketable title in fee simple to all real property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described in the Offering Circular or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company, the Guarantors or any of their subsidiaries; and any real property and buildings held under lease by the Company, the Guarantors or any of their subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company, the Guarantors or any of their subsidiaries (in giving the opinion in this clause, such counsel may state that no examination of record titles for the purpose of such opinion has been made, and that he is relying upon a general review of the titles of the Company, the Guarantor and their subsidiaries, upon opinions of local counsel and abstracts, reports and policies of title companies rendered or issued at or subsequent to the time of acquisition of such property by the

Company, the Guarantors or any of their subsidiaries, upon opinions of counsel to the lessors of such property and, in respect of matters of fact, upon certificates of officers of the Company, the Guarantors or any of their subsidiaries, provided that such counsel shall state that he believes that both you and he is justified in relying upon such opinions, abstracts, reports, policies and certificates);

(vi) To the best of such counsel's knowledge and other than as set forth in the Offering Circular, there are no legal or governmental proceedings pending to which the Company, the Guarantors or any of their subsidiaries is a party or of which any property of the Company, the Guarantors or any of their subsidiaries is the subject which, if determined adversely to the Company, the Guarantors or any of their subsidiaries, would individually or in the aggregate have a material adverse effect on the current or future consolidated financial position, stockholders' equity or results of operations of the Company, the Guarantors and their subsidiaries; and, to the best of such counsel's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(vii) This Agreement has been duly authorized, executed and delivered by the Company and the Guarantors;

(viii) The Exchange Act Reports (other than the financial statements and

related schedules therein, as to which such counsel need express no opinion), when they were filed with the Commission, complied as to form in all material respects with the requirements of the Exchange Act and the rules and regulations of the Commission thereunder; and such counsel has no reason to believe that any of such documents, when they were so filed, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made when such documents were so filed, not misleading;

(ix) To the best knowledge of such counsel, there are no statutes or regulations relating to the exploration for, development, production, processing, treating or marketing of oil and gas that are material to the operations of the Company and its subsidiaries, taken as a whole, other than those which are described in the Offering Circular;

(x) The Securities have been duly authorized, executed, authenticated, issued and constitute valid and legally binding obligations of the Company or the Guarantors entitled to the benefits provided by the Indenture; and the Securities and the Indenture conform to the descriptions thereof in the Offering Circular;

(xi) The Indenture and the Registration Agreement have been duly authorized, executed and delivered by the parties thereto and constitute valid and legally binding instruments of the Company and the Guarantors, enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(xii) The issue and sale of the Securities and the compliance by the Company and the Guarantors with all of the provisions of the Securities, the Indenture, the Registration Agreement and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default

under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company, the Guarantors or any of their subsidiaries is a party or by which the Company, the Guarantors or any of their subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their subsidiaries is subject, nor will such actions result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Company, the Guarantors, any of their subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their subsidiaries or any of their properties;

(xiii) No consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company or the Guarantors of the transactions contemplated by this Agreement, the Registration Agreement or the Indenture except such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Purchasers;

(xiv) Neither the Company, the Guarantors nor any of their subsidiaries is in violation of its Certificate of Incorporation or By-laws or in default in the performance or observance of any material obligation, covenant or condition contained in any indenture, mortgage, deed of trust, loan agreement, lease or other agreement or instrument to which it is a party or by which it or any of its properties may be bound;

(xv) Such counsel has no reason to believe that the Offering Circular and any further amendments or supplements thereto made by the Company prior to the Time of Delivery (other than the financial statements therein, as to which such counsel need express no opinion) contained as of its date or contains as of the Time of Delivery an untrue statement of a material fact or omitted or omits, as the case may be, to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

EXHIBIT B

Form of Skadden Arps Opinion

(i) Each of the Company, the Guarantors and each other subsidiary of the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Circular;

(ii) The Company has an authorized capitalization as set forth in the Offering Circular;

(iii) This Agreement has been duly authorized, executed and delivered by the Company and the Guarantors;

(iv) The Securities have been duly authorized, executed, authenticated, issued and delivered and constitute valid and legally binding obligations of the Company or the Guarantors entitled to the benefits provided by the Indenture; and the Securities and the Indenture conform to the descriptions thereof in the Offering Circular;

(v) The Indenture and the Registration Agreement have been duly authorized, executed and delivered by the parties thereto and constitute valid and legally binding instruments, enforceable in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles;

(vi) The issue and sale of the Securities and the compliance by the Company and the Guarantors with all of the provisions of the Securities, the Indenture, the Registration Agreement and this Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the

Company, the Guarantors or any of their subsidiaries is a party or by which the Company, the Guarantors or any of their subsidiaries is bound or to which any of the property or assets of the Company, the Guarantors or any of their subsidiaries is subject, nor will such actions result in any violation of the provisions of the Certificate of Incorporation or By-laws of the Company, the Guarantors, any of their subsidiaries or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company, the Guarantors or any of their subsidiaries or any of their properties;

(vii) No consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Company or the Guarantors of the transactions contemplated by this Agreement, the Registration Agreement or the Indenture except such consents, approvals, authorizations, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Securities by the Purchasers;

(viii) The statements set forth in the Offering Circular under the

caption "Description of Notes", insofar as they purport to constitute a summary of the terms of the Securities, under the caption "Certain United States Federal Tax Consequences", and under the caption "Plan of Distribution", insofar as they purport to describe the provisions of the laws and documents referred to therein, are accurate, complete and fair;

(ix) When the Securities are issued and delivered to the Purchasers pursuant to the Agreement, such Securities will not be of the same class (within the meaning of Rule 144A(d)(3) under the Act) as any security of the Company that is listed on a national securities exchange registered under Section 6 of the Exchange Act or that is quoted in a United States automated interdealer quotation system;

(x) The Company is not required to deliver the information specified in Rule 144A(d)(4) in connection with the Offering and initial resale of the Securities by the Purchasers;

(xi) No registration of the Securities under the Act, and no qualification of an indenture under the Trust Indenture Act with respect thereto, is required for the offer, sale and initial resale of the Securities by the Purchasers in the manner contemplated by this Agreement;

(xii) Such counsel have no reason to believe that the Offering Circular and any further amendments or supplements thereto made by the Company prior to the Time of Delivery (other than the financial statements therein, as to which such counsel need express no opinion) contained as of its date or contains as of the Time of Delivery an untrue statement of a material fact or omitted or omits, as the case may be, to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and

(xiii) Neither the Company nor any Guarantor is an "investment company", as such term is defined in the Investment Company Act.

ANNEX I

(1) The Securities have not been and will not be registered under the Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Act or pursuant to an exemption from the registration requirements of the Act. Each Purchaser represents that it has offered and sold the Securities, and will offer and sell the Securities (i) as part of its distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the offering and the Time of Delivery, only in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, each Purchaser agrees that neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any directed selling efforts with respect to the Securities, and it and they have complied and will comply with the offering restrictions requirement of Regulation S. Each Purchaser agrees that, at or prior to confirmation of sale of Securities (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it during the restricted period a confirmation or notice to substantially the following effect:

> "The Securities covered hereby have not been registered under the U.S. Securities Act of 1933 (the "Securities Act") and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the closing date, except in either case in accordance with Regulation S (or Rule 144A if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this paragraph have the meanings given to them by Regulation S.

Each Purchaser further agrees that it has not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Securities, except with its affiliates or with the prior written consent of the Company.

(2) Notwithstanding the foregoing, Securities in registered form may be offered, sold and delivered by the Purchasers in the United States and to U.S. persons pursuant to Section 3 of this Agreement without delivery of the written statement required by paragraph (1) above.

(3) Each Purchaser further represents and agrees that (i) it has not offered or sold and prior to the date six months after the date of issue of the Securities will not offer or sell any Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995, (b) it has complied, and will comply, with all applicable provisions of the Financial Services Act of 1986 of Great Britain with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom,

and (c) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issuance of the Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 of Great Britain or is a person to whom the document may

otherwise lawfully be issued or passed on.

(4) Each Purchaser agrees that it will not offer, sell or deliver any of the Securities in any jurisdiction outside the United States except under circumstances that will result in compliance with the applicable laws thereof, and that it will take at its own expense whatever action is required to permit its purchase and resale of the Securities in such jurisdictions. Each Purchaser understands that no action has been taken to permit a public offering in any jurisdiction outside the United States where action would be required for such purpose. Each Purchaser agrees not to cause any advertisement of the Securities to be published in any newspaper or periodical or posted in any public place and not to issue any circular relating to the Securities, except in any such case with the Company's and Goldman, Sachs & Co.'s express written consent and then only at such Purchaser's own risk and expense.

ANNEX II

Pursuant to Section 7(f) of the Purchase Agreement, the accountants shall furnish letters to the Purchasers to the effect that:

(i) They are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of the Securities Exchange Act of 1934 (the "Exchange Act") and the applicable published rules and regulations thereunder;

(ii) In our opinion, the consolidated financial statements and financial statement schedules audited by us and included in the Offering Circular comply as to form in all material respects with the applicable requirements of the Exchange Act and the related published rules and regulations;

(iii) The unaudited selected financial information with respect to the consolidated results of operations and financial position of the Company for the five most recent fiscal years included in the Offering Circular agrees with the corresponding amounts (after restatements where applicable) in the audited consolidated financial statements for such five fiscal years;

(iv) On the basis of the procedures they performed specified by the American Institute of Certified Public Accountants for a review of interim financial information as described in SAS No. 71, Interim Financial Information, consisting of a reading of the unaudited financial statements and other information referred to below, a reading of the latest available interim financial statements of the Company and its subsidiaries, inspection of the minute books of the Company and its subsidiaries since

the date of the latest audited financial statements included in the Offering Circular, inquiries of officials of the Company and its subsidiaries responsible for financial and accounting matters and such other inquiries and procedures as may be specified in such letter, nothing came to their attention that caused them to believe that:

(A) the unaudited consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Offering Circular are not in conformity with generally accepted accounting principles applied on the basis substantially consistent with the basis for the unaudited condensed consolidated statements of income, consolidated balance sheets and consolidated statements of cash flows included in the Offering Circular;

(B) any other unaudited income statement data and balance sheet items included in the Offering Circular do not agree with the corresponding items in the unaudited consolidated financial statements from which such data and items were derived, and any such unaudited data and items were not determined on a basis substantially consistent with the basis for the corresponding amounts in the audited consolidated financial statements included in the Offering Circular;

(C) the unaudited financial statements which were not included in the Offering Circular but from which were derived any unaudited condensed financial statements referred to in clause (A) and any unaudited income statement data and balance sheet

items included in the Offering Circular and referred to in clause (B) were not determined on a basis substantially consistent with the basis for the audited consolidated financial statements included in the Offering Circular;

(D) any unaudited pro forma consolidated condensed financial statements included in the Offering Circular do not comply as to form in all material respects with the applicable accounting requirements or the pro forma adjustments have not been properly applied to the historical amounts in the compilation of those statements;

(E) as of a specified date not more than five days prior to the date of such letter, there have been any changes in the consolidated capital stock (other than issuances of capital stock upon exercise of options and stock appreciation rights, upon earn-outs of performance shares and upon conversions of convertible securities, in each case which were outstanding on the date of the latest financial statements included in the Offering Circular) or any increase in the consolidated long-term debt of the Company and its subsidiaries, or any decreases in consolidated net current assets or stockholders' equity or other items specified by the Representatives, or any increases or decreases in any items specified by the Representatives, in each case as compared with amounts shown in the latest balance sheet included in the Offering Circular except in each case for changes, increases or decreases which the Offering Circular discloses have occurred or may occur or which are described in such letter; and

(F) for the period from the date of the latest financial statements included in the Offering Circular to the specified date referred to in clause (E) there were any decreases in consolidated net revenues or operating profit or the total or per share amounts of consolidated net income or other items specified by the Representatives, or any increases or decreases in any items specified by the Representatives, in each case as compared with the comparable period of the preceding year and with any other period of corresponding length specified by the Representatives, except in each case for decreases or increases which the Offering Circular discloses have occurred or may occur or which are described in such letter; and

(v) In addition to the examination referred to in their report(s) included in the Offering Circular and the limited procedures, inspection of minute books, inquiries and other procedures referred to in paragraphs (iii) and (iv) above, they have carried out certain specified procedures, not constituting an audit in accordance with generally accepted auditing standards, with respect to certain amounts, percentages and financial information specified by the Representatives, which are derived from the general accounting records of the Company and its subsidiaries, which appear in the Offering Circular, and have compared certain of such amounts, percentages and financial information with the accounting records of the Company and its subsidiaries and have found them to be in agreement.

EXHIBIT 3.3

CERTIFICATE OF INCORPORATION

OF

LANCE OIL & GAS COMPANY, INC.

ARTICLE I

Name

The name of the corporation is Lance Oil & Gas Company, Inc.

ARTICLE II

Registered Agent

The address of the initial registered office of the Corporation in the State of Delaware is 1013 Centre Road, Wilmington, Delaware 19805. The name of the initial registered agent of the Corporation at such address is Prentice-Hall Corporation System, Inc.

ARTICLE III

Purpose

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "GCL").

ARTICLE IV

Capital

The aggregate number of shares which the Corporation shall have authority to issue is Ten Thousand (10,000), all of which shall be common stock, par value $0.10 per share, which stock shall be designated "Common Stock". The following are the terms of the Common Stock:

1. Dividends. Dividends in cash, property or Common Stock may be paid upon the Common Stock, if, as and when declared by the Board of Directors, out of funds of the Corporation to the extent and in the manner permitted by the GCL.

2. Distribution in Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, and after paying or adequately providing for the payment of all its obligations, the remainder of assets of the Corporation shall be distributed, either in cash or in kind, pro rata to the holders of the Common Stock. The Board of Directors may, from time to time, distribute to the stockholders in partial liquidation, out of stated capital or capital surplus of the Corporation, a portion of its assets, in cash or property, in the manner permitted and upon compliance with limitations imposed by the GCL.

3. Voting Rights; No Cumulative Voting. Each outstanding Common Stock shall be entitled to one vote and each fractional Common Stock shall be entitled to a corresponding fractional vote on each matter submitted to a vote of stockholders. Cumulative voting shall not be permitted in the election of directors of the Corporation.

4. Denial of Pre-emptive Rights. No holder of Common Stock, whether new or hereafter outstanding, shall have any pre-emptive right to acquire any unissued or treasury shares or securities of the Corporation or securities convertible into such shares or carrying a right to subscribe to or acquire shares; provided, however, that the Board of Directors shall have the authority to grant to any person or persons, upon such terms as it may determine, such options and rights to purchase any security or securities of the Corporation now or hereafter authorized as it deems in the best interest of the Corporation.

ARTICLE V

Incorporator

The name and mailing address of the incorporator is Donald H. Kronenberg, 12200 North Pecos Street, Denver, Colorado 80234.

ARTICLE VI

Board of Directors

The initial board of directors of the Corporation shall consist of three (3) directors, which number may be subsequently increased or decreased in the manner provided for in the Corporation's By-Laws, provided that no decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director. The names and addresses of the persons who shall serve as directors until their respective successors have been elected and shall quality are as follows:

Name	Address
Brion G. Wise	12200 North Pecos Street Denver, Colorado 80234
Lanny F. Outlaw	12200 North Pecos Street Denver, Colorado 80234
John C. Walter	12200 North Pecos Street Denver, Colorado 80234

ARTICLE VII

Directors' and Officers' Indemnification, Insurance and Liability

Section 1. Indemnification. To the fullest extent permitted by the GCL or other applicable law, the Corporation shall indemnify any person who is, was or is threatened to be made a party in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because such person is an officer or director of the Corporation or any person who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, joint venture, partnership, employee benefit plan or other enterprise (collectively, a "Requested Position"), against Expenses and Losses (as hereinafter defined), actually and reasonably incurred by him in such capacity or arising out of his status as such a person. "Expenses and Losses" means any judgments, penalties, fines, settlements, excise and similar taxes and reasonable expenses (including attorneys' fees) incurred by any individual covered by this Article.

Section 2. Insurance. The Corporation is hereby authorized to purchase and maintain insurance or make other arrangements on behalf of any person who is

or was a director, officer, employee or agent of the Corporation or is or was serving in a Requested Position, against any Expenses and Losses incurred by him in such capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against that liability pursuant to the GCL or other applicable law.

Section 3. Exculpation. To the fullest extent permitted by the GCL or other applicable law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any act or omission in such director's capacity as a director, except to the extent such director is found liable for (i) a breach of such director's duty of loyalty to the Corporation or its stockholders; (ii) an act or omission not in good faith that constitutes a breach of duty of such director to the Corporation or any act or omission that involves intentional misconduct or a knowing violation of the law; (iii) claims pursuant to Section 174 of the GCL or any successor statute; or (iv) claims in connection with a transaction from which such director received an improper personal benefit. If, after the date of filing of this Certificate of Incorporation, the GCL or any other applicable law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of each director of the Corporation shall automatically be eliminated or limited to the fullest extent permitted by the GCL or other applicable law, as amended.

Section 4. Amendment of this Article. Any repeal or amendment of this Article, or the adoption of any other provision of this Certificate of Incorporation inconsistent with this Article, by the stockholders of the Corporation, shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation or a person who is or was serving in a Requested Position existing at the time of such repeal, amendment or adoption of an inconsistent provision.

ARTICLE VIII

Stockholder Written Consent

Any action required or permitted by the GCL to be taken at an annual or special meeting of the stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of Common Stock having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all Common Stock entitled to vote on the action were present

and voted. Prompt notice of the taking of any action by stockholders without a

meeting by less than unanimous written consent shall be given to those stockholders who did not consent in writing to the action.

ARTICLE IX

By-Laws

The board of directors of the Corporation is expressly authorized and empowered to make, alter or repeal the Corporation's By-Laws, subject to the power of the stockholders to alter or repeal the By-Laws made by the board of directors.

IN WITNESS WHEREOF, the undersigned Incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, under penalty of perjury, does make this Certificate, hereby declaring and certifying that this is his act and deed and that the facts herein stated are true and accordingly has hereunto set his hand as of October 28, 1997.

/s/ Donald H. Kronenberg

Donald H. Kronenberg

EXHIBIT 3.4

BYLAWS
OF
LANCE OIL & GAS COMPANY, INC.

ARTICLE ONE

OFFICES

The Corporation may have, in addition to its registered office in the State of Delaware, such other offices and places of business at such locations, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business and affairs of the Corporation may require.

ARTICLE TWO

STOCKHOLDERS' MEETINGS

Section 1. Annual Meetings. An annual meeting of the stockholders, commencing with the year 1998, shall be held at 10:00 a.m. on the second Monday in May of each year, if not a legal holiday in the place where the meeting is to be held, and if a legal holiday in such place, then on the next full business day following, at 10:00 a.m., at which they shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, the Certificate of Incorporation or these Bylaws, may be called by the Chairman of the Board, the President, the Board of Directors or the holders of at least ten (10) percent of all the shares entitled to vote at the proposed special meeting, unless the Certificate of Incorporation provide for a number of shares greater than or less than ten (10) percent, but not greater than fifty (50) percent, in which event special meetings of the stockholders may be called by the holders of at least the percentage of shares so specified in the Certificate of Incorporation. Only business within the purpose or purposes described in the notice of special meeting of stockholders may be conducted at the meeting.

Section 3. Place of Meetings. Meetings of stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 4. Voting List. The officer or agent having charge of the share transfer records for shares of the Corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such

meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any stockholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original share transfer records shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer records or to vote at any meeting of stockholders.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of each meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the body, officer or person calling the meeting, to each stockholder entitled to vote at the meeting.

Section 6. Quorum of Stockholders. The holders of a majority of the shares entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at each meeting of stockholders for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, the stockholders represented in person or by proxy at a meeting of stockholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally convened.

With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by statute, the Certificate of Incorporation or these Bylaws, in which case the vote of such specified portion shall be requisite to constitute the act of the meeting, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of stockholders at which a quorum is present shall be the act of the stockholders. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, once a quorum is present at a

meeting of stockholders the stockholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any stockholder or the refusal of any stockholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

Section 7. Voting of Shares. Each outstanding share of capital stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders, except as and to the extent otherwise provided by statute or by the Certificate of Incorporation. At any meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote either in person or by proxy executed in writing by such stockholder. A telegram, telex, cablegram or similar transmission by the stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the stockholder, shall be treated as an execution in writing for purposes of this Section 7. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Proxies coupled with an interest include the appointment as proxy of: (1) a pledgee; (2) a person who purchased or agreed to purchase, or owns or holds an option to purchase, the shares; (3) a creditor of the Corporation who extended it credit under terms requiring the appointment; (4) an employee of the Corporation whose employment contract requires the appointment; or (5) a party to a voting agreement created under Delaware General Corporation Law. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting.

Section 8. Action Without a Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the stockholders entitled to vote with respect to the subject matter thereof. Every written consent shall bear the date of signature of each stockholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by law, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal

executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a stockholder, shall be regarded as signed by the stockholder for purposes of this Section 8.

Section 9. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, stockholders may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

BOARD OF DIRECTORS

Section 1. Management of the Corporation. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number and Qualifications. The Board of Directors shall consist of three (3) directors, which number may be increased or decreased from time to time by amendment to these Bylaws; provided, however, that at no time shall the number of directors be less than one (1), and no decrease shall have the effect of shortening the term of any incumbent director. None of the directors need be stockholders of the Corporation or residents of the State of Delaware.

Section 3. Election and Term of Office. At each annual meeting of stockholders, the stockholders shall elect directors to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

Section 4. Removal; Filling of Vacancies. Any or all of the directors may be removed, either for or without cause, at any meeting of stockholders called expressly for that purpose, by the affirmative vote, in person or by proxy, of the holders of a majority of the shares then entitled to vote at an election of directors. Any vacancy occurring in the Board of Directors, resulting from the death, resignation, retirement, disqualification or removal from office of any director, or otherwise than as the result of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or may be filled by election at any annual or special meeting of the

stockholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A directorship to be filled by reason of any increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of one (1) or more directors by the stockholders, or may be filled by election at any annual or special meeting of the stockholders called for that purpose; provided that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of stockholders.

Section 5. Place of Meetings. Meetings of the Board of Directors, annual, regular or special, may be held either within or without the State of Delaware.

Section 6. Annual Meetings. The first meeting of each newly elected Board of Directors shall be held for the purpose of organization and the transaction of any other business, without notice, immediately following the annual meeting of stockholders, and at the same place, unless by unanimous consent of the directors then elected and serving such time or place shall be changed.

Section 7. Regular Meetings. Regular meetings of the Board of Directors, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated to all directors. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, any and all business may be transacted at any regular meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on twenty-four (24) hours' notice to each director, either personally or by mail or by telegram. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or

these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum of and Action by Directors. At all meetings of the Board of Directors the presence of a majority of the number of directors fixed by or in the manner provided in these Bylaws shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Certificate of Incorporation or these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum

shall be present. At any such adjourned meeting any business may be transacted that might have been transacted at the meeting as originally convened.

Section 10. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 11. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 12. Interested Directors and Officers. No contract or transaction between the Corporation and one or more of its directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for

this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 13. Directors' Compensation. The Board of Directors shall have authority to determine, from time to time, the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of

standing or special committees. The Board of Directors shall also have power in its discretion to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Advisory Directors. The Board of Directors may appoint such number of advisory directors as it shall from time to time determine. Each advisory director appointed shall hold office for the term for which he is elected or until his earlier death, resignation, retirement or removal by the Board of Directors. The advisory directors may attend and be present at the meetings of the Board of Directors, although a meeting of the Board of Directors may be held without notice to the advisory directors and the advisory directors shall not be considered in determining whether a quorum of the Board of Directors is present. The advisory directors shall advise and counsel the Board of Directors on the business and operations of the Corporation as requested by the Board of Directors; however, the advisory directors shall not be entitled to vote on any matter presented to the Board of Directors.

ARTICLE FOUR

NOTICES

Section 1. Manner of Giving Notice. Whenever under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, notice is required to be given to any committee member, director or stockholder of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing by mail, postage prepaid, addressed to such member, director or stockholder at his address as it appears on the records or (in the case of a stockholder) the share transfer records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered when the same shall be thus deposited in the United States mail as aforesaid.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any committee member, director or stockholder of the Corporation under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3. When Notice Not Required. Any notice required to be given to any stockholder under any provision of the statutes, the Certificate of Incorporation or these Bylaws need not be given to the stockholder if: (1) notice of two (2) consecutive annual meetings and all notices of meetings held during the period between those annual meetings, if any, or (2) all (but in no event less than two (2)) payments (if sent by first class mail) of distributions or interest on securities during a twelve (12)-month period have been mailed to that person, addressed at his address as shown on the records of the Corporation, and have been returned undeliverable. Any action or meeting taken or held without notice to such a person shall have the same force and effect as if the notice had been duly given and, if the action taken by the Corporation is reflected in any articles or document filed with the Secretary of State, those articles or that document may state that notice was duly given to all persons to whom notice was required to be given. If such a person delivers to the Corporation a written notice setting forth his then current address, the requirement that notice be given to that person shall be reinstated.

ARTICLE FIVE

EXECUTIVE COMMITTEE

Section 1. Constitution and Powers. The Board of Directors, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, may designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute an Executive Committee, which Executive Committee shall have and may exercise, when the Board of Directors is not in session, all the authority and powers of the Board of Directors in the business and affairs of the Corporation, even though such authority and powers be herein provided or directed to be exercised by a designated officer of the Corporation; provided, that the foregoing shall not be construed as authorizing action by the Executive Committee with respect to any action which by the Delaware General Corporation Law or other applicable law, the Certificate of Incorporation or these Bylaws is required or specified to be taken by vote of a specified proportion of the number of directors fixed by or in the manner provided in these Bylaws, or by the Board of Directors, as such. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed upon it or him by law. So far as practicable, members of the Executive Committee and their alternates (if any) shall be appointed by the Board of Directors at its first meeting after each annual meeting of stockholders and, unless sooner discharged by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, shall hold office until their respective successors are appointed and qualify or until their earlier respective deaths, resignations, retirements or disqualifications.

Section 2. Meetings. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by affirmative vote of a majority of the whole Committee and communicated to all the members thereof. Special meetings of the Executive Committee may be called by the Chairman of the Board, the President or any two (2) members thereof at any time on twenty-four (24) hours' notice to each member, either personally or by mail or telegram. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Executive Committee need be specified in the notice or waiver of notice of such meeting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee. The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as such. The Committee, at each meeting thereof, may designate one of its members to act as chairman and preside at the meeting or, in its discretion, may appoint a chairman from among its members to preside at all its meetings held during such period as the Committee may specify.

Section 3. Records. The Executive Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board of Directors. The Secretary of the Corporation, or, in his absence, an Assistant Secretary, shall act as secretary of the Executive Committee, or the Committee may, in its discretion, appoint its own secretary.

Section 4. Vacancies. Any vacancy in the Executive Committee may be filled by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws.

ARTICLE SIX

OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and the Executive Committee and of carrying out and implementing any instructions or any policies, plans and programs theretofore approved, authorized and adopted by the Board of Directors or the Executive Committee.

ARTICLE SEVEN

OFFICERS, EMPLOYEES AND AGENTS; POWERS AND DUTIES

Section 1. Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, one (1) or more Executive Vice Presidents as may be determined from time to time by the Board (and in case of each such Executive Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), one (1) or more Vice Presidents as may be determined from time to time by the Board (and in case of each such Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), a Secretary and a Treasurer. None of the elected officers, with the exception of the Chairman of the Board, need be a member of the Board of Directors.

Section 2. Election. So far as is practicable, all elected officers shall be elected by the Board of Directors at its first meeting after each annual meeting of stockholders.

Section 3. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents (none of whom need be a member of the Board) as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board or by the Executive Committee.

Section 4. Two or More Offices. Any two (2) or more offices may be held by the same person.

Section 5. Compensation. The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may from time to time delegate to the President the authority to fix the compensation of any or all of the other officers of the Corporation.

Section 6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until his successor is chosen and qualified in his stead or until his earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall

not of itself create contract rights. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 7. Chairman of the Board. The Chairman of the Board shall preside when present at meetings of the stockholders and of the Board of Directors. He shall advise and counsel the President and other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors or the Executive Committee.

Section 8. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the affairs of the Corporation and shall have general and

active control of all its business. In the event of the absence or disability of the Chairman of the Board, or if such officer shall not have been elected or be serving, the President shall preside when present at meetings of the stockholders and of the Board of Directors. He shall have power and general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation, subject to the provisions of these Bylaws; to remove or suspend any employee or agent who shall have been employed or appointed under his authority or under authority of an officer subordinate to him; to suspend for cause, pending final action by the authority which shall have elected or appointed him, any officer subordinate to the President; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. In the event of the absence or disability of the President, his duties shall be performed and his powers may be exercised by the Vice Presidents in the order of their seniority, unless otherwise determined by the President, the Executive Committee or the Board of Directors.

Section 9. Executive Vice Presidents and Vice Presidents. Each Executive Vice President and each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President, the Executive Committee or the Board of Directors.

Section 10. Secretary. The Secretary shall see that notice is given of all meetings of the stockholders and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings thereof. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly accountable. He shall have authority to sign stock certificates and shall generally perform all duties usually appertaining to the office of

secretary of a corporation. In the event of the absence or disability of the Secretary, his duties shall be performed and his powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 11. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him

by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 12. Treasurer. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors or the Executive Committee shall from time to time direct or as shall be selected in accordance with procedures established by the Board of Directors or the Executive Committee; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation. He shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange and other commercial paper payable to the Corporation and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the event of the absence or disability of the Treasurer, his duties shall be performed and his powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 13. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 14. Additional Powers and Duties. In addition to the foregoing especially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Incorporation or these Bylaws, or as the Board of Directors or the Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

ARTICLE EIGHT

SHARES AND TRANSFERS OF SHARES

Section 1. Certificates Representing Shares. Certificates in such form as may be determined by the Board of Directors and as shall conform to the requirements of the statutes, the Certificate of Incorporation and these Bylaws shall be delivered representing all shares to which stockholders are entitled. Such certificates shall be consecutively numbered and shall be entered in the

books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of Delaware, the holder's name, the number and class of shares, and the par value of such shares or a statement that such shares are without par value. Each certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of such officers may be facsimiles.

Section 2. Lost Certificates. The Board of Directors, the Executive Committee, the President or such other officer or officers or any agent of the Corporation as the Board of Directors may from time to time designate, in its or his discretion, may direct a new certificate representing shares to be issued in place of any certificate theretofore issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, the Executive Committee, the President or any such other officer or agent in its or his discretion and as a condition precedent to the issuance thereof may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as it or he shall require and/or give the Corporation a bond in such form, in such sum, and with such surety or sureties as it or he may direct, as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. Transfers of Shares. Shares of the Corporation shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. If a certificate representing shares is presented to the Corporation or the transfer agent of the Corporation with a request to register transfer, it shall be the duty of the Corporation or the transfer agent of the Corporation to register the transfer, cancel the old certificate and issue a new certificate if:

(a) the certificate is duly endorsed;

(b) reasonable assurance is given that those endorsements are genuine and effective;

(c) the Corporation has no duty as to adverse claims or has discharged the duty;

(d) any applicable law relating to the collection of taxes has been complied with; and

(e) the transfer is in fact rightful or is to a bona fide purchaser.

Section 4. Registered Stockholders.

(a) Unless otherwise provided in the Delaware General Corporation Law or other applicable law, (1) the Corporation may regard the person in whose name any shares issued by the Corporation are registered in the share transfer records of the Corporation at any particular time as the owner of those shares at that time for purposes of voting or giving proxies with respect to those shares, receiving distributions thereon or notices in respect thereof, transferring those shares, exercising rights of dissent, exercising or waiving any preemptive right or entering into any agreements with respect to those shares, and (2) neither the Corporation nor any of its directors, officers, employees or agents shall be liable for regarding that person as the owner of those shares at that time for those purposes, regardless of whether that person does not possess a certificate for those shares.

(b) When shares are registered in the share transfer records of the Corporation in the names of two or more persons as joint owners with the right of survivorship, after the death of a joint owner and before the time that the Corporation receives actual written notice that a party or parties other than the surviving joint owner or owners claim an interest in the shares or any distributions thereon, the Corporation may record on its books and otherwise effect the transfer of those shares to any person, firm or corporation (including the surviving joint owner or owners individually) and pay any distributions made in respect of those shares, in each case as if the surviving joint owner or owners were the absolute owners of the shares.

ARTICLE NINE

INDEMNIFICATION

The Corporation shall indemnify a director or officer of the Corporation against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was such a director or officer, as the case may be, if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding, unless such indemnification is limited by the Certificate of Incorporation.

The Corporation may indemnify a person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding because the person is or was a director, officer, employee or agent of the Corporation, or (although such person neither is nor was an officer, employee or agent of the Corporation) is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under

laws other than the laws of Delaware, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the person in connection with the proceeding to the maximum extent permitted, and in the manner prescribed, by the Delaware General Corporation Law or other applicable law, except as limited by the Certificate of Incorporation, if such a limitation exists.

The Corporation may advance expenses to directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), to the maximum extent permitted, and in the manner prescribed, by the Delaware General Corporation Law or other applicable law.

The Corporation may purchase and maintain insurance or establish and maintain another arrangement on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under laws other than the laws of Delaware, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against or in respect of any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these Bylaws or by statute. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the stockholders of the Corporation.

Without limiting the power of the Corporation to purchase, procure, establish or maintain any kind of insurance or other arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Corporation; or (4) establish a letter of credit, guaranty or surety arrangement. The insurance or other arrangement

may be purchased, procured, maintained or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the

insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

Any indemnification of or advance of expenses to a director in accordance with this Article or the provisions of any statute shall be reported in writing to the stockholders with or before the notice or waiver of notice of the next stockholders' meeting or with or before the next submission to stockholders of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

These indemnification provisions shall inure to each of the directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), whether or not the claim asserted against him is based on matters that antedate the adoption of this Article, and in the event of his death shall extend to his legal representatives; but such rights shall not be exclusive of any rights to which he may be entitled.

For purposes of this Article, (1) the term "expenses" includes court costs and attorneys' fees, (2) the term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding and (3) the term "director" means any person who is or was a director of the Corporation and any person who, while a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under laws other than the laws of Delaware, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

ARTICLE TEN

MISCELLANEOUS

Section 1. Distributions and Share Dividends. Distributions in the form of dividends and share dividends on the outstanding shares of the Corporation, subject

to any restrictions in the Certificate of Incorporation and to the limitations imposed by the statutes, may be declared by the Board of Directors at any regular or special meeting. Distributions in the form of dividends may be declared and paid in cash, in property, or in evidences of the Corporation's

indebtedness, or in any combination thereof, and may be declared and paid in combination with share dividends. Distributions made by the Corporation, including those that were payable but not paid to a holder of shares, or to his heirs, successors or assigns, and have been held in suspense by the Corporation or were paid or delivered by it into an escrow account or to a trustee or custodian, shall be payable by the Corporation, escrow agent, trustee or custodian to the holder of the shares as of the record date determined for the distribution or to his heirs, successors or assigns.

Section 2. Reserves. The Corporation may, by resolution of the Board of Directors, create a reserve or reserves out of its surplus or designate or allocate any part or all of its surplus in any manner for any proper purpose or purposes, and may increase, decrease or abolish any such reserve, designation or allocation in the same manner.

Section 3. Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents, and in such manner, as are permitted by these Bylaws and as from time to time may be prescribed by resolution (whether general or special) of the Board of Directors or the Executive Committee.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Seal. The seal of the Corporation shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 6. Loans and Guaranties. The Corporation may lend money to, guaranty obligations of and otherwise assist its directors, officers and employees if the Board of Directors determines that such a loan, guaranty or assistance reasonably may be expected to benefit, directly or indirectly, the Corporation.

Section 7. Closing of Share Transfer Records and Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of stockholders for any other proper purpose (other than determining stockholders entitled to consent to action by stockholders proposed to be taken without a meeting of stockholders), the Board of Directors may provide that the share

transfer records of the Corporation shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case not to be more than sixty (60) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or entitled to receive a distribution (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution or share dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. The record date for determining stockholders entitled to call a special meeting is the date the first stockholder signs the notice of that meeting. When a determination of stockholders entitled to vote at any meeting has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Unless a record date shall have previously been fixed or determined pursuant to this Section 7, whenever action by stockholders is proposed to be taken by consent in writing without a meeting of stockholders, the Board of Directors may fix a record date for the purpose of determining stockholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by the Delaware General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or the principal executive officer of the Corporation. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by the Delaware General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which

the Board of Directors adopts a resolution taking such prior action.

Section 8. Surety Bonds. Such officers and agents of the Corporation (if any) as the Board of Directors may direct from time to time shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Secretary.

Section 9. Gender. Words of any gender used in these Bylaws shall be construed to include each other gender, unless the context requires otherwise.

ARTICLE ELEVEN

AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the directors present at any meeting of the Board of Directors at which a quorum is present or by unanimous written consent of all the directors, unless (1) by statute or the Certificate of Incorporation the power is reserved exclusively to the stockholders in whole or in part, or (2) the stockholders in amending, repealing or adopting a particular bylaw expressly provide that the Board of Directors may not amend or repeal that bylaw. Unless the Certificate of Incorporation or a bylaw adopted by the stockholders provides otherwise as to all or some portion of the Corporation's Bylaws, the stockholders may amend, repeal or adopt the Corporation's Bylaws even though the Corporation's Bylaws may also be amended, repealed or adopted by the Board of Directors.

EXHIBIT 3.5

CERTIFICATE OF INCORPORATION

OF

McCULLOCH INTERSTATE GAS CORPORATION

First: The name of this Corporation is

McCULLOCH INTERSTATE GAS CORPORATION

Second: Its registered office in the State of Delaware is located at
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No. 100 West Tenth Street, in the City of Wilmington, County of New Castle. The name and address of the registered agent is The Corporation Trust Company, No. 100 West Tenth Street, Wilmington, Delaware.

Third: The nature of the business, or objects or purposes to be
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transacted, promoted or carried on are:

(1) To search for, mine, bore, dig for, drill for, produce, refine, manufacture, treat, compress, blend, use, store, prepare for market, transport, contract for, purchase or otherwise acquire, sell, exchange, and generally to deal in natural and manufactured gas, petroleum and other oils, liquid and gaseous hydrocarbons, coal, sulphur, lignite and other minerals and chemicals and mineral and chemical substances and compositions of any state, form, nature or description, and all by-products thereof, and all kinds of products which may be advantageously mined, recovered, manufactured or produced in connection therewith, or in the mining, recovery, manufacture, production or use of which the same may be useful, and all other kinds of products, articles, goods, wares and merchandise, of every name and nature, whether consisting, in whole or in part, of materials and substances similar to or different from the foregoing.

(2) To lay, construct, purchase or otherwise acquire, own, lease, develop, improve, maintain and operate a pipe line or pipe lines; to transport by means of such pipe line or pipe lines natural gas, manufactured gas, combinations of natural gas and manufactured gas, petroleum, refined petroleum products, liquid and gaseous hydrocarbons, all kinds of products and by-products of gas and oil, and all kinds of chemicals whether purchased, produced or sold by the Corporation or by others; and to sell, convey or otherwise dispose of such pipe

line or pipe lines.

(3) To acquire, by lease, purchase, contract, concession or otherwise, and to own, explore, exploit, develop, improve, operate, lease, enjoy, control, manage or otherwise turn to account, and to mortgage, grant, sell, exchange, convey or otherwise dispose of, any and all kinds of real estate, lands, options, concessions, grants, land patents, gas rights, oil rights, and any other mineral rights, gas royalties, oil royalties, and any other mineral royalties, and any other franchises, claims, rights, privileges, easements, rights of way, tenements, estates, hereditaments and interests in properties, real or personal, tangible or intangible, of every description and nature whatsoever, contracts for the purpose of drilling and developing lands for oil and gas, useful in the conduct of the business of the Corporation.

(4) To erect, construct, build, install, purchase, lease or otherwise acquire, equip, hold, own, improve, develop, manage, maintain, control, operate, lease, contract, deal with, mortgage, create liens upon, sell, convey or otherwise dispose of, or turn to account, any and all gas wells, oil wells, drilling equipment, buildings, factories, plants, refineries, laboratories, mines, installations, equipment, machinery, boosters, storage tanks and facilities, tank cars, tank wagons, locomotives, railroad cars, tractors, trucks, cars, airplanes, boats, barges and other vehicles and vessels, pipe lines, pumps, compressing and pumping stations, filling stations, railways, roadways,

canals, water courses, wharves, piers, docks, basins, and other structures, machines and apparatus of every kind and description, and telephone, telegraph and electric transmission lines, and any and all rights and privileges therein, useful in the conduct of the business of the Corporation.

(5) To enter into and carry out contracts of every kind pertaining to its business, and to acquire, use, sell, grant and dispose of patents, copyrights and trade-marks and any licenses or other rights or interests therein or thereunder.

(6) To acquire by purchase, subscription or otherwise, guarantee principal of and dividends and interest on, hold for investment or otherwise, and use, sell, assign, transfer, mortgage, pledge, hypothecate, exchange or otherwise dispose of shares of stock, bonds, debentures, notes, scrip, securities, evidences of indebtedness, bills of exchange, contracts or obligations of any corporation or corporations, association or associations, domestic or foreign, or of any firm or individual of the United States or any state, territory or dependency thereof or any foreign country, or any municipality or local authority within or without the United States, and also to issue in exchange therefor stocks, bonds, or any other securities or evidences of indebtedness of this Corporation, and while the owner or holder of any such property, to receive, collect and dispose of the interest, dividends and income on or from such property and to possess and exercise in respect thereto all of the rights,

powers an privileges of ownership, including all voting power thereon.

(7) To purchase, hold, sell and transfer shares of its own capital stock; provided that it shall not use its funds or property for the purchase of its own shares of capital stock when such use would cause any impairment of its capital; and provided further that shares of its own capital stock belonging to it shall not be voted upon directly or indirectly.

(8) To sue and be sued in any court or law or equity and to delegate by power of attorney to any person or persons authority to commence, prosecute, defend, compormise or settle any claims, actions or suits in behalf of or against the Corporation, either at law or in equity or otherwise.

(9) To do all and everything necessary and proper for the accomplishment of the objects enumerated in this Certificate of Incorporation or any amendment thereof or necessary or incidental to the protection and benefit of the Corporation, and in general to carry on any lawful business necessary or incidental to the attainment of the objects of the Corporation whether or not such business is similar in nature to the objects set forth in this Certificate of Incorporation or any amendment thereof.

(10) To do any or all things herein set forth to the same extent and as fully as natural persons might or could do, and in any part of the world,and as principal, agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms, associations or corporations; to conduct its business in all its branches in the State of Delaware, other states, the District of Columbia and the territories and provinces or possessions of the United States, and in any foreign countries, but subject to the laws thereof, respectively; to have one or more offices in and out of the State of Delaware; to acquire, hold, purchase, mortgage, lease, pledge, hypothecate, convey, sell or otherwise dispose of, real and personal property in this State and in any of the several states, territories, provinces and possessions of the United States, the District of Columbia and in foreign countries, but subject to such laws, respectively, as aforesaid; to borrow money and contract debts necessary or advisable in the transaction of the Corporation's business or the exercise of its corporate rights, privileges or franchises or for any other lawful object or purpose of its incorporation; to issue bonds, debentures,

promissory notes, bills of exchange and other obligations and evidences of indebtedness whether secured by mortgage, pledge or otherwise, or unsecured, for money borrowed or in payment for property purchased or acquired, or for any other lawful objects; to secure such bonds, debentures, promissory notes, bills of exchange and other obligations or evidences of indebtedness and interest thereon by mortgage, deed of trust, pledge and hypothecation of the Corporation's property; and to acquire, and pay for in cash, stocks or bonds of this Corporation or otherwise, the good

will, rights, assets and property and to guarantee, undertake or assume the whole or any part of the obligations or liabilities of any person, firm, association or corporation.

(11) In general, to carry on any other business in connection with the foregoing, whether manufacturing or otherwise, either as principal or otherwise, and either alone or in connection with other corporations, associations, firms or individuals, and to have and exercise all the powers conferred by the laws of Delaware upon corporations formed under the act hereinafter referred to.

The foregoing clauses shall be construed both as objects and powers; and it is hereby expressly provided that the foregoing enumeration of specific powers shall not be held to limit or restrict in any manner the powers of the Corporation.

Provided that nothing herein shall be construed to authorize the Corporation to transport gas or oil for others as a carrier for hire or to sell gas or oil for others as a carrier for hire or to sell gas or oil, except by private contract, or to constitute the Corporation a common purchaser of gas or oil or a public utility corporation.

Provided, further, that nothing herein contained shall be construed to authorize the Corporation to transact business in any state, district, territory, province, possession or country contrary to the laws thereof, and such objects are to be carried on in the several states, districts, territories, provinces, possessions or countries only when and where permissible under the laws thereof.

Fourth: The total number of shares of stock which the corporation shall have authority to issue is one hundred thousand (100,000) and the par value of each of such shares is Fifty Cents ($.50) amounting in the aggregate to Fifty Thousand Dollars ($50,000.00).

Fifth: The name and mailing address of each incorporator is as follows:

NAME	MAILING ADDRESS
B. J. Consono	100 West Tenth Street Wilmington, Delaware
F. J. Obara, Jr.	100 West Tenth Street Wilmington, Delaware

Sixth: In furtherance and not in limitation of the powers conferred by statute, the board of directors is expressly authorized to make, alter or repeal the by-laws of the corporation.

Seventh: Meetings of stockholders may be held within or without the State of Delaware, as the by-laws may provide. The books of the corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the corporation. Elections of directors need not be by written ballot unless the by-laws of the corporation shall so provide.

Eighth: The corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

WE, THE UNDERSIGNED, being each of the incorporators hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, do make this certificate, hereby declaring and cer-

tifying that this is our act and deed and the facts herein stated are true, and accordingly have hereunto set our hands this 28th day of January, 1970.

/s/ B.J. Consono

/s/ F.J. Obara Jr.

/s/ J.L. Rivera

STATE OF DELAWARE)
) SS:
COUNTY OF NEW CASTLE)

BE IT REMEMBERED that on this 28th day of January A. D. 1970, personally came before me, a Notary Public for the State of Delaware, B. J. Consono, F. J. Obara, Jr. and J. L. Rivera, all of the parties to the foregoing certificate of incorporation, known to me personally to be such, and severally acknowledged the said certificate to be the act and deed of the signers respectively and that the facts stated therein are true.

GIVEN under my hand and seal of office the day and year aforesaid.

/s/ [SIGNATURE ILLEGIBLE]

Notary Public

[SEAL]

State of Delaware

PAGE 1

Office of the Secretary of State

_____

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "MCCULLOCH INTERSTATE GAS CORPORATION" FILED IN THIS OFFICE ON THE FIFTEENTH DAY OF AUGUST, A.D. 1980, AT 10 O'CLOCK A.M.

* * * * * * * * * *

[SEAL] /s/ William T. Quillen

William T. Quillen, Secretary of State

AUTHENTICATION: *4029900

DATE: 08/24/1993

CERTIFICATE OF AMENDMENT OF

THE CERTIFICATE OF INCORPORATION OF

McCULLOCH INTERSTATE GAS CORPORATION

The undersigned, HC Ouzts and Franklin D. Dodge, do hereby certify that they are, respectively, and have been at all times herein mentioned, the

duly elected, qualified and acting President and Assistant Secretary of McCulloch Interstate Gas Corporation, a Delaware corporation (the "Corporation") whose Certificate of Incorporation was filed in the office of the Delaware Secretary of State on January 28, 1970 under the name of McCulloch Interstate Gas Corporation and further certify that:

1. The Certificate of Incorporation of the Corporation is amended pursuant to Section 242 of the Delaware General Corporation Law by the following resolution which was duly adopted by the Corporation's Board of Directors on July 9, 1980:

> RESOLVED that paragraph First of the Corporation's Certificate of Incorporation which provides:
>
> "First: The name of the Corporation is McCulloch Interstate Gas Corporation"
>
> be amended to provide:
>
> "First: The name of the Corporation is MIGC, Inc."

2. The sole shareholder of all of the Corporation's outstanding shares adopted resolutions to permit amendment of the Corporation's Certificate of Incorporation on July 9, 1980. The wording of the sole shareholder's resolution is not inconsistent with the wording set forth in the foregoing Board of Directors resolution in paragraph 1 of this Certificate of Amendment.

3. The number of outstanding shares which so consented to the adoption of the foregoing resolution amending the Corporation's Certificate of Incorporation was 100,000 and the total number of outstanding shares entitled to vote on or consent to said resolution was 1000,000. The number of shares required to be voted in favor of the adoption of the foregoing resolution is 50,001.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Amendment on July 25, 1980.

/s/ HC Ouzts

HC Ouzts, President

ATTEST:

/s/ Franklin D. Dodge

Franklin D. Dodge
Assistant Secretary

The undersigned, HC Ouzts, hereby declares, under penalty of perjury, that he is the President of McCulloch Interstate Gas Corporation, a Delaware corporation; that he has read the foregoing Certificate of Amendment and knows the contents thereof; that the foregoing Certificate of Amendment is the act and deed of the Corporation; and that the facts stated therein are true.

Executed this 25/th/ day of July, 1980 at the City of Los Angeles, County of Los Angeles, State of California.

/s/ HC Ouzts

HC Ouzts

The undersigned, Franklin D. Dodge, hereby declares, under penalty of perjury, that he is the Assistant Secretary of McCulloch Interstate Gas Corporation, a Delaware corporation; that he has read the foregoing Certificate of Amendment and knows the contents thereof; that the foregoing Certificate of Amendment is the act and deed of the Corporation; and that the facts stated therein are true.

Executed this 24 day of July, 1980 at the City of Los Angeles, County of Los Angeles, State of California.

/s/ Franklin D. Dodge

Franklin D. Dodge

BY-LAWS

of

McCULLOCH INTERSTATE GAS CORPORATION

A DELAWARE CORPORATION

ARTICLE I

Meetings of Stockholders

Section 1. Annual Meeting. The annual meeting of stockholders for the election or directors and for the transaction of such other business as may properly come before such meeting shall be held on the second Thursday in May of each year, beginning with the annual meeting to be held in 1970, but if such day be a legal holiday under the laws of the state where such meeting is to be held, then on the next succeeding day not a legal holiday under the laws of such state at 10:00 A.M., or at such hour as may from time to time be designated by the Board of Directors and specified in the notice of the meeting.

Section 2. Special Meetings. A special meeting of stockholders may be called by the Chairman of the Board of Directors or by the President or by resolution of the Board of Directors at any time and shall be called by the President or the Board of Directors whenever requested in writing so to do by the holders of record of at least one-third (1/3) of the issued and outstanding shares of the Company having voting power.

Section 3. Place of Meetings. The meetings of stockholders shall be held at the principal office of the Company in the State of California, or at such other place within or without the State of Delaware as may from time to time be designated by the Board of Directors and specified in the notice of the meeting or in any waivers of notice thereof; provided, however, that the place of meeting for the election of Directors shall not be changed within sixty (60) days next before the day on which the election is to be held and, at least twenty (20) days before the election is held, a notice of any such change shall

be given to each stockholder in person or by letter mailed to his last known post office address.

Section 4. Notice of Meetings. Except as otherwise provided by law, notice of the time and place of holding each annual or special meeting of stockholders and, in the case of a special meeting, stating the purpose for which the meeting

is called shall be in writing and shall be sent by mail, postage prepaid, or shall be given personally to each stockholder of record of the Company entitled to vote at such meeting not less than ten (10) days nor more than forty (40) days before the time fixed for said meeting; if mailed, such notice shall be addressed to such stockholder at his address of record appearing on the stock book of the Company, unless the Company has been requested to send notices intended for such stockholder to another address, in which event, such notice shall be addressed accordingly. No notice of an adjourned meeting of stockholders need be given unless expressly required by statute.

Section 5. Quorum. Except as otherwise provided by statute, the holders of record of a majority in number of the issued and outstanding shares of the Company entitled to vote at such meeting must be present in person or by proxy, at each meeting of stockholders, to constitute a quorum for the transaction of business. Whether or not there is a quorum at any meeting, the holders of a majority in number of the shares of the Company present and entitled to vote thereat may adjourn the meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally noticed.

Section 6. Voting. At each meeting of stockholders, each holder of record or shares of the Company having voting power who is present shall be entitled to one vote for each such share held by him.

Neither the election of directors, nor, except as may otherwise be provided by law, any other vote of stockholders, need be by ballot unless a qualified voter present so requests. In any vote by ballot a ballot shall be signed by the stockholder or proxy voting and shall state the number of shares voted thereby.

No proxy shall be valid after the expiration of three (3) years from the date of its execution, unless such proxy shall, on its face, name a longer period for which it is to remain in force.

Shares of its own capital stock belonging to the Company shall not be voted directly or indirectly.

At each annual meeting of stockholders two inspectors of election shall be appointed by the chairman. If there be a failure to appoint inspectors or if any inspector appointed be absent or refuse to act or if his office becomes vacant, the stockholders present at the meeting, by a per capita vote, shall

choose temporary inspectors of the number required. The inspectors appointed to act at any meeting of stockholders, before entering upon the discharge of their duties, shall be sworn faithfully to execute the duties of inspectors at such meeting with strict impartiality and according to the best of their ability, and the oaths so taken shall be subscribed by them and shall, together with a certificate of the result of the vote taken thereat, be delivered by them to the secretary of the meeting and filed with the records of the meeting.

Section 7. When a Stockholder is Deemed to be "Present". For the purpose of determining a quorum or the right to vote or to be heard on any question, a holder of record of shares of the Company having voting power shall be deemed to be "present" at any meeting of stockholders if he is present in person or is represented by a proxy appointed by an instrument in writing subscribed by or on behalf of such stockholder or by his representative thereunto duly authorized and filed with the secretary of the meeting.

ARTICLE II

Board of Directors

Section 1. General Powers. The business of the Company shall, except as otherwise expressly provided by law or by the Certificate of Incorporation of the Company, be managed by the Board of Directors.

Section 2. Number, Election and Term of Office.

(a) The number of Directors which shall constitute the Board of Directors shall be such number, not less than three nor more than fifteen, as shall be from time to time determined by the Board of Directors.

(b) Directors need not be stockholders.

(c) The directors shall, except for the filling of vacancies as hereinafter provided, be elected at the annual meeting, or a special meeting called for that purpose, of stockholders and each director shall hold office until the next annual meeting of stockholders and until his successor shall have been duly elected and qualified or until his death, resignation, disqualification or removal.

Section 3. Meetings. Upon the adjournment of the annual meeting or stockholders, the Board of Directors shall meet as soon as practicable to appoint officers for the ensuing year and to transact such other business as may properly come before the meeting.

The Board, by resolution, may provide for the holding of other regular meetings and may fix the time and place of holding the same.

Special meetings of the Board of Directors shall be held whenever called by the President or by any two directors.

Section 4. Place of Meeting. The Board may hold its meetings at such place or places within or without the State of Delaware as the Board of Directors may from time to time determine, or as may be designated in the notice or in waivers of notice thereof signed by all of the directors.

Section 5. Notice of Meetings. Except as hereinafter provided, notice need not be given (i) of the regular meeting of the Board of Directors held immediately following the annual meeting of stockholders, or (ii) of any other regular meeting of the Board of Directors if the time and place of meeting has been specified in a resolution of the Board of Directors adopted at least twenty (20) days prior to the time of holding such meeting or (iii) with respect to any meeting if every member of the Board of Directors is present. Except as otherwise required by law, notice of the time and place of holding each other meeting of the Board of Directors shall be mailed to each director, postage prepaid, addressed to him at his residence or usual place of business, or at such other address as he may have designated in a written request filed with the Secretary of the Company at least two (2) days before the day on which the meeting is to be held, or shall be sent to him at such address by telegram or cablegram or given personally or by telephone, at least twenty-four (24) hours before the time at which such meeting is to be held. Notice shall be deemed to have been given when deposited in the mail or filed with the telegraph or cable

office, properly addressed. Notice of a meeting of the Board need not state the purposes thereof, except as otherwise by law or by Article VIII, Section 1, of these By-Laws expressly provided. No notice of an adjourned meeting need be given.

Section 6. Quorum and Manner of Acting. At each meeting of the Board a quorum for the transaction of business shall consist of one-half (1/2) of the total number of directors, if the Board shall consist of an even number of directors, or shall consist of a majority of the total number of directors, if the Board shall consist of an odd number of directors, and (except as otherwise provided in Section 9 of this Article II

and Section 1 and Section 5 of Article III) the act of a majority of the directors so present at a meeting at which a quorum is present shall constitute the act of the Board; whether or not there is a quorum at any meeting, a majority of the directors who are present may adjourn the meeting from time to time to a day certain. The directors shall act only as a Board and shall have no power as individual directors.

Section 7. Resignations. Any director may resign at any time by giving written notice thereof to the Chairman of the Board, the President or to the Board. Such resignation shall take effect as of its date unless some other date is specified therein, in which event it shall be effective as of that date. The acceptance of such resignation shall not be necessary to make it effective.

Section 8. Removal. Any director may be removed (i) for cause at any time by the affirmative vote of the holders of record of a majority in number of the issued and outstanding shares of the Company having voting power, at any meeting of stockholders called for that purpose, or (ii) as otherwise may be provided by law.

Section 9. Vacancies. Any vacancy in the Board arising at any time from any cause, including an increase in the number of directors by an amendment of the By-Laws adopted by a majority of the whole Board and including the failure of the stockholders to elect a full Board, may be filled by the vote of a majority of the directors remaining in office, although such majority is less than a quorum; or any such vacancy may be filled by the stockholders entitled to vote upon an election of directors, at any special meeting of stockholders called for the purpose of filling such vacancy. Any director so appointed or elected shall hold office until the next election of directors and until his successor shall have been duly elected and qualified.

Section 10. Fees. Directors shall not receive any stated compensation for their services as such, but, subject to such limitations with respect thereto as may be determined from time to time by the stockholders or by resolution of the Board, fees in a reasonable amount may be paid (either per annum or on the occasion of each meeting) to the directors for attendance at meetings of the Board or adjournments thereof. By resolution of the Board, directors may also be reimbursed for traveling expenses incurred in attending such meetings or adjournments thereof. Nothing herein contained shall be construed to preclude any director from serving the Company in any other capacity or receiving compensation for such service.

ARTICLE III

Executive and other Committees

Section 1. Executive Committee. General Powers and Membership. The Board may, by resolution adopted by a majority or the whole Board, elect from its members, an Executive Committee and/or one or more other committees, each consisting of three or more members. Unless otherwise expressly provided by law or by the Certificate of Incorporation of the Company or by resolution of the Board, the Executive Committee shall have and may exercise all the powers conferred upon it by the Board (except the power to appoint or remove a member of the Executive Committee or of any other committee and the power to remove an officer appointed by the Board), and each other committee shall have and may exercise, when the Board is not in session, such powers as the Board shall confer. All action by any committee shall be reported to the Board at its meeting next succeeding such action and, insofar as the rights of third parties shall not be affected thereby, shall be subject to revision and alteration by the Board.

Section 2. Organization. Unless otherwise provided by resolution of the Board, a chairman chosen by each committee shall preside at all meetings of such committee, and the Secretary of the Company shall act as secretary thereof. In the absence at any meeting of the Secretary, the chairman of such meeting shall appoint an Assistant Secretary of the Company, or, if none is present, some other person to act as secretary of the meeting.

Section 3. Meetings. Each committee shall adopt its own rules

governing the time and place of holding and the method of calling its meetings and the conduct of its proceedings and shall meet as provided by such rules or by resolution of the Board, and it shall also meet at the call of any member of the committee. Unless otherwise provided by such rules or by said resolution, notice of the time and place of each meeting of a committee, shall be mailed, sent or given to each member of such committee in the same manner as provided in Section 5 of Article II with respect to notices of meetings of the Board.

Section 4. Quorum and Manner of Acting. A majority of the members of each committee shall be either present in person at, or participating by telephone in, each meeting of such committee in order to constitute a quorum for the transaction of business thereat. The act of a majority of the members so present at or Participating in a meeting at which a quorum is present or participating shall be the act of such committee. The members of each committee shall act only as a committee, and shall have no power as individual members.

Section 5. Removal. Any member of any committee may be removed from such committee, either with or without cause, at any time, by resolution adopted by a majority of the whole Board at any meeting of the Board.

Section 6. Vacancies. Any vacancy in any committee shall be filled by the Board in the manner prescribed by these By-Laws for the original appointment of the members of such committee.

ARTICLE IV

Officers

Section 1. Appointment and Term of Office. The officers of the Company shall consist of the President, who must be a director, a Secretary and a Treasurer, and there may be one or more Vice Presidents, one or more Assistant Secretaries, and one or more Assistant Treasurers, and such other officers as may be appointed by the Board. One of the directors may also be chosen Chairman of the Board. Each of such officers (except such as may be appointed pursuant to the provisions of paragraph (f) of Section 2 of this Article IV) shall be chosen annually by the Board at its regular meeting immediately following the annual meeting of stockholders and shall hold office until the next annual election and until his successor is chosen and qualified. Two or more offices, other than the offices of President and Secretary, may be held by the same person.

Section 2. Powers and Duties. The powers and duties of the officers shall be those usually pertaining to their respective offices, subject to the supervision and direction of the Board. The officers of the Company may be as follows:

(a) Chairman of the Board. The Chairman of the Board (if there be one) shall preside at all meetings of the Board and shall be ex officio a member of all committees of the directors; and shall perform such other duties as shall be assigned to him from time to time by the Board.

(b) President. The President shall be the chief executive officer of the Company and shall have general supervision of the business of the Company, and over its several officers, subject, however, to the control of the Board. The President, when present, shall preside at all meetings of stockholders; and in the absence of the Chairman of the Board, if there be one, shall preside at all meetings of the Board. He may

execute and deliver in the name and on behalf of the Company, deeds, mortgages, leases, assignments, bonds, contracts or other instruments authorized by the Board, unless the execution and delivery thereof shall be expressly delegated by these By-Laws or by the Board to some other officer or agent of the Company. He shall, unless otherwise directed by the Board or by any committee thereunto authorized, attend in person or by substitute or proxy appointed by him and act and vote in behalf of the Company at all meetings of the stockholders of any corporation in which the Company holds stock.

(c) Vice Chairmen of the Board. Vice Chairmen shall perform the duties assigned to them by the Board or delegated by the President, at his request or in his absence shall perform as well the duties of the President's office. Each Vice Chairman shall have power also to execute and deliver in the name and on behalf of the company deeds, mortgages, leases, assignments, bonds, contracts or other instruments authorized by the Board, unless the execution and delivery thereof shall be expressly delegated by these By-Laws or by the Board to some other officer or agent of the Company.

(d) Executive Vice Presidents. Executive Vice Presidents shall perform the duties assigned to them by the Board or delegated to them by the President and in order designated by the President, at his request or in his absence shall perform as well the duties of the President's office. Each Executive Vice President shall have power also to execute and deliver in the name and on behalf of the Company deeds, mortgages, leases, assignments, bonds, contracts or other instruments authorized by the Board, unless the execution and delivery thereof shall be expressly delegated by these By-Laws or by the Board to some other officer or agent of the Company.

(e) Vice Presidents. Vice Presidents shall perform the duties assigned to them by the Board or delegated to them by the President and, in order of seniority, at his request or in his absence shall perform as well the duties of the President's office. Each Vice President shall have the power also to execute and deliver in the name and on behalf of the Company, deeds, mortgages, leases, assignments, bonds, contracts or other instruments authorized by the Board, unless the execution and delivery thereof shall be expressly delegated by these By-Laws or by the Board to some other officer or agent of the Company.

(f) The Secretary. The Secretary shall keep the

minutes of the meetings of the Board of Directors of all committees and of the stockholders and shall be the custodian of all corporate records and of the seal of the Company. He shall see that all notices are duly given in accordance with these By-Laws or as required by law. The Secretary shall have the power also to execute and deliver in the name and on behalf of the Company, deeds, mortgages, leases, assignments, bonds, contracts or other instruments authorized by the Board, unless the execution and delivery thereof shall be expressly delegated by these By-Laws or by the Board to some other officer or agent of the Company.

(g) The Treasurer. The Treasurer shall be the principal accounting officer of the Company and shall have charge of the corporate funds and securities and shall keep a record of the property and indebtedness of the Company. He shall, if required by the Board, give bond for the faithful discharge of his duties in such sum and

with such surety or sureties as the Board may require.

(h) Other Officers. The Board may appoint such other officers, agents or employees as it may deem necessary for the conduct of the business of the Company. In addition, the Board may authorize the president or some other officer to appoint such agents or employees as they deem necessary for the conduct of the business of the Company.

Section 3. Resignations. Any officer may resign at any time by giving written notice thereof to the President or to the Board. Any such resignation shall take effect as of its date unless some other date is specified therein, in which event it shall be effective as of that date. The acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Any officer may be removed at any time, either with or without cause, by resolution adopted by a majority of the whole Board at any meeting of the Board or by the Committee or superior officer by whom he was appointed to office or upon whom such power of removal has been conferred by resolution adopted by a majority of the whole Board.

Section 5. Vacancies. A vacancy in any office arising at any time from any cause, may be filled by the Board or by the officer or committee authorized by the Board to appoint to that office.

Section 6. Salaries. Salaries of all officers shall be fixed from time to time by the Board of Directors or the Executive Committee and no officer shall be precluded from receiving a salary because he is also a director of the Company.

ARTICLE V

Shares of Stock and their Transfer; Books

Section 1. Forms of Certificates. Shares of the capital stock of the Company shall be represented by certificates in such form, not inconsistent with law or with the Certificate of Incorporation of the Company, as shall be approved by the Board, and shall be signed by the President or a Vice President

and the Secretary or an Assistant Secretary or the Treasurer or an Assistant Treasurer and sealed with the seal of the Company. Such seal may be a facsimile, engraved or printed. Where any such certificate is countersigned by a transfer agent or transfer clerk and by a registrar, the signatures of such President, Vice President, Secretary, Assistant Secretary, Treasurer or Assistant Treasurer upon such certificate may be facsimiles, engraved or printed.

Section 2. Transfer of Shares. Shares of stock of the Company shall be transferred only on the stock books of the Company by the holder of record thereof in person or by his duly authorized attorney, upon surrender of the certificate therefor.

Section 3. Stockholders of Record. Stockholders of record entitled to vote at any meeting of stockholders or entitled to receive payment of any dividend or to any allotment of rights or to exercise the rights in respect of any change or conversion or exchange of capital stock shall be determined according to the Company's record of stockholders and, if so determined by the Board of Directors in the manner provided by statute, shall be such stockholders of record at the date (a) fixed for closing the stock transfer books, or (b) as of the date of record.

Section 4. Lost, Stolen or Destroyed Certificates. The Board may direct the issuance of new or duplicate stock certificates in place of lost, stolen or destroyed certificates, upon being furnished with evidence satisfactory to it of the loss, theft or destruction and upon being furnished with indemnity satisfactory to it. The Board may delegate to any committee authority to administer the provisions of this Section.

Section 5. Closing of Transfer Books. The Board shall have power to close the stock transfer books of the Company for a period not exceeding fifty (50) days preceding the date of any meeting of stockholders, or the date for the payment of any dividend, or the day for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect, or for a period of not exceeding fifty (50) days in connection with obtaining the consent of stockholders for

any purpose; or the Board may, in its discretion, fix a date, not more than fifty (50) days before any stockholders' meeting, or the date for the payment of any dividend, or the date for the allotment of rights, or the date when any change or conversion or exchange of capital stock shall go into effect as a record date for the determination of the stockholders entitled to notice of, and

to vote at, any such meeting and at any adjournment thereof, or entitled to receive payment of any such dividend, or to any such allotment or rights, or to exercise the rights in respect of any such change, conversion or exchange of capital stock, or to give such consent, and in such case such stockholders and only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice and to vote at such meeting and at any adjournment thereof, or to receive payment of such dividend, or to exercise such rights, or to give such consent as the case may be, notwithstanding any transfer of any stock on the books of the Company after such record date fixed as aforesaid.

Section 6. Regulations. The Board may make such rules and regulations as it may deem expedient concerning the issuance, transfer and registration of certificates of stock. It may appoint one or more transfer agents or registrars of transfers, or both, and may require all certificates of stock to bear the signature of either or both.

Section 7. Examination of Books by Stockholders. The original or duplicate stock ledger containing the names and addresses of the stockholders and the number of shares held by them, respectively, shall, at all times during the usual hours of business, be open to the inspection of every stockholder of the Company, at its principal office in the State of Delaware.

ARTICLE VI

Execution of Instruments, etc.

Section 1. Contracts, etc. The Board or any committee thereunto authorized may authorize any officer or officers, agent or agents, to enter into any contract or to execute and deliver in the name and on behalf of the Company any contract or other instrument, except certificates representing shares of stock of the Company, and such authority may be general or may be confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes, acceptances or other evidence of indebtedness issued by or in the name of the Company shall be signed by such officer or officers, agent or agents of the Company and in such manner as shall be determined

from time to time by resolution of the Board. Unless otherwise provided by resolution of the Board, endorsements for deposit to the credit of the Company in any of its duly authorized depositaries may be made by hand-stamped legend in the name of the Company or by written endorsement of any officer without countersignature.

Section 3. Loans. No loans shall be contracted on behalf of the Company unless authorized by the Board, but when so authorized, unless a particular officer or agent is directed to negotiate the same, may be negotiated, up to the amount so authorized, by the President or a Vice President or the Treasurer; and such officers are hereby severally authorized to execute and deliver in the name and on behalf of the Company, notes or other evidences of indebtedness countersigned by the President or a Vice President for the amount of such loans and to give security for the payment of any and all loans, advances and indebtedness by hypothecating, pledging or transferring any part or all of the property of the Company, real or personal, at any time owned by the Company.

Section 4. Sale or Transfer of Securities Held by the Corporation. Stock certificates, bonds or other securities at any time owned by the Company may be held on behalf of the Company or sold, transferred or otherwise disposed of pursuant to authorization by the Board, or of any committee thereunto duly authorized, and, when so authorized to be sold, transferred or otherwise disposed of, may be transferred from the name of the Company by the signature of the President or a Vice President and the Treasurer or the Assistant Treasurer or the Secretary or the Assistant Secretary.

ARTICLE VII

Miscellaneous

Section 1. Offices. The Company shall have an office at such place in the State of Delaware and may have offices at such place or places within or outside the State of Delaware as the Board from time to time shall determine.

Section 2. Fiscal Year. Until otherwise determined by the Board, the fiscal year of the Company shall be the year ended December 31.

Section 3. Seal. The corporate seal shall be a device containing the name of the Company, the year of its organization and the word "Delaware".

Section 4. Waiver of Notice. Whenever any notice is required to be given to any shareholder or director under the provisions of any statute, the Certificate of Incorporation or these By-Laws, a waiver thereof in writing signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute a waiver of notice thereof except as otherwise provided by statute.

Section 5. Annual Report. The Company shall prepare and mail to each of its stockholders of record on such date as shall be determined by the Board of Directors, after the close of each fiscal year and before the next annual meeting of stockholders, an annual report of the Company's operations and financial position, including audited financial statements consisting of at least a balance sheet as of the end of such fiscal year and statements of profit and loss and of surplus for such fiscal year, together with the auditor's report covering such financial statements.

ARTICLE VIII

Amendment of These By-Laws

Section 1. Amendments. These By-Laws maybe amended or repealed in whole or in part by the affirmative vote of the holders of a majority in number of the issued and outstanding shares of the Company having voting power, present at my regular or special meeting of stockholders, provided notice of the proposed amendment or repeal is included in the notice of meeting. Subject to the provisions of Section 2 of this Article VIII, the Board of Directors shall also have power to amend, or repeal the By-Laws in whole or in part any regular or special meeting of the Board, provided notice of the proposed change is included in notice of the meeting, but such amendment or repeal by the Board shall be reviewed and adopted or reversed at the stockholders meeting next following the meeting of the Board at which such change was adopted. Until such reversal by the stockholders, however, any changes effected by the Board in accordance with the provisions of this Section shall continue in full force and effect.

Section 2. Limitation on Power of Directors to Amend. If any By-Law regulating an impending election of directors is adopted or amended or repealed by the Board of Directors, there shall be set forth in the notice of the next meeting of stockholders for the election of directors the By-Laws so adopted or amended or repealed together with a concise statement of the changes made.

Exhibit 3.7

STATE OF WYOMING
FILED
By 2:30 p.m.
SEP 02 1999
THYRA THOMSON
SECRETARY OF STATE

CERTIFICATE OF AMENDMENT OF

THE CERTIFICATE OF INCORPORATION OF

MCCULLOCH GAS TRANSMISSION COMPANY

The undersigned, HC Ouzts and Franklin D. Dodge, do hereby certify that they are, respectively, and have been at all times herein mentioned, the duly elected, qualified and acting President and Assistant Secretary of McCulloch Gas Transmission Company, a Wyoming corporation (the "Corporation") whose Certificate of Incorporation was filed in the office of the Wyoming Secretary of State on August 5, 1963 under the name of McCulloch Gas Transmission Company and further certify that:

1. The Certificate of Incorporation is amended pursuant to Section 17-1-302, 305 of the Wyoming Statutes Annotated, 1977, as amended, by the following resolution which was duly adopted by the Corporation's Board of Directors on July 9, 1980:

RESOLVED that the Corporation's Articles of Incorporation and Certificate of Incorporation which provides in pertinent part:

"CERTIFICATE OF INCORPORATION

OF [SEAL]

McCULLOCH GAS TRANSMISSION COMPANY

The undersigned, as Secretary of State of the State of Wyoming, hereby certifies that duplicate originals of Articles of Incorporation for the incorporation of

McCULLOCH GAS TRANSMISSION COMPANY

duly signed and verified pursuant to the provisions of the Wyoming Business Corporation Act, have been received in this office and are found to conform to law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in her by law, hereby issues this Certificate of Incorporation of

and attaches hereto a duplicate original of the Articles of Incorporation."

be amended to provide that where the name "McCulloch Gas Transmission Company" appears it to be stricken and the name of the Corporation be "MGTC, Inc." in lieu of McCulloch Gas Transmission Company.

2. The sole shareholder of all of the Corporation's outstanding shares adopted resolutions to permit amendment of the Corporation's Articles of Incorporation and Certificate of Incorporation on July 9, 1980. The wording of the sole shareholder's resolution is not inconsistent with the wording set forth in the foregoing Board of Directors resolution in paragraph 1 of this Certificate of Amendment.

3. The number of outstanding shares which so consented to the adoption of the foregoing resolution amending the Corporation's Articles of Incorporation and Certificate of Incorporation was 60,000 and the total number of outstanding shares entitled to vote on or consent to said resolution was 60,000.

IN WITNESS WHEREOF, the undersigned have executed this Certificate of Amendment on August 26, 1980.

/s/ HC Ouzts

HC Ouzts, President

ATTEST:

/s/ Franklin D. Dodge

Franklin D. Dodge
Assistant Secretary

STATE OF CALIFORNIA)
) ss.
COUNTY OF LOS ANGELES)

On August 26, 1980, before me, the undersigned, a Notary Public in and for said State, personally appeared HC Ouzts, known to me to be the President, and Franklin D. Dodge, known to me to be the Assistant Secretary of McCulloch Gas Transmission Company, the Corporation that executed the within Instrument, known to me to be the persons who executed the within Instrument, on behalf of the Corporation herein named, and acknowledged to me that such Corporation executed the within Instrument pursuant to its by-laws or a resolution of its board of directors.

WITNESS my hand and official seal.

Signature /s/ Sharon A. Fisher

Sharon A. Fisher

Name (Typed or Printed)

ARTICLES OF INCORPORATION

OF
--

McCULLOCH GAS TRANSMISSION COMPANY

The undersigned natural persons of the age of twenty-one years or more, acting as the incorporators of a corporation under the Wyoming Business Corporation Act, adopt the following Articles of Incorporation for such corporation:

FIRST: The name of the corporation is McCULLOCH GAS TRANSMISSION COMPANY.

SECOND: The period of the corporation's duration is perpetual unless sooner terminated according to law.

THIRD: The corporation shall have unlimited power to engage in and to do any lawful act concerning any or all lawful businesses for which corporations may be organized under the Wyoming Business Corporation Act, as provided in Section 46 thereof (Section 17 - 36.46(c), Wyoming Compiled Statutes, 1957).

FOURTH: The aggregate number of shares which the corporation shall have authority to issue is five hundred thousand (500,000) shares of common stock having a par value of Fifty Cents ($.50) per share, and one million (1,000,000) shares of five and one-half percent (5 1/2%) cumulative preferred stock having a par value of One Dollar ($1.00) per share. The preferences, limitations, and relative rights in respect of the shares of common stock and preferred stock are as follows:

(a) Holders of the preferred stock shall be entitled to receive from the surplus or net profits arising from the business

of the corporation a yearly dividend in a sum equal to five and one-half percent (5 1/2%) of the per share par value thereof, payable annually on or before the

fifteenth (15th) day of July of each year commencing with the year 1964. The preferred dividends shall be set apart and paid before any dividend can be declared or paid on the common stock.

(b) Dividends on the preferred stock shall be cumulative, and in the event that the surplus or net profits arising from the business of the corporation prior to any dividend paying date, as above established, be insufficient to pay in full the dividends then due on the preferred stock, such dividends shall accumulate and shall be payable from future profits and the total of all past due and current dividends thereon shall be fully paid before any dividend shall be declared, set apart, or paid on the common stock.

(c) The preferred stock shall be callable at the option of the corporation and may be redeemed and retired by the corporation, in whole or in part, on any annual dividend paying date, provided that in making redemption thereof the corporation shall pay for the same the sum of One Dollar ($1.00) per share, together with all dividends then accrued, accumulated, and unpaid thereon on and as of the date of redemption. Notice of call for redemption shall be given the holders thereof at least ten (10) days prior to the annual dividend paying date, such notice to be given in the manner prescribed in the by-laws of the corporation. At any time the corporation should

elect to redeem part but less than all of the preferred stock then outstanding, such redemption shall be made from all of the holders of such preferred stock on a basis proportionate to the holdings of each. The number of the preferred shares which may from time to time be redeemed and retired, if less than all, shall be determined by and at the discretion of the board of directors of the corporation.

(d) In the event of any liquidation, dissolution, or winding up of the corporation, voluntary or otherwise, the holders of the preferred stock shall be entitled to be paid in full the par value thereof plus all accrued and unpaid dividends thereon before any sum shall be paid to or any assets distributed among the holders of the common stock. After payment in full for the preferred stock, as aforesaid, and upon such dissolution and winding up, the assets and funds of the corporation shall be paid and distributed to the holders of the common stock in proportion to the number of shares held by each.

(e) Except in the instance where the preferred stock shall by law be entitled to vote, only the common stock shall be voted at meetings of the stockholders of the corporation, and the preferred stock of the corporation shall be non-voting, provided, however, that in the event and during any period that two or more consecutive annual preferred dividends are and remain in arrears and unpaid, the exclusive voting power of the stock of the corporation shall thereupon be and become vested in the holders of the preferred stock, and, during such period, only the preferred stock shall be voted at meetings of the stockholders

of the corporation. Holders of common stock of the corporation shall be entitled to one vote for each and every share of common stock standing in his, her, or its name at meetings of the stockholders of the corporation, except when not entitled to vote, as above provided, and each holder of the preferred stock of the corporation, shall be entitled to one vote for each and every share of preferred stock standing in his, her, or its name at any meeting of the stockholders of the corporation wherein the preferred stock shall be entitled to vote as above provided.

FIFTH: The annual meeting of the shareholders of the corporation shall be held each year between the first day of August and the thirty-first day of October, commencing with the year 1963, at such time within said period and at such place as may from time to time be provided for in the by-laws of the corporation.

SIXTH: The corporation shall not commence business until consideration of the value of at least Five Hundred Dollars ($500.00) has been received for the issuance of shares. In this connection the undersigned organizers of the corporation represent and certify that consideration having a value in excess of Five Hundred Dollars ($500.00) has already been paid and transferred to the corporation and received by it for the issuance of common stock, so that the corporation may commence business immediately after issuance of its Certificate of Incorporation.

SEVENTH: No holder of stock of the corporation shall be entitled as a matter of law, preemptive or otherwise, to subscribe for or purchase any part of any of the stock of the corporation now

or hereafter authorized to be issued, or shares thereof held in the treasury of the corporation or securities convertible into stock, whether issued for cash or other consideration or by way of dividend or otherwise.

EIGHTH: The address of the initial registered office of the corporation is 512 Petroleum Building, Casper, Wyoming, and the name of its initial registered agent at such address is Wm. H. Brown.

NINTH: The number of directors constituting the initial board of directors is three, and the names and addresses of the persons who are to serve as directors until the first annual meeting of shareholders or until their successors are elected and shall qualify are:

Name	Address
Wm. H. Brown	512 Petroleum Building, Casper, Wyoming

Edwin V. Magagna	813 Young Avenue, Rock Springs, Wyoming
William E. Barton	512 Petroleum Building, Casper, Wyoming

The number of directors of the corporation, after the initial board of directors, shall be no less than three, and no more than twelve, and, subject to such limitations, the number of directors shall be fixed by the by-laws of the corporation and, within the limitations stated, may be increased or decreased from time to time by amendment to the by-laws, provided, however, that no decrease in the number thereof shall have the effect of shortening the term of any incumbent director.

TENTH: The name and address of each incorporator is:

Name	Address
Wm. H. Brown	512 Petroleum Building, Casper, Wyoming
Edwin V. Magagna	813 Young Avenue, Rock Springs, Wyoming
William E. Barton	512 Petroleum Building, Casper, Wyoming

DATED AND EXECUTED in duplicate this 31st day of July, 1963.

/s/ Wm. H. Brown

Wm. H. Brown

/s/ Edwin V. Magagna

Edwin V. Magagna

/s/ William E. Barton

William E. Barton

STATE OF WYOMING)

)SS
COUNTY OF NATRONA)

The undersigned WM. H. BROWN, EDWIN V. MAGAGNA, AND WILLIAM E. BARTON, being first duly sworn, upon their several oaths do each of them depose and say that they and each of them are of the age of twenty-one years and more, that they and each of them have signed the above and foregoing Articles of Incorporation of McCulloch Gas Transmission Company, that they and each of them have read the same and know the contents thereof, and that they and each of them affirm and verify, upon their several oaths, that the matters and things therein set forth and stated are true.

/s/ Wm. H. Brown

Wm. H. Brown

/s/ Edwin V. Magagna

Edwin V. Magagna

/s/ William E. Barton

William E. Barton

Sworn to and subscribed before me this 31st day of July, 1963.

/s/ Charlotte M. Gordon

Notary Public

My Commission Expires: June 3, 1964

Exhibit 3.8

BY - LAWS
OF
McCULLOCH GAS TRANSMISSION COMPANY

ARTICLE I.

OFFICES

Section 1.1 Principal Office. The initial principal office of the corporation in the State of Wyoming shall be located at 512 Petroleum Building, City of Casper, County of Natrona. The corporation may have such other offices, either within or without the State of Wyoming, as the Board of Directors may designate or as the business of the corporation may from time to time require.

Section 1.2 Registered Office. The registered office of the corporation required by the Wyoming Business Corporation Act to be maintained in the State of Wyoming may, but need not, be identical with the principal office in the State of Wyoming, and the Board of Directors may from time to time change the address of the registered office.

ARTICLE II.

SHAREHOLDERS

Section 2.1 Annual Meeting. The annual meeting of the shareholders shall be held between the first day of August and the 31st day of October, commencing with the year 1963, at the hour of 8:00 o' clock P.M., for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday in the State of Wyoming, such meeting shall be held on the next succeeding business day. If the election of directors shall not be held on the day designated herein for any annual meeting of the shareholders, or any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

Section 2.2 Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by the Board of Directors, and shall be called by the President at the request of the holders of not less than one-tenth of all the outstanding shares of the corporation entitled to vote at the meeting.

Section 2.3 Place of Meeting. The Board of Director may designate any place, either within or without the State of Wyoming, as the

place of meeting for any annual meeting or for any special meeting called by the Board of Directors. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Wyoming, as the place for the holding of such meeting. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the corporation in the State of Wyoming.

Section 2.4 Notice of Meeting. Written or printed notice stating the place, day or hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten nor more than fifty days before the date of the meeting, either personally or by mail, by or at the direction of the President, or the Secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the stock transfer books of the corporation, with postage thereon prepaid.

When all the shareholders of the corporation are present at any meeting, however called or noticed, or if those not present sign in writing a waiver of notice of such meeting, or subsequently ratify all the proceedings thereof, the doings of such meeting are as valid as if had at a meeting legally called and noticed. The shareholders of the corporation when so assembled may elect officers to fill all vacancies then existing, and may act upon such other business as might lawfully be transacted at regularly called meetings of the corporation.

Section 2.5 Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty days and, in case of a meeting of shareholders, not less than ten days prior to the date on which the particular action, requiring such determination of

shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the stock transfer books and the stated period of closing has expired.

Section 2.6 Voting Lists. The officer or agent having charge of the stock transfer books for shares of the corporation shall make, at least ten days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders.

Section 2.7 Quorum. A majority of the outstanding shares of the corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting and entitled to vote on the subject matter, in person or by proxy, shall be the act of the shareholders, unless the vote of a greater number is required by law, by the Articles of Incorporation or by these By-Laws. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time, without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. The vote for directors and, upon the demand of any

shareholders, the vote upon any question before the meeting, shall be by ballot.

Section 2.8 Proxies. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 2.9 Voting of Shares. Subject to the provisions of Section 2.11 of this Article II, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

Section 2.10 Voting of Shares by Certain Holders. Share standing in the name of another corporation may be voted by such officer, agent or proxy as the by-laws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledge shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

Section 2.11 Cumulative Voting. At each election for directors, every shareholder entitled to vote at such election shall have the

right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes

as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of candidates.

Section 2.12 Informal Action by Shareholders. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

Section 2.13 Notice of Redemption of Preferred Shares. Written notice of the Board of Directors' election to redeem all or any part of the outstanding preferred shares of the corporation shall be given in person, or by registered mail, to each preferred shareholder of record at least ten days prior to the annual dividend-paying date relating to such preferred share. The stock transfer book relating to preferred shares shall, for the purposes hereof, be deemed to be closed from and after the date upon which notice of redemption is mailed or personally delivered to the record holders thereof, and shall remain closed until such time as redemption has been effected.

ARTICLE III.

BOARD OF DIRECTORS

Section 3.1 General Powers. The business and affairs of the corporation shall be managed by its Board of Directors, which may exercise all powers of the corporation and do all such lawful acts and things as are not by law, or by the Certificate of Incorporation, or by these By-Laws, directed or required to be exercised or done by the shareholders.

Section 3.2 Number, Tenure and Qualifications. The number of directors of the corporation shall be eight. Each director shall hold office until the next annual meeting of shareholders and until his successor shall have been elected and qualified. Directors need not be residents of the State of Wyoming or shareholders of the corporation.

Section 3.3 Regular Meetings. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide by resolution

the time and place, either within or without the State of Wyoming, for the holding of additional regular meetings without other notice than such resolution.

Section 3.4 Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, or the Vice-Chairman, or the President of the Corporation, or any two Directors. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Wyoming, as the place for holding any special meeting of the Board of Directors called by them.

Section 3.5 Notice. Notice of any special meeting shall be given at least five days previously thereto by written notice delivered personally or mailed to each director at his business or residence address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail at the post office in the city or town where the principal office of the corporation is then located, so addressed and with the postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice in the notice or waiver of notice of such meeting.

Section 3.6 Quorum. A majority of the number of directors fixed by Section 3.2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without notice other than announcement at the meting. At such adjournment meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 3.7 Manner of Acting. Each director shall have but one vote, regardless of the amount of stock owned by him and the act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

Section 3.8 Vacancies. Any vacancy occurring in the Board of

Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors shall be filled by election at an annual meeting or at a special meeting of shareholders called for that purpose.

If by reason of death, resignation or other cause, the corporation should at any time have no directors in office, then may shareholder, or the executor or administrator of a decreased shareholder, may call a special meeting of shareholders for the election of directors in the same manner as other special meetings of shareholders may be called.

Section 3.9 Compensation. By resolution of the Board of Directors, the Directors may be paid their expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a fixed sum for attendance at each meeting of the Board of Directors or a stated salary as Director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor.

Section 3.10 Presumption of Assent. A Director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favor of such action.

Section 3.11 Informal Action by Directors. Any action required to be taken at a meeting of the directors, or any other action which may be taken at a meeting of the directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors.

Section 3.12 Presiding Officers. The Board of Directors shall designate one of its members as the Chairman thereof, and one of its members as the Vice-Chairman thereof. The Chairman and the Vice-Chairman shall hold such offices until the next annual meeting of shareholders and until their respective successors shall have been elected and qualified by the Board of Directors.

ARTICLE IV.

OFFICERS

Section 4.1 Number. The officers of the corporation shall be a President, one or more Vice-Presidents (the number thereof to be determined by the Board of Directors), a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except the offices of President and Secretary.

Section 4.2 Election and Term of Office. The officers of the corporation to be elected by the Board of Directors shall be elected annually at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

Section 4.3 Removal. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the affirmative vote of a majority of the Board of Directors, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

Section 4.5 President. The President shall be the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. He shall, when present preside at all meetings of the shareholders and of the Board of Directors. He may sign, with the Secretary or other proper officer of the corporation thereunto authorized by the Board of Directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors, or by these By-Laws, to some other officer or agent of the

corporation, or shall be required by law to be otherwise signed or executed; and, in general, shall exercise all powers and perform all duties incident to the office of President and such other powers and duties as may from time to time be assigned to him by the Board of Directors or be prescribed by the By-Laws.

Section 4.6 The Vice-Presidents. In the absence of the President, or in the event of his death, inability or refusal to act, the Vice-President (or in the event there be more than one Vice-President, the Vice-Presidents in the order designated at the time of their election, or in the absence of any designation, then in the order of their election) shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. Any Vice-President may sign, with the Secretary or any Assistant Secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.7 The Secretary. The Secretary shall:

(a) Keep, in one or more books provided for that purpose, the minutes of the meetings of the shareholders and of the Board of Directors;

(b) See that all notices are duly given in accordance with the provisions of these By-Laws or as required by law;

(c) Be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized;

(d) Keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder;

(e) Sign, with the President or a Vice-President, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the Board of Directors;

(f) Have general charge of the stock transfer books of the corporation;

(g) And, in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.8 The Treasurer. The Treasurer shall:

(a) Have charge and custody of, and be responsible for, all funds and securities of the corporation and shall keep full and accurate accounts of all receipts and disbursements in books belonging to the corporation; and all monies and funds coming into his hands shall be deposited by him in the name and to the credit of the corporation, in such banks, trust companies or other depositories as may be designated by the Board of Directors;

(b) Disburse the funds of the corporation as may be ordered by the Board of Directors, taking proper receipts and vouchers for such disbursements;

(c) Give the President and Board of Directors, quarterly, a statement of operations and a statement of the financial position of the corporation; and shall furnish such other reports and information concerning the financial condition of the corporation as may be reasonably requested. Copies of such statements and reports shall be kept on file in his office and, at all times

during business hours, they shall be exhibited to any shareholder demanding an examination thereof;

(d) If required by the Board of Directors, give the corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration to the corporation in case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, receipts, money, securities and other property of whatever kind in his possession or under his control, belonging to the corporation;

(e) And, in general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the President or by the Board of Directors.

Section 4.9 Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries, when authorized by the Board of Directors, may, with the President or a Vice-President, sign certificates for shares of the corporation the issuance of which shall have been authorized by a resolution of the Board of Directors. Each Assistant Treasurer shall, if required by the Board of Directors, give bond for the faithful discharge of his duties, in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Secretary or the Treasurer, respectively, or by the President or the Board of Directors.

Section 4.10 Salaries. The salaries of the offices shall be fixed from time to time by the Board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

Section 4.11 General Manager. the Board of Directors may, at its discretion, appoint a General Manager, who shall hold office at the pleasure of the Board of Directors. Any director or other person may be elected to serve as General Manager. The General Manager so elected shall have such authority, perform such duties and receive such compensation as may be directed by the Board of Directors.

ARTICLE V.

CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 5.1 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority

may be general or confined to specific instances.

Section 5.2 Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 5.3 Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 5.4 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

ARTICLE VI.

CERTIFICATES FOR SHARES AND THEIR TRANSFER

Section 6.1 Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by

the President or a Vice-President and by the Secretary or an Assistant Secretary. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued therefor upon such terms and indemnity to the corporation as the Board of Directors may prescribe.

Section 6.2 Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the

corporation to be the owner thereof for all purposes.

Section 6.3 Consideration for Issuance of Shares. The consideration for the issuance of shares may be paid, in whole or in part, in money, or other property, tangible or intangible, or in labor or services actually performed for the corporation. In the absence of fraud in the transaction, the judgment of the Board of Directors as to the value of the consideration received for shares shall be conclusive. All such shares so sold or issued shall be fully paid and not liable to any further call or assessment, but where the consideration therefor shall be other than money, it shall be the duty of the Board of Directors to have the minutes of any such transaction show, with reasonable detail, the items and character of property for which the shares were so issued. Neither promissory notes nor future services shall constitute payment, or part payment, for shares of the corporation.

ARTICLE VII.

FISCAL YEAR

The Fiscal year of the corporation shall be fixed and determined by appropriate resolution of the Board of Directors.

ARTICLE VIII.

BOOKS AND RECORDS

Section 8.1 Books and Records. The books and records of the corporation shall be kept at the principal office of the corporation or at such other places, within or without the State of Wyoming, as the Board of Directors shall from time to time determine.

Section 8.2 Right of Inspection. Any person who shall have been a shareholder of record for at least six months immediately preceding his demand, or who shall be the holder of record of at least five per cent of all the outstanding shares of the corporation, upon written demand stating the purpose thereof, shall have the right to examine, in person, or by agent or attorney, at any reasonable time or times, for any proper purpose, its books and records of account, minutes and record of shareholders, and to make extracts therefrom. Upon the written request of any shareholder of the corporation, it shall mail to such shareholder its most recent financial statements, showing in reasonable detail its assets and liabilities and the results of its operations.

ARTICLE IX.

DIVIDENDS.

The Board of Directors may from time to time declare, and the corporation

may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE X.

SEAL.

The Board of Directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation and the state of incorporation and the words "Corporate Seal". The Board of Directors may alter the form of said seal at pleasure.

ARTICLE XI.

WAIVER OF NOTICE

Whenever any notice is required to be given to any shareholder or director of the corporation under the provisions of these By-Laws,

or under the provisions of the Articles of Incorporation, or under the provisions of the Wyoming Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 12.1 General Provision. The corporation shall indemnify each present and future director and officer of the corporation (and his heirs, executors and administrators) against all costs, expenses and liabilities, including attorney's fees, reasonably incurred by or imposed upon him in connection with or arising out of any claim or any action, suit or proceeding, civil or criminal, in which he may be or become involved by reason of his being or having been a director or an officer of the corporation, or of any other corporation in which he served or serves as a director or officer at the request of the corporation, irrespective of whether or not he continues to be a director or an officer at the time he incurs or becomes subjected to such costs, expenses and liabilities. The corporation shall not, however, indemnify such director or officer with respect to any matters as to which he shall be finally adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty.

Section 12.2 Settlements and Compromises. Such costs, expenses and liabilities shall include the cost of any payments made in settlements and compromises, but in the event a settlement or compromise is effected, indemnification shall be had only if the Board of Directors of the corporation, acting at a meeting at which a majority of the quorum is unaffected by self-interest, shall find that such director or officer has not been derelict in the performance of his duties as such director or officer with respect to the matter involved, and shall adopt a resolution approving such settlement or compromise. If the Board of Directors refuses to act or is unable to act due to self-interest of some or all of its members, the corporation shall obtain the opinion of independent counsel, and indemnification shall be had only if it is the opinion of such counsel that the director or officer has not been derelict in the performance of his duties as such director or officer with respect to the matter involved.

Section 12.3 Reliance: Non-Exclusive. Each person who shall act as a director or officer of the corporation, and each person who

shall act as a director or officer of any other corporation at the request of the corporation, shall be deemed to be doing so and to have done so in reliance upon such right of indemnification. Such right of indemnification shall not be deemed exclusive of any other right to which any such person may be entitled as a matter of law. None of the provisions of this Section shall be construed as a limitation upon the right of the corporation to exercise its general power to enter into a contract or undertaking of indemnity with a director or officer in any proper case not provided for herein.

ARTICLE XIII.

REPEALS OR AMENDMENTS

These By-Laws may be altered, amended or repealed, and new By-Laws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors. The approval, adoption or ratification of these By-Laws, or any of them, by the shareholders of the corporation shall not be construed in any way to restrict or limit the right of the Board of Directors to alter, amend or repeal the same, or to adopt new or additional By-Laws.

EXHIBIT 3.9

CERTIFICATE OF INCORPORATION

OF

MS GAS RESOURCES, INC.

* * * * *

FIRST: The name of the Corporation is MS Gas Resources, Inc.

SECOND: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 100, and the par value of each such share is $1.00, amounting in the aggregate to $100.

FIFTH: The name and mailing address of the incorporator are:

Name	Mailing Address
Thomas M. Yang	1 Chase Manhattan Plaza New York, New York 10005

The power of the incorporator as such shall terminate upon the filing of this Certificate of Incorporation.

SIXTH: The names and mailing addresses of the persons who are to serve as directors until the first annual meeting of

stockholders or until their successors are elected and qualified are:

Name	Mailing Address
Frank V. Sica	1251 Avenue of the Americas New York, New York 10022
Howard I. Hoffen	1251 Avenue of the Americas New York, New York 10022

SEVENTH: The Board of Directors shall have the power to adopt, amend or repeal the bylaws of the Corporation.

EIGHTH: Election of directors need not be by written ballot unless the bylaws of the Corporation so provide.

NINTH: (1) A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware Law.

(2)(a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware Law. The right to indemnification conferred in this ARTICLE NINTH shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. The right to indemnification conferred in this ARTICLE NINTH shall be a contract right.

(b) The Corporation may, by action of its Board of Directors, provide indemnification to such of the officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

(3) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation, as a director, officer, employee or agent of another corporation,

partnership,

joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.

(4) The rights and authority conferred in this ARTICLE NINTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(5) Neither the amendment nor repeal of this ARTICLE NINTH, nor the adoption of any provision of this Certificate of Incorporation or the bylaws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE NINTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

TENTH: The Corporation reserves the right to amend this Certificate of Incorporation in any manner permitted by Delaware Law and, with the sole exception of those rights and powers conferred under the above ARTICLE NINTH, all rights and powers conferred herein on stockholders, directors and officers, if any, are subject to this reserved power.

IN WITNESS WHEREOF, I have hereunto signed my name this 4th day of March, 1992.

/s/ Thomas M. Yang

Thomas M. Yang

PAGE ??

State of Delaware

Office of the Secretary of State

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER OF "MOUNTAIN GAS RESOURCES, INC." MERGING WITH AND INTO "MS GAS RESOURCES, INC." UNDER THE NAME OF "MOUNTAIN GAS RESOURCES, INC." AS RECEIVED AND FILED IN THIS OFFICE THE SIXTEENTH DAY OF JULY, A.D. 1992, AT 11:15 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE APPROPRIATE COUNTY RECORDER OF DEEDS FOR RECORDING.

* * * * * * * * * *

[SEAL] /s/ William T. Quillen

William T. Quillen, Secretary of State

AUTHENTICATION: *3992796

DATE: 07/27/1993

CERTIFICATE OF MERGER

OF

MOUNTAIN GAS RESOURCES, INC.

WITH AND INTO

MS GAS RESOURCES, INC.

(Pursuant to Section 251 of
the General Corporation Law of the State of Delaware)

* * * * *

The undersigned does hereby certify that:

FIRST: The name and state of incorporation of each of the constituent corporations is as follows:

Name	State of Incorporation
Mountain Gas Resources. Inc.	Delaware
MS Gas Resources, Inc.	Delaware

SECOND: An Agreement and Plan of Merger (the "Agreement") dated June 11, 1992, as amended by Amendment No. 1 dated July 16, 1992, among

Presidio Exploration, Inc., a Colorado corporation, Mountain Gas Resources, Inc. and MS Gas Resources, Inc. has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with the requirements of Section 251 of the General Corporation Law of the State of Delaware.

THIRD: The surviving corporation is MS Gas Resources, Inc. The name of the surviving corporation will be changed to "Mountain Gas Resources, Inc."

FOURTH: The certificate of incorporation of the surviving corporation shall be amended as set forth in Exhibit A attached hereto.

FIFTH: The executed Agreement is on file at the principal place of business of the surviving corporation at 5613 DTC Parkway, Suite 800, Englewood, Colorado 80111-3065.

SIXTH: A copy of the Agreement will be furnished by the surviving corporation, on request and without cost, to any stockholder of any constituent corporation.

SEVENTH: This Certificate of Merger shall be effective when this Certificate of Merger is filed with the Secretary of State of the State of Delaware.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be duly executed by its authorized officers.

Dated: July 16, 1992

MS GAS RESOURCES, INC.

By /s/ Frank V. Sica

Frank V. Sica
President

Attest:

/s/ Richard S. Rosenthal

Richard S. Rosenthal
Secretary

Exhibit A

CERTIFICATE OF INCORPORATION

OF

MOUNTAIN GAS RESOURCES, INC.

* * * * *

FIRST: The name of the Corporation is Mountain Gas Resources, Inc.

SECOND: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law").

FOURTH: (1) The total number of shares of stock which the Corporation shall have authority to issue is 3,500,000, consisting of 2,500,000 shares of Class A Common Stock and 1,000,000 shares of Class B Common Stock. The par value of Class A and Class B Common Stock is $0.01 per share.

(2) As used in this Certificate of Incorporation, the following terms shall have the following meanings:

"A Shareholder" means a holder of Class A Shares.

"B Shareholder" means a holder of Class B Shares.

"Class A Share" means a share of the Class A Common Stock, par value $0.01 per share, of the Corporation.

"Class B Share" means a share of the Class B Common Stock, par value $0.01 per share, of the Corporation.

"Conversion Consideration" has the meaning set forth in the Shareholders Agreement.

"Conversion Date" has the meaning set forth in the Shareholders Agreement.

"Person" means an individual, partnership, corporation, trust, joint stock company, association, joint venture, or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

"Shareholders Agreement" means the Shareholders Agreement dated as of July 16, 1992 among Presidio Exploration, Inc., The Morgan Stanley Leveraged Equity Fund, II, L.P., certain other shareholders and the Corporation.

"Shares" means the Class A Shares and the Class B Shares.

"Transfer" means, with respect to any Class A Shares or Class B Shares, the sale, assignment, granting of a participation in, pledge, disposition or other transfer, directly or indirectly, of such Shares.

(3)(a) The Class B Shares shall have no voting powers on any matter except as required by Delaware Law and shall not be entitled to any distributions or dividends except as otherwise provided in the Shareholders Agreement.

(b) The B Shareholder may not offer or Transfer its Class B Shares to any Person except as otherwise provided in the Shareholders Agreement.

(c) The Class B Shares automatically will be converted into the Conversion Consideration on the Conversion Date in accordance with the Shareholders Agreement and be cancelled thereafter.

FIFTH: The Board of Directors shall have the power to adopt, amend or repeal the bylaws of the Corporation.

SIXTH: Election of directors need not be by written ballot unless the bylaws of the Corporation so provide.

SEVENTH: (1) Until the Conversion Date, the directors shall be divided into two classes, designated Class A and Class B. The Class A directors shall be elected by the A Shareholders and shall consist of not less than one nor more than nine directors, the exact number of directors to be determined from time to time solely by resolution adopted by the affirmative vote of a majority of the total number of the Class A directors then in office. The Class B directors shall consist of two directors elected by the B Shareholders. On the Conversion Date, the terms of the Class B directors will cease.

(2) The Class A directors shall each have one vote on all matter coming before the Board of Directors.

(3) The Class B directors shall each have one vote on any matter coming before the Board of Directors, provided that such Class B directors shall not be entitled to vote on any resolution to:

(a) amend this Certificate of Incorporation;

(b) adopt an agreement of merger or consolidation under Sections 251 or 252 of Delaware Law;

(c) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;

(d) recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution;

(e) amend the Bylaws of the Corporation;

(f) authorize the creation and define the powers and authority of any committee of the directors of the Corporation;

(g) designate, appoint or elect any director to serve on any committee of the directors of the Corporation; or

(h) take any other action that, under Delaware Law, cannot be delegated by the Board of Directors to a committee of directors.

(4) The Board of Directors shall have an executive committee and such other committees as may be established from time to time by the Board of Directors. The executive committee shall manage the business and affairs of the

Corporation to the fullest extent permitted by Delaware Law and shall have the authority to declare any dividend or distribution, authorize the issuance of stock and adopt a certificate of ownership and merger pursuant to Section 253 of Delaware Law.

EIGHTH: (1) A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware Law.

(2) (a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, except in any action, suit or proceeding in which the Corporation is the opposing party to such person, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware Law. The right to indemnification conferred in this ARTICLE EIGHTH shall also include the right to be paid by the Corporation the expenses incurred in connection with defending any such proceeding in advance of its final disposition to the fullest extent authorized by Delaware Law. The right to indemnification conferred in this ARTICLE EIGHTH shall be a contract right.

(b) The Corporation may, by action of its Board of Directors, provide indemnification to such of the officers, employees, consultants and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

(3) The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, consultant or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or

other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.

(4) The rights and authority conferred in this ARTICLE EIGHTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(5) Neither the amendment nor repeal of this ARTICLE EIGHTH, nor the

adoption of any provision of this Certificate of Incorporation or the bylaws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE EIGHTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

NINTH: The Corporation reserves the right to amend this Certificate of Incorporation in any manner permitted by Delaware Law and, with the sole exception of those rights and powers conferred under the above ARTICLE EIGHTH, all rights and powers conferred herein on stockholders, directors and officers, if any, are subject to this reserved power.

TENTH: The name and mailing address of the incorporator are:

Name	Mailing Address
Thomas M. Yang	1 Chase Manhattan Plaza New York, New York 10005

CERTIFICATE OF INCORPORATION
OF
MOUNTAIN GAS RESOURCES, INC.

FIRST: The name of the corporation is Mountain Gas Resources, Inc.

SECOND: The address of its registered office in the State of Delaware is the Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The nature of business or purposes to be conducted or promoted is to engage in any lawful activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the corporation shall have authority to issue is Fifty Million (50,000,000) shares of Common Stock of the par value of One Cent ($.01) per share.

FIFTH: The corporation is to have perpetual existence.

SIXTH: The name of the incorporator is Presidio Exploration, Inc., a Colorado corporation, and its mailing address is 5613 DTC Parkway, Suite 750, Englewood, Colorado 80111-3065.

SEVENTH: The names and the mailing addresses of the directors who shall serve until the first annual meeting of stockholders or until their successors are elected and qualified, are as follows:

Name	Address
George P. Giard, Jr.	667 Madison Avenue, 16th Floor New York, New York 10021
Grant E. Thayer	5613 DTC Parkway, Suite 750 Englewood, Colorado 80111-3065
Robert L. Smith	5613 DTC Parkway, Suite 750 Englewood, Colorado 80111-3065
Greg W. Sales	5613 DTC Parkway, Suite 750 Englewood, Colorado 80111-3065

The number of directors of the corporation shall be as specified in, or determined in the manner provided in, the bylaws. Election of directors need not be by written ballot.

EIGHTH: No contract or other transaction of the corporation with any other persons, firm or corporation, or in which the corporation is interested, shall be affected or invalidated by (i) the fact that any one or more of the stockholders, directors or officers of the corporation is interested in or is a director or officer of such other firm or corporation; or (ii) the fact that any stockholder, director or officer of the corporation, individually or jointly with others, may be a party to or may be interested in any such contract or transaction. Each person who may become a stockholder, director or officer of the corporation is hereby relieved from any liability that might otherwise arise by reason of his contracting with the corporation for the benefit of himself or any firm or corporation in which he may be interested in any way.

NINTH: The corporation reserves the right, subject to any express provisions or restrictions contained in the certificate of incorporation or the bylaws of the corporation from time to time, to amend, alter, change or repeal this certificate of incorporation or any provisions thereof in any manner now or hereafter provided by statute, and all rights and powers of any kind conferred upon a director or stockholder of the corporation by the certificate of incorporation or any amendment thereof are subject to this reservation.

TENTH: In furtherance of, and not in limitation of, the powers conferred by statute, the Board of Directors is expressly authorized to adopt, amend or repeal the bylaws of the corporation.

ELEVENTH: A. Elimination of Certain Liability of Directors. A director of the corporation shall not be personally liable to the Corporation or its

stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of a director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware: or (iv) for any transaction from which the director derived an improper personal benefit. In addition to the circumstances in which a director of the corporation is not personally liable as set forth in the preceding sentence, a director shall not be liable to the fullest extent permitted by any amendment to the General Corporation Law of the State of Delaware hereafter enacted that further limits the liability of a director.

Any repeal or modification of the foregoing paragraph by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation with respect to any matter occurring or any cause of action, suit or claim that, but for this Article ELEVENTH, would accrue or arise prior to the time of such repeal or modification.

B. Indemnification and Insurance.

(1) Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is involved in any action suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she, or a person of whom her or she is the legal representative, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer employee or agent, shall be indemnified and held harmless by the

corporation to the fullest extent authorized by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended (but, in the case of any such amendment. only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees and costs, judgments, fines, ERISA excise taxes, punitive damages or penalties and amounts paid or to be paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (2) hereof, the corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only of such proceeding

(or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this section B shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the General Corporation Law of the State of Delaware requires, the payments of such expenses incurred by a director or officer in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such officer or director, to repay all amounts so advanced if it shall ultimately be determined that such director of officer is not entitled to be indemnified under this section B or otherwise. The corporation may, by action of its Board of Directors, provide, indemnification to employees and agents of the corporation with the same scope and effect as the foregoing indemnification of directors and officers.

(2) Right of Claimant to Bring Suit. If a claim under paragraph (1) of this section B is not paid in full by the Corporation within thirty days after a written claim has been received by the corporation, the claimant may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim, and if successful in whole or in part, the claimant shall also be entitled to be paid the expense of prosecuting such claim. It shall be a defense to any such action (other that an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met the applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(3) Non-Exclusivity of Rights. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this section B shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of this Certificate of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

(4) Insurance. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint

venture, trust or other enterprise against any such expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

The undersigned, being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, does make this certificate, hereby declaring that this is the act and deed of Presidio Exploration, Inc. and that the facts herein stated are true, and accordingly has hereunto caused a duly authorized officer of Presidio Exploration, Inc., to set forth his signature this 31st day of October, 1991.

PRESIDIO EXPLORATION, INC.
Incorporator

By: /s/ Grant E. Thayer

Grant E. Thayer
President

STATE OF COLORADO)
)ss.
COUNTY OF ARAPAHOE)

BEFORE ME, a notary public in and for the State of Colorado, on the 31st day of October, 1991, personally appeared Grant E. Thayer, known to me to be the President of Presidio Exploration, Inc. and the person whose name is subscribed to the foregoing instrument, and being by me first duly sworn, declared that the statements therein contained are true and correct.

/s/ Kathleen D. Leusche

Notary Public

My commission expires:

[SEAL]

EXHIBIT 3.10

EXHIBIT A

BYLAWS

OF

MS Gas Resources, Inc.

* * * * *

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office shall be in the City of Wilmington, County of New Castle.

Section 2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

Section 3. Books. The books of the Corporation may be kept within or without of the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Time and Place of Meetings. All meetings of stockholders shall be held at such place, either within or without the State of Delaware, on such date and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a designation by the Board of Directors).

Section 2. Annual Meetings. Annual meetings of stockholders, commencing with the year 1993, shall be held to elect the Board of Directors and transact such other business as may properly be brought before the meeting.

Section 3. Special Meetings. Special meetings of stockholders may be called by the Board of Directors or the chairman of the Board and shall be called by the Secretary at the request in writing of holders of record of a majority of the outstanding capital stock of the Corporation entitled to vote. Such request shall state the purpose or purposes of the proposed meeting.

Section 4. Notice of Meetings and Adjourned Meetings; Waivers of Notice. (a) Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Unless otherwise provided by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law"), such notice shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder of record entitled to vote at such meeting. Unless these bylaws otherwise require, when a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

(b) A written waiver of any such notice signed by the person entitled thereto, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Business transacted at any special meeting of stockholders shall be limited to the purposes stated in the notice.

Section 5. Quorum. Unless otherwise provided under the certificate of incorporation or these bylaws and subject to Delaware Law, the presence, in person or by proxy, of the holders of a majority of the outstanding capital stock of the Corporation entitled to vote at a meeting of stockholders shall constitute a quorum for the transaction of business.

Section 6. Voting. (a) Unless otherwise provided in the certificate of incorporation and subject to Delaware Law, each stockholder shall be entitled to one vote for each outstanding share of capital stock of the Corporation held by such stockholder.

Unless otherwise provided in Delaware Law, the certificate of incorporation or these bylaws, the affirmative vote of a majority of the shares of capital stock of the Corporation present, in person or by proxy, at a meeting of stockholders and entitled to vote on the subject matter shall be the act of the stockholders.

(b) Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to a corporate action in writing without a meeting may authorize another person or persons to act for him by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period.

Section 7. Action by Consent. (a) Unless otherwise provided in the
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certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders, or any action which may be taken at any annual or special meeting of stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding capital stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

(b) Every written consent shall bear the date of signature of each stockholder who signs the consent, and no written consent shall be effective to take the corporate action referred to therein unless, within 60 days of the earliest dated consent delivered in the manner required by this Section and Delaware Law to the Corporation, written consents signed by a sufficient number of holders to take action are delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested.

Section 8. Organization. At each meeting of stockholders, the Chairman
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of the Board, if one shall have been elected, (or in his absence or if one shall not have been elected, the President) shall act as chairman of the meeting. The Secretary (or

in his absence or inability to act, the person whom the Chairman of the meeting shall appoint secretary of the meeting) shall act as secretary of the meeting and keep the minutes thereof.

Section 9. Order of Business. The order of business at all meetings of stockholders shall be as determined by the chairman of the meeting.

ARTICLE III

DIRECTORS

Section 1. General Powers. Except as otherwise provided in Delaware Law or the certificate of incorporation, the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 2. Number, Election and Term of Office. The number of directors which shall constitute the whole Board shall be fixed from time to time by resolution of the Board of Directors but shall not be less than two nor more than nine. The directors shall be elected at the annual meeting of the stockholders, except as provided in Section 12 of this Article III, and each director so elected shall hold office until his successor is elected and qualified or until his earlier death, resignation or removal. Directors need not be stockholders.

Section 3. Quorum and Manner of Acting. Unless the certificate of incorporation or these bylaws require a greater number, a majority of the total number of directors shall constitute a quorum for the transaction of business, and the affirmative vote of a majority of the directors present at meeting at which a quorum is present shall be the act of the Board of Directors. When a meeting is adjourned to another time or place (whether or not a quorum is present), notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting. If a quorum shall not be present at any meeting of the Board of directors the directors present thereat may adjourn the meeting, from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 4. Time and Place of Meetings. The Board of Directors shall hold its meetings at such place, either within or without the State of Delaware, and at such time as may be determined from time to time by the Board of Directors (or the Chairman in the absence of a determination by the Board of Directors).

Section 5. Annual Meeting. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, as soon as practicable after each annual meeting of stockholders, on the same day and at the same place where such annual meeting shall be held. Notice of such meeting need not be given. In the event such annual meeting is not so held, the annual meeting of the Board of Directors may be held at such place either within or without the State of Delaware, on such date and at such time as shall be specified in a notice thereof given as hereinafter provided in Section 7 of this Article III or in a waiver of notice thereof signed by any director who chooses to waive the requirement of notice.

Section 6. Regular Meetings. After the place and time of regular meetings of the Board of Directors shall have been determined and notice thereof shall have been once given to each member of the Board of Directors, regular meetings may be held without further notice being given.

Section 7. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board or the President and shall be called by the Chairman of the Board, President or Secretary on the written request of three directors. Notice of special meetings of the Board of Directors shall be given to each director at least three days before the date of the meeting in such manner as is determined by the Board of Directors.

Section 8. Committees. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, recommending to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or amending the bylaws of the Corporation; and unless the resolution of the Board of Directors or the certificate of incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Each committee shall keep regular minutes of its meetings and

report the same to the Board of Directors when required.

Section 9. Action by Consent. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 10. Telephonic Meetings. Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors, or such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

Section 11. Resignation. Any director may resign at any time by giving written notice to the Board of Directors or to the Secretary of the Corporation. The resignation of any director shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 12. Vacancies. Unless otherwise provided in the certificate of incorporation, vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected. Each director so chosen shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. If there are no directors in office, then an election of directors may be held in accordance with Delaware Law. Unless otherwise provided in the certificate of incorporation, when one or more directors shall resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have the power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, and each director so chosen shall hold office as provided in the filling of other vacancies.

Section 13. Removal. Any director or the entire Board of Directors may be removed, with or without cause, at any time by the affirmative vote of the holders of a majority of the outstanding capital stock of the Corporation entitled to vote and the vacancies thus created may be filled in accordance with Section 12 of this Article III.

Section 14. Compensation. Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board of Directors shall have authority to fix the compensation of directors, including fees and reimbursement of expenses.

ARTICLE IV

OFFICERS

Section 1. Principal Officers. The principal officers of the Corporation shall be a President, one or more Vice Presidents, a Treasurer and a Secretary who shall have the duty, among other things, to record the proceedings of the meetings of stockholders and directors in a book kept for that purpose. The Corporation may also have such other principal officers, including one or more Controllers, as the Board may in its discretion appoint. One person may hold the offices and perform the duties of any two or more of said offices, except that no one person shall hold the offices and perform the duties of President and Secretary.

Section 2. Election Term of Office and Remuneration. The principal officers of the Corporation shall be elected annually by the Board of Directors at the annual meeting thereof. Each such office shall hold office until his successor is elected and qualified, or until his earlier death, resignation or removal. The remuneration of all officers of the Corporation shall be fixed by the Board of Directors. Any vacancy in any office shall be filled in such manner as the Board of Directors shall determine.

Section 3. Subordinate Officers. In addition to the principal officers enumerated in Section 1 of this Article IV, the Corporation may have one or more Assistant Treasurers, Assistant Secretaries and Assistant Controllers and such other subordinate officers, agents and employees as the Board of Directors may deem necessary, each of whom shall hold office for such period as the Board of Directors may from time to time determine. The Board of Directors may delegate to any principal officer the power to appoint and to remove any such subordinate officers, agents or employees.

Section 4. Removal. Except as otherwise permitted with respect to subordinate officers, any officer may be removed, with

or without cause, at any time, by resolution adopted by the Board of Directors.

Section 5. Resignations. Any officer may resign at any time by giving written notice to the Board of Directors (or to a principal officer if the Board of Directors has delegated to such principal officer the power to appoint and to remove such officer). The resignation of any officer shall take effect upon receipt of notice thereof or at such later time as shall be specified in such notice; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Powers and Duties. The officers of the corporation shall have such powers and perform such duties incident to each of their respective offices and such other duties as may from time to time be conferred upon or assigned to them by the Board of Directors.

ARTICLE V

GENERAL PROVISIONS

Section 1. Fixing the Record Date. (a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 nor less than 10 days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of

Directors, and which date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a

meeting, when no prior action by the Board of Directors is required by Delaware Law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by Delaware Law, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 2. Dividends. Subject to limitations contained in Delaware Law and the certificate of incorporation, the Board of Directors may declare and pay dividends upon the shares of capital stock of the Corporation, which dividends may be paid either in cash, in property or in shares of the capital stock of the Corporation.

Section 3. Fiscal Year. The fiscal year of the Corporation shall

commence on January 1 and end on December 31 of each year.

Section 4. Corporate Seal. The corporate seal shall have inscribed thereon the name of the Corporation, the year of its organization and the words "Corporate Seal, Delaware". The seal may be used by causing it or a facsimile thereof to be impressed, affixed or otherwise reproduced.

Section 5. Voting of Stock Owned by the Corporation. The Board of Directors may authorize any person, on behalf of the Corporation, to attend, vote at and grant proxies to be used at any meeting of stockholders of any corporation (except this Corporation) in which the Corporation may hold stock.

Section 6. Amendments. These bylaws or any of them, may be altered, amended or repealed, or new bylaws may be made, by the stockholders entitled to vote thereon at any annual or special meeting thereof or by the Board of Directors.

EXHIBIT 3.11

ARTICLES OF INCORPORATION

Pinnacle Gas Treating, Inc.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned incorporator, being a natural person of the age of eighteen or more, and desiring to form a body corporate under the laws of the State of Texas, does hereby sign, verify and deliver in duplicate to the Secretary of State of the State of Texas these Articles of Incorporation.

ARTICLE I

Name.

The name of the Corporation shall be: Pinnacle Gas Treating, Inc.

ARTICLE II

Perpetual Existence.

The duration of the existence of the Corporation shall be perpetual.

ARTICLE III

Purposes.

The Corporation is organized to transact any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, as the same may be amended, from time to time (the "Act").

ARTICLE IV

Capital.

The aggregate number of shares which the Corporation shall have authority to issue is 10,000, each of which shall be a common share with a par value of

Ten Cents ($0.10), which shares shall be designated "Common Shares". The following are the terms of the Common Shares:

1. Dividends. Dividends in cash, property or Common Shares may be paid upon the Common Shares, if, as and when declared by the Board of Directors, out of funds of the Corporation to the extent and in the manner permitted by the Act.

2. Distribution in Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, and after paying or adequately providing for the payment of all its obligations, the remainder of assets of the Corporation shall be distributed, either in cash or in kind, pro rata to the holders of the Common Shares. The Board of Directors may, from time to time, distribute to the shareholders in partial liquidation, out of stated capital or capital surplus of the Corporation, a portion of its assets, in cash or property, in the manner permitted and upon compliance with limitations imposed by the Act.

3. Voting Rights; No Cumulative Voting. Each outstanding Common Share shall be entitled to one vote and each fractional Common Share shall be entitled to a corresponding fractional vote on each matter submitted to a vote of shareholders. Cumulative voting shall not be permitted in the election of Directors of the Corporation.

4. Denial of Preemptive Rights. No holder of Common Shares, whether now or hereafter outstanding, shall have any preemptive right to acquire any unissued or treasury shares or securities of the Corporation or securities convertible into such shares or carrying a right to subscribe to or acquire shares; provided, however, that the Board of Directors shall have the authority to grant to any person or persons, upon such terms as it may determine, such options and rights to purchase any security or securities of the Corporation now or hereafter authorized as it deems in the best interest of the Corporation.

ARTICLE V

Commencement of Business.

The Corporation shall not commence business until it has received for the issuance of Common Shares consideration of the value of a stated sum which shall be at least One Thousand Dollars ($1000.00), consisting of money, labor done, or property actually received.

ARTICLE VI

Registered Office and Registered Agent.

The street address of the initial registered office shall be 400 North St. Paul, Dallas, Texas 75201, and the name of the initial registered agent at such address is The Prentice-Hall Corporation System, Inc. Either the registered office or the registered agent may be changed in the manner permitted by the Act.

ARTICLE VII

Initial Board of Directors.

The initial board of directors of the corporation shall consist of two (2) directors, and the names and addresses of the persons who shall serve as directors until their respective successors have been elected and shall qualify are as follows:

Name	Address
Brion G. Wise Denver, Colorado 80234	12200 N. Pecos St.
Lanny F. Outlaw Denver, Colorado 80234	12200 N. Pecos St.

ARTICLE VIII

Incorporator.

The name and address of the incorporator is Donald H. Kronenberg, 12200 N. Pecos St., Denver, Colorado 80234.

ARTICLE IX

Directors' and Officers' Indemnification, Insurance and Liability

Section 1. Indemnification. The Corporation shall indemnify any person who is, was or is threatened to be a named defendant or respondent in a proceeding because such person is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, trust, employee benefit plan or other enterprise (collectively, a "Requested Position"), against Expenses and Losses (as hereinafter defined), incurred by him in such capacity or arising out of his status as such a person, to the fullest extent permitted by the Act or other applicable law. "Expenses and Losses" means any judgments, penalties, fines, settlements, excise and similar taxes and reasonable expenses (including attorneys' fees) incurred by any individual covered by this Section.

Section 2. Insurance. The Corporation is hereby authorized to purchase and maintain insurance or make other arrangements on behalf of any person who is or was a Director, Officer, employee, or agent of the Corporation or any person serving in a Requested Position at the request of the Corporation, against any Expenses and Losses incurred by him in such capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against that liability pursuant to the Act or any other applicable law.

Section 3. Exculpation. To the fullest extent permitted by the Act or any applicable law, no Director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for any act or omission in such Director's capacity as a Director, except to the extent such Director is found liable for (i) a breach of such Director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omission not in good faith that constitutes a breach of duty of such Director to the Corporation or any act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which such Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of such Director's office; or (iv) an act or omission for which the liability of a Director is expressly provided by an applicable statute. If the Act or any other applicable law is amended after the date of filing of these Articles of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of each Director of the

Corporation shall automatically be eliminated or limited to the fullest extent permitted by the Act or other applicable law, as amended.

Section 4. Amendment of this Article. Any repeal or amendment of this Article, or the adoption of any other provision of these Articles of Incorporation inconsistent with this Article, by the shareholders of the Corporation, shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation existing at the time of such repeal, amendment or adoption of an inconsistent provision.

ARTICLE X

Shareholder Written Consent.

Any action required or permitted by the Act to be taken at an annual or special meeting of the shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of Common Shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all Common Shares entitled to vote on the action were present and voted. Prompt notice of the taking of any action by shareholders without a meeting by less than unanimous written consent shall be given to those shareholders who did not consent in writing to the action.

IN WITNESS WHEREOF, the undersigned incorporator has set his hand to these Articles of Incorporation this 7th day of August, 1996.

/s/ Donald H. Kronenberg

Donald H. Kronenberg

EXHIBIT 3.12

BYLAWS
OF
PINNACLE GAS TREATING, INC.

ARTICLE ONE

OFFICES

The Corporation may have, in addition to its registered office in the State of Texas, such other offices and places of business at such locations, both within and without the State of Texas, as the Board of Directors may from time to time determine or the business and affairs of the Corporation may require.

ARTICLE TWO

STOCKHOLDERS' MEETINGS

Section 1. Annual Meetings. An annual meeting of the stockholders, commencing with the year 1997, shall be held at 10:00 a.m. on the second Wednesday in May of each year, if not a legal holiday in the place where the meeting is to be held, and if a legal holiday in such place, then on the next full business day following, at 10:00 a.m., at which they shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, the Certificate of Incorporation or these Bylaws, may be called by the Chairman of the Board, the President, the Board of Directors or the holders of at least ten (10) percent of all the shares entitled to vote at the proposed special meeting, unless the Certificate of Incorporation provide for a number of shares greater than or less than ten (10) percent, but not greater than fifty (50) percent, in which event special meetings of the stockholders may be called by the holders of at least the percentage of shares so specified in the Certificate of Incorporation. Only business within the purpose or purposes described in the notice of special meeting of stockholders may be conducted at the meeting.

Section 3. Place of Meetings. Meetings of stockholders shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 4. Voting List. The officer or agent having charge of the share transfer records for shares of the Corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any stockholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original share transfer records shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer records or to vote at any meeting of stockholders.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of each meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the body, officer or person calling the meeting, to each stockholder entitled to vote at the meeting.

Section 6. Quorum of Stockholders. The holders of a majority of the shares entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at each meeting of stockholders for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, the stockholders represented in person or by proxy at a meeting of stockholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally convened.

With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by statute, the Certificate of Incorporation or these Bylaws, in which case the vote of such specified portion shall be requisite to constitute the act of the meeting, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of stockholders at which a quorum is present shall be the act of the stockholders. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, once a quorum is present at a

meeting of stockholders the stockholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting

until it is adjourned, and the subsequent withdrawal from the meeting of any stockholder or the refusal of any stockholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

Section 7. Voting of Shares. Each outstanding share of capital stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders, except as and to the extent otherwise provided by statute or by the Certificate of Incorporation. At any meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote either in person or by proxy executed in writing by such stockholder. A telegram, telex, cablegram or similar transmission by the stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the stockholder, shall be treated as an execution in writing for purposes of this Section 7. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Proxies coupled with an interest include the appointment as proxy of: (1) a pledgee; (2) a person who purchased or agreed to purchase, or owns or holds an option to purchase, the shares; (3) a creditor of the Corporation who extended it credit under terms requiring the appointment; (4) an employee of the Corporation whose employment contract requires the appointment; or (5) a party to a voting agreement created under Texas General Corporation Law. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting.

Section 8. Action Without a Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the stockholders entitled to vote with respect to the subject matter thereof. Every written consent shall bear the date of signature of each stockholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by law, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or certified

or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a stockholder, or a photographic, photostatic, facsimile or similar reproduction of a

writing signed by a stockholder, shall be regarded as signed by the stockholder for purposes of this Section 8.

Section 9. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, stockholders may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

BOARD OF DIRECTORS

Section 1. Management of the Corporation. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number and Qualifications. The Board of Directors shall consist of three (3) directors, which number may be increased or decreased from time to time by amendment to these Bylaws; provided, however, that at no time shall the number of directors be less than one (1), and no decrease shall have the effect of shortening the term of any incumbent director. None of the directors need be stockholders of the Corporation or residents of the State of Texas.

Section 3. Election and Term of Office. At each annual meeting of stockholders, the stockholders shall elect directors to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall

hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

Section 4. Removal; Filling of Vacancies. Any or all of the directors may be removed, either for or without cause, at any meeting of stockholders called expressly for that purpose, by the affirmative vote, in person or by proxy, of the holders of a majority of the shares then entitled to vote at an election of directors. Any vacancy

occurring in the Board of Directors, resulting from the death, resignation, retirement, disqualification or removal from office of any director, or otherwise than as the result of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or may be filled by election at any annual or special meeting of the stockholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A directorship to be filled by reason of any increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of one (1) or more directors by the stockholders, or may be filled by election at any annual or special meeting of the stockholders called for that purpose; provided that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of stockholders.

Section 5. Place of Meetings. Meetings of the Board of Directors, annual, regular or special, may be held either within or without the State of Texas.

Section 6. Annual Meetings. The first meeting of each newly elected Board of Directors shall be held for the purpose of organization and the transaction of any other business, without notice, immediately following the annual meeting of stockholders, and at the same place, unless by unanimous consent of the directors then elected and serving such time or place shall be changed.

Section 7. Regular Meetings. Regular meetings of the Board of Directors, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated to all directors. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, any and all business may be transacted at any regular meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on twenty-four (24)

hours' notice to each director, either personally or by mail or by telegram. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum of and Action by Directors. At all meetings of the Board of Directors the presence of a majority of the number of directors fixed by or in the manner provided in these Bylaws shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. The act of a majority of the directors

present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Certificate of Incorporation or these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting any business may be transacted that might have been transacted at the meeting as originally convened.

Section 10. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 11. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 12. Interested Directors and Officers. No contract or transaction

between the Corporation and one or more of its directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the

Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 13. Directors' Compensation. The Board of Directors shall have authority to determine, from time to time, the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of standing or special committees. The Board of Directors shall also have power in its discretion to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Advisory Directors. The Board of Directors may appoint such number of advisory directors as it shall from time to time determine. Each advisory director appointed shall hold office for the term for which he is elected or until his earlier death, resignation, retirement or removal by the Board of Directors. The advisory directors may attend and be present at the meetings of the Board of Directors, although a meeting of the Board of Directors may be held without notice to the advisory directors and the advisory directors shall not be considered in determining whether a quorum of the Board of Directors is present. The advisory directors shall advise and counsel the Board

of Directors on the business and operations of the Corporation as requested by the Board of Directors; however, the advisory directors shall not be entitled to vote on any matter presented to the Board of Directors.

ARTICLE FOUR

NOTICES

Section 1. Manner of Giving Notice. Whenever under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, notice is required to be given to any committee member, director or stockholder of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing by mail, postage prepaid, addressed to such member, director or stockholder at his address as it appears on the records or (in the case of a stockholder) the share transfer records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered when the same shall be thus deposited in the United States mail as aforesaid.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any committee member, director or stockholder of the Corporation under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3. When Notice Not Required. Any notice required to be given to any stockholder under any provision of the statutes, the Certificate of Incorporation or these

Bylaws need not be given to the stockholder if: (1) notice of two (2) consecutive annual meetings and all notices of meetings held during the period between those annual meetings, if any, or (2) all (but in no event less than two (2)) payments (if sent by first class mail) of distributions or interest on securities during a twelve (12)-month period have been mailed to that person, addressed at his address as shown on the records of the Corporation, and have been returned undeliverable. Any action or meeting taken or held without notice to such a person shall have the same force and effect as if the notice had been duly given and, if the action taken by the Corporation is reflected in any articles or document filed with the Secretary of State, those articles or that document may state that notice was duly given to all persons to whom notice was

required to be given. If such a person delivers to the Corporation a written notice setting forth his then current address, the requirement that notice be given to that person shall be reinstated.

ARTICLE FIVE

EXECUTIVE COMMITTEE

Section 1. Constitution and Powers. The Board of Directors, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, may designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute an Executive Committee, which Executive Committee shall have and may exercise, when the Board of Directors is not in session, all the authority and powers of the Board of Directors in the business and affairs of the Corporation, even though such authority and powers be herein provided or directed to be exercised by a designated officer of the Corporation; provided, that the foregoing shall not be construed as authorizing action by the Executive Committee with respect to any action which by the Texas General Corporation Law or other applicable law, the Certificate of Incorporation or these Bylaws is required or specified to be taken by vote of a specified proportion of the number of directors fixed by or in the manner provided in these Bylaws, or by the Board of Directors, as such. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed upon it or him by law. So far as practicable, members of the Executive Committee and their alternates (if any) shall be appointed by the Board of Directors at its first meeting after each annual meeting of stockholders and, unless sooner discharged by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, shall hold office until their respective successors are appointed and qualify or until their earlier respective deaths, resignations, retirements or disqualifications.

Section 2. Meetings. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by affirmative vote of a majority of the whole Committee and communicated to all the members thereof. Special meetings of the Executive Committee may be called by the Chairman of the Board, the President or any two (2) members thereof at any time on twenty-four (24) hours' notice to each member, either personally or by mail or telegram. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Executive Committee need be specified in the notice or waiver of notice of such meeting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act

of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee. The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as such. The Committee, at each meeting thereof, may designate one of its members to act as chairman and preside at the meeting or, in its discretion, may appoint a chairman from among its members to preside at all its meetings held during such period as the Committee may specify.

Section 3. Records. The Executive Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board of Directors. The Secretary of the Corporation, or, in his absence, an Assistant

Secretary, shall act as secretary of the Executive Committee, or the Committee may, in its discretion, appoint its own secretary.

Section 4. Vacancies. Any vacancy in the Executive Committee may be filled by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws.

ARTICLE SIX

OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and the Executive Committee and of carrying out and implementing any instructions or any policies, plans and programs theretofore approved, authorized and adopted by the Board of Directors or the Executive Committee.

ARTICLE SEVEN

OFFICERS, EMPLOYEES AND AGENTS; POWERS AND DUTIES

Section 1. Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, one (1) or more Executive Vice Presidents as may be determined from time to time by the Board (and in case of each such Executive Vice President, with such descriptive title, if any, as the

Board of Directors shall deem appropriate), one (1) or more Vice Presidents as may be determined from time to time by the Board (and in case of each such Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), a Secretary and a Treasurer. None of the elected officers, with the exception of the Chairman of the Board, need be a member of the Board of Directors.

Section 2. Election. So far as is practicable, all elected officers shall be elected by the Board of Directors at its first meeting after each annual meeting of stockholders.

Section 3. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents (none of whom need be a member of the Board) as it shall from time to time deem necessary, who shall exercise such powers and perform

such duties as shall be set forth in these Bylaws or determined from time to time by the Board or by the Executive Committee.

Section 4. Two or More Offices. Any two (2) or more offices may be held by the same person.

Section 5. Compensation. The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may from time to time delegate to the President the authority to fix the compensation of any or all of the other officers of the Corporation.

Section 6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until his successor is chosen and qualified in his stead or until his earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 7. Chairman of the Board. The Chairman of the Board shall preside when present at meetings of the stockholders and of the Board of Directors. He shall advise and counsel the President and other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors or the Executive Committee.

Section 8. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the affairs of the Corporation and shall have general and active control of all its business. In the event of the absence or disability of the Chairman of the Board, or if such officer shall not have been elected or be serving, the President shall preside when present at meetings of the stockholders and of the Board of Directors. He shall have power and general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation, subject to the provisions of these Bylaws; to remove or suspend any employee or agent who shall have been employed or appointed under his authority or under authority of an officer subordinate to him; to suspend for cause, pending

final action by the authority which shall have elected or appointed him, any officer subordinate to the President; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. In the event of the absence or disability of the President, his duties shall be performed and his powers may be exercised by the Vice Presidents in the order of their seniority, unless otherwise determined by the President, the Executive Committee or the Board of Directors.

Section 9. Executive Vice Presidents and Vice Presidents. Each Executive Vice President and each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President, the Executive Committee or the Board of Directors.

Section 10. Secretary. The Secretary shall see that notice is given of all meetings of the stockholders and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings thereof. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly

accountable. He shall have authority to sign stock certificates and shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the event of the absence or disability of the Secretary, his duties shall be performed and his powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 11. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 12. Treasurer. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors or the Executive Committee shall from time to time direct or as shall be selected in accordance with procedures established by the Board of Directors or the Executive Committee; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation. He shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange and other commercial paper payable to the Corporation and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the event of the absence or disability of the Treasurer, his duties shall be performed and his powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 13. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 14. Additional Powers and Duties. In addition to the foregoing especially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Incorporation or these Bylaws, or as the Board of Directors or the Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

ARTICLE EIGHT

SHARES AND TRANSFERS OF SHARES

Section 1. Certificates Representing Shares. Certificates in such form as may be determined by the Board of Directors and as shall conform to the requirements of the statutes, the Certificate of Incorporation and these Bylaws shall be delivered representing all shares to which stockholders are entitled. Such certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of Texas, the holder's name, the number and class of shares, and the par value of such shares or a statement that such shares are without par value. Each certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of such officers may be facsimiles.

Section 2. Lost Certificates. The Board of Directors, the Executive Committee, the President or such other officer or officers or any agent of the Corporation as the Board of Directors may from time to time designate, in its or his discretion, may direct a new certificate representing shares to be issued in place of any certificate theretofore issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, the Executive Committee, the President or any such other officer or agent in its or his discretion and as a condition precedent to the issuance thereof may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as it or he shall require and/or give the Corporation a bond in such form, in such sum, and with such surety or sureties as it or he may direct, as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. Transfers of Shares. Shares of the Corporation shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. If a certificate representing shares is presented to the Corporation or the transfer agent of the Corporation with a request to register transfer, it shall be the duty of the Corporation or the transfer agent of the Corporation to register the transfer, cancel the old certificate and issue a new certificate if:

(a) the certificate is duly endorsed;

(b) reasonable assurance is given that those endorsements are genuine and effective;

(c) the Corporation has no duty as to adverse claims or has discharged the duty;

(d) any applicable law relating to the collection of taxes has been complied with; and

(e) the transfer is in fact rightful or is to a bona fide purchaser.

Section 4. Registered Stockholders.

(a) Unless otherwise provided in the Texas General Corporation Law or other applicable law, (1) the Corporation may regard the person in whose name any shares issued by the Corporation are registered in the share transfer records of the Corporation at any particular time as the owner of those shares at that time for

purposes of voting or giving proxies with respect to those shares, receiving distributions thereon or notices in respect thereof, transferring those shares, exercising rights of dissent, exercising or waiving any preemptive right or entering into any agreements with respect to those shares, and (2) neither the Corporation nor any of its directors, officers, employees or agents shall be liable for regarding that person as the owner of those shares at that time for those purposes, regardless of whether that person does not possess a certificate for those shares.

(b) When shares are registered in the share transfer records of the Corporation in the names of two or more persons as joint owners with the right of survivorship, after the death of a joint owner and before the time that the Corporation receives actual written notice that a party or parties other than the surviving joint owner or owners claim an interest in the shares or any distributions thereon, the Corporation may record on its books and otherwise effect the transfer of those shares to any person, firm or corporation (including the surviving joint owner or owners individually) and pay any distributions made in respect of those shares, in each case as if the surviving joint owner or owners were the absolute owners of the shares.

ARTICLE NINE

INDEMNIFICATION

The Corporation shall indemnify a director or officer of the Corporation against reasonable expenses incurred by him in connection with a proceeding in

which he is a named defendant or respondent because he is or was such a director or officer, as the case may be, if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding, unless such indemnification is limited by the Certificate of Incorporation.

The Corporation may indemnify a person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding because the person is or was a director, officer, employee or agent of the Corporation, or (although such person neither is nor was an officer, employee or agent of the Corporation) is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Texas General Corporation Law, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the person in connection with the proceeding to the maximum extent permitted, and in the manner

prescribed, by the Texas General Corporation Law or other applicable law, except as limited by the Certificate of Incorporation, if such a limitation exists.

The Corporation may advance expenses to directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), to the maximum extent permitted, and in the manner prescribed, by the Texas General Corporation Law or other applicable law.

The Corporation may purchase and maintain insurance or establish and maintain another arrangement on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Texas General Corporation Law, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against or in respect of any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these Bylaws or by statute. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the stockholders of the Corporation.

Without limiting the power of the Corporation to purchase, procure,

establish or maintain any kind of insurance or other arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Corporation; or (4) establish a letter of credit, guaranty or surety arrangement. The insurance or other arrangement may be purchased, procured, maintained or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

Any indemnification of or advance of expenses to a director in accordance with this Article or the provisions of any statute shall be reported in writing to the stockholders with or before the notice or waiver of notice of the next stockholders' meeting or with or before the next submission to stockholders of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

These indemnification provisions shall inure to each of the directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), whether or not the claim asserted against him is based on matters that antedate the adoption of this Article, and in the event of his death shall extend to his legal representatives; but such rights shall not be exclusive of any rights to which he may be entitled.

For purposes of this Article, (1) the term "expenses" includes court costs and attorneys' fees, (2) the term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding and (3) the term "director" means any person who is or was a director of the Corporation and any person who, while a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation for profit subject to the provisions of the Texas General Corporation Law, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

ARTICLE TEN

MISCELLANEOUS

Section 1. Distributions and Share Dividends. Distributions in the form of dividends and share dividends on the outstanding shares of the Corporation, subject to any restrictions in the Certificate of Incorporation and to the limitations imposed by the statutes, may be declared by the Board of Directors at any regular or special meeting. Distributions in the form of dividends may be declared and paid in cash, in property, or in evidences of the Corporation's indebtedness, or in any combination thereof, and may be declared and paid in combination with share dividends. Distributions made by the Corporation, including those that were payable but not paid to a holder of shares, or to his heirs, successors or assigns, and have been held in suspense by the Corporation or were paid or delivered by it into an escrow account or to a trustee or custodian, shall be payable by the Corporation, escrow agent,

trustee or custodian to the holder of the shares as of the record date determined for the distribution or to his heirs, successors or assigns.

Section 2. Reserves. The Corporation may, by resolution of the Board of Directors, create a reserve or reserves out of its surplus or designate or allocate any part or all of its surplus in any manner for any proper purpose or purposes, and may increase, decrease or abolish any such reserve, designation or allocation in the same manner.

Section 3. Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents, and in such manner, as are permitted by these Bylaws and as from time to time may be prescribed by resolution (whether general or special) of the Board of Directors or the Executive Committee.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Seal. The seal of the Corporation shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 6. Loans and Guaranties. The Corporation may lend money to, guaranty obligations of and otherwise assist its directors, officers and

employees if the Board of Directors determines that such a loan, guaranty or assistance reasonably may be expected to benefit, directly or indirectly, the Corporation.

Section 7. Closing of Share Transfer Records and Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of stockholders for any other proper purpose (other than determining stockholders entitled to consent to action by stockholders proposed to be taken without a meeting of stockholders), the Board of Directors may provide that the share transfer records of the Corporation shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case not to be more than sixty (60) days and, in case

of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or entitled to receive a distribution (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution or share dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. The record date for determining stockholders entitled to call a special meeting is the date the first stockholder signs the notice of that meeting. When a determination of stockholders entitled to vote at any meeting has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Unless a record date shall have previously been fixed or determined pursuant to this Section 7, whenever action by stockholders is proposed to be taken by consent in writing without a meeting of stockholders, the Board of Directors may fix a record date for the purpose of determining stockholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of

Directors is not required by the Texas General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or the principal executive officer of the Corporation. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by the Texas General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts a resolution taking such prior action.

Section 8. Surety Bonds. Such officers and agents of the Corporation (if any) as the Board of Directors may direct from time to time shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or

under their control belonging to the Corporation, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Secretary.

Section 9. Gender. Words of any gender used in these Bylaws shall be construed to include each other gender, unless the context requires otherwise.

ARTICLE ELEVEN

AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the directors present at any meeting of the Board of Directors at which a quorum is present or by unanimous written consent of all the directors, unless (1) by statute or the Certificate of Incorporation the power is reserved exclusively to the stockholders in whole or in part, or (2) the stockholders in amending, repealing or adopting a particular bylaw expressly provide that the Board of Directors may not amend or repeal that bylaw. Unless the Certificate of Incorporation or a bylaw adopted by the stockholders provides otherwise as to all or some portion of the Corporation's Bylaws, the stockholders may amend, repeal or adopt the Corporation's Bylaws

even though the Corporation's Bylaws may also be amended, repealed or adopted by the Board of Directors.

EXHIBIT 3.13

ARTICLES OF INCORPORATION

Western Gas Resources - Texas, Inc.

KNOW ALL MEN BY THESE PRESENTS: That the undersigned incorporator, being a natural person of the age of eighteen or more, and desiring to form a body corporate under the laws of the State of Texas, does hereby sign, verify and deliver in duplicate to the Secretary of State of the State of Texas these Articles of Incorporation.

ARTICLE I

Name.

The name of the Corporation shall be: Western Gas Resources -Texas, Inc.

ARTICLE II

Perpetual Existence.

The duration of the existence of the Corporation shall be perpetual.

ARTICLE III

Purposes.

The Corporation is organized to transact any or all lawful business for which corporations may be incorporated under the Texas Business Corporation Act, as the same may be amended, from time to time (the "Act").

ARTICLE IV

Capital.

The aggregate number of shares which the Corporation shall have authority to issue is 50,000, all of which shall be no par value common shares, which shares shall be designated "Common Shares". The following are the terms of the Common Shares:

1. Dividends. Dividends in cash, property or Common Shares may be paid upon the Common Shares, if, as and when declared by the Board of Directors, out of funds of the Coporation to the extent and in the manner permitted by the Act.

2. Distribution in Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, and after paying or adequately providing for the payment of all its obligations, the remainder of assets of the Corporation shall be distributed, either in cash or in kind, pro rata to the holders of the Common Shares. The Board of Directors may, from time to time, distribute to the shareholders in partial liquidation, out of stated capital or capital surplus of the Corporation, a portion of its assets, in cash or property, in the manner permitted and upon compliance with limitations imposed by the Act.

3. Voting Rights; No Cumulative Voting. Each outstanding Common Share shall be entitled to one vote and each fractional Common Share shall be entitled to a corresponding fractional vote on each matter submitted to a vote of shareholders. Cumulative voting shall not be permitted in the election of Directors of the Corporation.

4. Denial of Preemptive Rights. No holder of Common Shares, whether now or hereafter outstanding, shall have any preemptive right to acquire any unissued or treasury shares or securities of the Corporation or securities convertible into such shares or carrying a right to subscribe to or acquire shares; provided, however, that the Board of Directors shall have the authority to grant to any person or persons, upon such terms as it may determine, such options and rights to purchase any security or securities of the Corporation now or hereafter authorized as it deems in the best interest of the Corporation.

ARTICLE V

Commencement of Business.

The Corporation shall not commence business until it has received for the issuance of Common Shares consideration of the value of a stated sum which shall be at least One Thousand Dollars ($1000.00), consisting of money, labor done, or property actually received.

ARTICLE VI

Registered Office and Registered Agent.

The street address of the initial registered office shall be 350 North St. Paul Street, Dallas, Texas 75201 and the name of the initial registered agent at such address is CT Corporation Systems. Either the registered office or the registered agent may be changed in the manner permitted by the Act.

ARTICLE VII

Initial Board of Directors.

The initial board of directors of the corporation shall consist of three (3) directors, and the names and addresses of the persons who shall serve as directors until their respective successors have been elected and shall qualify are as follows:

Name	Address
Brion G. Wise	12200 N. Pecos St., Suite 230 Denver, Colorado 80234
Bill M. Sanderson	12200 N. Pecos St., Suite 230 Denver, Colorado 80234
Walter L. Stonehocker	12200 N. Pecos St., Suite 230 Denver, Colorado 80234

ARTICLE VIII

Incorporator.

The name and address of the incorporator is Donald H. Kronenberg, 12200 N. Pecos St., Suite 230, Denver, Colorado 80234.

ARTICLE IX

Directors' and Officers' Indemnification, Insurance and Liability

Section 1. Indemnification. The Corporation shall indemnify, in advance, any person who is, was or is threatened to be a named defendant or respondent in a proceeding because such person is or was a Director or Officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, trust, employee benefit plan or other enterprise (collectively, a "Requested Position"), against Expenses and Losses (as hereinafter defined), incurred by him in such capacity or arising out of his status as such a person, to the fullest extent permitted by the Act or other applicable law. "Expenses and Losses" means any judgments, penalties, fines, settlements, excise and similar taxes and reasonable expenses (including attorneys' fees) incurred by any individual covered by this Section.

Section 2. Insurance. The Corporation is hereby authorized to purchase and maintain insurance or make other arrangements on behalf of any person who is or was a Director, Officer, employee, or agent of the Corporation or any person serving in a Requested Position at the request of the Corporation, against any Expenses and Losses incurred by him in such capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against that liability pursuant to the Act or any other applicable law.

Section 3. Exculpation. To the fullest extent permitted by the Act or any applicable law, no Director of the Corporation shall be personally liable to the Corporation or its shareholders for monetary damages for any act or omission in such Director's capacity as a Director, except to the extent such Director is found liable for (i) a breach of such Director's duty of loyalty to the Corporation or its shareholders; (ii) an act or omissions not in good faith that constitutes a breach of duty of such Director to the Corporation or any act or omission that involves intentional misconduct or a knowing violation of the law; (iii) a transaction from which such Director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of such Director's office; or (iv) an act or omission for which the liability of a Director is expressly provided by an applicable statute. If the Act or any other applicable law is amended after the date of filing of these Articles of Incorporation to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of each Director of the Corporation shall automatically be eliminated or limited to the fullest extent permitted by the Act or other applicable law, as amended.

Section 4. Amendment of this Article. Any repeal or amendment of this Article, or the adoption of any other provision of these Articles of Incorporation inconsistent with this Article, by the shareholders of the Corporation, shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation existing at the time of such repeal, amendment or adoption of an inconsistent provision.

ARTICLE X

Shareholder Written Consent.

Any action required or permitted by the Act to be taken at an annual or special meeting of the shareholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of Common Shares having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all Common Shares entitled to vote on the action were present and voted. Prompt notice of the

taking of any action by shareholders without a meeting by less than unanimous written consent shall be given to those shareholders who did not consent in writing to the action.

IN WITNESS WHEREOF, the undersigned incorporator has set his hand to these Articles of Incorporation this 19th day of April, 1991.

/s/ Donald H. Kronenberg
Donald H. Kronenberg

CONSENT TO USE OF NAME

The undersigned, Western Gas Resources, Inc., a Delaware corporation authorized to do business in Texas as a foreign corporation, Western Gas Processors, Ltd., a Colorado limited partnership qualified to do business in Texas as a foreign limited partnership, and Togco Gas Storage Corporation, a

Texas corporation that anticipates amending its Articles of Incorporation to change, among other things, its name to Western Gas Resources Storage, Inc. each hereby consents to the use of the name Western Gas Resources - Texas, Inc. by a corporation to be incorporated in the State of Texas under that name. Each of the above-mentioned entities are affiliated.

IN WITNESS WHEREOF, the undersigned have set their hands hereto as of April 19, 1991.

WESTERN GAS RESOURCES, INC.

By: /s/ [SIGNATURE ILLEGIBLE]

WESTERN GAS PROCESSORS, LTD.

By: WESTERN GAS RESOURCES, INC.,
its general partner

By: /s/ [SIGNATURE ILLEGIBLE]

TOGCO GAS STORAGE CORPORATION

By: /s/ [SIGNATURE ILLEGIBLE]

STATEMENT OF CHANGE OF REGISTERED OFFICE
OR REGISTERED AGENT OR BOTH BY
A PROFIT CORPORATION

1. The name of the corporation is WESTERN GAS RESOURCES TEXAS, INC.

The corporation's charter number is 01190372-00
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2. The address of the CURRENT registered office as shown in the records of the Texas secretary of state is:

STREET ADDRESS 350 North St. Paul Street

CITY Dallas TEXAS ZIP 75201

(It is recommended that you verify item 2 by calling 512-463-5555 before filing this form.)

3 A.___The address of the NEW registered office is:

c/o The Prentice-Hall Corporation System, Inc.

STREET ADDRESS 807 Brazos

CITY Austin TEXAS ZIP 78701

OR

B.___The registered office address will not change.

4. The name of the CURRENT registered agent as shown in the records of the Texas secretary of state is C T CORPORATION SYSTEM

(It is recommended that you verify item 4 by calling 512-463-5555 before filing this form.)

5. A.___ The name of the NEW registered agent is The Prentice-Hall Corporation System, Inc.

OR

B.___The registered agent will not change.

6. Following the changes shown above, the address of the registered office and the address of the office of the registered agent will continue to be identical, as required by law.

7. The changes shown above were authorized by: (check one)

A.___The Board of Directors.

B. X An officer of the corporation so authorized by the Board of Directors.

/s/ [SIGNATURE ILLEGIBLE]

An Authorized Officer

(Please refer to the back of this form for additional instructions)

STATEMENT OF CHANGE OF REGISTERED

OFFICE BY REGISTERED AGENT

To Secretary of State
State of Texas:

Pursuant to the provisions of Article 2.10-1 of the Texas Business Corporation Act, the undersigned registered agent, for the domestic and foreign corporations named on the attached list submits the following statement for the purpose of changing the registered office for such corporations in the State of Texas:

1. The names of the corporations, (hereinafter called the "corporations") to be represented by the said registered agent are

   See attached list
   ----

2. The post office address at which the said registered agent has maintained the registered office for the corporations is

   c/o The Prentice-Hall Corporation Systems, Inc.
   807 Brazos, Austin, Texas 78701.

3. The new post office address at which the said registered agent will hereafter maintain the registered office for the corporations is

   c/o The Prentice-Hall Corporation System, Inc.
   400 N. St. Paul, Dallas, Texas 75201.

4. Notice of this change of address has been given in writing to each corporation named on the attached list at least 10 days prior to the date of filing of this Statement.

Dated: October 19, 1992

THE PRENTICE-HALL CORPORATION SYSTEM, INC.

/s/ Richard L. Kushay

Richard L. Kushay, Assistant Vice President

EXHIBIT 3.14

BYLAWS
OF
WESTERN GAS RESOURCES-TEXAS, INC.

ARTICLE ONE

OFFICES

The Corporation may have, in addition to its registered office in the State of Texas, such other offices and places of business at such locations, both within and without the State of Texas, as the Board of Directors may from time to time determine or the business and affairs of the Corporation may require.

ARTICLE TWO

SHAREHOLDERS' MEETINGS

Section 1. Annual Meetings. An annual meeting of the shareholders, commencing with the year 1992, shall be held at 10:00 a.m. on the second Monday in April of each year, if not a legal holiday in the place where the meeting is to be held, and if a legal holiday in such place, then on the next full business day following, at 10:00 a.m., or at such other time as the Board of Directors may designate, at which they shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, the Articles of Incorporation or these Bylaws, may be called by the Chairman of the Board, the President, the Board of Directors or the holders of at least ten (10) percent of all the shares entitled to vote at the proposed special meeting, unless the Articles of Incorporation provide for a number of shares greater than or less than ten (10) percent, but not greater than fifty (50) percent, in which event special meetings of the shareholders may be called by the holders of at least the percentage of shares so specified in the Articles of Incorporation. Only business within the purpose or purposes described in the notice of special meeting of shareholders may be conducted at the meeting.

Section 3. Place of Meetings. Meetings of shareholders shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 4. Voting List. The officer or agent having charge of the share transfer records for shares of the Corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order,

with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share transfer records shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer records or to vote at any meeting of shareholders.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of each meeting of the shareholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the body, officer or person calling the meeting, to each shareholder entitled to vote at the meeting.

Section 6. Quorum of Shareholders. The holders of a majority of the shares entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at each meeting of shareholders for the transaction of business, except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. Unless otherwise provided in the Articles of Incorporation or these Bylaws, the shareholders represented in person or by proxy at a meeting of shareholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally convened.

With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by statute, the Articles of Incorporation or these Bylaws, in which case the vote of such specified portion shall be requisite to constitute the act of the meeting, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of shareholders at which a quorum is present shall be the act of the shareholders. Unless otherwise provided in the Articles of Incorporation or these Bylaws, once a quorum is present at a

meeting of shareholders the shareholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any shareholder or the refusal of any shareholder

represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

Section 7. Voting of Shares. Each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders, except as and to the extent otherwise provided by statute or by the Articles of Incorporation. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote either in person or by proxy executed in writing by such shareholder. A telegram, telex, cablegram or similar transmission by the shareholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the shareholder, shall be treated as an execution in writing for purposes of this Section 7. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Proxies coupled with an interest include the appointment as proxy of: (1) a pledgee; (2) a person who purchased or agreed to purchase, or owns or holds an option to purchase, the shares; (3) a creditor of the Corporation who extended it credit under terms requiring the appointment; (4) an employee of the Corporation whose employment contract requires the appointment; or (5) a party to a voting agreement created under Section B, Article 2.30 of the Texas Business Corporation Act. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting.

Section 8. Action Without a Meeting. Any action required to be taken at any annual or special meeting of shareholders of the Corporation, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the shareholders entitled to vote with respect to the subject matter thereof. Every written consent shall bear the date of signature of each shareholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by law, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of shareholders are recorded. Delivery shall be by hand or certified

or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal executive officer of the Corporation. A telegram, telex, cablegram or

similar transmission by a shareholder, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a shareholder, shall be regarded as signed by the shareholder for purposes of this Section 8.

Section 9. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, shareholders may, unless otherwise restricted by the Articles of Incorporation or these Bylaws, participate in and hold a meeting by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

BOARD OF DIRECTORS

Section 1. Management of the Corporation. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Articles of Incorporation or these Bylaws directed or required to be exercised or done by the shareholders.

Section 2. Number and Qualifications. The Board of Directors shall consist of two (2) directors, which number may be increased or decreased from time to time by amendment to these Bylaws; provided, however, that at no time shall the number of directors be less than one (1), and no decrease shall have the effect of shortening the term of any incumbent director. None of the directors need be shareholders of the Corporation or residents of the State of Texas.

Section 3. Election and Term of Office. At each annual meeting of shareholders, the shareholders shall elect directors to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall hold office for the term for which he is elected and until his successor shall

have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

Section 4. Removal; Filling of Vacancies. Any or all of the directors may be removed, either for or without cause, at any meeting of shareholders called expressly for that purpose, by the

affirmative vote, in person or by proxy, of the holders of a majority of the shares then entitled to vote at an election of directors. Any vacancy occurring in the Board of Directors, resulting from the death, resignation, retirement, disqualification or removal from office of any director, or otherwise than as the result of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors, or may be filled by election at any annual or special meeting of the shareholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A directorship to be filled by reason of any increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of one (1) or more directors by the shareholders, or may be filled by election at any annual or special meeting of the shareholders called for that purpose; provided that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of shareholders.

Section 5. Place of Meetings. Meetings of the Board of Directors, annual, regular or special, may be held either within or without the State of Texas.

Section 6. Annual Meetings. The first meeting of each newly elected Board of Directors shall be held for the purpose of organization and the transaction of any other business, without notice, immediately following the annual meeting of shareholders, and at the same place, unless by unanimous consent of the directors then elected and serving such time or place shall be changed.

Section 7. Regular Meetings. Regular meetings of the Board of Directors, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated to all directors. Except as otherwise provided by statute, the Articles of Incorporation or these Bylaws, any and all business may be transacted at any regular meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on twenty-four (24) hours' notice to each director, either personally or by mail or by telegram.

Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of one (1) director. Except as may be otherwise expressly provided by statute, the Articles of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum of and Action by Directors. At all meetings of the Board of Directors the presence of a majority of the number of directors fixed by or in the manner provided in these Bylaws shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Articles of Incorporation or these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting any business may be transacted that might have been transacted at the meeting as originally convened.

Section 10. Action Without a Meeting. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 11. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by the Articles of Incorporation or these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 12. Interested Directors and Officers. No contract or transaction between the Corporation and one or more of its directors or officers or between the Corporation and any other corporation, partnership, association, or other

organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are

known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the shareholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the shareholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 13. Directors' Compensation. The Board of Directors shall have authority to determine, from time to time, the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of standing or special committees. The Board of Directors shall also have power in its discretion to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE FOUR

NOTICES

Section 1. Manner of Giving Notice. Whenever under the provisions of the statutes, the Articles of Incorporation or these Bylaws, notice is required to be given to any committee member,

director or shareholder of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing by mail, postage prepaid, addressed

to such member, director or shareholder at his address as it appears on the records or (in the case of a shareholder) the share transfer records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered when the same shall be thus deposited in the United States mail as aforesaid.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any committee member, director or shareholder of the Corporation under the provisions of the statutes, the Articles of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance of a director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3. When Notice Not Required. Any notice required to be given to any shareholder under any provision of the statutes, the Articles of Incorporation or these Bylaws need not be given to the shareholder if: (1) notice of two (2) consecutive annual meetings and all notices of meetings held during the period between those annual meetings, if any, or (2) all (but in no event less than two (2)) payments (if sent by first class mail) of distributions or interest on securities during a twelve (12)-month period have been mailed to that person, addressed at his address as shown on the records of the Corporation, and have been returned undeliverable. Any action or meeting taken or held without notice to such a person shall have the same force and effect as if the notice had been duly given and, if the action taken by the Corporation is reflected in any articles or document filed with the Secretary of State, those articles or that document may state that notice was duly given to all persons to whom notice was required to be given. If such a person delivers to the Corporation a written notice setting forth his then current address, the requirement that notice be given to that person shall be reinstated.

ARTICLE FIVE

EXECUTIVE COMMITTEE

Section 1. Constitution and Powers. The Board of Directors, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, may designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute an Executive Committee, which Executive Committee shall have and may exercise, when the Board of Directors is not in session, all the authority and powers of the Board of Directors in the business and affairs of the Corporation, even though

such authority and powers be herein provided or directed to be exercised by a designated officer of the Corporation; provided, that the foregoing shall not be construed as authorizing action by the Executive Committee with respect to any action which by the Texas Business Corporation Act or other applicable law, the Articles of Incorporation or these Bylaws is required or specified to be taken by vote of a specified proportion of the number of directors fixed by or in the manner provided in these Bylaws, or by the Board of Directors, as such, or as authorizing the Executive Committee to (a) amend the Articles of Incorporation, except that the Executive Committee may, to the extent provided in the resolutions designating that committee or in the Articles of Incorporation or the Bylaws, exercise the authority of the Board of Directors vested in it in accordance with Article 2.13 of the Texas Business Corporation Act relating to the issuance of certain shares, (b) propose a reduction of the stated capital of the Corporation, (c) approve a plan of merger or share exchange of the Corporation, (d) recommend to the shareholders the sale, lease, or exchange of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, (e) recommend to the shareholders a voluntary dissolution of the Corporation or revocation thereof, (f) amend, alter or repeal the Bylaws of the Corporation or adopt new Bylaws of the Corporation, (g) fill vacancies in the Board of Directors, (h) fill vacancies in or designate alternate members of the Executive Committee, (i) fill any directorship to be filled by reason of an increase in the number of directors, (j) elect or remove officers of the Corporation or members or alternate members of the Executive Committee, (k) fix the compensation of any member or alternate member of the Executive Committee, or (l) alter or repeal any resolution of the Board of Directors that by its terms provides that it shall not be so amendable or repealable. Unless the resolution designating the Executive Committee, the Articles of Incorporation or the Bylaws so provide, the Executive Committee shall not have the authority to authorize a distribution or to authorize the issuance of shares. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed upon it or him by law. So far as

practicable, members of the Executive Committee and their alternates (if any) shall be appointed by the Board of Directors at its first meeting after each annual meeting of shareholders and, unless sooner discharged by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, shall hold office until their respective successors are appointed and qualify or until their earlier respective deaths, resignations, retirements or disqualifications.

Section 2. Meetings. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by affirmative vote of a majority of the whole Committee and communicated to all the members thereof. Special meetings of the Executive Committee may be called by the Chairman of the

Board, the President or any two (2) members thereof at any time on twenty-four (24) hours' notice to each member, either personally or by mail or telegram. Except as may be otherwise expressly provided by statute, the Articles of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Executive Committee need be specified in the notice or waiver of notice of such meeting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee. The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as such. The Committee, at each meeting thereof, may designate one of its members to act as chairman and preside at the meeting or, in its discretion, may appoint a chairman from among its members to preside at all its meetings held during such period as the Committee may specify.

Section 3. Records. The Executive Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board of Directors. The Secretary of the Corporation, or, in his absence, an Assistant Secretary, shall act as secretary of the Executive Committee, or the Committee may, in its discretion, appoint its own secretary.

Section 4. Vacancies. Any vacancy in the Executive Committee may be filled by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws.

ARTICLE SIX

OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and the Executive Committee and of carrying out and implementing any instructions or any policies, plans and programs theretofore approved, authorized and adopted by the Board of Directors or the Executive Committee.

ARTICLE SEVEN

OFFICERS, EMPLOYEES AND AGENTS; POWERS AND DUTIES

Section 1. Elected Officers. The elected officers of the Corporation

shall be a Chairman of the Board, a President, one (1) or more Vice Presidents as may be determined from time to time by the Board (and in case of each such Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), a Secretary and a Treasurer. None of the elected officers, with the exception of the Chairman of the Board, need be a member of the Board of Directors.

Section 2. Election. So far as is practicable, all elected officers shall be elected by the Board of Directors at its first meeting after each annual meeting of shareholders.

Section 3. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents (none of whom need be a member of the Board) as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board or by the Executive Committee.

Section 4. Two or More Offices. Any two (2) or more offices may be held by the same person.

Section 5. Compensation. The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may from time to time delegate to the

President the authority to fix the compensation of any or all of the other officers of the Corporation.

Section 6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until his successor is chosen and qualified in his stead or until his earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 7. Chairman of the Board. The Chairman of the Board shall preside when present at meetings of the shareholders and of the Board of Directors. He shall advise and counsel the President and other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors or the Executive Committee.

Section 8. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the affairs of the Corporation and shall have general and active control of all its business. In the event of the absence or disability of the Chairman of the Board, or if such officer shall not have been elected or be serving, the President shall preside when present at meetings of the shareholders and of the Board of Directors. He shall have power and general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation, subject to the provisions of these Bylaws; to remove or suspend any employee or agent who shall have been employed or appointed under his authority or under authority of an officer subordinate to him; to suspend for cause, pending final action by the authority which shall have elected or appointed him, any officer subordinate to the President; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Articles of Incorporation or these Bylaws. In the event of the absence or disability of the President, his duties shall be performed and his powers may be exercised by the Vice Presidents in

the order of their seniority, unless otherwise determined by the President, the Executive Committee or the Board of Directors.

Section 9. Vice Presidents. Each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President, the Executive Committee or the Board of Directors.

Section 10. Secretary. The Secretary shall see that notice is given of all meetings of the shareholders and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings thereof. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly accountable. He shall have authority to sign stock certificates and shall

generally perform all duties usually appertaining to the office of secretary of a corporation. In the event of the absence or disability of the Secretary, his duties shall be performed and his powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 11. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 12. Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation. He shall audit all payrolls and vouchers of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangement and classification; shall supervise the accounting and auditing practices of the Corporation and shall have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors or the Executive Committee shall from time to time direct or as shall be selected in accordance with procedures established by the Board of Directors or the Executive Committee; shall advise upon all terms of credit

granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation. He shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange and other commercial paper payable to the Corporation and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the event of the absence or disability of the Treasurer, his duties shall be performed and his powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 13. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him

by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 14. Additional Powers and Duties. In addition to the foregoing especially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Articles of Incorporation or these Bylaws, or as the Board of Directors or the Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

ARTICLE EIGHT

SHARES AND TRANSFERS OF SHARES

Section 1. Certificates Representing Shares. Certificates in such form as may be determined by the Board of Directors and as shall conform to the requirements of the statutes, the Articles of Incorporation and these Bylaws shall be delivered representing all shares to which shareholders are entitled. Such certificates shall be consecutively numbered and shall be entered in the books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of Texas, the holder's name, the number and class of shares, and the par value of such shares or a statement that such shares are without par value. Each certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of such officers may be facsimiles.

Section 2. Lost Certificates. The Board of Directors, the Executive Committee, the President or such other officer or officers or any agent of the Corporation as the Board of Directors may from time to time designate, in its or his discretion, may direct a new certificate representing shares to be issued in place of any certificate theretofore issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, the Executive Committee, the President or any such other officer or agent in its or his discretion and as a condition precedent to the issuance thereof may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as it or he shall require and/or give the Corporation a bond in such form, in such sum, and with such surety or sureties as it or he may direct, as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. Transfers of Shares. Shares of the Corporation shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. If a certificate representing shares is presented to the Corporation or the transfer agent of the Corporation with a request to register transfer, it shall be the duty of the Corporation or the transfer agent of the Corporation to register the transfer, cancel the old certificate and issue a new certificate if:

(a) the certificate is duly endorsed;

(b) reasonable assurance is given that those endorsements are genuine and effective;

(c) the Corporation has no duty as to adverse claims or has discharged the duty;

(d) any applicable law relating to the collection of taxes has been complied with; and

(e) the transfer is in fact rightful or is to a bona fide purchaser.

Section 4. Registered Shareholders.

(a) Unless otherwise provided in the Texas Business Corporation Act or other applicable law, (1) the Corporation may regard the person in whose name any shares issued by the Corporation are registered in the share transfer records of the Corporation at any particular time as the owner of those shares at that time for purposes of voting or giving proxies with respect to those shares, receiving distributions thereon or notices in respect

thereof, transferring those shares, exercising rights of dissent, exercising or waiving any preemptive right or entering into any agreements with respect to those shares, and (2) neither the Corporation nor any of its directors, officers, employees or agents shall be liable for regarding that person as the owner of those shares at that time for those purposes, regardless of whether that person does not possess a certificate for those shares.

(b) When shares are registered in the share transfer records of the Corporation in the names of two or more persons as joint owners with the right of survivorship, after the death of a joint owner and before the time that the Corporation receives actual written notice that a party or parties other than the surviving joint owner or owners claim an interest in the shares or any distributions thereon, the Corporation may record on its books and otherwise effect the transfer of those shares to any person, firm or corporation (including the surviving joint owner or owners individually) and pay any

distributions made in respect of those shares, in each case as if the surviving joint owner or owners were the absolute owners of the shares.

ARTICLE NINE

INDEMNIFICATION

The Corporation shall indemnify a director or officer of the Corporation against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was such a director or officer, as the case may be, if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding, unless such indemnification is limited by the Articles of Incorporation.

The Corporation may indemnify a person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding because the person is or was a director, officer, employee or agent of the Corporation, or (although such person neither is nor was an officer, employee or agent of the Corporation) is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Texas Business Corporation Act, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the person in connection with the proceeding to the maximum extent permitted, and in the manner prescribed, by the Texas Business Corporation Act or other applicable law, except as

limited by the Articles of Incorporation, if such a limitation exists.

The Corporation may advance expenses to directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), to the maximum extent permitted, and in the manner prescribed, by the Texas Business Corporation Act or other applicable law.

The Corporation may purchase and maintain insurance or establish and maintain another arrangement on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Texas Business Corporation Act, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against or in respect of any liability asserted against him and incurred by him in such a capacity or arising

out of his status as such a person, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these Bylaws or by statute. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the shareholders of the Corporation.

Without limiting the power of the Corporation to purchase, procure, establish or maintain any kind of insurance or other arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Corporation; or (4) establish a letter of credit, guaranty or surety arrangement. The insurance or other arrangement may be purchased, procured, maintained or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned in whole or part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether

directors participating in the approval are beneficiaries of the insurance or arrangement.

Any indemnification of or advance of expenses to a director in accordance with this Article or the provisions of any statute shall be reported in writing to the shareholders with or before the notice or waiver of notice of the next shareholders' meeting or with or before the next submission to shareholders of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

These indemnification provisions shall inure to each of the directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), whether or not the claim asserted against him is based on matters that antedate the adoption of this Article, and in the event of his death shall extend to his legal representatives; but such rights shall not be exclusive of any rights to which he may be entitled.

For purposes of this Article, (1) the term "expenses" includes court costs and attorneys' fees, (2) the term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding,

and any inquiry or investigation that could lead to such an action, suit or proceeding and (3) the term "director" means any person who is or was a director of the Corporation and any person who, while a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation for profit subject to the provisions of the Texas Business Corporation Act, corporation for profit organized under laws other than the laws of Texas, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

ARTICLE TEN

MISCELLANEOUS

Section 1. Distributions and Share Dividends. Distributions in the form of dividends and share dividends on the outstanding shares of the Corporation, subject to any restrictions in the Articles of Incorporation and to the limitations imposed by the statutes, may be declared by the Board of Directors at any regular or special meeting. Distributions in the form of dividends may be declared and paid in cash, in property, or in evidences of the Corporation's indebtedness, or in any combination thereof, and may be declared and paid in combination with share dividends.

Distributions made by the Corporation, including those that were payable but not paid to a holder of shares, or to his heirs, successors or assigns, and have been held in suspense by the Corporation or were paid or delivered by it into an escrow account or to a trustee or custodian, shall be payable by the Corporation, escrow agent, trustee or custodian to the holder of the shares as of the record date determined for the distribution or to his heirs, successors or assigns.

Section 2. Reserves. The Corporation may, by resolution of the Board of Directors, create a reserve or reserves out of its surplus or designate or allocate any part or all of its surplus in any manner for any proper purpose or purposes, and may increase, decrease or abolish any such reserve, designation or allocation in the same manner.

Section 3. Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents, and in such manner, as are permitted by these Bylaws and as from time to time may be prescribed by resolution (whether general or special) of the Board of Directors or the Executive Committee.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Seal. The seal of the Corporation shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 6. Loans and Guaranties. The Corporation may lend money to, guaranty obligations of and otherwise assist its directors, officers and employees if the Board of Directors determines that such a loan, guaranty or assistance reasonably may be expected to benefit, directly or indirectly, the Corporation.

Section 7. Closing of Share Transfer Records and Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of shareholders for any other proper purpose (other than determining shareholders entitled to consent to action by shareholders proposed to be taken without a meeting of shareholders), the Board of Directors may provide that the share transfer records of the Corporation shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a

meeting of shareholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case not to be more than sixty (60) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or entitled to receive a distribution (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution or share dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. The record date for determining shareholders entitled to call a special meeting is the date the first shareholder signs the notice of that meeting. When a determination of shareholders entitled to vote at

any meeting has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Unless a record date shall have previously been fixed or determined pursuant to this Section 7, whenever action by shareholders is proposed to be taken by consent in writing without a meeting of shareholders, the Board of Directors may fix a record date for the purpose of determining shareholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by the Texas Business Corporation Act, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of shareholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or the principal executive officer of the Corporation. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by the Texas Business Corporation Act, the record date for determining shareholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on

which the Board of Directors adopts a resolution taking such prior action.

Section 8. Surety Bonds. Such officers and agents of the Corporation (if any) as the Board of Directors may direct from time to time shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Secretary.

Section 9. Gender. Words of any gender used in these Bylaws shall be construed to include each other gender, unless the context requires otherwise.

ARTICLE ELEVEN

AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the directors present at any meeting of the Board of Directors at which a quorum is present or by unanimous written consent of all the directors, unless (1) by statute or the Articles of Incorporation the power is reserved exclusively to the shareholders in whole or in part, or (2) the shareholders in amending, repealing or adopting a particular bylaw expressly provide that the Board of Directors may not amend or repeal that bylaw. Unless the Articles of Incorporation or a bylaw adopted by the shareholders provides otherwise as to all or some portion of the Corporation's Bylaws, the shareholders may amend, repeal or adopt the Corporation's Bylaws even though the Corporation's Bylaws may also be amended, repealed or adopted by the Board of Directors.

EXHIBIT 3.15

CERTIFICATE OF INCORPORATION

OF

WESTERN GAS RESOURCES - OKLAHOMA, INC.

ARTICLE I

Name

The name of the corporation is Western Gas Resources - Oklahoma, Inc.

ARTICLE II

Registered Agent

The address of the initial registered office of the Corporation in the State of Delaware is 32 Lockerman Square, Suite L-100, Dover, Delaware 19901. The name of the initial registered agent of the Corporation at such address is Prentice-Hall Corporation System, Inc.

ARTICLE III

Purpose

The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware (the "GCL").

ARTICLE IV

Capital

The aggregate number of shares which the Corporation shall have authority to issue is Ten Thousand (10,000), all of which shall be common stock, par value $0.10 per share, which stock shall be designated "Common Stock". The following are the terms of the Common Stock:

1. Dividends. Dividends in cash, property or Common Stock may be paid upon the Common Stock, if, as and when declared by the Board of Directors, out of funds of the Corporation to the extent and in the manner permitted by the GCL.

2. Distribution in Liquidation. Upon any liquidation, dissolution or winding up of the Corporation, and after paying or adequately providing for the payment of all its obligations, the remainder of assets of the Corporation shall be distributed, either in cash or in kind, pro rata to the holders of the Common Stock. The Board of Directors may, from time to time, distribute to the stockholders in partial liquidation, out of stated capital or capital surplus of the Corporation, a portion of its assets, in cash or property, in the manner permitted and upon compliance with limitations imposed by the GCL.

3. Voting Rights; No Cumulative Voting. Each outstanding Common Stock shall be entitled to one vote and each fractional Common Stock shall be entitled to a corresponding fractional vote on each matter submitted to a vote of stockholders. Cumulative voting shall not be permitted in the election of directors of the Corporation.

4. Denial of Pre-emptive Rights. No holder of Common Stock, whether new or hereafter outstanding, shall have any pre-emptive right to acquire any unissued or treasury shares or securities of the Corporation or securities convertible into such shares or carrying a right to subscribe to or acquire shares; provided, however, that the Board of Directors shall have the authority to grant to any person or persons, upon such terms as it may determine, such options and rights to purchase any security or securities of the Corporation now or hereafter authorized as it deems in the best interest of the Corporation.

ARTICLE V

Incorporator

The name and mailing address of the incorporator is Donald H. Kronenberg, 12200 North Pecos Street, Denver, Colorado 80234.

ARTICLE VI

Board of Directors

The initial board of directors of the Corporation shall consist of two (2) directors, which number may be subsequently increased or decreased in the manner provided for in the Corporation's By-Laws, provided that no decrease in the number of directors constituting the board of directors shall shorten the term of any incumbent director. The names and addresses of the persons who shall serve as directors until their respective successors have been elected and shall quality are as follows:

Name	Address
Brion G. Wise	12200 North Pecos Street Denver, Colorado 80234
Bill M. Sanderson	12200 North Pecos Street Denver, Colorado 80234

ARTICLE VII

Directors' and Officers' Indemnification, Insurance and Liability

Section 1. Indemnification. To the fullest extent permitted by the GCL or other applicable law, the Corporation shall indemnify any person who is, was or is threatened to be made a party in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative because such person is an officer or director of the Corporation or any person who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation, joint venture, partnership, employee benefit plan or other enterprise (collectively, a "Requested Position"), against Expenses and Losses (as hereinafter defined), actually and reasonably incurred by him in such capacity or arising out of his status as such a person. "Expenses and Losses" means any judgments, penalties, fines, settlements, excise and similar taxes and reasonable expenses (including attorneys' fees) incurred by any individual covered by this Article.

Section 2. Insurance. The Corporation is hereby authorized to purchase and maintain insurance or make other arrangements on behalf of any person who is or was a director, officer, employee or agent of the Corporation or is or was serving in a Requested Position, against any Expenses and Losses incurred by him in such capacity

or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against that liability pursuant to the GCL or other applicable law.

Section 3. Exculpation. To the fullest extent permitted by the GCL or other applicable law, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for any act or omission in such director's capacity as a director, except to the extent such director is found liable for (i) a breach of such director's duty of loyalty to the Corporation or its stockholders; (ii) an act or omission not in good faith that constitutes a breach of duty of such director to the Corporation or any act or omission that involves intentional misconduct or a knowing violation of the law; (iii) claims pursuant to Section 174 of the GCL or any successor statute; or (iv) claims in connection with a transaction from which such director received an improper personal benefit. If, after the date of filing of this Certificate of Incorporation, the GCL or any other applicable law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of each director of the Corporation shall automatically be eliminated or limited to the fullest extent permitted by the GCL or other applicable law, as amended.

Section 4. Amendment of this Article. Any repeal or amendment of this Article, or the adoption of any other provision of this Certificate of Incorporation inconsistent with this Article, by the stockholders of the Corporation, shall be prospective only and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation or a person who is or was serving in a Requested Position existing at the time of such repeal, amendment or adoption of an inconsistent provision.

ARTICLE VIII

Stockholder Written Consent

Any action required or permitted by the GCL to be taken at an annual or special meeting of the stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of Common Stock having not less than the minimum number of votes that would be necessary to take such action at a meeting at which the holders of all Common Stock entitled to vote on the action were present and voted. Prompt notice of the taking of any action by stockholders without a meeting by less than unanimous written consent shall be given to those stockholders who did not consent in writing to the action.

ARTICLE IX

By-Laws

The board of directors of the Corporation is expressly authorized and empowered to make, alter or repeal the Corporation's By-Laws, subject to the power of the stockholders to alter or repeal the By-Laws made by the board of directors.

IN WITNESS WHEREOF, the undersigned Incorporator, for the purpose of forming a corporation pursuant to the General Corporation Law of the State of Delaware, under penalty of perjury, does make this Certificate, hereby declaring and certifying that this is his act and deed and that the facts herein stated are true and accordingly has hereunto set his hand as of July 14, 1993.

/s/ Donald H. Kronenberg

Donald H. Kronenberg

EXHIBIT N

State of Delaware

Office of the Secretary of State

I, WILLIAM T. QUILLEN, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "WESTERN GAS RESOURCES - OKLAHOMA, INC." FILED IN THIS OFFICE ON THE SIXTEENTH DAY OF AUGUST, A.D. 1993, AT 9 O'CLOCK A.M.

A CERTIFIED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO KENT COUNTY RECORDER OF DEEDS FOR RECORDING.

* * * * * * * * *

[SEAL] /s/ William T. Quillen

William T. Quillen, Secretary of State

AUTHENTICATION: *4029904

DATE: 08/24/1993

EXHIBIT 3.16

BYLAWS
OF
WESTERN GAS RESOURCES - OKLAHOMA, INC.

ARTICLE ONE

OFFICES

The Corporation may have, in addition to its registered office in the State of Delaware, such other offices and places of business at such locations, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business and affairs of the Corporation may require.

ARTICLE TWO

STOCKHOLDERS' MEETINGS

Section 1. Annual Meetings. An annual meeting of the stockholders, commencing with the year 1994, shall be held at 10:00 a.m. on the second Monday in May of each year, if not a legal holiday in the place where the meeting is to be held, and if a legal holiday in such place, then on the next full business day following, at 10:00 a.m., at which they shall elect a board of directors and transact such other business as may properly be brought before the meeting.

Section 2. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute, the Certificate of Incorporation or these Bylaws, may be called by the Chairman of the Board, the President, the Board of Directors or the holders of at least ten (10) percent of all the shares entitled to vote at the proposed special meeting, unless the Certificate of Incorporation provide for a number of shares greater than or less than ten (10) percent, but not greater than fifty (50) percent, in which event special meetings of the stockholders may be called by the holders of at least the percentage of shares so specified in the Certificate of Incorporation. Only business within the purpose or purposes described in the notice of special meeting of stockholders may be conducted at the meeting.

Section 3. Place of Meetings. Meetings of stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 4. Voting List. The officer or agent having charge of the share transfer records for shares of the Corporation shall make, at least ten (10) days before each meeting of stockholders, a complete list of the stockholders entitled to vote at such

meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office or principal place of business of the Corporation and shall be subject to inspection by any stockholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any stockholder during the whole time of the meeting. The original share transfer records shall be prima facie evidence as to who are the stockholders entitled to examine such list or transfer records or to vote at any meeting of stockholders.

Section 5. Notice of Meetings. Written or printed notice stating the place, day and hour of each meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the President, the Secretary or the body, officer or person calling the meeting, to each stockholder entitled to vote at the meeting.

Section 6. Quorum of Stockholders. The holders of a majority of the shares entitled to vote thereat, present in person or represented by proxy, shall be requisite to and shall constitute a quorum at each meeting of stockholders for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, the stockholders represented in person or by proxy at a meeting of stockholders at which a quorum is not present may adjourn the meeting until such time and to such place as may be determined by a vote of the holders of a majority of the shares represented in person or by proxy at that meeting. At any such adjourned meeting at which a quorum shall be present or represented, any business may be transacted that might have been transacted at the meeting as originally convened.

With respect to any matter, other than the election of directors or a matter for which the affirmative vote of the holders of a specified portion of the shares entitled to vote is required by statute, the Certificate of Incorporation or these Bylaws, in which case the vote of such specified portion shall be requisite to constitute the act of the meeting, the affirmative vote of the holders of a majority of the shares entitled to vote on that matter and represented in person or by proxy at a meeting of stockholders at which a quorum is present shall be the act of the stockholders. Unless otherwise provided in the Certificate of Incorporation or these Bylaws, once a quorum is present at a

meeting of stockholders the stockholders represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any stockholder or the refusal of any stockholder represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

Section 7. Voting of Shares. Each outstanding share of capital stock, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders, except as and to the extent otherwise provided by statute or by the Certificate of Incorporation. At any meeting of the stockholders, every stockholder having the right to vote shall be entitled to vote either in person or by proxy executed in writing by such stockholder. A telegram, telex, cablegram or similar transmission by the stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing executed by the stockholder, shall be treated as an execution in writing for purposes of this Section 7. No proxy shall be valid after eleven (11) months from the date of its execution unless otherwise provided in the proxy. Each proxy shall be revocable unless the proxy form conspicuously states that the proxy is irrevocable and the proxy is coupled with an interest. Proxies coupled with an interest include the appointment as proxy of: (1) a pledgee; (2) a person who purchased or agreed to purchase, or owns or holds an option to purchase, the shares; (3) a creditor of the Corporation who extended it credit under terms requiring the appointment; (4) an employee of the Corporation whose employment contract requires the appointment; or (5) a party to a voting agreement created under Delaware General Corporation Law. Each proxy shall be filed with the Secretary of the Corporation prior to or at the time of the meeting.

Section 8. Action Without a Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by all the stockholders entitled to vote with respect to the subject matter thereof. Every written consent shall bear the date of signature of each stockholder who signs the consent. No written consent shall be effective to take the action that is the subject of the consent unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by law, a consent or consents signed by the holder or holders of shares having not less than the minimum number of votes that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal

executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a stockholder, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a stockholder, shall be regarded as signed by the stockholder for purposes of this Section 8.

Section 9. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, stockholders may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

ARTICLE THREE

BOARD OF DIRECTORS

Section 1. Management of the Corporation. The powers of the Corporation shall be exercised by or under the authority of, and the business and affairs of the Corporation shall be managed under the direction of, the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute, the Certificate of Incorporation or these Bylaws directed or required to be exercised or done by the stockholders.

Section 2. Number and Qualifications. The Board of Directors shall consist of three (3) directors, which number may be increased or decreased from time to time by amendment to these Bylaws; provided, however, that at no time shall the number of directors be less than one (1), and no decrease shall have the effect of shortening the term of any incumbent director. None of the directors need be stockholders of the Corporation or residents of the State of Delaware.

Section 3. Election and Term of Office. At each annual meeting of stockholders, the stockholders shall elect directors to hold office until the next succeeding annual meeting. At each election, the persons receiving the greatest number of votes shall be the directors. Each director elected shall hold office for the term for which he is elected and until his successor shall have been elected and qualified or until his earlier death, resignation, retirement, disqualification or removal.

Section 4. Removal; Filling of Vacancies. Any or all of the directors may

be removed, either for or without cause, at any meeting of stockholders called expressly for that purpose, by the affirmative vote, in person or by proxy, of the holders of a majority of the shares then entitled to vote at an election of directors. Any vacancy occurring in the Board of Directors, resulting from the death, resignation, retirement, disqualification or removal from office of any director, or otherwise than as the result of an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of

Directors, or may be filled by election at any annual or special meeting of the stockholders called for that purpose. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. A directorship to be filled by reason of any increase in the number of directors may be filled by the Board of Directors for a term of office continuing only until the next election of one (1) or more directors by the stockholders, or may be filled by election at any annual or special meeting of the stockholders called for that purpose; provided that the Board of Directors may not fill more than two (2) such directorships during the period between any two (2) successive annual meetings of stockholders.

Section 5. Place of Meetings. Meetings of the Board of Directors, annual, regular or special, may be held either within or without the State of Delaware.

Section 6. Annual Meetings. The first meeting of each newly elected Board of Directors shall be held for the purpose of organization and the transaction of any other business, without notice, immediately following the annual meeting of stockholders, and at the same place, unless by unanimous consent of the directors then elected and serving such time or place shall be changed.

Section 7. Regular Meetings. Regular meetings of the Board of Directors, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated to all directors. Except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws, any and all business may be transacted at any regular meeting.

Section 8. Special Meetings. Special meetings of the Board of Directors may be called by the Chairman of the Board or the President on twenty-four (24) hours' notice to each director, either personally or by mail or by telegram. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) directors. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any

regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 9. Quorum of and Action by Directors. At all meetings of the Board of Directors the presence of a majority of the number of directors fixed by or in the manner provided in these Bylaws shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by statute, the Certificate of Incorporation or these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the directors, the directors present thereat may adjourn the meeting from

time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting any business may be transacted that might have been transacted at the meeting as originally convened.

Section 10. Action Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

Section 11. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by the Certificate of Incorporation or these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened.

Section 12. Interested Directors and Officers. No contract or transaction between the Corporation and one or more of its directors or officers or between the Corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for

this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or their votes are counted for such purpose, if: (1) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (2) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (3) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction.

Section 13. Directors' Compensation. The Board of Directors shall have authority to determine, from time to time, the amount of compensation, if any, which shall be paid to its members for their services as directors and as members of standing or special committees. The Board of Directors shall also have power in its discretion to provide for and to pay to directors rendering services to the Corporation not ordinarily rendered by directors as such, special compensation appropriate to the value of such services as determined by the Board of Directors from time to time. Nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 14. Advisory Directors. The Board of Directors may appoint such number of advisory directors as it shall from time to time determine. Each advisory director appointed shall hold office for the term for which he is elected or until his earlier death, resignation, retirement or removal by the Board of Directors. The advisory directors may attend and be present at the meetings of the Board of Directors, although a meeting of the Board of Directors may be held without notice to the advisory directors and the advisory directors shall not be considered in determining whether a quorum of the Board of Directors is present. The advisory directors shall advise and counsel the Board of Directors on the business and operations of the Corporation as requested by the Board of Directors; however, the advisory directors shall not be entitled to vote on any matter presented to the Board of Directors.

ARTICLE FOUR

NOTICES

Section 1. Manner of Giving Notice. Whenever under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, notice is required to be given to any committee member, director or stockholder of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing by mail, postage prepaid, addressed to such member, director or stockholder at his address as it appears on the records or (in the case of a stockholder) the share transfer records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered when the same shall be thus deposited in the United States mail as aforesaid.

Section 2. Waiver of Notice. Whenever any notice is required to be given to any committee member, director or stockholder of the Corporation under the provisions of the statutes, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of

such notice. Attendance of a director at a meeting of the Board of Directors shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

Section 3. When Notice Not Required. Any notice required to be given to any stockholder under any provision of the statutes, the Certificate of Incorporation or these Bylaws need not be given to the stockholder if: (1) notice of two (2) consecutive annual meetings and all notices of meetings held during the period between those annual meetings, if any, or (2) all (but in no event less than two (2)) payments (if sent by first class mail) of distributions or interest on securities during a twelve (12)-month period have been mailed to that person, addressed at his address as shown on the records of the Corporation, and have been returned undeliverable. Any action or meeting taken or held without notice to such a person shall have the same force and effect as if the notice had been duly given and, if the action taken by the Corporation is reflected in any articles or document filed with the Secretary of State, those articles or that document may state that notice was duly given to all persons to whom notice was required to be given. If such a person delivers to the Corporation a written notice setting forth his then current address, the requirement that notice be given to that person shall be reinstated.

ARTICLE FIVE

EXECUTIVE COMMITTEE

Section 1. Constitution and Powers. The Board of Directors, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, may designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute an Executive Committee, which Executive Committee shall have and may exercise, when the Board of Directors is not in session, all the authority and powers of the Board of Directors in the business and affairs of the Corporation, even though such authority and powers be herein provided or directed to be exercised by a designated officer of the Corporation; provided, that the foregoing shall not be construed as authorizing action by the Executive Committee with respect to any action which by the Delaware General Corporation Law or other applicable law, the Certificate of Incorporation or these Bylaws is required or specified to be taken by vote of a specified proportion of the number of directors fixed by or in the manner provided in these Bylaws, or by the Board of Directors, as such. The designation of the Executive Committee and the delegation thereto of authority shall not operate to relieve the Board of Directors or any member thereof of any responsibility imposed upon it or him by law. So far as practicable, members of the Executive Committee and their alternates (if any) shall be appointed by the Board of Directors at its first meeting after each annual meeting of

stockholders and, unless sooner discharged by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, shall hold office until their respective successors are appointed and qualify or until their earlier respective deaths, resignations, retirements or disqualifications.

Section 2. Meetings. Regular meetings of the Executive Committee, of which no notice shall be necessary, shall be held at such times and places as may be fixed from time to time by resolution adopted by affirmative vote of a majority of the whole Committee and communicated to all the members thereof. Special meetings of the Executive Committee may be called by the Chairman of the Board, the President or any two (2) members thereof at any time on twenty-four (24) hours' notice to each member, either personally or by mail or telegram. Except as may be otherwise expressly provided by statute, the Certificate of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Executive Committee need be specified in the notice or waiver of notice of such meeting. A majority of the Executive Committee shall constitute a quorum for the transaction of business, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of the Executive Committee. The members of the Executive Committee shall act only as a committee, and the individual members shall have no power as such. The Committee, at each meeting thereof, may designate one of its members to act as chairman and preside at the meeting or, in its discretion, may appoint a chairman from among its members to preside at all its meetings held during

such period as the Committee may specify.

Section 3. Records. The Executive Committee shall keep a record of its acts and proceedings and shall report the same, from time to time, to the Board of Directors. The Secretary of the Corporation, or, in his absence, an Assistant Secretary, shall act as secretary of the Executive Committee, or the Committee may, in its discretion, appoint its own secretary.

Section 4. Vacancies. Any vacancy in the Executive Committee may be filled by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws.

ARTICLE SIX

OTHER COMMITTEES OF THE BOARD OF DIRECTORS

The Board of Directors may, by resolution adopted by affirmative vote of a majority of the number of directors fixed by or in the manner provided in these Bylaws, designate one (1) or more directors (with such alternates, if any, as may be deemed desirable) to constitute another committee or committees for any purpose; provided, that any such other committee or committees shall have and may exercise only the power of recommending action to the Board of Directors and the Executive Committee and of carrying out and implementing any instructions or any policies, plans and programs theretofore approved, authorized and adopted by the Board of Directors or the Executive Committee.

ARTICLE SEVEN

OFFICERS, EMPLOYEES AND AGENTS; POWERS AND DUTIES

Section 1. Elected Officers. The elected officers of the Corporation shall be a Chairman of the Board, a President, one (1) or more Executive Vice Presidents as may be determined from time to time by the Board (and in case of each such Executive Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), one (1) or more Vice Presidents as may be determined from time to time by the Board (and in case of each such Vice President, with such descriptive title, if any, as the Board of Directors shall deem appropriate), a Secretary and a Treasurer. None of the elected officers, with the exception of the Chairman of the Board, need be a member of the Board of Directors.

Section 2. Election. So far as is practicable, all elected officers shall

be elected by the Board of Directors at its first meeting after each annual meeting of stockholders.

Section 3. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents (none of whom need be a member of the Board) as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board or by the Executive Committee.

Section 4. Two or More Offices. Any two (2) or more offices may be held by the same person.

Section 5. Compensation. The compensation of all officers of the Corporation shall be fixed from time to time by the Board of Directors or the Executive Committee. The Board of Directors or the Executive Committee may from time to time delegate to the President the authority to fix the compensation of any or all of the other officers of the Corporation.

Section 6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until his successor is chosen and qualified in his stead or until his earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent elected or appointed by the Board of Directors may be removed at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors.

Section 7. Chairman of the Board. The Chairman of the Board shall preside when present at meetings of the stockholders and of the Board of Directors. He shall advise and counsel the President and other officers of the Corporation and shall exercise such powers and perform such duties as shall be assigned to or required of him from time to time by the Board of Directors or the Executive Committee.

Section 8. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the affairs of the Corporation and shall have general and

active control of all its business. In the event of the absence or disability of the Chairman of the Board, or if such officer shall not have been elected or be serving, the President shall preside when present at meetings of the stockholders and of the Board of Directors. He shall have power and general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to sign stock certificates; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation, subject to the provisions of these Bylaws; to remove or suspend any employee or agent who shall have been employed or appointed under his authority or under authority of an officer subordinate to him; to suspend for cause, pending final action by the authority which shall have elected or appointed him, any officer subordinate to the President; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Certificate of Incorporation or these Bylaws. In the event of the absence or disability of the President, his duties shall be performed and his powers may be exercised by the Vice Presidents in the order of their seniority, unless

otherwise determined by the President, the Executive Committee or the Board of Directors.

Section 9. Executive Vice Presidents and Vice Presidents. Each Executive Vice President and each Vice President shall generally assist the President and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the President, the Executive Committee or the Board of Directors.

Section 10. Secretary. The Secretary shall see that notice is given of all meetings of the stockholders and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings thereof. He shall have charge of the corporate seal and have authority to attest any and all instruments or writings to which the same may be affixed. He shall keep and account for all books, documents, papers and records of the Corporation except those for which some other officer or agent is properly accountable. He shall have authority to sign stock certificates and shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the event of the absence or disability of the Secretary, his duties shall be performed and his powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 11. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him

by the Secretary, the President, the Executive Committee or the Board of Directors.

Section 12. Treasurer. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such funds in and with such depositories as the Board of Directors or the Executive Committee shall from time to time direct or as shall be selected in accordance with procedures established by the Board of Directors or the Executive Committee; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts and disbursements of the Corporation. He shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange and other commercial paper payable to the Corporation and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. In the event of the absence or disability of the Treasurer, his duties shall be performed and his powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 13. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to him by the Treasurer, the President, the Executive Committee or the Board of Directors.

Section 14. Additional Powers and Duties. In addition to the foregoing especially enumerated duties, services and powers, the several elected and appointed officers of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Incorporation or these Bylaws, or as the Board of Directors or the Executive Committee may from time to time determine or as may be assigned to them by any competent superior officer.

ARTICLE EIGHT

SHARES AND TRANSFERS OF SHARES

Section 1. Certificates Representing Shares. Certificates in such form as may be determined by the Board of Directors and as shall conform to the requirements of the statutes, the Certificate of Incorporation and these Bylaws shall be delivered representing all shares to which stockholders are entitled. Such certificates shall be consecutively numbered and shall be entered in the

books of the Corporation as they are issued. Each certificate shall state on the face thereof that the Corporation is organized under the laws of Delaware, the holder's name, the number and class of shares, and the par value of such shares or a statement that such shares are without par value. Each certificate shall be signed by the President or a Vice President and the Secretary or an Assistant Secretary and may be sealed with the seal of the Corporation or a facsimile thereof. The signatures of such officers may be facsimiles.

Section 2. Lost Certificates. The Board of Directors, the Executive Committee, the President or such other officer or officers or any agent of the Corporation as the Board of Directors may from time to time designate, in its or his discretion, may direct a new certificate representing shares to be issued in place of any certificate theretofore issued by the Corporation and alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing such issue of a new certificate, the Board of Directors, the Executive Committee, the President or any such other officer or agent in its or his discretion and as a condition precedent to the issuance thereof may require the owner of such lost, stolen or destroyed certificate, or his legal representative, to advertise the same in such manner as it or he shall require and/or give the Corporation a bond in such form, in such sum, and with such surety or sureties as it or he may direct, as indemnity against any claim that may be

made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 3. Transfers of Shares. Shares of the Corporation shall be transferable only on the books of the Corporation by the holder thereof in person or by his duly authorized attorney. If a certificate representing shares is presented to the Corporation or the transfer agent of the Corporation with a request to register transfer, it shall be the duty of the Corporation or the transfer agent of the Corporation to register the transfer, cancel the old certificate and issue a new certificate if:

(a) the certificate is duly endorsed;

(b) reasonable assurance is given that those endorsements are genuine and effective;

(c) the Corporation has no duty as to adverse claims or has discharged the duty;

(d) any applicable law relating to the collection of taxes has been complied with; and

(e) the transfer is in fact rightful or is to a bona fide purchaser.

Section 4. Registered Stockholders.

(a) Unless otherwise provided in the Delaware General Corporation Law or other applicable law, (1) the Corporation may regard the person in whose name any shares issued by the Corporation are registered in the share transfer records of the Corporation at any particular time as the owner of those shares at that time for purposes of voting or giving proxies with respect to those shares, receiving distributions thereon or notices in respect thereof, transferring those shares, exercising rights of dissent, exercising or waiving any preemptive right or entering into any agreements with respect to those shares, and (2) neither the Corporation nor any of its directors, officers, employees or agents shall be liable for regarding that person as the owner of those shares at that time for those purposes, regardless of whether that person does not possess a certificate for those shares.

(b) When shares are registered in the share transfer records of the Corporation in the names of two or more persons as joint owners with the right of survivorship, after the death of a joint owner and before the time that the Corporation receives actual written notice that a party or parties other than the surviving joint owner or owners claim an interest in the shares or any distributions thereon, the Corporation

may record on its books and otherwise effect the transfer of those shares to any person, firm or corporation (including the surviving joint owner or owners individually) and pay any distributions made in respect of those shares, in each case as if the surviving joint owner or owners were the absolute owners of the shares.

ARTICLE NINE

INDEMNIFICATION

The Corporation shall indemnify a director or officer of the Corporation against reasonable expenses incurred by him in connection with a proceeding in which he is a named defendant or respondent because he is or was such a director or officer, as the case may be, if he has been wholly successful, on the merits or otherwise, in the defense of the proceeding, unless such indemnification is limited by the Certificate of Incorporation.

The Corporation may indemnify a person who was, is, or is threatened to be made, a named defendant or respondent in a proceeding because the person is or was a director, officer, employee or agent of the Corporation, or (although such person neither is nor was an officer, employee or agent of the Corporation) is

or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under laws other than the laws of Delaware, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise, against any judgments, penalties (including excise and similar taxes), fines, settlements and reasonable expenses actually incurred by the person in connection with the proceeding to the maximum extent permitted, and in the manner prescribed, by the Delaware General Corporation Law or other applicable law, except as limited by the Certificate of Incorporation, if such a limitation exists.

The Corporation may advance expenses to directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), to the maximum extent permitted, and in the manner prescribed, by the Delaware General Corporation Law or other applicable law.

The Corporation may purchase and maintain insurance or establish and maintain another arrangement on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under laws other than the laws of Delaware, partnership, joint

venture, sole proprietorship, trust, employee benefit plan or other enterprise, against or in respect of any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a person, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of these Bylaws or by statute. If the insurance or other arrangement is with a person or entity that is not regularly engaged in the business of providing insurance coverage, the insurance or arrangement may provide for payment of a liability with respect to which the Corporation would not have the power to indemnify the person only if including coverage for the additional liability has been approved by the stockholders of the Corporation.

Without limiting the power of the Corporation to purchase, procure, establish or maintain any kind of insurance or other arrangement, the Corporation may, for the benefit of persons indemnified by the Corporation, (1) create a trust fund; (2) establish any form of self-insurance; (3) secure its indemnity obligation by grant of a security interest or other lien on the assets of the Corporation; or (4) establish a letter of credit, guaranty or surety arrangement. The insurance or other arrangement may be purchased, procured, maintained or established within the Corporation or with any insurer or other person deemed appropriate by the Board of Directors regardless of whether all or part of the stock or other securities of the insurer or other person are owned

in whole or part by the Corporation. In the absence of fraud, the judgment of the Board of Directors as to the terms and conditions of the insurance or other arrangement and the identity of the insurer or other person participating in an arrangement shall be conclusive and the insurance or arrangement shall not be voidable and shall not subject the directors approving the insurance or arrangement to liability, on any ground, regardless of whether directors participating in the approval are beneficiaries of the insurance or arrangement.

Any indemnification of or advance of expenses to a director in accordance with this Article or the provisions of any statute shall be reported in writing to the stockholders with or before the notice or waiver of notice of the next stockholders' meeting or with or before the next submission to stockholders of a consent to action without a meeting and, in any case, within the 12-month period immediately following the date of the indemnification or advance.

These indemnification provisions shall inure to each of the directors, officers, employees and agents of the Corporation, and other persons serving at the request of the Corporation (as provided above in this Article), whether or not the claim asserted against him is based on matters that antedate the adoption of this Article, and in the event of his death shall extend to his legal representatives; but such rights shall not be exclusive of any rights to which he may be entitled.

For purposes of this Article, (1) the term "expenses" includes court costs and attorneys' fees, (2) the term "proceeding" means any threatened, pending or

completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative, any appeal in such an action, suit or proceeding, and any inquiry or investigation that could lead to such an action, suit or proceeding and (3) the term "director" means any person who is or was a director of the Corporation and any person who, while a director of the Corporation, is or was serving at the request of the Corporation as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation for profit subject to the provisions of the Delaware General Corporation Law, corporation for profit organized under laws other than the laws of Delaware, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise.

ARTICLE TEN

MISCELLANEOUS

Section 1. Distributions and Share Dividends. Distributions in the form of dividends and share dividends on the outstanding shares of the Corporation, subject to any restrictions in the Certificate of Incorporation and to the limitations imposed by the statutes, may be declared by the Board of Directors

at any regular or special meeting. Distributions in the form of dividends may be declared and paid in cash, in property, or in evidences of the Corporation's indebtedness, or in any combination thereof, and may be declared and paid in combination with share dividends. Distributions made by the Corporation, including those that were payable but not paid to a holder of shares, or to his heirs, successors or assigns, and have been held in suspense by the Corporation or were paid or delivered by it into an escrow account or to a trustee or custodian, shall be payable by the Corporation, escrow agent, trustee or custodian to the holder of the shares as of the record date determined for the distribution or to his heirs, successors or assigns.

Section 2. Reserves. The Corporation may, by resolution of the Board of Directors, create a reserve or reserves out of its surplus or designate or allocate any part or all of its surplus in any manner for any proper purpose or purposes, and may increase, decrease or abolish any such reserve, designation or allocation in the same manner.

Section 3. Signature of Negotiable Instruments. All bills, notes, checks or other instruments for the payment of money shall be signed or countersigned by such officer, officers, agent or agents, and in such manner, as are permitted by these Bylaws and as from time to time may be prescribed by resolution (whether general or special) of the Board of Directors or the Executive Committee.

Section 4. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 5. Seal. The seal of the Corporation shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 6. Loans and Guaranties. The Corporation may lend money to, guaranty obligations of and otherwise assist its directors, officers and employees if the Board of Directors determines that such a loan, guaranty or assistance reasonably may be expected to benefit, directly or indirectly, the Corporation.

Section 7. Closing of Share Transfer Records and Record Date. For the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive a distribution by the Corporation (other than a distribution involving a purchase

or redemption by the Corporation of any of its own shares) or a share dividend, or in order to make a determination of stockholders for any other proper purpose (other than determining stockholders entitled to consent to action by stockholders proposed to be taken without a meeting of stockholders), the Board of Directors may provide that the share transfer records of the Corporation shall be closed for a stated period but not to exceed, in any case, sixty (60) days. If the share transfer records shall be closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such records shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the share transfer records, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders, such date in any case not to be more than sixty (60) days and, in case of a meeting of stockholders, not less than ten (10) days prior to the date on which the particular action requiring such determination of stockholders is to be taken. If the share transfer records are not closed and no record date is fixed for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders, or entitled to receive a distribution (other than a distribution involving a purchase or redemption by the Corporation of any of its own shares) or a share dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such distribution or share dividend is adopted, as the case may be, shall be the record date for such determination of stockholders. The record date for determining stockholders entitled to call a special meeting is the date the first stockholder signs the notice of that meeting. When a determination of stockholders entitled to vote at any meeting has been made as provided in this Section, such determination shall apply to any adjournment thereof except where the determination has been made through the closing of the share transfer records and the stated period of closing has expired.

Unless a record date shall have previously been fixed or determined pursuant to this Section 7, whenever action by stockholders is proposed to be taken by consent in writing without a meeting of stockholders, the Board of Directors may fix a record

date for the purpose of determining stockholders entitled to consent to that action, which record date shall not precede, and shall not be more than ten (10) days after, the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors and the prior action of the Board of Directors is not required by the Delaware General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery shall be by hand or by certified or registered mail, return receipt requested. Delivery to the Corporation's

principal place of business shall be addressed to the President or the principal executive officer of the Corporation. If no record date shall have been fixed by the Board of Directors and prior action of the Board of Directors is required by the Delaware General Corporation Law, the record date for determining stockholders entitled to consent to action in writing without a meeting shall be at the close of business on the date on which the Board of Directors adopts a resolution taking such prior action.

Section 8. Surety Bonds. Such officers and agents of the Corporation (if any) as the Board of Directors may direct from time to time shall be bonded for the faithful performance of their duties and for the restoration to the Corporation, in case of their death, resignation, retirement, disqualification or removal from office, of all books, papers, vouchers, money and other property of whatever kind in their possession or under their control belonging to the Corporation, in such amounts and by such surety companies as the Board of Directors may determine. The premiums on such bonds shall be paid by the Corporation, and the bonds so furnished shall be in the custody of the Secretary.

Section 9. Gender. Words of any gender used in these Bylaws shall be construed to include each other gender, unless the context requires otherwise.

ARTICLE ELEVEN

AMENDMENTS

These Bylaws may be amended or repealed, or new bylaws may be adopted, by the affirmative vote of a majority of the directors present at any meeting of the Board of Directors at which a quorum is present or by unanimous written consent of all the directors, unless (1) by statute or the Certificate of Incorporation the power is reserved exclusively to the stockholders in whole or in part, or (2) the stockholders in amending, repealing or adopting a particular bylaw expressly provide that the Board of Directors may not amend or repeal that bylaw. Unless the Certificate of

Incorporation or a bylaw adopted by the stockholders provides otherwise as to all or some portion of the Corporation's Bylaws, the stockholders may amend, repeal or adopt the Corporation's Bylaws even though the Corporation's Bylaws may also be amended, repealed or adopted by the Board of Directors.

EXHIBIT 3.17

ARTICLES OF ORGANIZATION

OF

WESTERN GAS WYOMING, L.L.C.

The undersigned, acting as organizer of a limited liability company pursuant to the Wyoming Limited Liability Company Act (the "Act"), certifies the following Articles of Organization, pursuant to Wyoming Statutes (S) 17-15-101, et seq.

ARTICLE I

NAME

The name of the limited liability company is Western Gas Wyoming, L.L.C. (the "Company").

ARTICLE II

DURATION

The period of the Company's duration is thirty (30) years.

ARTICLE III

PURPOSE

The Company is organized for the purpose of conducting natural gas operations in the Powder River Basin and transacting any and all lawful business for which limited liability companies may be formed under the laws of the State of Wyoming.

ARTICLE IV

REGISTERED AGENT AND REGISTERED OFFICE

The name of the Company's initial registered agent and the address and principal place of business of the Company's initial registered office is:

CT Corporation System

1720 Carey Avenue
Cheyenne, Wyoming 82001

ARTICLE V

INITIAL CAPITALIZATION

The initial capitalization of the Company will be $5,000.

ARTICLE VI

ADDITIONAL CAPITAL CONTRIBUTIONS

Members of the Company shall not be required to make any additional capital contributions to the Company except as agreed upon by all members.

ARTICLE VII

ADMISSION OF ADDITIONAL MEMBERS

Additional members may be admitted upon the written consent of all of the members of the Company.

ARTICLE VIII

CONTINUATION OF THE COMPANY

The Company hereby has the right to continue the business on the death, resignation, expulsion, bankruptcy or dissolution of a member or the occurrence of any other event which terminates the continued membership of a member of the Company.

ARTICLE IX

MANAGEMENT

The management of the Company is reserved to its sole member, Western Gas Resources, Inc., whose principal place of business is 12200 N. Pecos Street, Denver, Colorado 80234.

ARTICLE X

FLEXIBLE LIMITED LIABILITY COMPANY

Pursuant to Section 17-15-107(a)(x) of the Act, the Company hereby elects to be treated as a flexible limited liability company.

Dated: December 10, 1998

WESTERN GAS RESOURCES, INC.,
a Colorado corporation

By:/s/ Edward A. Aabak

Name: Edward A. Aabak
Title: Senior Vice President-Operations

EXHIBIT 4.2

WESTERN GAS RESOURCES, INC.,
As Issuer,

THE SUBSIDIARY GUARANTORS
Named on Schedule I hereto

AND

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION,
As Trustee

FIRST SUPPLEMENTAL INDENTURE

Dated as of September , 1999

Supplementing the Indenture, Dated
as of June 15, 1999, among
Western Gas Resources, Inc., the
Guarantors named therein and
Chase Bank of Texas, National Association,
as Trustee

$155,000,000

10% SENIOR SUBORDINATED NOTES DUE 2009

THIS FIRST SUPPLEMENTAL INDENTURE, dated as of September 10, 1999 (the "First Supplemental Indenture"), is by and among (i) WESTERN GAS RESOURCES, INC., a Delaware corporation (the "Company"), as issuer of the 10% Senior Subordinated Notes due 2009 (the "Notes"), (ii) each of the Subsidiaries of the

Company set forth on Schedule I hereto and each of the Company's Subsidiaries which becomes a guarantor of the Notes in compliance with Section 9.16 of the Indenture referred to herein in which such Subsidiary agrees to be bound by the terms of the Indenture, as guarantors of the Company's obligations under the Indenture and the Notes (each, a "Guarantor"), and (iii) Chase Bank of Texas, National Association, as trustee (the "Trustee").

WHEREAS, the Company, the Guarantors as of June 15, 1999 (the "Issue Date") and the Trustee heretofore executed and delivered an Indenture, dated as of June 15, 1999 (the "Original Indenture"); and

WHEREAS, pursuant to the Original Indenture the Company issued and the Trustee authenticated and delivered $155 million aggregate principal amount of the Notes, which Notes were guaranteed by each of the Com pany's Subsidiaries set forth in clause (1) of the definition of "Guarantors" in the Original Indenture; and

WHEREAS, on August 4, 1999, the Company's subsidiary, MGTC, Inc., a Wyoming Corporation ("MGTC"), a Restricted Subsidiary (as defined in the Original Indenture), obtained approval from the Wyoming Public Service Commission to execute guarantees in respect of the Company's obligations under certain Senior Debt (as defined in the Indenture) of the Company; and as a result of such approval, MGTC's guarantees under such Senior Debt, were issued; and

WHEREAS, Section 9.16 of the Indenture provides that each Restricted Subsidiary of the Company be a Guarantor for so long as such Restricted Subsidiary has outstanding any Guarantees with respect to the Senior Debt; and

WHEREAS, Section 12.08 of the Indenture provides that each domestic Subsidiary which is required to become a Guarantor pursuant to Section 9.16 thereof shall promptly execute and deliver to the Trustee a supplemen-

tal indenture pursuant to which such Subsidiary shall become a Guarantor thereunder; and

WHEREAS, this First Supplemental Indenture has been duly authorized by all necessary corporate action on the part of the Company and the Guarantors.

NOW, THEREFORE, the Company, the Guarantors listed on Schedule I hereto and the Trustee agree as follows for the equal and ratable benefit of each other and the Holders of the Notes:

ARTICLE I
ADDITION OF GUARANTORS

SECTION 1.1. Addition of Guarantor. MGTC hereby expressly agrees to

issue a Subsidiary Guarantee and to be bound as, and assume the obligations of, a Guarantor under the Indenture.

SECTION 1.2. Trustee's Acceptance. The Trustee hereby accepts this First Supplemental Indenture and agrees to perform the same under the terms and conditions set forth in the Indenture.

ARTICLE II
Miscellaneous

SECTION 2.1. Effect of Supplemental Indenture. Upon the execution and delivery of this First Supplemental Indenture by the Company, the Guarantors listed in Schedule I hereto and the Trustee, the Indenture shall be supplemented in accordance herewith, and this First Supplemental Indenture shall form a part of the Indenture for all purposes, and every Holder of Notes heretofore or hereafter authenticated and delivered under the Indenture shall be bound thereby.

SECTION 2.2. Indenture Remains in Full Force and Effect. Except as supplemented hereby, all provisions in the Indenture shall remain in full force and effect.

SECTION 2.3. Indenture and Supplemental Indenture Construed Together. This First Supplemental Inden-

ture is an indenture supplemental to and in implementation of the Indenture, and the Indenture and this First Supplemental Indenture shall henceforth be read and construed together.

SECTION 2.4. Confirmation and Preservation of Indenture. The Indenture as supplemented by this First Supplemental Indenture is in all respects confirmed and preserved.

SECTION 2.5. Conflict with Trust Indenture Act. If any provision of this First Supplemental Indenture limits, qualifies or conflicts with any provision of the Trust Indenture Act of 1939, as amended (the "TIA") that is required under the TIA to be part of and govern any provision of this First Supplemental Indenture, the provision of the TIA shall control. If any provision of this First Supplemental Indenture modifies or excludes any provision of the TIA that may be so modified or excluded, the provision of the TIA shall be deemed to apply to the Indenture as so modified or to be excluded by this First Supplemental Indenture, as the case may be.

SECTION 2.6. Severability. In case any provision in this First Supplemental Indenture shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in

any way be affected or impaired thereby.

SECTION 2.7. Terms Defined in the Indenture. All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

SECTION 2.8. Headings. The Article and Section headings of this First Supplemental Indenture have been inserted for convenience of reference only, are not to be considered a part of this First Supplemental Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

SECTION 2.9. Benefits of First Supplemental Indenture, etc. Nothing in this First Supplemental Indenture or the Notes, express or implied, shall give to any Person, other than the parties hereto and thereto and their successors hereunder and thereunder and the Holders of the Notes, any benefit of any legal or equitable

right, remedy or claim under the Indenture, this First Supplemental Indenture or the Notes.

SECTION 2.10. Successors. All agreements of the Company and the Guarantors in this First Supplemental Indenture shall bind their respective successors. All agreements of the Trustee in this First Supplemental Indenture shall bind its successors.

SECTION 2.11. Trustee Not Responsible for Recitals. The recitals contained herein shall be taken as the statements of the Company and the Guarantors, and the Trustee assumes no responsibility for their correctness. The Trustee shall have no liability for the validity or sufficiency of this First Supplemental Indenture.

SECTION 2.12. Certain Duties and Responsibilities of the Trustee. In entering into this First Supplemental Indenture, the Trustee shall be entitled to the benefit of every provision of the Indenture relating to the conduct or affecting the liability or affording protection to the Trustee, whether or not elsewhere herein so provided.

SECTION 2.13. Governing Law. This First Supplemental Indenture shall be governed by, and construed in accordance with, the laws of the State of New York but without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby.

SECTION 2.14. Counterpart Originals. The parties may sign any number of copies of this First Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

IN WITNESS WHEREOF, the parties have caused this First Supplemental Indenture to be duly executed as of the date first written above.

WESTERN GAS RESOURCES, INC.

By: _____
Name:
Title:

GUARANTORS:

LANCE OIL & GAS COMPANY, INC.
MGTC, INC.
MIGC, INC.
MOUNTAIN GAS RESOURCES, INC.
PINNACLE GAS TREATING, INC.
WESTERN GAS RESOURCES - TEXAS, INC.
WESTERN GAS RESOURCES - OKLAHOMA, INC.
WESTERN GAS WYOMING, L.L.C.

By: _____
Name:
Title:

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Trustee

By: _____
Name:
Title:

Schedule I

Guarantors

Name of Subsidiary

LANCE OIL & GAS COMPANY, INC.
MGTC, INC.
MIGC, INC.
MOUNTAIN GAS RESOURCES, INC.
PINNACLE GAS TREATING, INC.
WESTERN GAS RESOURCES - TEXAS, INC.
WESTERN GAS RESOURCES - OKLAHOMA, INC.
WESTERN GAS WYOMING, L.L.C.

EXHIBIT 4.4

Western Gas Resources, Inc.

10% Senior Subordinated Notes due 2009

unconditionally guaranteed as to the
payment of principal, premium,
if any, and interest by

Lance Oil & Gas Company, Inc.
MIGC, Inc.,
Mountain Gas Resources, Inc.,
Pinnacle Gas Treating, Inc.,
Western Gas Resources - Texas, Inc.,
Western Gas Resources - Oklahoma, Inc., and
Western Gas Wyoming, L.L.C.

Exchange and Registration Rights Agreement

June 15, 1999

Goldman, Sachs & Co.,
Banc of America Securities LLC
Prudential Securities Incorporated
SG Cowen Securities Corporation
Petrie Parkman & Co., Inc.
As representatives of the several Purchasers
named in Schedule I to the Purchase Agreement
c/o Goldman, Sachs & Co.
85 Broad Street
New York, New York 10004

Ladies and Gentlemen:

Western Gas Resources, Inc., a Delaware corporation (the "Company"), proposes to issue and sell to the Purchasers (as defined herein) upon the terms set forth in the Purchase Agreement (as defined herein) its 10% Senior Subordinated Notes due 2009, which are unconditionally guaranteed by the subsidiaries identified on the signature page hereto. As an inducement to the Purchasers to enter into the Purchase Agreement and in satisfaction of a condition to the obligations of the Purchasers thereunder, the Company agrees with the Purchasers for the benefit of holders (as defined herein) from time to time of the Registrable Securities (as defined herein) as follows:

1. Certain Definitions. For purposes of this Exchange and Registration Rights Agreement, the following terms shall have the following respective meanings:

"Base Interest" shall mean the interest that would otherwise accrue on the Securities under the terms thereof and the Indenture, without giving effect to the provisions of this Agreement.

The term "broker-dealer" shall mean any broker or dealer registered with the Commission under the Exchange Act.

"Closing Date" shall mean the date on which the Securities are initially issued.

"Commission" shall mean the United States Securities and Exchange Commission, or any other federal agency at the time administering the Exchange Act or the Securities Act, whichever is the relevant statute for the particular purpose.

"Conduct Rules" shall have the meaning assigned thereto in Section 3(d)(xix) hereof.

"Effective Time," in the case of (i) an Exchange Registration, shall mean the time and date as of which the Commission declares the Exchange Registration Statement effective or as of which the Exchange Registration Statement otherwise becomes effective and (ii) a Shelf Registration, shall mean the time and date as of which the Commission declares the Shelf Registration Statement effective or as of which the Shelf Registration Statement otherwise becomes effective.

"Electing Holder" shall mean any holder of Registrable Securities that has returned a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(ii) or 3(d)(iii) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, or any successor thereto, as the same shall be amended from time to time.

"Exchange Offer" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Registration" shall have the meaning assigned thereto in Section 3(c) hereof.

"Exchange Registration Statement" shall have the meaning assigned thereto in Section 2(a) hereof.

"Exchange Securities" shall have the meaning assigned thereto in Section 2(a) hereof.

"Guarantor" shall have the meaning assigned thereto in the Indenture.

The term "holder" shall mean each of the Purchasers and other persons who acquire Registrable Securities from time to time (including any successors or assigns), in each case for so long as such person owns any Registrable Securities.

"Indenture" shall mean the Indenture, dated as of June 15, 1999, among the Company, the Guarantors and Chase Bank of Texas, National Association, as Trustee, as the same shall be amended from time to time.

"NASD" shall have the meaning assigned thereto in Section 3(d)(xix) hereof.

"Notice and Questionnaire" means a Notice of Registration Statement and Selling Securityholder Questionnaire substantially in the form of Exhibit A hereto.

The term "person" shall mean a corporation, association, partnership, organization, business, individual, government or political subdivision thereof or governmental agency.

"Purchase Agreement" shall mean the Purchase Agreement, dated as of June 15, 1999, among the Purchasers, the Guarantors and the Company relating to the Securities.

"Purchasers" shall mean the Purchasers named in Schedule I to the Purchase Agreement.

"Registrable Securities" shall mean the Securities; provided, however, that a Security shall cease to be a Registrable Security when (i) in the circumstances contemplated by Section 2(a) hereof, the Security has been exchanged for an Exchange Security in an Exchange Offer as contemplated in Section 2(a) hereof (provided that any Exchange Security that, pursuant to the last two sentences of Section 2(a), is included in a prospectus for use in connection with resales by broker-dealers shall be deemed to be a Registrable Security with respect to Sections 5, 6 and 9 until resale of such Registrable Security has been effected within the 180-day period referred to in Section 2(a)); (ii) in the circumstances contemplated by Section 2(b) hereof, a Shelf Registration Statement registering such Security under the Securities Act has been declared or becomes effective and such Security has been sold or otherwise transferred by the holder thereof pursuant to and in a manner contemplated by such effective Shelf Registration Statement; (iii) such Security is sold pursuant to Rule 144 under circumstances in which any legend borne by such Security relating to restrictions on transferability thereof, under the Securities Act or otherwise, is removed by the Company or pursuant to the Indenture; (iv) such Security is eligible to be sold pursuant to paragraph (k) of Rule 144; or (v) such Security shall cease to be outstanding.

"Registration Default" shall have the meaning assigned thereto in Section

2(c) hereof.

"Registration Default Period" shall have the meaning assigned thereto in Section 2(c) hereof.

"Registration Expenses" shall have the meaning assigned thereto in Section 4 hereof.

"Resale Period" shall have the meaning assigned thereto in Section 2(a) hereof.

"Restricted Holder" shall mean (i) a holder that is an affiliate of the Company within the meaning of Rule 405, (ii) a holder who acquires Exchange Securities outside the ordinary course of such holder's business, (iii) a holder who has arrangements or understandings with any person to participate in the Exchange Offer for the purpose of distributing Exchange Securities and (iv) a holder that is a broker-dealer, but only with respect to Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities acquired by the broker-dealer directly from the Company.

"Rule 144," "Rule 405" and "Rule 415" shall mean, in each case, such rule promulgated under the Securities Act (or any successor provision), as the same shall be amended from time to time.

"Securities" shall mean, collectively, the 10% Senior Subordinated Notes due 2009 of the Company to be issued and sold to the Purchasers, and securities issued in exchange therefor or in lieu thereof pursuant to the Indenture. Each Security is entitled to the benefit of

the guarantees provided for in the Indenture (each, a "Guarantee") and, unless the context otherwise requires, any reference herein to a "Security," an "Exchange Security" or a "Registrable Security" shall include a reference to the related Guarantee.

"Securities Act" shall mean the Securities Act of 1933, or any successor thereto, as the same shall be amended from time to time.

"Shelf Registration" shall have the meaning assigned thereto in Section 2(b) hereof.

"Shelf Registration Statement" shall have the meaning assigned thereto in Section 2(b) hereof.

"Special Interest" shall have the meaning assigned thereto in Section 2(c) hereof.

"Trust Indenture Act" shall mean the Trust Indenture Act of 1939, or any

successor thereto, and the rules, regulations and forms promulgated thereunder, all as the same shall be amended from time to time.

Unless the context otherwise requires, any reference herein to a "Section" or "clause" refers to a Section or clause, as the case may be, of this Exchange and Registration Rights Agreement, and the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Exchange and Registration Rights Agreement as a whole and not to any particular Section or other subdivision. Unless the context otherwise requires, any reference to a statute, rule or regulation refers to the same (including any successor statute, rule or regulation thereto) as it may be amended from time to time.

2. Registration Under the Securities Act.

(a) Except as set forth in Section 2(b) below, the Company agrees to file under the Securities Act, as soon as practicable, but no later than 90 days after the Closing Date, a registration statement relating to an offer to exchange (such registration statement, the "Exchange Registration Statement", and such offer, the "Exchange Offer") any and all of the Securities for a like aggregate principal amount of debt securities issued by the Company and guaranteed by the Guarantors, which debt securities and guarantees are substantially identical to the Securities and the related Guarantees, respectively (and are entitled to the benefits of a trust indenture which is substantially identical to the Indenture or is the Indenture and which has been qualified under the Trust Indenture Act), except that they have been registered pursuant to an effective registration statement under the Securities Act and do not contain provisions for the additional interest contemplated in Section 2(c) below (such new debt securities hereinafter called "Exchange Securities"). Interest on each Exchange Security will accrue (i) from the later of (A) the last interest payment date on which interest was paid on the Note surrendered in exchange therefor or (B) if the Note is surrendered for exchange on a date in a period which includes the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date or (ii) if no interest has been paid on such Note, from the Closing Date. The Company agrees to use its reasonable best efforts to cause the Exchange Registration Statement to become effective under the Securities Act no later than 180 days after the Closing Date. The Exchange Offer will be registered under the Securities Act on the appropriate form and will comply with all applicable tender offer rules and regulations under the Exchange Act. The Company further

agrees to use its reasonable best efforts to commence and complete the Exchange Offer promptly, but no later than 45 days after such Exchange Registration Statement has become effective, hold the Exchange Offer open for at least 30 days and exchange Exchange Securities for all Registrable Securities that have been properly tendered and not

withdrawn on or prior to the expiration of the Exchange Offer. The Exchange Offer will be deemed to have been "completed" only if the debt securities and related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are, upon receipt, transferable by each such holder without restriction under Section 5 of the Securities Act and the Exchange Act (except for the requirement to deliver a prospectus included in the Exchange Act Registration statement applicable to resales by any broker-dealer of Exchange Securities received by such broker-dealer pursuant to an Exchange Offer in exchange for Registrable Securities other than those acquired by the broker-dealer directly from the Company) and without material restrictions under the blue sky or securities laws of a substantial majority of the States of the United States of America. The Exchange Offer shall be deemed to have been completed upon the earlier to occur of (i) the Company having exchanged the Exchange Securities for all outstanding Registrable Securities pursuant to the Exchange Offer and (ii) the Company having exchanged, pursuant to the Exchange Offer, Exchange Securities for all Registrable Securities that have been properly tendered and not withdrawn before the expiration of the Exchange Offer, which shall be on a date that is at least 30 days following the commencement of the Exchange Offer. The Company agrees (x) to include in the Exchange Registration Statement a prospectus for use in any resales by any holder of Exchange Securities that is a broker-dealer and (y) to keep such Exchange Registration Statement effective for a period (the "Resale Period") beginning when Exchange Securities are first issued in the Exchange Offer and ending upon the earlier of the expiration of the 180th day after the Exchange Offer has been completed or such time as such broker-dealers no longer own any Registrable Securities. With respect to such Exchange Registration Statement, such holders shall have the benefit of the rights of indemnification and contribution set forth in Sections 6(a), (c), (d) and (e) hereof.

(b) If (i) on or prior to the time the Exchange Offer is completed existing Commission interpretations are changed such that the debt securities or the related guarantees received by holders other than Restricted Holders in the Exchange Offer for Registrable Securities are not or would not be, upon receipt, transferable by each such holder without restriction under the Securities Act, (ii) the Exchange Offer has not been completed within 225 days following the Closing Date or (iii) the Exchange Offer is not available to any holder of the Securities, the Company shall, in lieu of (or, in the case of clause (iii), in addition to) conducting the Exchange Offer contemplated by Section 2(a), use its reasonable best efforts to file under the Securities Act as soon as practicable, but no later than the later of 45 days after the time such obligation to file arises or 90 days after the Closing Date, a "shelf" registration statement providing for the registration of, and the sale on a continuous or delayed basis by the holders of, all of the Registrable Securities, pursuant to Rule 415 or any similar rule that may be adopted by the Commission (such filing, the "Shelf Registration" and such registration statement, the "Shelf Registration Statement"). The Company agrees to use its reasonable best efforts (x) to cause the Shelf Registration Statement to

become or be declared effective no later than 180 days after such Shelf Registration Statement is filed and to keep such Shelf Registration Statement continuously effective for a period ending on the

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earlier of the second anniversary of the Effective Time or such time as there are no longer any Registrable Securities outstanding, provided, however, that no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement or to use the prospectus forming a part thereof for resales of Registrable Securities unless such holder is an Electing Holder, and (y) after the Effective Time of the Shelf Registration Statement, promptly upon the request of any holder of Registrable Securities that is not then an Electing Holder, to take any action reasonably necessary to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities, including, without limitation, any action necessary to identify such holder as a selling securityholder in the Shelf Registration Statement, provided, however, that nothing in this Clause (y) shall relieve any such holder of the obligation to return a completed and signed Notice and Questionnaire to the Company in accordance with Section 3(d)(iii) hereof. The Company further agrees to supplement or make amendments to the Shelf Registration Statement, as and when required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the Securities Act or rules and regulations thereunder for shelf registration, and the Company agrees to furnish to each Electing Holder copies of any such supplement or amendment prior to its being used or promptly following its filing with the Commission.

Notwithstanding the foregoing, the Company may postpone, for a period not to exceed 30 days, supplementing or amending the Shelf Registration Statement if (i) the Company is in possession of material non-public information related to a proposed financing, recapitalization, acquisition, business combination or other material transaction and the Board of Directors of the Company determines (in good faith in a written resolution) that disclosure of such information would have a material adverse effect on the business or operations of the Company and its subsidiaries and disclosure of such information is not otherwise required by law and (ii) the Company delivers notice (which shall include a copy of the resolution of the Board of Directors with respect to such determination) to the Electing Holders and any placement agent or underwriter as contemplated by Section 3(d)(viii)(F) to the effect that Electing Holders may not make offers or sales under the Shelf Registration Statement; provided, however, that the Company may deliver only two such notices within any twelve-month period. Promptly upon the earlier of (x) public disclosure of such material non-public information, (y) the date on which such non-public information is no longer material and (z) 30 days after the date notice is given by the Company pursuant to clause (ii) above, the Company shall supplement or amend the Shelf Registration Statement as required

by the immediately preceding sentence and give notice to the Electing Holders that offers and sales under the Shelf Registration Statement may be resumed.

(c) In the event that (i) the Company has not filed the Exchange Registration Statement or Shelf Registration Statement on or before the date on which such registration statement is required to be filed pursuant to Section 2(a) or 2(b), respectively, or (ii) such Exchange Registration Statement or Shelf Registration Statement has not become effective or been declared effective by the Commission on or before the date on which such registration statement is required to become or be declared effective pursuant to Section 2(a) or 2(b), respectively, or (iii) the Exchange Offer has not been completed within 45 days after the initial effective date of the Exchange Registration Statement relating to the Exchange Offer (if the Exchange Offer is then required to be made) or (iv) any Exchange Registration Statement or Shelf Registration Statement required by Section 2(a) or 2(b) hereof is filed

and declared effective but shall thereafter either be withdrawn by the Company or shall become subject to an effective stop order issued pursuant to Section 8(d) of the Securities Act suspending the effectiveness of such registration statement (except as specifically permitted herein) without being succeeded immediately by an additional registration statement filed and declared effective (each such event referred to in clauses (i) through (iv), a "Registration Default" and each period during which a Registration Default has occurred and is continuing, a "Registration Default Period"), then, as liquidated damages for such Registration Default, subject to the provisions of Section 9(b), special interest ("Special Interest"), in addition to the Base Interest, shall accrue at a per annum rate of 0.25% for the first 90 days of the Registration Default Period, at a per annum rate of 0.50% for the second 90 days of the Registration Default Period, at a per annum rate of 0.75% for the third 90 days of the Registration Default Period and at a per annum rate of 1.0% thereafter for the remaining portion of the Registration Default Period, provided that the aggregate Special Interest rate shall in no event exceed 1.0% per annum. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Registration Statement and/or the Shelf Registration Statement, in the case of (i) above, (2) upon the effectiveness of the Exchange Registration Statement and /or the Shelf Registration Statement, in the case of (ii) above, (3) upon completion of the Exchange Offer in the case of (iii) above, or (4) upon the filing of a post-effective amendment or an additional registration statement that causes the Exchange Registration Statement and/or the Shelf Registration Statement to again be declared effective or made usable in the case of (iv) above, the Special Interest payable as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease accruing and the interest rate shall return to the Base Interest.

(d) The Company shall take, and shall cause the Guarantors to take, all actions necessary or advisable to be taken by them to ensure that the transactions contemplated herein are effected as so contemplated, including all actions necessary or desirable to register the Guarantees under the registration statement contemplated in Section 2(a) or 2(b) hereof, as applicable.

(e) Any reference herein to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time and any reference herein to any post-effective amendment to a registration statement as of any time shall be deemed to include any document incorporated, or deemed to be incorporated, therein by reference as of such time.

3. Registration Procedures.

If the Company files a registration statement pursuant to Section 2(a) or Section 2(b), the following provisions shall apply:

(a) At or before the Effective Time of the Exchange Offer or the Shelf Registration, as the case may be, the Company shall qualify the Indenture under the Trust Indenture Act.

(b) In the event that such qualification would require the appointment of a new trustee under the Indenture, the Company shall appoint a new trustee thereunder pursuant to the applicable provisions of the Indenture.

(c) In connection with the Company's obligations with respect to the registration of Exchange Securities as contemplated by Section 2(a) (the reasonably practicable (or as otherwise specified):

(i) prepare and file with the Commission no later than 90 days after the Closing Date, an Exchange Registration Statement on any form which may be utilized by the Company and which shall permit the Exchange Offer and resales of Exchange Securities by broker-dealers during the Resale Period to be effected as contemplated by Section 2(a), and use its reasonable best efforts to cause such Exchange Registration Statement to become effective no later than 180 days after the Closing Date;

(ii) prepare and file with the Commission such amendments and supplements to such Exchange Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Exchange Registration Statement for the periods and purposes contemplated in Section 2(a) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Exchange Registration Statement, and provide each broker-dealer holding Exchange Securities

with such number of copies of the prospectus included therein (as then amended or supplemented), in conformity in all material respects with the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, as such broker-dealer reasonably may request prior to the expiration of the Resale Period, for use in connection with resales of Exchange Securities;

(iii) notify each broker-dealer that has requested or received copies of the prospectus included in such registration statement and, if requested by such person, confirm such advice in writing, (A) when such Exchange Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-effective amendment has been filed, and, with respect to such Exchange Registration Statement or any post-effective amendment, when the same has become effective, (B) of any request by the Commission for amendments or supplements to such Exchange Registration Statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Exchange Registration Statement or the initiation or threatening of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Exchange Securities for sale in any jurisdiction or the initiation of any proceeding for such purpose, or (F) at any time during the Resale Period when a prospectus is required to be delivered under the Securities Act, that such Exchange Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(iv) in the event that the Company would be required, pursuant to Section 3(d)(iii)(F) above, to notify any broker-dealers holding Exchange Securities, without unreasonable delay prepare and furnish to each such holder a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of such Exchange Securities during the Resale Period, such prospectus shall conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements

therein not misleading in light of the circumstances then existing;

(v) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such Exchange Registration Statement or any post-effective amendment thereto at the earliest practicable date;

(vi) use its reasonable best efforts to (A) register or qualify the Exchange Securities under the securities laws or blue sky laws of such jurisdictions as are contemplated by Section 2(a) no later than the commencement of the Exchange Offer, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions until the expiration of the Resale Period and (C) take any and all other actions as may be reasonably necessary or advisable to enable each broker-dealer holding Exchange Securities to consummate the disposition thereof in such jurisdictions; provided, however, that neither the Company nor the Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(c)(vi), (2) consent to general service of process or taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or any agreement between it and its stockholders;

(vii) use its reasonable best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Exchange Registration, the Exchange Offer and the offering and sale of Exchange Securities by broker-dealers during the Resale Period;

(viii) provide a CUSIP number for all Exchange Securities, not later than the applicable Effective Time; and

(ix) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but no later than eighteen months after the effective date of such Exchange Registration Statement, an earnings statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(d) In connection with the Company's obligations with respect to the Shelf Registration, if applicable, the Company shall, as soon as reasonably practicable (or as otherwise specified):

(i) prepare and file with the Commission within the time periods specified in Section

2(b), a Shelf Registration Statement on any form which may be utilized by the Company and which shall register all of the Registrable Securities for resale by the holders thereof in accordance with such method or methods of disposition as may be specified in writing by such of the holders as, from time to time, may be Electing Holders and use its reasonable best efforts to cause such Shelf Registration Statement to become effective within the time periods specified in Section 2(b);

(ii) not less than 30 calendar days prior to the Effective Time of the Shelf Registration Statement, mail the Notice and Questionnaire to the holders of Registrable Securities; no holder shall be entitled to be named as a selling securityholder in the Shelf Registration Statement as of the Effective Time, and no holder shall be entitled to use the prospectus forming a part thereof for resales of Registrable Securities at any time, unless such holder has returned a completed and signed Notice and Questionnaire to the Company by the deadline for response set forth therein; provided, however, holders of Registrable Securities shall have at least 28 calendar days from the date on which the Notice and Questionnaire is first mailed to such holders to return a completed and signed Notice and Questionnaire to the Company;

(iii) after the Effective Time of the Shelf Registration Statement, upon the request of any holder of Registrable Securities that is not then an Electing Holder, promptly send a Notice and Questionnaire to such holder; provided that the Company shall not be required to take any action to name such holder as a selling securityholder in the Shelf Registration Statement or to enable such holder to use the prospectus forming a part thereof for resales of Registrable Securities until such holder has returned a completed and signed Notice and Questionnaire to the Company;

(iv) prepare and file with the Commission such amendments and supplements to such Shelf Registration Statement and the prospectus included therein as may be necessary to effect and maintain the effectiveness of such Shelf Registration Statement for the period specified in Section 2(b) hereof and as may be required by the applicable rules and regulations of the Commission and the instructions applicable to the form of such Shelf Registration Statement, and furnish to the Electing Holders copies of any such supplement or amendment simultaneously with or prior to its being used or filed with the Commission;

(v) comply with the provisions of the Securities Act with respect to the disposition of all of the Registrable Securities covered by such Shelf Registration Statement in accordance with the intended methods of disposition by the Electing Holders provided for in such Shelf Registration Statement;

(vi) provide (A) the Electing Holders, (B) the underwriters (which term, for purposes of this Exchange and Registration Rights Agreement, shall include a person deemed to be an underwriter within the meaning of

Section 2(a)(11) of the Securities Act), if any, thereof, (C) the sales or placement agent, if any, therefor, (D) one counsel for any such underwriter or agent and (E) not more than one counsel for all the Electing Holders the opportunity to participate in the preparation of such Shelf Registration Statement, each prospectus included therein or filed with the Commission and each amendment or supplement thereto;

(vii) for a reasonable period prior to the filing of such Shelf Registration Statement, and throughout the period specified in Section 2(b), make available at reasonable times at the Company's principal place of business or such other reasonable place determined by the Company for inspection by the persons referred to in Section 3(d)(vi) who shall certify to the Company that they have a current intention to sell the Registrable Securities pursuant to the Shelf Registration such relevant financial and other information and books and records of the Company, and use its reasonable best efforts to cause the officers, employees, counsel and independent certified public accountants of the Company to respond to such inquiries, as shall be reasonably necessary, in the reasonable judgment of the respective counsel referred to in such Section, to conduct a reasonable investigation within the meaning of Section 11 of the Securities Act; provided, however, that each such party shall be required to maintain in confidence and not to disclose to any other person any information or records reasonably designated by the Company as being confidential, until such time as (A) such information becomes a matter of public record (whether by virtue of its inclusion in such registration statement or otherwise), or (B) such person shall be required so to disclose such information pursuant to a subpoena or order of any court or other governmental agency or body having jurisdiction over the matter (subject to the requirements of such order, and only after such person shall have given the Company prompt prior written notice of such requirement), or (C) such information is required to be set forth in such Shelf Registration Statement or the prospectus included therein or in an amendment to such Shelf Registration Statement or an amendment or supplement to such prospectus in order that such Shelf Registration Statement, prospectus, amendment or supplement, as the case may be, complies with applicable requirements of the federal securities laws and the rules and regulations of the Commission and does not contain an untrue statement of a material fact or omit to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(viii) promptly notify each of the Electing Holders, or Goldman, Sachs & Co., as applicable, any sales or placement agent therefor and any underwriter thereof (which notification may be made through any managing underwriter that is a representative of such underwriter for such purpose) and, if requested in writing by such person, and confirm such advice in writing, (A) when such Shelf Registration Statement or the prospectus included therein or any prospectus amendment or supplement or post-

effective amendment has been filed, and, with respect to such Shelf Registration Statement or any post-effective amendment, when the same has become effective, (B) of any comments by the Commission and by the blue sky or securities commissioner or regulator of any state with respect thereto or any request by the Commission for amendments or supplements to such Shelf Registration Statement or prospectus or for additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or the initiation of any proceedings for that purpose, (D) if at any time the representations and warranties of the Company contemplated by Section 3(d)(xvii) or Section 5 cease to be true and correct in all material respects, (E) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, or (F) if at any time when

a prospectus is required to be delivered under the Securities Act, that such Shelf Registration Statement, prospectus, prospectus amendment or supplement or post-effective amendment does not conform in all material respects to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder or contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing;

(ix) use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement or any post-effective amendment thereto at the earliest practicable date;

(x) if requested by any managing underwriter or underwriters, any placement or sales agent or any Electing Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as is required by the applicable rules and regulations of the Commission and as such managing underwriter or underwriters, such agent or such Electing Holder specifies in writing to the Company should be included therein relating to the terms of the sale of such Registrable Securities, including information with respect to the principal amount of Registrable Securities being sold by such Electing Holder or agent or to any underwriters, the name and description of such Electing Holder, agent or underwriter, the offering price of such Registrable Securities and any discount, commission or other compensation payable in respect thereof, the purchase price being paid therefor by such underwriters and with respect to any other terms of the offering of the Registrable Securities to be sold by such Electing Holder or agent or to such underwriters; and make all required filings of such prospectus supplement or post-effective amendment promptly after notification of the matters to be incorporated in such prospectus supplement or post-effective amendment;

(xi) furnish to each Electing Holder, each placement or sales agent, if any, therefor, each underwriter, if any, thereof and the respective counsel referred to in Section 3(d)(vi) an executed copy (or, in the case of an Electing Holder, a conformed copy) of such Shelf Registration Statement, each such amendment and supplement thereto (in each case including all exhibits thereto (in the case of an Electing Holder of Registrable Securities, upon request in writing to the Company) and documents incorporated by reference therein) and such number of copies of such Shelf Registration Statement (excluding exhibits thereto and documents incorporated by reference therein unless specifically so requested in writing to the Company by such Electing Holder, agent or underwriter, as the case may be) and of the prospectus included in such Shelf Registration Statement (including each preliminary prospectus and any summary prospectus), in conformity in all material respects with the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder, and such other documents, as such Electing Holder, agent, if any, and underwriter, if any, may reasonably request in writing to the Company in order to facilitate the offering and disposition of the Registrable Securities owned by such Electing Holder, offered or sold by such agent or underwritten by such underwriter and to permit such Electing Holder, agent and underwriter to satisfy the prospectus delivery requirements of the Securities Act; and the Company hereby consents to the use of such prospectus (including such

preliminary and summary prospectus) and any amendment or supplement thereto by each such Electing Holder and by any such agent and underwriter, in each case in the form most recently provided to such person by the Company, in connection with the offering and sale of the Registrable Securities covered by the prospectus (including such preliminary and summary prospectus) or any supplement or amendment thereto;

(xii) use its reasonable best efforts to (A) register or qualify the Registrable Securities to be included in such Shelf Registration Statement under such securities laws or blue sky laws of such jurisdictions as any Electing Holder and each placement or sales agent, if any, therefor and underwriter, if any, thereof shall reasonably request in writing to the Company, (B) keep such registrations or qualifications in effect and comply with such laws so as to permit the continuance of offers, sales and dealings therein in such jurisdictions during the period the Shelf Registration is required to remain effective under Section 2(b) above and for so long as may be necessary to enable any such Electing Holder, agent or underwriter to complete its distribution of Securities pursuant to such Shelf Registration Statement and (C) take any and all other actions as may be reasonably necessary or advisable to enable each such Electing Holder, agent, if any, and underwriter, if any, to consummate the disposition in such jurisdictions of such Registrable Securities; provided, however, that

neither the Company nor the Guarantors shall be required for any such purpose to (1) qualify as a foreign corporation in any jurisdiction wherein it would not otherwise be required to qualify but for the requirements of this Section 3(d)(xii), (2) consent to general service of process or taxation in any such jurisdiction or (3) make any changes to its certificate of incorporation or by-laws or any agreement between it and its stockholders;

(xiii) use its reasonable best efforts to obtain the consent or approval of each governmental agency or authority, whether federal, state or local, which may be required to effect the Shelf Registration or the offering or sale in connection therewith or to enable the selling holder or holders to offer, or to consummate the disposition of, their Registrable Securities;

(xiv) unless any Registrable Securities shall be in book-entry only form, cooperate with the Electing Holders and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates, if so required by any securities exchange upon which any Registrable Securities are listed, shall be penned, lithographed or engraved, or produced by any combination of such methods, on steel engraved borders, and which certificates shall not bear any restrictive legends; and, in the case of an underwritten offering, enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request at least two business days prior to any sale of the Registrable Securities;

(xv) provide a CUSIP number for all Registrable Securities, not later than the applicable Effective Time;

(xvi) enter into one or more reasonable forms of underwriting agreements, engagement letters, agency agreements, "best efforts" underwriting agreements or similar agreements, as appropriate, including customary provisions relating to

indemnification and contribution, and take such other actions in connection therewith as any Electing Holders aggregating at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding shall reasonably request in order to expedite or facilitate the disposition of such Registrable Securities, provided that the Company shall not be required to enter into any such agreement more than three times with respect to all of the Registrable Securities and may delay entering into any such agreement until the consummation of any underwritten public offering in which the Company shall be engaged provided that such delay is reasonable;

(xvii) whether or not an agreement of the type referred to in Section

3(d)(xvi) hereof is entered into and whether or not any portion of the offering contemplated by the Shelf Registration is an underwritten offering or is made through a placement or sales agent or any other entity, (A) make such representations and warranties to the Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof in form, substance and scope as are customarily made in connection with an offering of debt securities pursuant to any appropriate agreement or to a registration statement filed on the form applicable to the Shelf Registration; (B) obtain an opinion of counsel to the Company in customary form and covering such matters, of the type customarily covered by such an opinion, as the managing underwriters, if any, or as any Electing Holders of at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding may reasonably request, addressed to such Electing Holder or Electing Holders and the placement or sales agent, if any, therefor and the underwriters, if any, thereof and dated the effective date of such Shelf Registration Statement (and if such Shelf Registration Statement contemplates an underwritten offering of a part or all of the Registrable Securities, dated the date of the closing under the underwriting agreement relating thereto); (C) obtain a "cold comfort" letter or letters from the independent certified public accountants of the Company addressed to the selling Electing Holders, the placement or sales agent, if any, therefor or the underwriters, if any, thereof, dated (i) the effective date of such Shelf Registration Statement and (ii) the effective date of any prospectus supplement to the prospectus included in such Shelf Registration Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus (and, if such Shelf Registration Statement contemplates an underwritten offering pursuant to any prospectus supplement to the prospectus included in such Shelf Registration Statement or post-effective amendment to such Shelf Registration Statement which includes unaudited or audited financial statements as of a date or for a period subsequent to that of the latest such statements included in such prospectus, dated the date of the closing under the underwriting agreement relating thereto), such letter or letters to be in customary form and covering such matters of the type customarily covered by letters of such type; (D) deliver such documents and certificates, including officers' certificates, as may be reasonably requested by any Electing Holders of at least 20% in aggregate principal amount of the Registrable Securities at the time outstanding or the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof to evidence the accuracy of the representations and warranties made pursuant to clause (A) above or those contained in Section 5(a) hereof and the compliance with or satisfaction of any

agreements or conditions contained in the underwriting agreement or other agreement entered into by the Company or the Guarantors; and (E) undertake such obligations relating to expense

reimbursement, indemnification and contribution as are provided in Section 6 hereof;

(xviii) notify in writing each holder of Registrable Securities affected thereby of any proposal by the Company to amend or waive any provision of this Exchange and Registration Rights Agreement pursuant to Section 9(h) hereof and of any amendment or waiver effected pursuant thereto, each of which notices shall contain the text of the amendment or waiver proposed or effected, as the case may be;

(xix) in the event that any broker-dealer registered under the Exchange Act shall underwrite any Registrable Securities or participate as a member of an underwriting syndicate or selling group or "assist in the distribution" (within the meaning of the Conduct Rules (the "Conduct Rules) of the National Association of Securities Dealers, Inc. ("NASD") or any successor thereto, as amended from time to time) thereof, whether as a holder of such Registrable Securities or as an underwriter, a placement or sales agent or a broker or dealer in respect thereof, or otherwise, assist such broker-dealer in complying with the requirements of such Conduct Rules, including by (A) if such Conduct Rules shall so require, engaging a "qualified independent underwriter" (as defined in such Conduct Rules) to participate in the preparation of the Shelf Registration Statement relating to such Registrable Securities, to exercise usual standards of due diligence in respect thereto and, if any portion of the offering contemplated by such Shelf Registration Statement is an underwritten offering or is made through a placement or sales agent, to recommend the yield of such Registrable Securities, (B) indemnifying any such qualified independent underwriter to the extent of the indemnification of underwriters provided in Section 6 hereof (or to such other customary extent as may be requested by such underwriter), and (C) providing such information to such broker-dealer as may be required in order for such broker-dealer to comply with the requirements of the Conduct Rules; and

(xx) comply with all applicable rules and regulations of the Commission, and make generally available to its securityholders as soon as practicable but in any event not later than eighteen months after the effective date of such Shelf Registration Statement, an earnings statement of the Company and its subsidiaries complying with Section 11(a) of the Securities Act (including, at the option of the Company, Rule 158 thereunder).

(e) In the event that the Company would be required, pursuant to Section 3(d)(viii)(F) above, to notify the Electing Holders, the placement or sales agent, if any, therefor and the managing underwriters, if any, thereof, the Company shall without unreasonable delay prepare and furnish to each of the Electing Holders, to each placement or sales agent, if any, and to each such underwriter, if any, a reasonable number of copies of a prospectus supplemented or amended so that, as thereafter delivered to purchasers of Registrable Securities, such prospectus shall conform in all material respects

to the applicable requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and shall not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing. Each Electing

Holder agrees that upon receipt of any notice from the Company pursuant to Section 3(d)(viii)(F) hereof, such Electing Holder shall forthwith discontinue the disposition of Registrable Securities pursuant to the Shelf Registration Statement applicable to such Registrable Securities until such Electing Holder shall have received copies of such amended or supplemented prospectus, and if so directed by the Company, such Electing Holder shall deliver to the Company (at the Company's expense) all copies of the prospectus covering such Registrable Securities, other than permanent file copies, then in such Electing Holder's possession at the time of receipt of such notice.

(f) In the event of a Shelf Registration, in addition to the information required to be provided by each Electing Holder in its Notice Questionnaire, the Company may require such Electing Holder to furnish to the Company in writing such additional information regarding such Electing Holder and such Electing Holder's intended method of distribution of Registrable Securities as may be required in order to comply with the Securities Act. No holder may include any of its Registrable Securities in any Shelf Registration pursuant to the Exchange and Registration Rights Agreement or be entitled to receive Special Interest unless and until such Holder furnishes to the Company, in writing, such information as is required by applicable law for use in connection with any Shelf Registration or related prospectus or preliminary prospectus. Each such Electing Holder agrees to notify the Company in writing as promptly as practicable of any inaccuracy or change in information previously furnished by such Electing Holder to the Company or of the occurrence of any event in either case as a result of which any prospectus relating to such Shelf Registration contains or would contain an untrue statement of a material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities or omits to state any material fact regarding such Electing Holder or such Electing Holder's intended method of disposition of such Registrable Securities required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and promptly to furnish to the Company any additional information required to correct and update any previously furnished information or required so that such prospectus shall not contain, with respect to such Electing Holder or the disposition of such Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing.

(g) Until the expiration of two years after the Closing Date, the Company will not, and will not permit any of its "affiliates" (as defined in Rule 144)

to, resell any of the Securities that have been reacquired by any of them except pursuant to an effective registration statement under the Securities Act.

4. Registration Expenses.

The Company agrees to bear and to pay or cause to be paid all expenses incident to the Company's performance of or compliance with this Exchange and Registration Rights Agreement (excluding fees and disbursements of counsel to the Purchasers and fees and disbursements of underwriters' counsel in connection with a Shelf Registration, in each case other than reasonable fees and disbursements relating to blue sky qualifications or as otherwise set forth herein or any other agreement in writing), including (a) all Commission and any NASD registration, filing and review fees and expenses, (b) all fees and expenses in connection with the qualification of the Securities for offering and sale under the State securities and blue sky laws referred to

in Section 3(d)(xii) hereof and determination of their eligibility for investment under the laws of such jurisdictions as any managing underwriters or the Electing Holders may designate in writing to the Company, including reasonable fees and disbursements of one counsel for the Electing Holders or underwriters in connection with such qualification and determination, (c) all expenses relating to the preparation, printing, production, distribution and reproduction of each registration statement required to be filed hereunder, each prospectus included therein or prepared for distribution pursuant hereto, each amendment or supplement to the foregoing, the expenses of preparing the Securities for delivery and the expenses of printing or producing any underwriting agreements, agreements among underwriters, selling agreements and blue sky or legal investment memoranda and all other documents in connection with the offering, sale or delivery of Securities to be disposed of (including certificates representing the Securities), (d) messenger and delivery expenses relating to the offering, sale or delivery of Securities and the preparation of documents referred in clause (c) above, (e) reasonable fees and expenses of the Trustee under the Indenture, (f) internal expenses (including all salaries and expenses of the Company's officers and employees performing legal or accounting duties), (g) fees, disbursements and expenses of counsel and independent certified public accountants of the Company (including the expenses of any opinions or "cold comfort" letters required by or incident to such performance and compliance), (h) reasonable fees, disbursements and expenses of any "qualified independent underwriter" engaged pursuant to Section 3(d)(xix) hereof, (i) reasonable fees, disbursements and expenses of one counsel for the Electing Holders retained in connection with a Shelf Registration, as selected by the Electing Holders of at least a majority in aggregate principal amount of the Registrable Securities held by Electing Holders (which counsel shall be reasonably satisfactory to the Company), (j) any fees charged by securities rating services for rating the Securities, and (k) reasonable fees,

expenses and disbursements of any other persons, including special experts, retained by the Company in connection with such registration (collectively, the "Registration Expenses"). To the extent that any Registration Expenses are incurred, assumed or paid by any holder of Registrable Securities or any placement or sales agent therefor or underwriter thereof, the Company shall reimburse such person for the full amount of the Registration Expenses so incurred, assumed or paid promptly after receipt of a written request (which includes a description of the Registration Expenses for which reimbursement is sought) therefor. Notwithstanding the foregoing, the holders of the Registrable Securities being registered shall pay all agency fees and commissions and underwriting discounts and commissions attributable to the sale of such Registrable Securities and the fees and disbursements of any counsel or other advisors or experts retained by such holders (severally or jointly), other than the counsel and experts specifically referred to above.

5. Representations and Warranties.

The Company represents and warrants to, and agrees with, each Purchaser and each of the holders from time to time of Registrable Securities that:

(a) Each registration statement covering Registrable Securities and each prospectus (including any preliminary or summary prospectus) contained therein or furnished pursuant to Section 3(c) or Section 3(d) hereof and any further amendments or supplements to any such registration statement or prospectus, when it becomes effective or is filed with the Commission, as the case may be, and, in the case of an underwritten offering of Registrable

Securities, at the time of the closing under the underwriting agreement relating thereto, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; and at all times subsequent to the Effective Time when a prospectus would be required to be delivered under the Securities Act, other than from (i) such time as a notice has been given to holders of Registrable Securities pursuant to Section 3(c)(iii)(F) or Section 3(d)(viii)(F) hereof until (ii) such time as the Company furnishes an amended or supplemented prospectus pursuant to Section 3(c)(iv) or Section 3(e) hereof, each such registration statement, and each prospectus (including any summary prospectus) contained therein or furnished pursuant to Section 3(c) or Section 3(d) hereof, as then amended or supplemented, will conform in all material respects to the requirements of the Securities Act and the Trust Indenture Act and the rules and regulations of the Commission thereunder and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the

circumstances then existing; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities expressly for use therein.

(b) Any documents incorporated by reference in any prospectus referred to in Section 5(a) hereof, when they become or became effective or are or were filed with the Commission, as the case may be, will conform or conformed in all material respects to the requirements of the Securities Act or the Exchange Act, as applicable, and none of such documents will contain or contained an untrue statement of a material fact or will omit or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by a holder of Registrable Securities expressly for use therein.

(c) The compliance by the Company with all of the provisions of this Exchange and Registration Rights Agreement and the consummation of the transactions herein contemplated will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any subsidiary of the Company is a party or by which the Company or any subsidiary of the Company is bound or to which any of the property or assets of the Company or any subsidiary of the Company is subject, except for such conflicts, breaches, violations or defaults which would not, individually or in the aggregate, have a material adverse effect on the business, consolidated financial position, stockholders' equity or results of operations of the Company or its subsidiaries taken as a whole, nor will such action result in any violation of the provisions of the certificate of incorporation, as amended, or the by-laws of the Company or the Guarantors or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any subsidiary of the Company or any of their properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company and the Guarantors of the transactions contemplated by this Exchange and Registration Rights Agreement, except the registration under the Securities Act of the

Securities, qualification of the Indenture under the Trust Indenture Act and such consents, approvals, authorizations, registrations or qualifications as may be required under State securities or blue sky laws in connection with the offering and distribution of the Securities.

(d) This Exchange and Registration Rights Agreement has been duly authorized, executed and delivered by the Company.

6. Indemnification.

(a) Indemnification by the Company and the Guarantors. Upon the registration of the Registrable Securities pursuant to Section 2 hereof, and in consideration of the agreements of the Purchasers contained herein, and as an inducement to the Purchasers to purchase the Notes, the Company and the Guarantors, jointly and severally, will indemnify and hold harmless each of the holders of Registrable Securities included in an Exchange Registration Statement, each of the Electing Holders of Registrable Securities included in a Shelf Registration Statement and each person who participates as a placement or sales agent or as an underwriter in any offering or sale of such Registrable Securities against any losses, claims, damages or liabilities, joint or several, to which such holder, agent or underwriter may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Exchange Registration Statement or Shelf Registration Statement, as the case may be, under which such Registrable Securities were registered under the Securities Act, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such holder, Electing Holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse such holder, such Electing Holder, such agent and such underwriter for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that neither the Company nor the Guarantors shall be liable to any such person in any such case to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, or preliminary, final or summary prospectus, or amendment or supplement thereto, in reliance upon and in conformity with written information furnished to the Company by such person expressly for use therein; further provided, however, that such indemnity with respect to any preliminary prospectus shall not inure to the benefit of any such person (or any person controlling any such person) from whom the person asserting any such loss, claim, damage or liability purchased the Notes which are the subject thereof if such person did not receive a copy of the final prospectus (or the final prospectus as amended or supplemented) at or prior to the confirmation of the sale of such Registrable Securities to such person in any case where the untrue statement or omission of a material fact contained in such preliminary prospectus was corrected in the final prospectus (or the final prospectus as amended or supplemented).

(b) Indemnification by the Holders and any Agents and Underwriters. The Company may require, as a condition to including any Registrable Securities in any registration statement filed pursuant to Section 2(b) hereof and to entering into any underwriting agreement with respect thereto, that the Company shall have received an undertaking reasonably

satisfactory to it from the Electing Holder of such Registrable Securities and from each underwriter named in any such underwriting agreement, severally and not jointly, to (i) indemnify and hold harmless the Company, the Guarantors, each of the Company's and each Guarantor's respective affiliates, officers, directors, employees, representatives and agents, and each person, if any, who controls the Company and each Guarantor, as the case may be, within the meaning of the Securities Act or the Exchange Act, and all other holders of Registrable Securities, against any losses, claims, damages or liabilities to which the Company, the Guarantors or such other holders of Registrable Securities may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in such registration statement, or any preliminary, final or summary prospectus contained therein or furnished by the Company to any such Electing Holder, agent or underwriter, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Electing Holder or underwriter expressly for use therein, and (ii) reimburse the Company and the Guarantors for any legal or other expenses reasonably incurred by the Company and the Guarantors in connection with investigating or defending any such action or claim as such expenses are incurred; provided, however, that no such Electing Holder shall be required to undertake liability to any person under this Section 6(b) for any amounts in excess of the dollar amount of the proceeds to be received by such Electing Holder from the sale of such Electing Holder's Registrable Securities pursuant to such registration.

(c) Notices of Claims, Etc. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of or contemplated by this Section 6, notify such indemnifying party in writing of the commencement of such action; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under the indemnification provisions of or contemplated by Section 6(a) or 6(b) hereof. In case any such action shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party), and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party

for any legal expenses of other counsel or any other expenses, in each case subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation. No indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or

potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party. The indemnifying party shall not be required to indemnify the indemnified party for any amount paid or payable by the indemnified party in the settlement of any proceeding effected without the written consent of the indemnifying party, which consent shall not be unreasonably withheld.

(d) Contribution. If for any reason the indemnification provisions contemplated by Section 6(a) or Section 6(b) are unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative fault of the indemnifying party and the indemnified party in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this Section 6(d) were determined by pro rata allocation (even if the holders or any agents or underwriters or all of them were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this Section 6(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages, or liabilities (or actions in respect thereof) referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 6(d), no holder shall be required to contribute any amount in excess of the amount by which the dollar amount of the proceeds

received by such holder from the sale of any Registrable Securities (after deducting any fees, discounts and commissions applicable thereto) exceeds the amount of any damages which such holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and no underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such underwriter has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The holders' and any underwriters' obligations in this Section 6(d) to contribute shall be several and not joint.

(e) The obligations of the Company and the Guarantors under this Section 6 shall be in addition to any liability which the Company or the Guarantors may otherwise have and shall extend, upon the same terms and conditions, to each officer, director and partner of each holder, agent and underwriter and each person, if any, who controls any holder, agent or

underwriter within the meaning of the Securities Act; and the obligations of the holders and any agents or underwriters contemplated by this Section 6 shall be in addition to any liability which the respective holder, agent or underwriter may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company or the Guarantors (including any person who, with his consent is named in the registration statement as about to become a director of the Company or any Guarantor) and to each person, if any, who controls the Company or any Guarantor within the meaning of the Securities Act.

7. Underwritten Offerings.

(a) Selection of Underwriters. If any of the Registrable Securities covered by the Shelf Registration are to be sold pursuant to an underwritten offering, the managing underwriter or underwriters thereof shall be designated by Electing Holders holding at least a majority in aggregate principal amount of the Registrable Securities to be included in such offering, provided that such designated managing underwriter or underwriters is or are reasonably acceptable to the Company. Such Electing Holders shall be responsible for all underwriting commissions and discounts in connection therewith.

(b) Participation by Holders. Each holder of Registrable Securities hereby agrees with each other such holder that no such holder may participate in any underwritten offering hereunder unless such holder (i) agrees to sell such holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (ii) completes and executes all questionnaires, powers of

attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

8. Rule 144.

The Company covenants to the holders of Registrable Securities that to the extent it shall be required to do so under the Exchange Act, the Company shall use its reasonable best efforts to file in a timely manner the reports required to be filed by it under the Exchange Act or the Securities Act (including the reports under Section 13 and 15(d) of the Exchange Act referred to in subparagraph (c)(1) of Rule 144 adopted by the Commission under the Securities Act) and the rules and regulations adopted by the Commission thereunder, and shall take such further action as any holder of Registrable Securities may reasonably request, all to the extent required from time to time to enable such holder to sell Registrable Securities without registration under the Securities Act within the limitations of the exemption provided by Rule 144 under the Securities Act, as such Rule may be amended from time to time, or any similar or successor rule or regulation hereafter adopted by the Commission. Upon the written request of any holder of Registrable Securities in connection with that holder's sale pursuant to Rule 144, the Company shall deliver to such holder a written statement as to whether it has complied with such requirements. Notwithstanding the foregoing, nothing in this Section 8 shall be deemed to require the Company to register any of its securities pursuant to the Exchange Act.

9. Miscellaneous.

(a) No Inconsistent Agreements. The Company represents, warrants, covenants

and agrees that it has not granted, and shall not grant, registration rights with respect to Registrable Securities or any other securities which would be inconsistent with the terms contained in this Exchange and Registration Rights Agreement.

(b) Specific Performance. The parties hereto acknowledge that there would be no adequate remedy at law if the Company fails to perform any of its obligations hereunder and that the Purchasers and the holders from time to time of the Registrable Securities may be irreparably harmed by any such failure, and accordingly agree that the Purchasers and such holders, in addition to any other remedy to which they may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of the Company under this Exchange and Registration Rights Agreement in accordance with the terms and conditions of this Exchange and Registration Rights Agreement, in any court of the United States or any State thereof having jurisdiction.

(c) Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be deemed to have been

duly given when delivered by hand, if delivered personally or by courier, or three days after being deposited in the mail (registered or certified mail, postage prepaid, return receipt requested) as follows: If to the Company, to it at 12200 North Pecos Street, Denver, Colorado 80234, and if to a holder, to the address of such holder set forth in the security register or other records of the Company, or to such other address as the Company or any such holder may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

(d) Parties in Interest. All the terms and provisions of this Exchange and Rights Agreement shall be binding upon, shall inure to the benefit of and shall be enforceable by the parties hereto and the holders from time to time of the Registrable Securities and the respective successors and assigns of the parties hereto and such holders. In the event that any transferee of any holder of Registrable Securities shall acquire Registrable Securities, in any manner, whether by gift, bequest, purchase, operation of law or otherwise, such transferee shall, without any further writing or action of any kind, be deemed a beneficiary hereof for all purposes and such Registrable Securities shall be held subject to all of the terms of this Exchange and Registration Rights Agreement, and by taking and holding such Registrable Securities such transferee shall be entitled to receive the benefits of, and be conclusively deemed to have agreed to be bound by all of the applicable terms and provisions of this Exchange and Registration Rights Agreement. If the Company shall so request, any such successor, assign or transferee shall agree in writing to acquire and hold the Registrable Securities subject to all of the applicable terms hereof.

(e) Survival. The respective indemnities, agreements, representations, warranties and each other provision set forth in this Exchange and Registration Rights Agreement or made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any holder of Registrable Securities, any director, officer or partner of such holder, any agent or underwriter or any director, officer or partner thereof, or any controlling person of any of the foregoing, and shall survive delivery of and payment for the Registrable Securities pursuant to the Purchase Agreement and the transfer and registration of Registrable Securities by such holder and the consummation of an Exchange Offer.

(f) Governing Law. This Exchange and Registration Rights Agreement shall be

governed by and construed in accordance with the laws of the State of New York.

(g) Headings. The descriptive headings of the several Sections and paragraphs of this Exchange and Registration Rights Agreement are inserted for convenience only, do not constitute a part of this Exchange and Registration Rights Agreement and shall not affect in any way the meaning or interpretation of this Exchange and Registration Rights Agreement.

(h) Entire Agreement; Amendments. This Exchange and Registration Rights Agreement and the other writings referred to herein (including the Indenture and the form of Securities) or delivered pursuant hereto which form a part hereof contain the entire understanding of the parties with respect to its subject matter. This Exchange and Registration Rights Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. This Exchange and Registration Rights Agreement may be amended and the observance of any term of this Exchange and Registration Rights Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only by a written instrument duly executed by the Company and the holders of at least a majority in aggregate principal amount of the Registrable Securities at the time outstanding. Each holder of any Registrable Securities at the time or thereafter outstanding shall be bound by any amendment or waiver effected pursuant to this Section 9(h), whether or not any notice, writing or marking indicating such amendment or waiver appears on such Registrable Securities or is delivered to such holder.

(i) Inspection. For so long as this Exchange and Registration Rights Agreement shall be in effect, this Exchange and Registration Rights Agreement and a complete list of the names and addresses of all the holders of Registrable Securities shall be made available for inspection and copying on any business day by any holder of Registrable Securities for proper purposes only (which shall include any purpose related to the rights of the holders of Registrable Securities under the Securities, the Indenture and this Agreement) at the offices of the Company at the address thereof set forth in Section 9(c) above and at the office of the Trustee under the Indenture.

(j) Counterparts. This agreement may be executed by the parties in counterparts, each of which shall be deemed to be an original, but all such respective counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us one for the Company and each of the Representatives plus one for each counsel counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Purchasers, this letter and such acceptance hereof shall constitute a binding agreement between each of the Purchasers, the Guarantors and the Company. It is understood that your acceptance of this letter on behalf of each of the Purchasers is pursuant to the authority set forth in a form of Agreement among Purchasers, the form of which shall be submitted to the Company for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

Western Gas Resources, Inc.

By:
Name:

Title:

Lance Oil & Gas Company, Inc.
MIGC, Inc.
Mountain Gas Resources, Inc.
Pinnacle Gas Treating, Inc.
Western Gas Resources - Texas, Inc.
Western Gas Resources-Oklahoma, Inc.
Western Gas Wyoming, L.L.C.

By:
Name:
Title:

Accepted as of the date hereof:
Goldman, Sachs & Co.
Banc of America Securities LLC
Prudential Securties Incorporated
SG Cowen Securities Corporation
Petrie Parkman & Co., Inc.

By:

(Goldman, Sachs & Co.)

Exhibit A

Western Gas Resources, Inc.

INSTRUCTION TO DTC PARTICIPANTS

(Date of Mailing)

URGENT - IMMEDIATE ATTENTION REQUESTED

DEADLINE FOR RESPONSE: [28 days after mailing]

The Depository Trust Company ("DTC") has identified you as a DTC Participant through which beneficial interests in the Western Gas Resources, Inc. (the "Company") 10% Senior Subordinated Notes due 2009 (the "Securities") are held.

The Company is in the process of registering the Securities under the Securities

Act of 1933 for resale by the beneficial owners thereof. In order to have their Securities included in the registration statement, beneficial owners must complete and return the enclosed Notice of Registration Statement and Selling Securityholder Questionnaire.

It is important that beneficial owners of the Securities receive a copy of the enclosed materials as soon as possible as their rights to have the Securities included in the registration statement depend upon their returning the Notice and Questionnaire by _____ [28 days after mailing]. Please forward a copy of the enclosed documents to each beneficial owner that holds interests in the Securities through you. If you require more copies of the enclosed materials or have any questions pertaining to this matter, please contact Western Gas Resources, Inc., 12200 North Pecos Street, Denver, Colorado 80234.

Western Gas Resources, Inc.

Notice of Registration Statement

and

Selling Securityholder Questionnaire

(Date)

Reference is hereby made to the Exchange and Registration Rights Agreement (the "Exchange and Registration Rights Agreement") between Western Gas Resources, Inc. (the "Company") and the Purchasers named therein. Pursuant to the Exchange and Registration Rights Agreement, the Company has filed with the United States Securities and Exchange Commission (the "Commission") a registration statement on Form ____ (the "Shelf Registration Statement") for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Company's 10% Senior Subordinated Notes due 2009 (the "Securities"). A copy of the Exchange and Registration Rights Agreement is attached hereto. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Exchange and Registration Rights Agreement.

Each beneficial owner of Registrable Securities (as defined below) is entitled to have the Registrable Securities beneficially owned by it included in the Shelf Registration Statement. In order to have Registrable Securities included in the Shelf Registration Statement, this Notice of Registration Statement and Selling Securityholder Questionnaire ("Notice and Questionnaire") must be completed, executed and delivered to the Company's counsel at the address set forth herein for receipt ON OR BEFORE _____, 1999 [28 days after mailing]. Beneficial owners of Registrable Securities who do not complete, execute and

return this Notice and Questionnaire by such date (i) will not be named as selling securityholders in the Shelf Registration Statement and (ii) may not use the Prospectus forming a part thereof for resales of Registrable Securities.

Certain legal consequences arise from being named as a selling securityholder in the Shelf Registration Statement and related Prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling securityholder in the Shelf Registration Statement and related Prospectus.

The term "Registrable Securities" is defined in the Exchange and Registration Rights Agreement.

ELECTION

The undersigned holder (the "Selling Securityholder") of Registrable Securities hereby elects to include in the Shelf Registration Statement the Registrable Securities beneficially owned by it and listed below in Item (3). The undersigned, by signing and returning this Notice and Questionnaire, agrees to be bound with respect to such Registrable Securities by the terms and conditions of this Notice and Questionnaire and the Exchange and Registration Rights Agreement, including, without limitation, Section 6 of the Exchange and Registration Rights Agreement, as if the undersigned Selling Securityholder were an original party thereto.

Upon any sale of Registrable Securities pursuant to the Shelf Registration Statement, the Selling Securityholder will be required to deliver to the Company and Trustee the Notice of Transfer set forth in Appendix A to the Prospectus and as Exhibit B to the Exchange and Registration Rights Agreement.

The Selling Securityholder hereby provides the following information to the Company and represents and warrants that such information is accurate and complete:

QUESTIONNAIRE

(1) (a) Full Legal Name of Selling Securityholder:

(b) Full Legal Name of Registered Holder (if not the same as in (a) above) of Registrable Securities Listed in Item (3) below:

(c) Full Legal Name of DTC Participant (if applicable and if not the same as (b) above)

Through Which Registrable Securities Listed in Item (3) below are Held:

(2) Address for Notices to Selling Securityholder:

Telephone:
Fax:
Contact Person:

(3) Beneficial Ownership of Securities:

Except as set forth below in this Item (3), the undersigned does not beneficially own any Securities.

(a) Principal amount of Registrable Securities beneficially owned:

CUSIP No(s). of such Registrable Securities:

(b) Principal amount of Securities other than Registrable Securities beneficially owned:

CUSIP No(s). of such other Securities:

(c) Principal amount of Registrable Securities which the undersigned wishes to be included in the Shelf Registration Statement: CUSIP No(s). of such Registrable Securities to be included in the Shelf Registration Statement:

(4) Beneficial Ownership of Other Securities of the Company:

Except as set forth below in this Item (4), the undersigned Selling Securityholder is not the beneficial or registered owner of any other securities of the Company, other than the Securities listed above in Item (3).

State any exceptions here:

(5) Relationships with the Company:

Except as set forth below, neither the Selling Securityholder nor any of its affiliates, officers, directors or principal equity holders (5% or more) has held any position or office or has had any other material

relationship with the Company (or its predecessors or affiliates) during the past three years.

State any exceptions here:

(6) Plan of Distribution:

Except as set forth below, the undersigned Selling Securityholder intends to distribute the Registrable Securities listed above in Item (3) only as follows (if at all): Such Registrable Securities may be sold from time to time directly by the undersigned Selling Securityholder or, alternatively, through underwriters, broker-dealers or agents. Such Registrable Securities may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of sale, at varying prices determined at the time of sale, or at negotiated prices. Such sales may be effected in transactions (which may involve crosses or block transactions) (i) on any national securities exchange or quotation service on which the Registered Securities may be listed or quoted at the time of sale, (ii) in the over-the-counter market, (iii) in transactions otherwise than on such exchanges or services or in the over-the-counter market, or (iv) through the writing of options. In connection with sales of the Registrable Securities or otherwise, the Selling Securityholder may enter into hedging transactions with broker-dealers, which may in turn engage in short sales of the Registrable Securities in the course of hedging the positions they assume. The Selling Securityholder may also sell Registrable Securities short and deliver Registrable Securities to close out such short positions, or loan or pledge Registrable Securities to broker-dealers that in turn may sell such securities.

State any exceptions here:

By signing below, the Selling Securityholder acknowledges that it understands its obligation to comply, and agrees that it will comply, with the provisions of the Exchange Act and the rules and regulations thereunder, particularly Regulation M.

In the event that the Selling Securityholder transfers all or any portion of the Registrable Securities listed in Item (3) above after the date on which such information is provided to the Company, the Selling Securityholder agrees to notify the transferee(s) at the time of the transfer of its rights and obligations under this Notice and Questionnaire and the Exchange and Registration Rights Agreement.

By signing below, the Selling Securityholder consents to the disclosure of the information contained herein in its answers to Items (1) through (6) above and the inclusion of such information in the Shelf Registration Statement and

related Prospectus. The Selling Securityholder understands that such information will be relied upon by the Company in connection with the preparation of the Shelf Registration Statement and related Prospectus.

In accordance with the Selling Securityholder's obligation under Section 3(d) of the Exchange and Registration Rights Agreement to provide such information as may be required by law for inclusion in the Shelf Registration Statement, the Selling Securityholder agrees to promptly notify the Company of any inaccuracies or changes in the information provided herein which may occur subsequent to the date hereof at any time while the Shelf Registration Statement remains in effect. All notices hereunder and pursuant to the Exchange and Registration Rights Agreement shall be made in writing, by hand-delivery, first-class mail, or air courier guaranteeing overnight delivery as follows:

(i) To the Company:

Western Gas Resources, Inc.
12200 North Pecos Street
Denver, Colorado 80234
Attn: John C. Walter

(ii) With a copy to:

Skadden, Arps, Slate, Meager & Flom LLP
919 Third Avenue
New York, New York 10022-3897
Attn: Susan J. Sutherland

Once this Notice and Questionnaire is executed by the Selling Securityholder and received by the Company's counsel, the terms of this Notice and Questionnaire, and the representations and warranties contained herein, shall be binding on, shall inure to the benefit of and shall be enforceable by the respective successors, heirs, personal representatives, and assigns of the Company and the Selling Securityholder (with respect to the Registrable Securities beneficially owned by such Selling Securityholder and listed in Item (3) above). This Agreement shall be governed in all respects by the laws of the State of New York.

IN WITNESS WHEREOF, the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Dated:

Selling Securityholder
(Print/type full legal name of beneficial owner of Registrable Securities)

By:
Name:
Title:

PLEASE RETURN THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE FOR RECEIPT ON OR BEFORE [28 days after mailing] TO THE COMPANY'S COUNSEL AT:

Skadden, Arps, Slate, Meagher & Flom LLP
919 Third Avenue
New York, New York 10022-3897
Attn: Susan J. Sutherland

Exhibit B

NOTICE OF TRANSFER PURSUANT TO REGISTRATION STATEMENT

Chase Bank of Texas, National Association
Western Gas Resources, Inc.
c/o Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, Texas 77002

Attention: Trust Officer

Re: Western Gas Resources, Inc. (the "Company")
10% Senior Subordinated Notes due 2009

Dear Sirs:

Please be advised that ___ has transferred $ aggregate principal amount of the above-referenced Notes pursuant to an effective Registration Statement on Form ____ (File No. 333-_____) filed by the Company.

We hereby certify that the prospectus delivery requirements, if any, of the Securities Act of 1933, as amended, have been satisfied and that the above-named beneficial owner of the Notes is named as a "Selling Holder" in the Prospectus dated [date] or in supplements thereto, and that the aggregate principal amount of the Notes transferred are the Notes listed in such Prospectus opposite such owner's name.

Dated:

Very truly yours,

(Name)

By:

(Authorized Signature)

EXHIBIT 5.1

Skadden, Arps, Slate, Meagher & Flom LLP
919 3rd Avenue
New York, NY 10022
September 10, 1999

Western Gas Resources, Inc.
12200 North Pecos Street
Denver, Colorado 80234-3439

Re: Western Gas Resources, Inc.
Registration Statement on Form S-4

Ladies and Gentlemen:

We have acted as special counsel to Western Gas Resources, Inc., a Delaware corporation (the "Company"), in connection with the public offering of $155,000,000 aggregate principal amount of the Company's 10% Senior Subordinated Exchange Notes due 2009 (the "Exchange Notes"), which are to be guaranteed on an unsecured senior subordinated basis pursuant to guarantees (the "Guarantees") by each of the entities (collectively, the "Guarantors") and MGTC, Inc., a Wyoming corporation, upon its issuance of a guarantee pursuant to the terms of the Indenture, and as set forth in clause (1) of the definition of "Guarantors" in the Indenture (as defined below), including Lance Oil & Gas Company, Inc., MIGC, Inc., Mountain Gas Resources, Inc. and Western Gas Resources - Oklahoma, Inc., each a Delaware Corporation (the "Delaware Guarantors"). The Exchange Notes are to be issued under an Indenture, dated as of June 15, 1999 (the "Indenture"), among the Company, the Guarantors and Chase Bank of Texas, National Association, as Trustee (the "Trustee"), pursuant to an exchange offer (the "Exchange Offer") by the Company, in exchange for a like principal amount of the Company's issued and outstanding 10% Senior Subordinated Notes due 2009 (the "Original Notes"), as contemplated by the Exchange and Registration Rights Agreement, dated as of June 15, 1999 (the "Registration Rights Agreement"), by

and among the Company, its subsidiaries signatories thereto and Goldman, Sachs & Co., Banc of America Securities LLC, Prudential Securities Incorporated, SG Cowen Securities Corporation and Petrie Parkman & Co., Inc.

This opinion is being furnished in accordance with the requirements of Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Act").

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of:

(i) the Company's registration statement on Form S-4, filed with the Securities and Exchange Commission on September 10, 1999 (such registration statement being hereinafter referred to as the "Registration Statement");

(ii) an executed copy of the Registration Rights Agreement;

(iii) an executed copy of the Indenture;

(iv) the Certificate of Incorporation of the Company and each Delaware Guarantor, as amended to date (collectively, the "Charters");

(v) the By-Laws of the Company and each Delaware Guarantor, as amended to date (collectively, the "By-Laws");

(vi) certain resolutions adopted by the Board of Directors of the Company and each Delaware Guarantor relating to the Exchange Offer, the issuance of the Original Notes and the Exchange Notes, the Indenture, including the Guarantees of the Delaware Guarantors, and related matters;

(vii) the form of the Exchange Notes with the Guarantees endorsed thereon.

We have also examined originals or copies, certified or otherwise identified to our satisfaction, of such records of the Company and the Delaware Guarantors and such agreements, certificates of public officials, certificates of officers or other representatives of the Company and the Delaware Guarantors and others, and

such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinion set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as certified, conformed or photostatic copies and the authenticity of the originals of such latter documents. In making our examination of executed documents or documents to be executed, we have assumed that the parties thereto, other than the Company and the Delaware Guarantors, had or will have the power, corporate or other, to enter into and perform all obligations thereunder and have also assumed the due authorization by all requisite action, corporate or other, and execution and delivery by such parties of such documents and, except as set forth below, the validity and binding effect thereof on such parties. In rendering the opinion set forth herein, we have assumed that the execution and delivery by the Company of the Indenture and the Exchange Notes, the execution and delivery by each of the Guarantors of the Indenture, the performance by the Company and each of the Guarantors of its obligations under the Indenture and the Exchange Notes, do not and will not violate, conflict with or constitute a default under any agreement or instrument to which the Company or any Guarantor or its properties is subject (except that we do not make this assumption with respect to the (a) Charters, (b) the By-laws or (c)(i) the Amended and Restated Note Purchase Agreement, dated as of April 28, 1999, by and among the Company, American General Life Insurance Company and the other note purchasers party thereto as amended and restated from time to time, including, without limitation, the Limited Waiver, Consent, Release and Amendment No. 1, dated as of June 1, 1999, to the Note Purchase Agreement, (ii) the Loan Agreement, dated as of April 29, 1999, by and among the Company, NationsBank, N.A., as agent and the lenders parties thereto, as amended and restated from time to time, including, without limitation, the First Amendment thereto, dated as of June 10, 1999, and (iii) the Second Amended and Restated Master Shelf Agreement, dated as of December 19, 1991, by and between the Company and The Prudential Insurance Company of America, as amended and restated from time to time, including, without limitation, the Limited Waiver, Consent, Release and Amendment No. 1 thereto, dated as of June 1, 1999). In addition, we have assumed that each of the Guarantors is validly existing and in good standing under the laws of the state of its organization (except that we do not make this assumption with respect to the Delaware Guarantors) and has

complied with all aspects of such laws in connection with the issuance of the Guarantees and the related transactions (except that we do not make this assumption with respect to the Delaware Guarantors with respect to Opined on Law (as defined herein)). As to any facts material to the opinion expressed herein which we have not independently established or verified, we have relied upon

statements and representations of officers and other representatives of the Company and the Delaware Guarantors and others.

Our opinion set forth herein is limited to Delaware corporate law and the laws of the State of New York that are normally applicable to transactions of the type contemplated by the Indenture and the Exchange Offer and to the extent that judicial or regulatory orders or decrees or consents, approvals, licenses, authorizations, validations, filings, recordings or registrations with governmental authorities are relevant, to those required under such laws (all of the foregoing being referred to as "Opined on Law"). We do not express any

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opinion with respect to the law of any jurisdiction other than Opined on Law or as to the effect of any such non-opined law on the opinions herein stated.

Based upon and subject to the foregoing and the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that when the Exchange Notes (in the form examined by us) have been duly executed by the Company, authenticated by the Trustee in accordance with the terms of the Indenture and have been delivered upon consummation of the Exchange Offer against receipt of Original Notes surrendered in exchange therefor in accordance with the terms of the Exchange Offer, the Registration Rights Agreement and the Indenture, (1) the Exchange Notes will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, and (2) each Guarantee will constitute a valid and binding obligation of the Guarantor that is a party thereto, enforceable against such Guarantor in accordance with its terms, except, with respect to clauses (1) and (2) above, (a) to the extent that enforcement thereof may be limited by (i) bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or other similar laws now or hereafter in effect relating to creditors' rights generally and (ii) general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity), and (b) we express no opinion regarding the enforceability or effect of Section 4.15 of the Indenture.

We hereby consent to the filing of this opinion with the Securities and Exchange Commission as an exhibit to the Registration Statement. We also consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement. In giving this consent, we do not thereby admit that we are included in the category of persons whose consent is required under Section 7 of the Act or the rules and regulations of the Securities and Exchange Commission. This opinion is expressed as of the date hereof, and we disclaim any undertaking to advise you of any subsequent changes in the facts stated or assumed herein or of any subsequent changes in applicable law.

Very truly yours,

/s/ Skadden, Arps, Slate, Meagher & Flom LLP

EXHIBIT 23

[LETTERHEAD OF PRICEWATERHOUSECOOPERS]

Consent of Independent Accountants

We hereby consent to the use in this Registration Statement on Form S-4 of Western Gas Resources, Inc. of our report dated March 22, 1999 relating to the financial statements of Western Gas Resources, Inc., which appear in such Registration Statement.

PricewaterhouseCoopers LLP
Denver, Colorado

EXHIBIT 25

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER THE
TRUST INDENTURE ACT OF 1939
OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY
OF A TRUSTEE PURSUANT TO SECTION 305(b)(2) ____

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION
(Exact name of trustee as specified in its charter)

74-0800980
(I.R.S. Employer Identification Number)

712 Main Street, Houston, Texas	77002
(Address of principal executive offices)	(Zip code)

Lee Boocker, 712 Main Street, 26th Floor
Houston, Texas 77002 (713) 216-2448
(Name, address and telephone number of agent for service)

WESTERN GAS RESOURCES, INC.
(Exact name of obligor as specified in its charter)

Delaware	84-1127613
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
12200 North Pecos Street Denver, Colorado	80234-3439
(Address of principal executive offices)	(Zip code)

10% Senior Subordinated Notes due 2009
Guarantees of the 10% Senior Subordinated Notes due 2009
(Title of indenture securities)

Item 1. General Information.

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Comptroller of the Currency, Washington, D.C.
Federal Deposit Insurance Corporation, Washington, D.C.
Board of Governors of the Federal Reserve System, Washington, D.C.

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

Item 2. Affiliations with the obligor.

If the obligor is an affiliate of the trustee, describe each such affiliation.

The obligor is not an affiliate of the trustee. (See Note on Page 7.)

Item 3. Voting Securities of the trustee.

Furnish the following information as to each class of voting securities of the trustee.

Col. A Title of class	Col. B Amount outstanding

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 4. Trusteeships under other indentures.

If the trustee is a trustee under another indenture under which any other securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, furnish the following information:

(a) Title of the securities outstanding under each such other indenture.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 4. (Continued)

(b) A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any

such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 5. Interlocking directorates and similar relationships with obligor or underwriters.

If the trustee or any of the directors or executive officer of the trustee is a director, officer, partner, employee, appointee, or representative of the obligor or of any underwriter for the obligor, identify each such person having any such connection and state the nature of each such connection.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 6. Voting securities of the trustee owned by the obligor or its officials.

Furnish the following information as to the voting securities of the trustee owned beneficially by the obligor and each director, partner and executive officer of the obligor.

Col. A	Col. B	Col. C	Col. D
Name of owner	Title of class	Amount owned beneficially	Percentage of voting securities represented by amount given in Col.C
----	----	----	----

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 7. Voting securities of the trustee owned by underwriters or their officials.

Furnish the following information as to the voting securities of the trustee owned beneficially by each underwriter for the obligor and each director, partner and executive officer of each such underwriter.

Col. A	Col. B	Col. C	Col. D
			Percentage of voting securities represented by

Name of owner	Title of class	Amount owned beneficially	amount given in Col. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 8. Securities of the obligor owned or held by the trustee.

Furnish the following information as to the securities of the obligor owned beneficially or held as collateral security for obligations in default by the trustee.

Col. A	Col. B	Col. C	Col. D
Title of class	Whether the securities are voting or nonvoting securities	Amount owned beneficially or held as collateral security for obligations in default	Percent of class represented by amount given in Col. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 9. Securities of underwriters owned or held by the trustee.

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of an underwriter for the obligor, furnish the following information as to each class of securities of such underwriter any of which are so owned or held by the trustee.

Col. A	Col. B	Col. C	Col. D
Name of issuer and Title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 10. Ownership or holdings by the trustee of voting securities of certain affiliates or security holders of the obligor.

If the trustee owns beneficially or holds as collateral security for obligations in default voting securities of a person who, to the knowledge of the trustee (1) owns 10% or more of the voting securities of the obligor or (2) is an affiliate, other than a subsidiary, of the obligor, furnish the following information as to the voting securities of such person.

Col. A	Col. B	Col. C	Col. D
Name of issuer and Title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 11. Ownership or holdings by the trustee of any securities of a person owning 50% or more of the voting securities of the obligor.

If the trustee owns beneficially or holds as collateral security for obligations in default any securities of a person who, to the knowledge of the trustee, owns 50% or more of the voting securities of the obligor, furnish the following information as to each class of securities or such person any of which are so owned or held by the trustee.

Col. A	Col. B	Col. C	Col. D
Name of issuer and Title of class	Amount outstanding	Amount owned beneficially or held as collateral security for obligations in default by trustee	Percent of class represented by amount given in Col. C

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 12. Indebtedness of the Obligor to the Trustee.

Except as noted in the instructions, if the obligor is indebted to the trustee, furnish the following information:

Col. A	Col. B	Col. C

Nature of Indebtedness	Amount Outstanding	Date Due

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 13. Defaults by the Obligor.

(a) State whether there is or has been a default with respect to the securities under this indenture. Explain the nature of any such default.

There is not, nor has there been, a default with respect to the securities under this indenture. (See Note on Page 7.)

Item 13. (Continued)

(b) If the trustee is a trustee under another indenture under which any securities, or certificates of interest or participation in any other securities, of the obligor are outstanding, or is trustee for more than one outstanding series of securities under the indenture, state whether there has been a default under any such indenture or series, identify the indenture or series affected, and explain the nature of any such default.

There has not been a default under any such indenture or series. (See Note on Page 7.)

Item 14. Affiliations with the Underwriters.

If any underwriter is an affiliate of the trustee, describe each such affiliation.

Not applicable by virtue of Form T-1 General Instruction B and response to Item 13.

Item 15. Foreign Trustee.

Identify the order or rule pursuant to which the foreign trustee is authorized to act as sole trustee under indentures qualified or to be qualified under the Act.

Not applicable.

Item 16. List of Exhibits.

List below all exhibits filed as part of this statement of

eligibility.

1. A copy of the articles of association of the trustee now in effect.

2. A copy of the certificate of authority of the trustee to commence business.

3. A copy of the certificate of authorization of the trustee to exercise corporate trust powers issued by the Board of Governors of the Federal Reserve System under date of January 21, 1948.

4. A copy of the existing bylaws of the trustee.

5. Not applicable.

6. The consent of the United States institutional trustees required by Section 321(b) of the Act.

7. A copy of the latest report of condition of the trustee published pursuant to law or the requirements of its supervising or examining authority.

8. Not applicable.

9. Not applicable.

NOTE REGARDING INCORPORATED EXHIBITS

Effective January 20, 1998, the name of the Trustee was changed from Texas Commerce Bank National Association to Chase Bank of Texas, National Association. Certain of the exhibits incorporated herein by reference, except for Exhibit 7, were filed under the former name of the Trustee.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-56195.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-42814.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-11 File No. 33-25132.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-3 File No. 33-65055.

Incorporated by reference to exhibit bearing the same designation and previously filed with the Securities and Exchange Commission as exhibits to the Form S-4 File No. 333-77263.

NOTE

Inasmuch as this Form T-1 is filed prior to the ascertainment by the trustee of all facts on which to base responsive answers to Items 2 and 13, the answers to said Items are based on incomplete information. Such Items may, however, be considered as correct unless amended by an amendment to this Form T-1.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, Chase Bank of Texas, National Association, formerly known as Texas Commerce Bank National Association, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto authorized, all in the City of Houston, and State of Texas, on the ___ day of September, 1999.

CHASE BANK of TEXAS, NATIONAL ASSOCIATION, as Trustee

By: _____
Mauri J. Cowen
Vice President and Trust Officer

Exhibit 6

Securities and Exchange Commission
Washington, D.C. 20549

Gentlemen:

The undersigned is trustee under an Indenture between Western Gas Resources, Inc., a Delaware corporation, as obligor (the "Company"), and Chase Bank of Texas, National Association, as Trustee, entered into in connection with the issuance of the Company's Senior Subordinated Notes and the Guarantees thereof.

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned hereby consents that reports of examinations of the undersigned,

made by Federal or State authorities authorized to make such examinations, may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Very truly yours,

CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, as Trustee

By: _____
Mauri J. Cowen
Vice President and Trust Officer

EXHIBIT 99.1

LETTER OF TRANSMITTAL

WESTERN GAS RESOURCES, INC.

Offer for all Outstanding
10% Senior Subordinated Notes due 2009
in Exchange for
10% Senior Subordinated Notes due 2009
Which Have Been Registered Under
the Securities Act of 1933, as Amended,
Pursuant to the Prospectus, dated , 1999

THE EXCHANGE OFFER WILL EXPIRE AT Midnight NEW YORK CITY TIME, ON , UNLESS EXTENDED (THE "EXPIRATION DATE"). TENDERS MAY BE WITHDRAWN BEFORE Midnight, NEW YORK CITY TIME, ON THE EXPIRATION DATE.

Main Delivery To: Chase Bank of Texas, National Association, Exchange Agent

By mail, hand or overnight courier to:

Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, Tx 77002
Attention: Mauri J. Cowen--Confidential

By Facsimile Transmission
(for Eligible Institutions only):

713-216-6686

Confirm by Telephone:

713-216-5476

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

The undersigned acknowledges that he or she has received the Prospectus, dated , 1999 (the "Prospectus"), of Western Gas Resources, Inc. a Delaware corporation (the "Company"), and this Letter of Transmittal (the "Letter"), which together constitute the Company's offer (the "Exchange Offer") to exchange an aggregate principal amount of up to $155,000,000 of the Company's 10% Senior Subordinated Notes due 2009 (the "Exchange Notes") which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), for a like principal amount of the Company's issued and outstanding 10% Senior Subordinated Notes due 2009 (the "Original Notes") from the registered holders thereof (the "Holders").

For each Original Note accepted for exchange, the Holder of such Original Note will receive an Exchange Note having a principal amount equal to that of the surrendered Original Note. The Exchange Notes will bear interest from the most recent date to which interest has been paid on the Original Notes or, if no interest has been paid on the Original Notes, from June 15, 1999.

Accordingly, registered Holders of Exchange Notes on the relevant record date for the first interest payment date following the consummation of the Exchange Offer will receive interest accruing from the most recent date to which interest has been paid or, if no interest has been paid, from June 15, 1999. Original Notes accepted for exchange will cease to accrue interest from and after the date of consummation of the Exchange Offer. Holders of Original Notes whose Original Notes are accepted for exchange will not receive any payment in respect of accrued interest on such Original Notes otherwise payable on any interest payment date the record date for which occurs on or after consummation of the Exchange Offer.

This Letter is to be completed by a holder of Original Notes either if certificates are to be forwarded herewith or if a tender of certificates for Original Notes, if available, is to be made by book-entry transfer to the account maintained by the Exchange Agent at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedures set forth in "The Exchange Offer--Book-Entry Transfer" section of the Prospectus. Holders of Original Notes whose certificates are not immediately available, or who are unable to deliver their certificates or confirmation of the book-entry tender of their Original Notes into the Exchange Agent's account at the Book-Entry Transfer Facility (a "Book-Entry Confirmation") and all other documents required by this Letter to the Exchange Agent on or before the Expiration Date, must tender their Original Notes according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus. See Instruction 1. Delivery of documents to the Book-Entry Transfer Facility does not constitute delivery to the Exchange Agent.

The undersigned has completed the appropriate boxes below and signed this Letter to indicate the action the undersigned desires to take with respect to the Exchange Offer.

List below the Original Notes to which this Letter relates. If the space provided below is inadequate, the certificate numbers and principal amount of Original Notes should be listed on a separate signed schedule affixed hereto.

<TABLE>
<CAPTION>

DESCRIPTION OF ORIGINAL NOTES	1	2	3
Name(s) and Address(es) of Registered Holder(s) (Please fill in, if blank)	Certificate Number(s)*	Aggregate Principal Amount of Original Note(s)	Principal Amount Tendered**
<S>	<C>	<C>	<C>
	Total		

</TABLE>

* Need not be completed if Original Notes are being tendered by book-entry transfer.

** Unless otherwise indicated in this column, a holder will be deemed to have tendered ALL of the Original Notes represented by the Original Notes indicated in column 2. See Instruction 2. Original Notes tendered hereby must be in denominations of principal amount of $1,000 and any integral multiple thereof. See Instruction 1.

[_]CHECK HERE IF TENDERED ORIGINAL NOTES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER MADE TO THE ACCOUNT MAINTAINED BY THE EXCHANGE AGENT WITH THE BOOK-ENTRY TRANSFER FACILITY AND COMPLETE THE FOLLOWING:

Name of Tendering Institution _____

Account Number _____ Transaction Code Number _____

[_]CHECK HERE IF TENDERED ORIGINAL NOTES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE EXCHANGE AGENT AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s) _____

Window Ticket Number (if any) _____

Date of Execution of Notice of Guaranteed Delivery _____

Name of Institution Which Guaranteed Delivery _____

If Delivered by Book-Entry Transfer, Complete the Following:

Account Number _____ Transaction Code Number _____

[_]CHECK HERE IF YOU ARE A BROKER-DEALER AND WISH TO RECEIVE 10 ADDITIONAL COPIES OF THE PROSPECTUS AND 10 COPIES OF ANY AMENDMENTS OR SUPPLEMENTS THERETO.

Name: _____

Address: _____

_____

If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Original Notes that were acquired as a result of market-making activities or other trading activities, it acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering such a prospectus, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. If the undersigned is a broker-dealer that will receive Exchange Notes, it represents that the Original Notes to be exchanged for the Exchange Notes were acquired as a result of market-making activities or other trading activities.

PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

Upon the terms and subject to the conditions of the Exchange Offer, the undersigned hereby tenders to the Company the aggregate principal amount of Original Notes indicated above. Subject to, and effective upon, the acceptance for exchange of the Original Notes tendered hereby, the undersigned hereby

sells, assigns and transfers to, or upon the order of, the Company all right, title and interest in and to such Original Notes as are being tendered hereby.

The undersigned hereby irrevocably constitutes and appoints the Exchange Agent as the undersigned's true and lawful agent and attorney-in-fact with respect to such tendered Original Notes, with full power of substitution, among other things, to cause the Original Notes to be assigned, transferred and exchanged. The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Original Notes, and to acquire Exchange Notes issuable upon the exchange of such tendered Original Notes, and that, when the same are accepted for exchange, the Company will acquire good and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances and not subject to any adverse claim when the same are accepted by the Company. The undersigned hereby further represents that any Exchange Notes acquired in exchange for Original Notes tendered hereby will have been acquired in the ordinary course of business of the person receiving such Exchange Notes, whether or not such person is the undersigned, that neither the Holder of such Original Notes nor any such other person is participating in, intends to participate in or has an arrangement or understanding with any person to participate in the distribution of such Exchange Notes and that neither the Holder of such Original Notes nor any such other person is an "affiliate," as defined in Rule 405 under the Securities Act, of the Company.

The undersigned acknowledges that this Exchange Offer is being made in reliance on interpretations by the staff of the Securities and Exchange Commission (the "SEC"), as set forth in no-action letters issued to third parties, that the Exchange Notes issued pursuant to the Exchange Offer in exchange for the Original Notes may be offered for resale, resold and otherwise transferred by Holders thereof (other than any such Holder that is an "affiliate" of the Company within the meaning of Rule 405 under the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such Holders' business and such Holders have no arrangement with any person to participate in the distribution of such Exchange Notes. However, the SEC has not considered the Exchange Offer in the context of a no-action letter and there can be no assurance that the staff of the SEC would make a similar determination with respect to the Exchange Offer as in other circumstances. If the undersigned is not a broker-dealer, the undersigned represents that it is not engaged in, and does not intend to engage in, a distribution of Exchange Notes and has no arrangement or understanding to participate in a distribution of Exchange Notes. If any Holder is an affiliate of the Company, is engaged in or intends to engage in or has any arrangement or understanding with respect to the distribution of the Exchange Notes to be acquired pursuant to the Exchange Offer, such Holder (i) could not rely on the applicable interpretations of the staff of the SEC and (ii) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction. If the undersigned is a broker-dealer that will receive Exchange Notes for its own account in exchange for Original Notes, it represents that the Original Notes to be exchanged for the Exchange Notes were acquired by it as a result of market-making activities or other trading activities and acknowledges that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such Exchange Notes; however, by so acknowledging and by delivering a prospectus meeting the requirements of the Securities Act, the undersigned will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

The undersigned will, upon request, execute and deliver any additional documents deemed by the Company to be necessary or desirable to complete the sale, assignment and transfer of the Original Notes tendered hereby. All authority conferred or agreed to be conferred in this Letter and every obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of the undersigned and shall not be affected by, and shall survive, the death or incapacity of the undersigned. This tender may be withdrawn only in accordance with the procedures set forth in "The Exchange Offer--Withdrawal Rights" section of the Prospectus.

Unless otherwise indicated herein in the box entitled "Special Issuance Instructions" below, please deliver the Exchange Notes (and, if applicable, substitute certificates representing Original Notes for any Original Notes not exchanged) in the name of the undersigned or, in the case of a book-entry delivery of Original Notes, please credit the account indicated above maintained at the Book-Entry Transfer Facility. Similarly, unless otherwise indicated under the box entitled "Special Delivery Instructions" below, please send the Exchange Notes (and, if applicable, substitute certificates representing Original Notes for any Original Notes not exchanged) to the undersigned at the address shown above in the box entitled "Description of Original Notes."

THE UNDERSIGNED, BY COMPLETING THE BOX ENTITLED "DESCRIPTION OF ORIGINAL NOTES" ABOVE AND SIGNING THIS LETTER, WILL BE DEEMED TO HAVE TENDERED THE ORIGINAL NOTES AS SET FORTH IN SUCH BOX ABOVE.

SPECIAL ISSUANCE INSTRUCTIONS (See Instructions 3 and 4)	SPECIAL DELIVERY INSTRUCTIONS (See Instructions 3 and 4)
To be completed ONLY if certificates for Original Notes not exchanged and/or Exchange Notes are to be issued in the name of and sent to someone other than the person or persons whose signature(s) appear(s) on this Letter below, or if Original Notes delivered by book-entry transfer which are not accepted for exchange are to be returned by credit to an account maintained at the Book-Entry Transfer Facility other than the account indicated above.	To be completed ONLY if certificates for Original Notes not exchanged and/or Exchange Notes are to be sent to someone other than the person or persons whose signature(s) appear(s) on this Letter below or to such person or persons at an address other than shown in the box entitled "Description of Original Notes" on this Letter above.
Issue Exchange Notes and/or Original Notes to:	Mail Exchange Notes and/or Original Notes to:
	Name(s) _____
	(Please Type or Print)

Name(s) _____

(Please Type or Print)

_____

(Please Type or Print)

Address _____

_____

(Zip Code)

(Complete Substitute Form W-9)

[_Credit]unexchanged Original Notes delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below.

_____

(Book-Entry Transfer Facility Account Number, if applicable)

_____

(Please Type or Print)

Address _____

_____

(Zip Code)

IMPORTANT: THIS LETTER OR A FACSIMILE HEREOF (TOGETHER WITH THE CERTIFICATES FOR ORIGINAL NOTES OR A BOOK-ENTRY CONFIRMATION AND ALL OTHER REQUIRED DOCUMENTS OR THE NOTICE OF GUARANTEED DELIVERY) MUST BE RECEIVED BY THE EXCHANGE AGENT BEFORE Midnight, NEW YORK CITY TIME, ON THE EXPIRATION DATE.

PLEASE READ THIS ENTIRE LETTER OF TRANSMITTAL CAREFULLY BEFORE COMPLETING ANY BOX ABOVE.

PLEASE SIGN HERE
(TO BE COMPLETED BY ALL TENDERING HOLDERS)
(Complete Accompanying Substitute Form W-9 below)

X _____ _____ , 1999

X _____ _____ , 1999

(Signature(s) of Owner) (Date)

Area Code and Telephone Number _____

If a holder is tendering any Original Notes, this Letter must be signed by the registered holder(s) as the name(s) appear(s) on the certificate(s) for the Original Notes or by any person(s) authorized to become registered holder(s) by endorsements and documents transmitted herewith. If signature is by a trustee, executor, administrator, guardian, officer or other person acting in a fiduciary or representative capacity, please set forth full title. See Instruction 3.

Name(s): _____
(Please Type or Print)

Capacity: _____

Address: _____

_____
(including Zip Code)

SIGNATURE GUARANTEE
(if required by Instruction 3)

Signature(s) Guaranteed by
an Eligible Institution: _____
(Authorized Signature)

_____
(Title)

_____
(Name and Firm)

Dated: _____ 1999

INSTRUCTIONS

Forming Part of the Terms and Conditions of the Exchange Offer for the
10% Senior Subordinated Notes due 2009 of Western Gas Resources, Inc.
in Exchange for the
10% Senior Subordinated Notes due 2009 of Western Gas Resources, Inc.
Which Have Been Registered Under the
Securities Act of 1933, as Amended

1. Delivery of this Letter and Notes; Guaranteed Delivery Procedures.

This Letter is to be completed by holders of Original Notes either if certificates are to be forwarded herewith or if tenders are to be made pursuant to the procedures for delivery by book-entry transfer set forth in "The Exchange Offer--Book-Entry Transfer" section of the Prospectus. Certificates for all physically tendered Original Notes, or Book-Entry Confirmation, as the case may be, as well as a properly completed and duly executed Letter (or manually signed facsimile hereof) and any other documents required by this Letter, must be received by the Exchange Agent at the address set forth herein on or before the Expiration Date, or the tendering holder must comply with the guaranteed delivery procedures set forth below. Original Notes tendered hereby must be in denominations of principal amount of $1,000 and any integral multiple thereof.

Holders whose certificates for Original Notes are not immediately available or who cannot deliver their certificates and all other required documents to the Exchange Agent on or before the Expiration Date, or who cannot complete the procedure for book-entry transfer on a timely basis, may tender their Original Notes pursuant to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the

Prospectus. Pursuant to such procedures, (i) such tender must be made through an Eligible Institution, (ii) before Midnight, New York City time, on the Expiration Date, the Exchange Agent (as defined below) must receive from such Eligible Institution a properly completed and duly executed Letter (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Original Notes and the amount of Original Notes tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the Expiration Date, the certificates for all physically tendered Original Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by this Letter will be deposited by the Eligible Institution with the Exchange Agent, and (iii) the certificates for all physically tendered Original Notes, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by this Letter, must be received by the Exchange Agent within three NYSE trading days after the Expiration Date.

The method of delivery of this Letter, the Original Notes and all other required documents is at the election and risk of the tendering holders, but the delivery will be deemed made only when actually received or confirmed by the Exchange Agent. If Original Notes are sent by mail, it is suggested that the mailing be registered mail, properly insured, with return receipt requested, made sufficiently in advance of the Expiration Date to permit delivery to the Exchange Agent before Midnight, New York City time, on the Expiration Date.

See "The Exchange Offer" section of the Prospectus.

2. Partial Tenders (not applicable to noteholders who tender by book-entry transfer).

If less than all of the Original Notes evidenced by a submitted certificate are to be tendered, the tendering holder(s) should fill in the aggregate principal amount of Original Notes to be tendered in the box above entitled "Description of Original Notes--Principal Amount Tendered." A reissued certificate representing the balance of nontendered Original Notes will be sent to such tendering holder, unless otherwise provided in the appropriate box on this Letter, promptly after the Expiration Date. All of the Original Notes delivered to the Exchange Agent will be deemed to have been tendered unless otherwise indicated.

3. Signatures on this Letter; Bond Powers and Endorsements; Guarantee of Signatures.

If this Letter is signed by the registered holder of the Original Notes tendered hereby, the signature must correspond exactly with the name as written on the face of the certificates without any change whatsoever.

If any tendered Original Notes are owned of record by two or more joint owners, all of such owners must sign this Letter.

If any tendered Original Notes are registered in different names on several certificates, it will be necessary to complete, sign and submit as many separate copies of this Letter as there are different registrations of

certificates.

When this Letter is signed by the registered holder or holders of the Original Notes specified herein and tendered hereby, no endorsements of certificates or separate bond powers are required. If, however, the Exchange Notes are to be issued, or any untendered Original Notes are to be reissued, to a person other than the registered holder, then endorsements of any certificates transmitted hereby or separate bond powers are required. Signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter is signed by a person other than the registered holder or holders of any certificate(s) specified herein, such certificate(s) must be endorsed or accompanied by appropriate bond powers, in either case signed exactly as the name or names of the registered holder or holders appear(s) on the certificate(s) and signatures on such certificate(s) must be guaranteed by an Eligible Institution.

If this Letter or any certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and, unless waived by the Company, proper evidence satisfactory to the Company of their authority to so act must be submitted.

Endorsements on certificates for Original Notes or signatures on bond powers required by this Instruction 3 must be guaranteed by a firm that is a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program (each an "Eligible Institution").

Signatures on this Letter need not be guaranteed by an Eligible Institution, provided the Original Notes are tendered: (i) by a registered holder of Original Notes (which term, for purposes of the Exchange Offer, includes any participant in the Book-Entry Transfer Facility system whose name appears on a security position listing as the holder of such Original Notes) who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on this Letter, or (ii) for the account of an Eligible Institution.

4. Special Issuance and Delivery Instructions.

Tendering holders of Original Notes should indicate in the applicable box the name and address to which Exchange Notes issued pursuant to the Exchange Offer and/or substitute certificates evidencing Original Notes not exchanged are to be issued or sent, if different from the name or address of the person signing this Letter. In the case of issuance in a different name, the employer identification or social security number of the person named must also be indicated. Noteholders tendering Original Notes by book-entry transfer may request that Original Notes not exchanged be credited to such account maintained at the Book-Entry Transfer Facility as such noteholder may designate hereon. If no such instructions are given such Original Notes not exchanged will be returned to the name and address of the person signing this Letter.

5. Taxpayer Identification Number.

Federal income tax law generally requires that a tendering holder whose Original Notes are accepted for exchange must provide the Company (as payor) with such holder's correct Taxpayer Identification Number ("TIN") on Substitute Form W-9 below, which in the case of a tendering holder who is an individual, is his or her social security number. If the Company is not provided with the current TIN or an adequate basis for an exemption from back-up withholding, such tendering holder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, the Exchange Agent may be required to withhold 31% of the amount of any reportable payments made after the exchange to such tendering holder of Exchange Notes. If withholding results in an overpayment of taxes, a refund may be obtained.

Exempt holders of Original Notes (including, among others, all corporations and certain foreign individuals) are not subject to these backup withholding and reporting requirements. See the enclosed Guidelines of Certification of Taxpayer Identification Number on Substitute Form W-9 (the "W-9 Guidelines") for additional instructions.

To prevent backup withholding, each tendering holder of Original Notes must provide its correct TIN by completing the Substitute Form W-9 set forth below, certifying, under penalties of perjury, that the TIN provided is correct (or that such holder is awaiting a TIN) and that (i) the holder is exempt from backup withholding, or (ii) the holder has not been notified by the Internal Revenue Service that such holder is subject to back-up withholding as a result of a failure to report all interest or dividends or (iii) the Internal Revenue Service has notified the holder that such holder is no longer subject to backup withholding. If the tendering holder of Original Notes is a nonresident alien or foreign entity not subject to backup withholding, such holder must give the Exchange Agent a completed Form W-8, Certificate of Foreign Status. These forms may be obtained from the Exchange Agent. If the Original Notes are in more than one name or are not in the name of the actual owner, such holder should consult the W-9 Guidelines for information on which TIN to report. If such holder does not have a TIN, such holder should consult the W-9 Guidelines for instructions on applying for a TIN, check the box in Part 2 of the Substitute Form W-9 and write "applied for" in lieu of its TIN. Note: Checking this box and writing "applied for" on the form means that such holder has already applied for a TIN or that such holder intends to apply for one in the near future. If the box in Part 2 of the Substitute Form W-9 is checked, the Exchange Agent will retain 31% of reportable payments made to a holder during the sixty (60) day period following the date of the Substitute Form W-9. If the holder furnishes the Exchange Agent with his or her TIN within sixty (60) days of the Substitute Form W-9, the Exchange Agent will remit such amounts retained during such sixty (60) day period to such holder and no further amounts will be retained or withheld from payments made to the holder thereafter. If, however, such holder does not provide its TIN to the Exchange Agent within such sixty (60) day period, the Exchange Agent will remit such previously withheld amounts to the Internal Revenue Service as backup withholding and will withhold 31% of all reportable payments to the holder thereafter until such holder furnishes its TIN to the Exchange Agent.

6. Transfer Taxes.

The Company will pay all transfer taxes, if any, applicable to the transfer of Original Notes to it or its order pursuant to the Exchange Offer. If, however, Exchange Notes and/or substitute Original Notes not exchanged are to

be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Original Notes tendered hereby, or if tendered Original Notes are registered in the name of any person other than the person signing this Letter, or if a transfer tax is imposed for any reason other than the transfer of Original Notes to the Company or its order pursuant to the Exchange Offer, the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted herewith, the amount of such transfer taxes will be billed directly to such tendering holder.

Except as provided in this Instruction 6, it will not be necessary for transfer tax stamps to be affixed to the Original Notes specified in this Letter.

7. Waiver of Conditions.

The Company reserves the absolute right to waive satisfaction of any or all conditions enumerated in the Prospectus.

8. No Conditional Tenders.

No alternative, conditional, irregular or contingent tenders will be accepted. All tendering holders of Original Notes, by execution of this Letter, shall waive any right to receive notice of the acceptance of their Original Notes for exchange.

Neither the Company, the Exchange Agent nor any other person is obligated to give notice of any defect or irregularity with respect to any tender of Original Notes nor shall any of them incur any liability for failure to give any such notice.

9. Mutilated, Lost, Stolen or Destroyed Original Notes.

Any holder whose Original Notes have been mutilated, lost, stolen or destroyed should contact the Exchange Agent at the address indicated above for further instructions.

10. Withdrawal Rights.

Tenders of Original Notes may be withdrawn at any time before Midnight, New York City time, on the Expiration Date.

For a withdrawal of a tender of Original Notes to be effective, a written notice of withdrawal must be received by the Exchange Agent at the address set forth above before Midnight, New York City time, on the Expiration Date. Any such notice of withdrawal must (i) specify the name of the person having tendered the Original Notes to be withdrawn (the "Depositor"), (ii) identify the Original Notes to be withdrawn (including certificate number or numbers and the principal amount of such Original Notes), (iii) contain a statement that such holder is withdrawing his election to have such Original Notes exchanged, (iv) be signed by the holder in the same manner as the original signature on the Letter by which such Original Notes were tendered (including any required signature guarantees) or be accompanied by documents of transfer to have the Trustee with respect to the Original Notes register the transfer

of such Original Notes in the name of the person withdrawing the tender and (v) specify the name in which such Original Notes are registered, if different from that of the Depositor. If Original Notes have been tendered pursuant to the procedure for book-entry transfer set forth in "The Exchange Offer--Book-Entry Transfer" section of the Prospectus, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Original Notes and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Original Notes so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer and no Exchange Notes will be issued with respect thereto unless the Original Notes so withdrawn are validly retendered. Any Original Notes that have been tendered for exchange but which are not exchanged for any reason will be returned to the Holder thereof without cost to such Holder (or, in the case of Original Notes tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures set forth in "The Exchange Offer--Book-Entry Transfer" section of the Prospectus, such Original Notes will be credited to an account maintained with the Book-Entry Transfer Facility for the Original Notes) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Original Notes may be retendered by following the procedures described above at any time on or before Midnight, New York City time, on the Expiration Date.

11. Requests for Assistance or Additional Copies.

Questions relating to the procedure for tendering, as well as requests for additional copies of the Prospectus and this Letter, and requests for Notices of Guaranteed Delivery and other related documents may be directed to the Exchange Agent, at the address and telephone number indicated above.

TO BE COMPLETED BY ALL TENDERING HOLDERS
(See Instruction 5)

PAYOR'S NAME: [Chase Bank of Texas, National Association]

SUBSTITUTE Form W-9	Part 1--PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.	TIN: _____ Social Security Number or Employer Identification Number
Department of the Treasury Internal Revenue Service	Part 2--TIN Applied For [_]	

CERTIFICATION: UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT:
(1) the number shown on this form is my correct TIN (or I am waiting for a number to be issued to

	me),
Payor's Request for Taxpayer Identification Number ("TIN") and Certification	(2) I am not subject to back-up withholding either because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (the "IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to back-up withholding, and (3) any other information provided on this form is true and correct.

SIGNATURE _____ DATE _____

You must cross out item (2) of the above certification if you have been notified by the IRS that you are subject to backup withholding because of under reporting of interest or dividends on your tax return and you have not been notified by the IRS that you are no longer subject to backup withholding.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU CHECKED THE BOX IN PART 2 OF SUBSTITUTE FORM W-9

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (a) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (b) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of the exchange, 31 percent of all reportable payments made to me thereafter will be withheld until I provide a number.

Signature _____ Date _____

EXHIBIT 99.2

NOTICE OF GUARANTEED DELIVERY
FOR
WESTERN GAS RESOURCES, INC.

This form or one substantially equivalent hereto must be used to accept the Exchange Offer of Western Gas Resources, Inc. (the "Company") made pursuant to the Prospectus, dated , 1999 (the "Prospectus"), if certificates for the outstanding 10% Senior Subordinated Notes due 2009 of the Company (the "Original Notes") are not immediately available or if the procedure for book-entry transfer cannot be completed on a timely basis or time will not permit all required documents to reach [Chase Bank of Texas, National Association], as exchange agent (the "Exchange Agent") before Midnight, New York City time, on the Expiration Date of the Exchange Offer. Such form may be delivered or transmitted by facsimile transmission, mail or hand delivery to the Exchange Agent as set forth below. In addition, in order to utilize the guaranteed delivery procedure to tender Original Notes pursuant to the Exchange Offer, a completed, signed and dated Letter of Transmittal (or facsimile thereof) must also be received by the Exchange Agent before Midnight, New York City time, on the Expiration Date. Capitalized terms not defined herein are defined in the Prospectus.

Main Delivery To: Chase Bank of Texas, National Association, Exchange Agent

By mail, hand or overnight courier to:

Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, TX
Attention: Mauri J. Cowen - Confidential

By Facsimile Transmission
(for Eligible Institutions only):

713-216-6686

Confirm by Telephone:

713-216-5476

Delivery of this instrument to an address other than as set forth above, or transmission of instructions via facsimile other than as set forth above, will not constitute a valid delivery.

Ladies and Gentlemen:

Upon the terms and conditions set forth in the Prospectus and the

accompanying Letter of Transmittal, the undersigned hereby tenders to the Company the principal amount of Original Notes set forth below pursuant to the guaranteed delivery procedure described in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus.

Principal Amount of Original Notes Tendered:*

$ _____

Certificate Nos. (if available):

If Original Notes will be delivered by book-entry transfer to The Depository Trust Company, provide account number.

_____

Total Principal Amount Represented by Original Notes Certificate(s):

$ _____

Account Number _____

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and every obligation of the undersigned hereunder shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

PLEASE SIGN HERE

X_____ _____

X_____ _____

Signature(s) of Owner(s) or Authorized Signatory

Date

Area Code and Telephone Number: _____

Must be signed by the holder(s) of Original Notes as their name(s) appear(s) on certificates for Original Notes or on a security position listing, or by person(s) authorized to become registered holder(s) by endorsement and documents transmitted with this Notice of Guaranteed Delivery. If signature is by a trustee, executor, administrator, guardian, attorney-in-fact, officer or other person acting in a fiduciary or representative capacity, such person must set forth his or her full title below.

Please print name(s) and address(es)

Name(s): _____

_____

Capacity: _____

Address(es): _____

_____

_____

_____

* Must be in denominations of principal amount of $1,000 and any integral multiple thereof.

GUARANTEE
(Not to be used for signature guarantee)

The undersigned, a financial institution (including most banks, savings and loan associations and brokerage houses) that is a participant in the Securities Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Program or the Stock Exchanges Medallion Program, hereby guarantees that the certificates representing the principal amount of Original Notes tendered hereby in proper form for transfer, or timely confirmation of the book-entry transfer of such Original Notes into the Exchange Agent's account at The Depository Trust Company pursuant to the procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures" section of the Prospectus, together with any required signature guarantee and any other documents required by the Letter of Transmittal, will be received by the Exchange Agent at the address set forth above, no later than three New York Stock Exchange trading days after the Expiration Date.

_____	_____
Name of Firm	Authorized Signature
_____	_____
Address	Title
_____	Name: _____
Zip Code	(Please Type or Print)
Area Code and Tel. No. _____	Dated: _____

NOTE: DO NOT SEND CERTIFICATES FOR ORIGINAL NOTES WITH THIS FORM. CERTIFICATES FOR ORIGINAL NOTES SHOULD BE SENT ONLY WITH A COPY OF YOUR PREVIOUSLY EXECUTED LETTER OF TRANSMITTAL.

EXHIBIT 99.3

WESTERN GAS RESOURCES, INC.

Offer for all Outstanding
10% Senior Subordinated Notes due 2009
in Exchange for
10% Senior Subordinated Notes due 2009,
Which Have Been Registered Under
the Securities Act of 1933,
as Amended

To Our Clients:

Enclosed for your consideration is a Prospectus, dated , 1999 (the "Prospectus"), and the related Letter of Transmittal (the "Letter of Transmittal"), relating to the offer (the "Exchange Offer") of Western Gas Resources, Inc. (the "Company") to exchange its 10% Senior Subordinated Notes due 2009, which have been registered under the Securities Act of 1933, as amended (the "Exchange Notes"), for its outstanding 10% Senior Subordinated Notes due 2009 (the "Original Notes"), upon the terms and subject to the conditions described in the Prospectus and the Letter of Transmittal. The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Exchange and Registration Rights Agreement dated June 15, 1999, by and among the Company, Lance Oil & Gas Company, Inc., MIGC, Inc., Mountain Gas Resources, Inc., Pinnacle Gas Treating, Inc., Western Gas Resources--Texas, Inc., Western Gas Resources--Oklahoma, Inc. and Western Gas Wyoming, L.L.C. and the initial purchasers referred to therein.

This material is being forwarded to you as the beneficial owner of the Original Notes held by us for your account but not registered in your name. A tender of such Original Notes may only be made by us as the holder of record and pursuant to your instructions.

Accordingly, we request instructions as to whether you wish us to tender on your behalf the Original Notes held by us for your account, pursuant to the terms and conditions set forth in the enclosed Prospectus and Letter of Transmittal.

Your instructions should be forwarded to us as promptly as possible in order to permit us to tender the Original Notes on your behalf in accordance with the provisions of the Exchange Offer. The Exchange Offer will expire at Midnight, New York City time, on , 1999, unless extended by the Company. Any Original Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

Your attention is directed to the following:

1. The Exchange Offer is for any and all Original Notes.

2. The Exchange Offer is subject to certain conditions set forth in the Prospectus in the section captioned "The Exchange Offer--Conditions to the Exchange Offer."

3. Any transfer taxes incident to the transfer of Original Notes from the holder to the Company will be paid by the Company, except as otherwise provided in the Instructions in the Letter of Transmittal.

4. The Exchange Offer expires at Midnight, New York City time, on , 1999, unless extended by the Company.

If you wish to have us tender your Original Notes, please so instruct us by completing, executing and returning to us the instruction form on the back of this letter. The Letter of Transmittal is furnished to you for information only and may not be used directly by you to tender Original Notes.

INSTRUCTIONS WITH RESPECT TO
THE EXCHANGE OFFER

The undersigned acknowledge(s) receipt of your letter and the enclosed material referred to therein relating to the Exchange Offer made by Western Gas Resources, Inc. with respect to its Original Notes.

This will instruct you to tender the Original Notes held by you for the account of the undersigned, upon and subject to the terms and conditions set forth in the Prospectus and the related Letter of Transmittal.

Please tender the Original Notes held by you for my account as indicated below:

10% Senior Subordinated Notes due 2009 $ (Aggregate Principal Amount of Original Notes)

[_]Please do not tender any Original Notes held by you for my account.

Dated: 1999

Signature(s): _____

Print Name(s) here: _____

(Print Address(es)): _____

(Area Code and Telephone Number(s)): _____

(Tax Identification or Social Security Number(s)): _____

None of the Original Notes held by us for your account will be tendered

unless we receive written instructions from you to do so. Unless a specific contrary instruction is given in the space provided, your signature(s) hereon shall constitute an instruction to us to tender all the Original Notes held by us for your account.

EXHIBIT 99.4

WESTERN GAS RESOURCES, INC.

Offer for all Outstanding
10% Senior Subordinated Notes due 2009
in Exchange for
10% Senior Subordinated Notes due 2009,
Which Have Been Registered Under
the Securities Act of 1933,
as Amended

To: Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

Western Gas Resources, Inc. (the "Company") is offering, upon and subject to the terms and conditions set forth in the Prospectus, dated , 1999 (the "Prospectus"), and the enclosed Letter of Transmittal (the "Letter of Transmittal"), to exchange (the "Exchange Offer") its 10% Senior Subordinated Notes due 2009, which have been registered under the Securities Act of 1933, as amended, for its outstanding 10% Senior Subordinated Notes due 2009 (the "Original Notes"). The Exchange Offer is being made in order to satisfy certain obligations of the Company contained in the Exchange and Registration Rights Agreement dated June 15, 1999, by and among the Company, Lance Oil & Gas Company, Inc., MIGC, Inc., Mountain Gas Resources, Inc., Pinnacle Gas Treating, Inc., Western Gas Resources--Texas, Inc., Western Gas Resources--Oklahoma, Inc. and Western Gas Wyoming, L.L.C. and the initial purchasers referred to therein.

We are requesting that you contact your clients for whom you hold Original Notes regarding the Exchange Offer. For your information and for forwarding to your clients for whom you hold Original Notes registered in your name or in the name of your nominee, or who hold Original Notes registered in their own names, we are enclosing the following documents:

1. Prospectus dated , 1999;

2. The Letter of Transmittal for your use and for the information of your clients;

3. A Notice of Guaranteed Delivery to be used to accept the Exchange Offer if certificates for Original Notes are not immediately available or time will not permit all required documents to reach the Exchange Agent prior to the Expiration Date (as defined below) or if the procedure for book-entry transfer cannot be completed on a timely basis;

4. A form of letter which may be sent to your clients for whose account you hold Original Notes registered in your name or the name of your

nominee, with space provided for obtaining such clients' instructions with regard to the Exchange Offer;

5. Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9; and

6. Return envelopes addressed to Chase Bank of Texas, National Association, the Exchange Agent for the Exchange Offer.

Your prompt action is requested. The Exchange Offer will expire at Midnight, New York City time, on , 1999, unless extended by the Company (the "Expiration Date"). Original Notes tendered pursuant to the Exchange Offer may be withdrawn at any time before the Expiration Date.

To participate in the Exchange Offer, a duly executed and properly completed Letter of Transmittal (or facsimile thereof), with any required signature guarantees and any other required documents should be sent to the Exchange Agent. Certificates representing the Original Notes should be delivered to the Exchange Agent, all in accordance with the instructions set forth in the Letter of Transmittal and the Prospectus.

If a registered holder of Original Notes desires to tender, but such Original Notes are not immediately available, or time will not permit such holder's Original Notes or other required documents to reach the Exchange

Agent before the Expiration Date, or the procedure for book-entry transfer cannot be completed on a timely basis, a tender may be effected by following the guaranteed delivery procedures described in the Prospectus under the caption "The Exchange Offer--Guaranteed Delivery Procedures."

The Company will, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable and necessary costs and expenses incurred by them in forwarding the Prospectus and the related documents to the beneficial owners of Original Notes held by them as nominee or in a fiduciary capacity. The Company will pay or cause to be paid all stock transfer taxes applicable to the exchange of Original Notes pursuant to the Exchange Offer, except as set forth in Instruction 6 of the Letter of Transmittal.

Any inquiries you may have with respect to the Exchange Offer, or requests for additional copies of the enclosed materials, should be directed to Chase Bank of Texas, National Association, the Exchange Agent for the Exchange Offer, at its address and telephone number set forth on the front of the Letter of Transmittal.

Very truly yours,

Western Gas Resources, Inc.

NOTHING HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL CONSTITUTE YOU OR ANY PERSON AS AN AGENT OF THE COMPANY OR THE EXCHANGE AGENT, OR AUTHORIZE YOU OR

ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENTS ON BEHALF OF EITHER OF THEM WITH RESPECT TO THE EXCHANGE OFFER, EXCEPT FOR STATEMENTS EXPRESSLY MADE IN THE PROSPECTUS OR THE LETTER OF TRANSMITTAL.

Enclosures

EXHIBIT 99.5

EXCHANGE AGREEMENT

This EXCHANGE AGREEMENT (the "Exchange Agreement") is entered into as of this day of , 1999 (the "Effective Date") between Western Gas Resources, Inc. (the "Company") and CHASE BANK OF TEXAS, NATIONAL ASSOCIATION, a national banking association (the "Exchange Agent").

RECITALS

A. This Exchange Agreement is entered into in connection with the offer by the Company (the "Exchange Offer") to exchange $1,000 principal amount of its 10% Senior Subordinated Notes due 2009 (the "Exchange Notes"), which have been registered under the Securities Act of 1933, as amended, pursuant to a Registration Statement, for each $1,000 principal amount of its outstanding 10% Senior Subordinated Notes due 2009 (the "Old Notes"), pursuant to the terms of the Prospectus (the "Prospectus") and the related Letter of Transmittal (the "Letter of Transmittal") described in Section 2(b), below.

B. The Prospectus and the associated Letter of Transmittal provide the terms and conditions under which Holders (as hereinafter defined) may tender some or all of their Old Notes in exchange for Exchange Notes (the "Exchange"), which Notes are issued pursuant to that certain Indenture dated as of June 15, 1999, by and between the Company, the guarantors named therein (the "Guarantors") and Chase Bank of Texas, National Association, as Trustee.

AGREEMENTS

1. Appointment of Exchange Agent. The Exchange Agent is hereby appointed by the Company: (a) to effect the Exchange in accordance with the Prospectus, each executed Letter of Transmittal and the instructions that follow; and (b) to act as agent for the holders (individually, a "Holder" and collectively, the "Holders") of the Old Notes identified in the register for the Old Notes. The Exchange Agent agrees to act in accordance with the terms of this Exchange Agreement for a period commencing on the date of this Exchange Agreement and ending on , 1999, at midnight, New York City time, unless requested by the Company on terms acceptable to the Exchange Agent to act in connection with the Exchange Offer as Exchange Agent until some later date or unless sooner terminated as provided in Section 14 hereof.

2. Delivery of Documents. The Company shall deliver the following documents (collectively, the "Exchange Documents") to the Exchange Agent on or before the date of this Exchange Agreement:

(a) the final Prospectus;

(b) the form of the Letter of Transmittal to be used by the Holders in

transmitting Old Notes for surrender in connection with the Exchange; and

(c) the form of the Notice of Guaranteed Delivery (as such term is defined in the Prospectus).

3. Holders. The listing of the Holders of the Old Notes as of the close of business on , 1999 (the "Record Date") shall be conclusive evidence of the identities of the Holders of such Old Notes.

4. Mailing to Holders. The Company shall initially mail to each Holder of record and to participants in The Depository Trust Company's book-entry system (pursuant to information provided by The Depository Trust Company) on the Effective Date one or more copies of each of the relevant Exchange Documents. Thereafter, at the request of the Company, a Holder or an entity acting on behalf of a Holder or such participant, the Exchange Agent may mail additional copies of any one or more of the Exchange Documents to such Holder or entity. The Exchange Agent shall provide notice of such mailing, including names and addresses, to the Company.

5. Exchange Procedure for Global FAST Notes. (a) The Depository Trust Company ("DTC") shall receive, from each DTC Participant, electronic notice of a bondholder's request to exchange the Old Notes to the Exchange Notes and this notice shall be conclusive evidence of a request for exchange and shall take the place of the receipt of original Letters of Transmittal and Notes. At the time of receipt of a DTC electronic notice, the Old Notes shall be considered properly presented for exchange.

(b) If the Exchange Agent receives executed Letters of Transmittal, the Exchange Agent shall verify receipt of the Old Notes and examine the executed Letters of Transmittal received by the Exchange Agent in connection therewith and the other documents delivered or mailed to the Exchange Agent to ascertain whether they appear to be properly completed and executed in accordance with the instructions set forth in the Letter of Transmittal.

Old Notes shall be considered properly presented to the Exchange Agent only if: (i) the Old Notes, accompanied by either a properly completed and duly executed Letters of Transmittal or an electronic notice of bondholders' request to exchange from the DTC Participant, are received by the Exchange Agent (together with any other required documents) in accordance with the instructions set forth in the Letter of Transmittal prior to the Expiration Date (as such term is defined in the Prospectus); (ii) the adequacy of the items and documents relating to the Letter of Transmittal therefor has been favorably passed upon by the Company as provided below; and (iii) such tenders of Old Notes are not withdrawn in accordance with the terms of the Exchange Offer; provided that the Old Notes may be received within three New York Stock Exchange trading days after the Expiration Date if tender of such Old Notes is made pursuant to the Guaranteed Delivery Procedures contained in the Prospectus.

In the event any Letter of Transmittal or other document has been improperly completed or executed or is not in proper form for presentation (as required by the instructions stated in the Letter of Transmittal), or if some other irregularity in connection with the presentation of any of the Old Notes exists, the Exchange Agent shall consult with an Authorized Representative (as defined in Section 7 hereof) as to proper action to take to correct such irregularity, except that no such consultation shall be necessary with respect to any such irregularity that is of a routine nature and that is cured by the appropriate party delivering to the Exchange Agent the items necessary for cure pursuant to the Exchange Agent's instructions.

The Exchange Agent is authorized, and hereby agrees, to waive any irregularity in connection with the presentation of any of the Old Notes by any Holder with the written approval of an Authorized Representative. Determination of all questions as to any irregularity or the proper documents shall be made in writing by an Authorized Representative, and such determination shall be final and binding.

Notwithstanding anything to the contrary herein, no Old Note may be accepted for exchange until the Company shall have given the Exchange Agent written notice of its acceptance for exchange of such Old Note.

(b) Upon receipt by the Exchange Agent of (i) Electronic notice from DTC of a request for exchange accompanied by the Old Notes or (ii) one or more Old Notes and (ii) a Letter of Transmittal covering such Old Notes completed in accordance with the instructions therein, the Exchange Agent shall request the Company to accept such Old Notes for exchange and to issue the Exchange Notes to which such Holder is entitled. Such request shall be substantially in the form of Exhibit A.

(c) The Company, upon receipt of the request described in the immediately preceding clause (b) from the Exchange Agent, shall (i) provide written notice to the Exchange Agent of the Company's acceptance of such Old Notes for exchange and (ii) issue the Exchange Notes to which such Holder is entitled and deliver the same to the Trustee (as such term is defined in the Prospectus) for authentication. Chase Bank of Texas, National Association, acting in its capacity as Trustee under the Indenture, shall promptly authenticate such Exchange Notes and deliver such authenticated Notes to the party indicated in the Letter of Transmittal at the Company's cost and risk.

(d) All Exchange Notes distributed pursuant hereto shall be either personally delivered or forwarded by first-class mail, postage prepaid, unless otherwise directed, and the Company shall bear all cost and risk of such delivery.

(e) The Exchange Agent may (but shall have no obligation to) take any and all other actions it deems necessary or appropriate as the Exchange Agent in

connection with the Exchange Offer and under the customs and practices normally applied to such transactions and arrangements; provided however, that it is understood and agreed that the Exchange Agent shall have no duty or obligation hereunder, under the Exchange Offer or under the Indenture in its capacity as Exchange Agent except for those specifically set forth herein.

(f) Notwithstanding anything to the contrary aforesaid, with respect to Old Notes and Exchange Notes in global form registered in the name of a nominee of The Depository Trust Company, the Company and the Exchange Agent shall be deemed to have satisfied the foregoing exchange procedures by complying with the terms and provisions of the Automated Tender Offer Program, together with any related procedures, of The Depository Trust Company.

6. Cancellation of Old Notes. The Exchange Agent is directed to cancel and shall maintain in its custody all Old Notes, together with any Letters of Transmittal and related documents it may receive that (in each case) have been accepted by the Company for exchange.

Upon the termination of this Exchange Agreement, the Exchange Agent shall forward to the Company all documents received by the Exchange Agent in connection with accepted tenders of the Old Notes (including any Old Notes and all Letters of Transmittal, telegrams or facsimile transmissions which may be presented) with respect to which an Exchange has been effectuated, and shall return to the relevant Holder any Old Notes that were not properly tendered or were otherwise not accepted for tender by the Company. Such deliveries shall be effectuated by courier or other means acceptable to the Company and shall be at the sole cost and risk of the Company.

7. Future Instructions. The Exchange Agent may rely and act on any instructions from any Authorized Representative with respect to all matters pertaining to this Exchange Agreement and the transactions contemplated hereby. "Authorized Representative" is hereby defined as the Chairman of the Board, the President, any Vice President, the Chief Financial Officer or the Treasurer of the Company or legal counsel acting on behalf of any of the foregoing.

Any instructions given to the Exchange Agent orally by any Authorized Representative shall be confirmed in writing (including by facsimile transmission) by such Authorized Representative as soon as practicable. The foregoing notwithstanding, the Exchange Agent shall not be liable or responsible and shall be fully authorized and protected from acting, or failing to act, in accordance with any oral instructions that do not conform with the written confirmation received in accordance with this section.

8. Payment for Services Rendered and Expenses. For services rendered as the Exchange Agent hereunder, the Exchange Agent shall be entitled to compensation as set forth in Exhibit B to this Exchange Agreement. The Exchange Agent will present the Company with an invoice for payment promptly after termination of this Exchange Agreement. Payment shall be made by the Company promptly after receipt of the invoice.

9. Exculpation. The Exchange Agent shall:

(a) have no obligation to expend its own funds with respect to the Exchange Offer or any of its duties hereunder or to otherwise make payment with respect to any tendered Old Note or any Exchange Note distributed hereunder;

(b) have no duties or obligations other than those specifically set forth herein, or as may subsequently be agreed to in writing by the Exchange Agent and the Company;

(c) not be required to make and shall make no representations as to and shall have no responsibilities regarding the determination of the validity, sufficiency, value or genuineness of any Old Note or the

aggregate principal amount represented thereby presented in accordance with the terms of any Letter of Transmittal (other than verification of the principal amounts reflected on the Old Notes tendered to the Exchange Agent in connection with the Exchange Offer) and will not be required to make and shall not make any representations as to the validity, value or genuineness of the transactions contemplated by the Exchange Offer or in the Exchange Documents or as to the accuracy or otherwise as to any of the terms of the Exchange Documents;

(d) not be obligated to take any legal action hereunder that might in the Exchange Agent's reasonable judgment involve any expenses or liability, unless the Exchange Agent has been furnished with reasonable indemnity therefor from the Company and the Guarantors;

(e) not be liable for any lost profits, lost savings or other special, exemplary, consequential or incidental damages;

(f) conclusively rely on, and shall be fully protected by the Company in acting upon, any instrument, opinion, notice, certificate, letter, facsimile transmission, telegram or other document delivered to the Exchange Agent and in good faith believed by it to be genuine and to have been signed by the proper party or parties;

(g) conclusively rely on and shall be fully protected by the Company in acting upon the written or oral instructions of any Authorized Representative with respect to any matter relating to the Exchange Agent's actions specifically covered by this Exchange Agreement; and

(h) be permitted to consult with counsel satisfactory to the Exchange Agent and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by the Exchange Agent hereunder and under any of the Exchange Documents in good faith and in accordance with such advice or opinion of such counsel.

10. Liability of Exchange Agent; Indemnification. The Exchange Agent and its officers, directors, employees, agents, contractors, subsidiaries and affiliates shall not be liable for any action taken or suffered by the Exchange Agent or such agent of the Exchange Agent in good faith in accordance with the Exchange Offer, this Exchange Agreement, the Exchange Documents or the instructions of any Authorized Representative, the Company or the Company's counsel, other than any liability arising out of the gross negligence, willful misconduct or bad faith of the Exchange Agent. The Company hereby irrevocably and unconditionally, jointly and severally, covenants and agrees to indemnify and hold the Exchange Agent and its officers, directors, employees, agents, contractors, subsidiaries and affiliates harmless from and against any fees, costs, expenses (including reasonable expenses of legal counsel), losses, liabilities, claims or damages (collectively the "Indemnified Liabilities"), which without gross negligence, willful misconduct or bad faith on its part, may be paid, incurred or suffered by it, or to which it may become subject by reason of or as a result of the preparation of this Exchange Agreement, the review and administration of any other Exchange Documents or the administration or performance of the Exchange Agent's duties hereunder or under any Exchange Document, or by reason of or as a result of the Exchange Agent's compliance with the instructions set forth herein or with any written or oral instruction delivered to it pursuant hereto, or as a result of defending itself against any claim or liability resulting from its actions as Exchange Agent hereunder or under any of the Exchange Documents, including any claim against the Exchange Agent by any Holder or any beneficial owner of a Note or any other person or entity; the foregoing indemnity is specifically intended to include any negligent action on the Exchange Agent's part taken without gross negligence, willful misconduct or bad faith. To the extent any indemnity contained herein is contrary to or unenforceable under applicable law, the Company hereby agrees to contribute to the Exchange Agent the maximum amount of the Indemnified Liabilities permitted under applicable law. The Exchange Agent shall be entitled to participate at its own expense in the defense of any such action, proceeding, suit or claim. All amounts due to the Exchange Agent hereunder shall constitute expenses of administration under any Bankruptcy Law (as defined in the Indenture).

11. Representations. The Company represents and warrants that (i) it is duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, (ii) the making and

consummation of the Exchange Offer and the execution, delivery and performance of all transactions contemplated thereby (including without limitation this Exchange Agreement) have been duly authorized by all necessary corporate action and will not result in a breach of or constitute a default under the articles of incorporation or bylaws of the Company or any indenture, agreement or instrument to which it is a party or is bound (including, without limitation, the Indenture), (iii) this Exchange Agreement has been duly executed and delivered by the Company and constitutes a legal, valid, binding and

enforceable obligation, (iv) the Exchange Offer and the Exchange Documents will comply in all material respects with all applicable requirements of law and (v) there is no litigation pending or, to the best of its knowledge, threatened as of the date hereof in connection with the Exchange Offer.

12. Governing Law. This Exchange Agreement shall be construed and enforced in accordance with the laws of the State of Texas and shall inure to the benefit of, and the obligations created hereby shall be binding upon, the successors and assigns of the parties hereto.

13. Notices. All reports, notices and other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand, by first-class mail, postage prepaid, or by facsimile as follows:

If to the Company:

Western Gas Resources, Inc.
12200 North Pecos Street
Denver, Colorado 80234-3439
Attn: General Counsel
Telephone: (303) 450-8357
Telecopy:
Attention:

If to the Exchange Agent:

Chase Bank of Texas, National Association
600 Travis, Suite 1150
Houston, Texas 77002
Attn: Mauri J. Cowen
Telephone: (713) 216-6686
Telecopy:(713) 216-5476

14. Termination; Compensation: Resignation. This Exchange Agreement will terminate on , 1999 unless extended as provided in Section 1 hereof or sooner terminated as provided below. Notwithstanding Section 1 hereof, in the event the Exchange Offer is terminated, this Exchange Agreement shall also be terminated and shall be of no further force and effect, without any liability on the part of any of the parties hereto, provided that the Company shall reimburse the Exchange Agent for all reasonable and necessary fees, costs and expenses incurred by the Exchange Agent in connection with this Exchange Agreement and/or the Exchange Documents including, but not limited to, reimbursement of the fees set forth in Exhibit B hereto and payment pursuant to the indemnification and contribution on provisions set forth in Section 10 hereof and such reimbursement, indemnification and contribution provisions shall survive the termination of this Exchange Agreement; provided further, that the Exchange Agent shall forward any Letters of Transmittal and Old Notes received by the Exchange Agent after the date of termination and the effectuation of the Exchange of such Old Notes to the Company as provided in Section 6 above. This Exchange Agreement (a) may not be terminated by the

Company prior to , 1999 unless all fees and all reasonable and necessary expenses incurred by the Exchange Agent in accordance with Exhibit B hereto shall have been paid to the Exchange Agent and the conditions set forth in the immediately succeeding sentence shall have been satisfied and (b) may be terminated by the Exchange Agent at any time. If this Exchange Agreement is terminated prior to effectuation of the Exchange of all Old Notes, then the Exchange Agent may (but shall not be obligated to) continue to perform its

duties hereunder until a new Exchange Agent shall have been appointed and the Exchange Agent shall have received an opinion of counsel in form and substance satisfactory to the Exchange Agent with respect to the legality and validity of such appointment and as to such other matters as the Exchange Agent shall require and such other documentation as the Exchange Agent shall reasonably require, whereupon the Exchange Agent shall deliver to the new Exchange Agent all Notes, Letters of Transmittal and other documents as the Exchange Agent may then be holding pursuant to this Exchange Agreement.

15. Amendment. This Exchange Agreement represents the entire agreement between the parties with respect to its subject matter and may not be amended except by an instrument in writing signed by each of the parties; provided however, that this Exchange Agreement may be terminated or extended by the written agreement of the Company and the Exchange Agent.

16. Counterparts. This Exchange Agreement may be executed in any number of counterparts and by the different parties on separate counterparts, and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Exchange Agreement.

Western Gas Resources, Inc.

By: _____
John C. Walter
Executive Vice President and
General Counsel

Chase Bank Of Texas, National
Association, as Exchange Agent

By: _____
Mauri J. Cowen
Vice President and Trust Officer

EXHIBIT A

EXCHANGE REQUEST

[Date]

Re: Western Gas Resources, Inc. ("Company") Exchange of its 10% Senior Subordinated Notes due 2009, (the "Old Notes") for 10% Senior Subordinated Notes due 2009, (the "Exchange Notes") as contemplated in the Prospectus dated , 1999.

Pursuant to the Exchange Agreement dated as of , 1999, we have received the DTC notice of exchange or, a Letter of Transmittal, together with the Old Notes and other necessary documents, representing $ aggregate principal amount of the Old Notes, and we hereby request the Company to accept such offer and to issue Exchange Notes evidencing $ as follows:

Please notify us of acceptance and issue the Exchange Notes.

All documents, received by the Exchange Agent which are related to the tender of such Notes are available for inspection at 1201 Main Street, 18th Floor, Dallas, Texas 75202.

Upon completion of this exchange, the aggregate principal amount of Old Notes outstanding will be $.

Very truly yours,

EXHIBIT B

WESTERN GAS RESOURCES, INC. EXCHANGE AGREEMENT

EXCHANGE AGENT FEE

<TABLE>
<C> <S>
$2,000 For those duties specified in this Exchange Agreement. Additional time spent on duties not anticipated above will be billed at $175 per hour.
</TABLE>

ADDITIONAL EXPENSES

Out-of-pocket expenses are in addition to fees quoted above. This includes, but is not limited to, legal fees and expenses, wire charges, printing costs, postage, travel costs, forms, etc.

EXHIBIT 99.6

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER OF SUBSTITUTE FORM W-9

Guidelines for Determining the Proper Identification Number to Give the Payer. -- Social Security numbers have nine digits separated by two hyphens: i.e. 000-00-0000. Employer identification numbers have nine digits separated by only one hyphen: i.e. 00-0000000. The table below will help determine the number to give the payer.

<TABLE>
<CAPTION>

For this type of account:	Give the SOCIAL SECURITY number of--
<S>	<C>
1. An individual's account	The individual
2. Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(l)
3. Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(l)
4. Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5. Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(l)
6. Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7.a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(l)
b. So-called trust account that is not a legal or valid trust under State law	The actual owner(l)

8. Sole proprietorship account	The owner(4)
9. A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
10. Corporate account	The corporation
11. Religious, charitable, or educational organization account	The organization
12. Partnership account held in the name of the business	The partnership
13. Association, club, or other tax-exempt organization	The organization
14. A broker or registered nominee	The broker or nominee
15. Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

</TABLE>

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(4) Show the name of the owner.
(5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION

Obtaining a Number

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service and apply for a number.

Payees Exempt from Backup Withholding

Payees specifically exempted from backup withholding on ALL payments include the following:

. A corporation.

. A financial institution.

. An organization exempt from tax under section 501(a), or an individual retirement plan.

. The United States or any agency or instrumentality thereof.

. A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.

. A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.

. An international organization or any agency, or instrumentality thereof.

. A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.

. A real estate investment trust.

. A common trust fund operated by a bank under section 584(a).

. An exempt charitable remainder trust, or a nonexempt trust described in section 4947(a)(1).

. An entity registered at all times under the Investment Company Act of 1940.

. A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

. Payments to nonresident aliens subject to withholding under section 1441.

. Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.

. Payments of patronage dividends where the amount received is not paid in money.
. Payments made by certain foreign organizations.

. Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:
. Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

. Payments of tax-exempt interest (including exempt-interest dividends under section 852).

. Payments described in section 6049(b)(5) to non-resident aliens.

. Payments on tax-free covenant bonds under section 1451.

. Payments made by certain foreign organizations.

. Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, WRITE "EXEMPT"' ON THE FACE OF THE FORM, AND RETURN IT TO THE PAYER. IF THE PAYMENTS ARE INTEREST DIVIDENDS, OR PATRONAGE DIVIDENDS, ALSO SIGN AND DATE THE FORM.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041(a), 6045, and 6050A.

Privacy Act Notice--Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Beginning January 1, 1984, payers must generally withhold 20% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

Penalties

(1) Penalty for Failure to Furnish Taxpayer Identification Number.--If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) Failure to Report Certain Dividend and Interest Payments.

(3) Civil Penalty for False Information With Respect to Withholding.--If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) Criminal Penalty for Falsifying Information.--Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment.

FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.