

RESUME

LESA S. ADAIR



Education: B.S. Chemical Engineering - 1983
Oklahoma State University
M.B.A. Finance - 1993
Southern Methodist University

Experience:

Muse, Stancil & Co. 1992 - Present
Position:
Vice President

ARCO Oil and Gas Company 1982 - 1992
Positions:
Senior Crude Oil Marketing Representative
Senior Analytical Engineer
Start-Up Coordinator
Operations Supervisor
Operations Engineer
Mechanical Supervisor
Gas Engineer
Junior Engineer

Professional Registration: Professional Engineer (P.E.) Oklahoma #15232 (1988)
Professional Engineer (P.E.) Texas #72456 (1992)

Professional Organizations: American Institute of Chemical Engineers
National Society of Professional Engineers
National Academy of Forensic Engineers

Summary of Experience:

Lesla began her career at ARCO with assignment to the Engineering Development Program (EDP). After completing the one-year program, she was assigned to operations working in ARCO facilities in West Texas and Oklahoma. Her roles included design and installation responsibilities for gathering, treating, processing, and injection facilities, as well as coordination of well maintenance activities. In addition, she was promoted to plant operations assignments that required process troubleshooting, economic optimization of plant operations, direct operations supervision, quality control, environmental permitting/compliance, and safety training responsibilities. She completed her rotation of operational assignments as Start-Up Coordinator for a \$40 million plant expansion with responsibilities for commissioning and staffing the 60 million standard cubic foot per day air separation plant.

While with ARCO, Lesla also took on assignments in reservoir engineering where she was responsible for evaluating exploration and development projects, assessing economic benefits from acquisition and divestiture activities, analyzing natural gas shut-in strategies, and technical management of existing production properties. Her last assignment with ARCO was in domestic crude oil trading and marketing. In the crude trading group, Lesla evaluated transportation logistics, analyzed the operations of refineries, assessed the commercial aspects of potential mergers and asset trades, and formulated options and futures strategies.

In March 1992, Lesa joined Muse and has since been involved in a wide variety of industry assignments. She is frequently retained to advise clients on both technical and commercial issues related to mergers, asset transactions, project development and start-up, bankruptcy/workout, and dispute resolution. She has experience in most sectors of the energy markets including transportation, processing, refining, marketing, and electrical generation. In 1998 she was named Vice President and elected to the Board of Directors of the firm. In January 2000, she was appointed Corporate Treasurer.

Representative Major Project Experience:

1. **Project Development Advisory** – Retained by the Department of Revenue and the Department of Natural Resources to analyze and provide input regarding the negotiations with potential developers of the Alaska Gas Pipeline. Analyzed potential project development scenarios, including evaluation of product market supply/demand, expected gas processing scenarios and commercial terms for gas processing and product sales. Provided natural gas liquids pricing forecast advice and audited project financial models.
2. **Expert Testimony, Market Analyses/Advisory** – Provided testimony before the Alaska State Legislative Budget and Audit Committee regarding the development of the Alaska Natural Gas Pipeline Project and the possibilities for in-state utilization of natural gas and natural gas liquids produced from the pipeline.
3. **Expert Testimony, Gas Processing Contract Dispute** – Retained to interpret portions of gas processing contract, formulate expert opinions, and provide expert testimony regarding the plant facilities, the gas gathering facilities, recovery of natural gas liquids and condensate, and accounting/allocation of natural gas liquids and condensate.
4. **Business Strategy, Management of Royalty Trust** – Provided business management, administration, and oversight for \$100 million oil and gas royalty trust. Retained by owners of the trust as agent of the General Partner of the trust to manage day-to-day business functions, confirm production, invoice and confirm payments, and administer oil and gas marketing contracts as necessary. Managed the transitions of the agent from Enron-affiliated management post-bankruptcy.
5. **Valuation, Development Bankruptcy Proof of Claim** – Retained by Enron counterparties in commodity and interest rate swap contracts to determine damages and assess amounts owed by the Enron estate to the partnership.
6. **Expert Testimony, Market Valuation of Wellhead Natural Gas** – Retained to evaluate the market value of unprocessed natural gas at the wellhead in southwestern Wyoming. Analyzed the market for raw natural gas in the producing region, evaluated the capabilities of gas processing plants in the area, evaluated the residue gas and natural gas liquids markets, and assessed the processing costs for the natural gas to formulate expert opinion regarding the best method to determine the market value of the unprocessed gas at the wellhead. Appeared in numerous cases before the State Board of Equalization in Wyoming providing expert testimony on behalf of various producers with gas production and processing assets in southwest Wyoming.
7. **Business Strategy, Negotiation of Royalty Provisions in Producing Lease** – Retained by royalty trust to evaluate proposed gas production and gas processing operations for very sour gas production in central Texas. Evaluation included review of the existing field and plant facilities, expected gathering and processing costs, and gas processing economics. Provided recommendations regarding commercial terms as proposed by the operator and relative value implications for the royalty trust.
8. **Expert Testimony, Valuation of Overriding Royalty Interest – Equatorial Guinea** – Retained to analyze and formulate expert opinions regarding the methodology being

utilized by Integrated International Oil and Gas Company to determine the market value of natural gas liquids and condensate being produced in Equatorial Guinea for export. Analyses included completion of an audit of prior payments made to the holder of the Overriding Royalty Interest as well as evaluation of the fair market value of the products based on netback methodology.

9. **Consulting Expert, Gas Processing Cost and Fuel Allowances** – Retained as a consulting expert in dispute between producer and royalty trust regarding fuel and processing losses/allowances as allocated by the producer for gas produced in south Texas. Evaluation included review of existing field and plant facilities, capital expenditures for the initial project development, capital expenditures associated with subsequent project modifications, historical facility operating costs, fuel utilization, line losses and unaccounted for gas, and development of expectations regarding future field and plant operations.
10. **Consulting Expert, Gas Processing Contract Negotiation** – Retained by producer to provide economic evaluation of existing gas processing contract and recommend potential changes to enhance future economic return for producer.
11. **Consulting Expert, Gas Processing Contract Audit** – Retained by producer to evaluate gas settlement under existing contract and evaluate potential contract compliance issues. Resulted in identification of contract compliance issues and subsequent audit exceptions that led to producer's recovery of proceeds.
12. **Expert Testimony, Gas Processing Contract Dispute** – Retained to evaluate excessive fuel and losses associated with gas production in east Texas. Completed analyses of gas settlement statements, fuel allocation methodology, and expected fuel consumption. Formulated expert opinions and provided testimony regarding these issues.
13. **Consulting Expert, Gas Processing Contract Negotiation – WO Operating** – Retained to evaluate existing gas processing contract for producer in the Texas Panhandle and to make recommendations regarding gas processing contract terms and conditions.
14. **Expert Testimony, Private Arbitration Gas Processing** – Retained to formulate expert opinions regarding a gas processing dispute involving offshore gas processed onshore in southern Louisiana. Provided technical/operational expertise and evaluated the commercial aspects of the contract, including assessment of damages.
15. **Operational Evaluation – South Texas** – Retained by a royalty interest owner to provide expert testimony and damage estimates associated with oil, gas, and condensate production in South Texas. The project included operational and financial audits of ongoing and historical operations. The review encompassed field and plant operations including: (1) gas measurement and gathering, (2) gas processing, (3) crude, condensate, and NGL transportation, and (4) crude, condensate, gas, and NGL marketing.
16. **Refined Products Markets Logistics Evaluation – U.S. East of Rockies** – Co-managed a detailed study to determine the future outlook for existing logistics assets east of the U.S. Rocky Mountains. Analysis included the determination of the utilization of existing refining and transportation assets, alternative tariff strategies for the future, and sensitivities to the probable elimination of MTBE from the U.S. gasoline pool.
17. **Audit of Gathering and Processing Operations – East Texas** – Retained to review a large independent's East Texas gathering and processing operation on behalf of a minority working interest owner in the field. Advised the minority owner during, and participated in, subsequent negotiations with the operator regarding discrepancies between contractual obligations and settlement statements.

18. **Evaluation of Damages, Gas Sales, and Processing** – Provided expert testimony and damage assessment in a contract dispute between two major integrated exploration and production companies in the U.S. Evaluation included the construction of a multi-period model to recreate accounting allocations for several hundred sales points associated with two gas processing facilities.
19. **Acquisition Valuation/Due Diligence** – Co-managed assignment to evaluate the potential acquisition of a minority share of an integrated multinational refining and marketing company. Responsible for due diligence and detailed business unit valuations for all aspects of target company's U.S. operations. Participated in and advised client during protracted negotiations in both the U.S. and Europe.
20. **Refined Products Pipeline Strategy** – Led study to evaluate potential strategies to exploit existing assets based in the origin area of a large interregional U.S. refined products distribution system. The study focused on anticipated shifts in refined products supply in the origin area of the system including projected supply expansions and an evaluation of long-term refinery survivability.
21. **Merger Advisory** – Co-managed merger and valuation studies to combine the operations of a major U.S. refiner-marketer with the operations of a large independent U.S. refiner-marketer. Evaluation included market analysis, asset analysis, and assessment of the potential value of the new entity post-merger.
22. **Business Plan Development** – Coordinated the development and preparation of the initial business plan for the newly unregulated affiliate of a major U.S. gas distribution company.
23. **Prudhoe Bay Royalty Litigation** – Named as rebuttal witness, filed expert testimony, and provided consulting support in a royalty dispute involving Prudhoe Bay gas processing facilities and natural gas liquids recovery. Testimony involved review and rebuttal of defendants' expert testimony, proposed cost allocation methodologies, detailed process engineering studies, and overall Prudhoe Bay unit issues.
24. **Transaction Valuation** – Retained by the business development group associated with a major U.S. refined products pipeline to provide independent valuation of acquisition target. Study included market assessment, alternative market exploitation strategies, and independent fair market valuation of the target pipeline system.
25. **Workout Advisory** – Led assignment to evaluate the crude oil supply and trading organization of an independent U.S. refiner. Advised creditors regarding restructuring of existing loan covenants and worked with refiner to evaluate and refocus crude acquisition program.
26. **Valuation of Integrated Field Services and Gas Distribution Companies** – Retained to provide an assessment of the value of several integrated companies providing crude oil and gas gathering services, gas compression, gas supply, gas transmission, and local distribution services to customers in East Texas and Louisiana. Valuation was completed for potential investor in conjunction with the purchase of an equity stake and private placement of debt.
27. **Asset Evaluation** – Retained by potential buyer to assess the value of U.S. Gulf Coast assets being sold in a competitive bidding situation. Assets included offshore oil and gas gathering systems, gas processing plants, oil treatment facilities, gas transmission lines, and gas storage properties. The assessment included review of the operations and maintenance policies and procedures, pipeline safety compliance, plant safety compliance, and potential upside associated with capital projects identified by the seller.

28. **Expert Testimony, Power Generation** – Provided expert testimony in a dispute between a regional power generation and distribution company and a local cogeneration company. Work included evaluation of capacity and output potential of electrical generation equipment located in the northwestern U.S.
29. **Expert Testimony, Crude Marketing** – Retained to provide expert testimony regarding customs and practices related to crude oil trading transaction in the U.S. Litigation involved dispute between several parties regarding the execution of a call on crude oil and natural gas liquids from producing properties located in the southwestern U.S.
30. **Major Project Evaluation, Gas Processing** – Completed a review of the technical feasibility and projected investment performance for the \$45 million expansion of a gas production and processing project in Alberta, Canada. Performed extensive cash flow analysis of field/plant operations and assisted in the preparation of the private placement memorandum to assist in the financing of the project expansion.
31. **Workout Advisory** – Led assignment to evaluate the operation and administration of an independent oil and gas production company in breach of existing loan covenants. Provided assessment of overall business valuation to lender group. Advised lenders regarding on-going business operations, repayment options, and restructuring of loan covenants.
32. **Evaluation of Property Loss and Business Interruption Claim** – Retained as a consulting expert in litigation involving line failure on one of the world's largest crude and products pipeline system. Issues included repair requirements and practices, actual property losses, and review of subsequent loss recovery by the operator.
33. **Evaluation of Crude Oil Gathering Operations** – Retained by creditors to evaluate the ongoing operations of a crude oil gathering and marketing company operating in conjunction with a merchant refiner located in the southwestern U.S. Work included the assessment of crude oil gathering pipeline operations, trucking operations, system inventory, contract analysis, and risk management activities. Completed a detailed economic analysis of historic profitability and constructed pro forma analysis of business including new venture opportunities.
34. **Proposed LPG Pipeline** – Completed market study and evaluation of existing LPG markets in the upper midwestern U.S. Provided assessment of value of potential project to convert existing pipeline systems to LPG distribution network.
35. **Consulting Expert** – Provided expert litigation support assistance in dispute over ethylene plant project development and construction. Dispute focused on commercial aspects of technical design, construction, and operation of grassroots ethylene plant on the U.S. Gulf Coast.
36. **Proposed Pipeline Project** – Evaluation of start-up and risk management strategies for a proposed interstate product pipeline. Work included determination of probable utilization rates, product mix projections, and inventory requirements, as well as complementary risk management plans.
37. **Evaluation of Refinery Supply** – Retained by creditors to evaluate the operation and management of refinery supply department of merchant U.S. refiner. Reviewed contracting practices, financial controls, trading policies, risk management practices, and inventory management/control practices. Provided written report to creditors in conjunction with the refinancing of refiner's working capital line of credit.

38. **Asset Appraisal** – Retained as expert to provide an appraisal of gas processing assets located in East Texas. Provided a preliminary assessment of the value of the assets for ad valorem tax purposes; analysis included use of the income, cost, and market approaches to value.
39. **Asset Privatization** – Assessed state-owned refining and marketing assets in Greece to determine key technical and economic issues relative to the privatization of these assets. Toured the facilities and worked with management to review the present condition of the assets and the need for capital improvements to assure long-term viability. Assisted Credit Suisse First Boston in the preparation of the offering memorandum and prepared a cash flow valuation of the assets prior to marketing. Provided assistance with regard to the asset marketing effort, an overview of the competitive position of the assets on an industry-wide basis, and preparation of the data room.
40. **Middle East Refinery Resid Utilization Study** – Evaluated resid disposition alternatives for a 100,000 barrel per day Middle East refinery. The project required consideration of the technical and economic aspects of numerous resid disposition alternatives, including asphalt manufacturing, fuel oil export, resid cracking, and utilization of resid-based fuels by local industrial consumers and government-owned power stations.
41. **Crude Oil Market Evaluation** – Provided a detailed independent assessment of historical and estimated future crude and product supply and demand in PADD IV and PADD II regions of the U.S. relative to the Express Pipeline proposed by Alberta Energy Company Pipelines. The objective of the study was to determine the viability of a new crude pipeline designed to supply Canadian crude oil into U.S. markets.
42. **Gas Storage Scoping Study** – Reviewed the technical feasibility and prepared capital and operation cost estimates for the reactivation of an existing gas storage facility located in south central Texas. Coordinated the efforts of a reservoir engineering firm and compiled final study to provide an independent assessment of the feasibility of the proposed project.
43. **Litigation Support/Insurance Settlement** – Prepared expert testimony in conjunction with an injury accident that occurred during field operations in California. Also prepared expert testimony related to insurance claims (property, business interruption, liability) resulting from accidents involving field processing facilities, petrochemical plants, and refineries located in the U.S. and in South America.
44. **Bankruptcy** – Provided technical and economic analyses, asset valuations, and feasibility analyses for bank group relative to refining, terminalling, and marketing assets located on the U.S. West Coast and U.S. Gulf Coast.
45. **Merger Analysis** – Completed analysis of a merger candidate including pro forma income statements and balance sheets, asset appraisal, contract review, and market potential for a 450,000 barrel per day crude oil gathering and marketing company.
46. **Acquisition Negotiation and Evaluation** – Completed economic evaluation and negotiation for acquisition of a 200 million standard cubic foot per day gas treating and compression plant. Project responsibilities included negotiation of gas purchase and sale agreements, the evaluation of carbon dioxide contracts and market alternatives, and the determination of the overall condition of plant assets.
47. **Market Analysis – Crude Oil** – Completed short-term market forecasts for 60,000 barrels per day of crude oil sales in the West Texas market. Strategies included options/futures hedging, as well as wet-barrel spot and term-pricing calls.

48. **Environmental Management** – Completed a review of the need for air, water, and waste permits for gas processing facilities in Texas, supervised PSD application to the Environmental Protection Agency (EPA) and managed compliance testing after start-up. Participated as owner representative for two EPA on-site facility audits.

Expert Witness Cases

Available Upon Request

Publications

1. "High NGL, Natural Gas Prices Make Processing Margins More Volatile"
Oil & Gas Journal
Week of September 27, 2004, p. 58
2. "US Gas Processing Profitability Statistics"
Oil & Gas Journal
Week of May 21, 2001, p.54
3. "North American Crude Pricing Dynamics – The New Fundamentals"
North American Petroleum Accounting Conference
May 2001
4. "Gas Processing "101" Technology and Commercial Issues"
National Association of Royalty Owners
October 26, 2001
5. "U.S. Product Market Dynamics - Reflecting on the Past – Characterizing the Future"
American Petroleum Institute Pipeline Conference
April 2001
6. "Crude Oil Pricing - A Marketer's Perspective"
North American Petroleum Accounting Conference Proceedings
May 1997
7. "Crude Oil Pricing - A Historical Perspective"
National Association of Royalty Owners
1996 Round-Up Proceedings
November 1996