

**PLAINS EXPLORATION & PRODUCTION COMPANY**  
**(the "Company")**

**CORPORATE GOVERNANCE GUIDELINES**  
**FOR**  
**BOARD OF DIRECTORS**

*As amended February 19, 2009*

The following corporate governance guidelines established by the Board of Directors provide a structure within which directors and management can effectively pursue the Company's objectives for the benefit of its stockholders and other constituencies. The Company's business and affairs are managed under the direction of the Board, but the conduct of the Company's business has been delegated by the Board to the Company's senior management team.

1. The Board will consider all major decisions of the Company. The Board has, however, established the following standing Committees so that certain important areas can be addressed in more depth than may be possible in a full Board meeting: Audit Committee, Nominating & Corporate Governance Committee and Organization & Compensation Committee. Each standing Committee has a specific charter that has been approved by the Board. The charters of the Committees may at any time be modified or amended by the Board, subject to any applicable disclosure or other requirements of the Securities Exchange Act of 1934, as amended, the rules promulgated thereunder and the applicable rules of the New York Stock Exchange. Each of these Committees is to operate in accordance with its charter and the applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. The Board may establish such other committees as it deems appropriate and delegate to those committees such authority as the Board sees fit and is permitted under applicable law and the Company's Second Certificate of Incorporation and Bylaws.

2. The Board believes that a majority of its members are independent, as determined under existing standards. At least a majority of the directors of the Company shall be independent, as determined pursuant to numbered paragraph 3 below.

3. The Board must affirmatively determine annually, based on a consideration of all relevant facts and circumstances, whether each director has any material relationship with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) that interferes with a director's exercise of his or her independent judgment from management and the Company. If a director has such a relationship, he or she cannot be considered

independent. In assessing the materiality of a director's relationship with the Company and each director's independence, the Board shall consider the issue of materiality not only from the standpoint of the director but also from that of the persons or organizations with which the director has an affiliation. Material relationships can include, among others, commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships. In assessing a director's independence, the Board shall also consider the director's ownership, or affiliation with the owner, of a significant amount of voting securities of the Company; however, the ownership of even a significant amount of voting securities shall not, by itself, be a bar to finding that a director is independent. The basis for the Board's determination that a relationship is not material shall be disclosed in the Company's annual proxy statement. In this regard, the Board may adopt and disclose categorical standards to assist it in making determinations of independence. The Board cannot conclude that a director is independent if he or she falls into one of the following categories:

- The director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the past three years, an executive officer, of the Company. Employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment.
- The director has received, or has an immediate family member who has received, during a twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service). Compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test. Compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) need not be considered in determining independence under this test.
- (A) The director is a current partner or employee of a firm that is the Company's internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and personally works on the Company's audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on the Company's audit within that time.
- The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the

Company's present executive officers at the same time serves or served on that company's compensation committee.

- The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

4. The Audit Committee, the Nominating & Corporate Governance Committee and the Organization & Compensation Committee of the Board will consist entirely of independent directors.

5. Every year the Board will set the Company's strategic direction and review and approve a three-year strategic framework and a one-year business plan.

6. On an ongoing basis during each year, the Board will monitor the Company's performance against its annual operating plan and against the performance of its peers. In this connection, the Board will assess the impact of emerging political, regulatory and economic trends and developments on the Company.

7. The Board and each individual director, with the assistance of the Nominating & Corporate Governance Committee if the Board so requests, will at least annually conduct a self-evaluation to determine whether it, its various committees and individual directors are functioning effectively. In order to make these assessments, the Board shall solicit annually the opinions of each director regarding the foregoing matters. On the basis of these self-evaluations, the Board shall consider whether any changes should be implemented to improve its effectiveness, the effectiveness of its various Committees and the effectiveness of individual directors.

8. Directors are required to own shares of common stock of the Company with a value equal to three times their annual retainer.

9. Directors are required to limit the number of directorships that they hold in public companies to no more than six so that they can devote sufficient time to the discharge of their responsibilities to each public company for which they serve as a director, including the Company.

10. The members of the several Board committees shall be elected by the Board at the annual meeting of the Board to serve until the next annual meeting of the Board or until their successors shall be duly elected and qualified. Directors are encouraged to attend the Company's annual stockholders' meeting. Any member of a Committee may resign or be removed by the Board from membership on the Committee. Unless the Chair of any Committee is elected by the Board, the members of

the Committee may designate a Chair by majority vote of the Committee membership. The Chair of any Committee may be changed by the Board, or, if the Chair was selected by majority vote of the committee membership, by majority vote of the committee membership. The several Committee Chairs will periodically report the Committee's findings and conclusions to the Board.

11. Succession planning and management development will be reviewed annually by the Chief Executive Officer with the Board. The Board of Directors shall review plans for Chief Executive Officer succession at least annually.

12. All executive officers are required to own shares of the Company's common stock with a value equal to three times their annual salary, or, for the Chief Executive Officer, with a value equal to five times his annual salary.

13. To the extent required by the applicable rules of the New York Stock Exchange, stockholders of the Company will be given an opportunity to vote on the adoption and the material revision of all equity-compensation plans, except inducement options, plans relating to mergers or acquisitions, and tax qualified or excess benefit plans.

14. Directors should exercise their business judgment in a manner they believe is consistent with their fiduciary duties. Directors should regularly attend meetings of the Board and of all Board Committees on which they serve. To prepare for meetings, directors should review the materials that are sent to them in advance of the meetings.

15. Analyses and empirical data that are important to the directors' understanding of the business to be conducted at a meeting of the Board or any Committee should be distributed, to the extent practicable, in writing to all members in advance of the meeting. Management should make every reasonable effort to assure that this material is both concise and in sufficient detail to provide a reasonable basis upon which directors may make an informed business decision. In some cases, significant items requiring Board or Committee approval may be reviewed in one or more meetings, with the intervening time being used for clarification and discussion of relevant issues. Outside directors shall be encouraged to provide input into the development of Board and Committee meeting agenda.

16. The Board of Directors of the Company will schedule regular executive sessions where non-management directors meet without management participation. "Non-management" directors are all those who are not Company officers, and include directors that are not officers but who are not independent. The presiding director at each such session shall rotate among non-management members, in order of seniority of Board service (such that the most senior non-management board member shall serve as presiding director at a session, the second most senior non-management member

shall serve as presiding director at the next session, and so forth, with members of equal seniority serving in order of age, with the oldest serving first). In order that interested parties may be able to make their concerns known to the non-management directors, the Board will establish methods by which such parties may communicate directly with the presiding director or the non-management directors as a group, and the Board will cause such methods to be disclosed.

17. Directors shall have complete access to the Company's management. It is assumed that directors will exercise reasonable judgment to assure that contact of this sort is not distracting to the business operations of the Company and that any such contact, if in writing, will be copied to the Chief Executive Officer and the Chairman of the Board. Furthermore, the Board encourages the Chief Executive Officer to bring managers into Board meetings from time to time who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas; or (b) represent potential members of future senior management that the Chief Executive Officer believes should be given exposure to the Board.

18. While the information needed for the Board's decision making generally will be found within the Company, from time to time the Board may seek legal or other expert advice from sources independent of management. Each standing Committee of the Board shall have the sole authority, without further authorization from the Board, to engage, compensate, oversee and terminate external independent consultants, counsel and other advisors as it determines necessary to carry out its duties. The Company shall provide appropriate funding (as determined by each committee) for payment of compensation to advisors engaged by the Committees.

19. The Board is responsible for the enactment and approval of changes in the Company's Statement of Policy Concerning Corporate Ethics and Conflicts of Interest ("Policy Statement"). The Board's Audit Committee has responsibility for the oversight of the implementation and administration of the Policy Statement, the review and assessment at least annually of the effectiveness of the Policy Statement and the recommendation to the Board of suggested changes in the Policy Statement.

20. The Board is aware that questions as to the independence of non-management directors may be raised when director's fees and emoluments exceed what is customary. The Board also is aware that similar concerns as to the independence of non-management directors may be raised if the Company makes substantial charitable contributions to organizations in which a non-management director is affiliated, or enters into consulting contracts with (or providing other indirect forms of compensation to) directors. The Board intends to evaluate these matters when determining the form and amount of director compensation, and the independence of a director.

21. While the Board will review from time to time its compensatory arrangements with its non-management directors, the Board believes that the form and

amount of the Company's current compensatory arrangements with its non-management directors summarized below are both customary and appropriate:

- an annual retainer of \$35,000;
- an attendance fee of \$3,000 for each board meeting attended (excluding telephonic meetings), plus reimbursement for related expenses;
- an attendance fee of \$1,000 for each committee meeting attended;
- an attendance fee of \$500 for each telephonic board meeting attended;
- an annual fee of \$10,000 for serving as a chairman of the audit committee and \$5,000 for serving as chairman of any other board committee; and
- an annual grant following the date of each annual stockholder meeting of the Company, to each director elected at such stockholder meeting of 10,000 shares of Restricted Common Stock of the Company, with vesting to occur at the earlier of one year from grant or upon the next annual stockholder meeting of the Company.

22. The Chief Executive Officer or other appointed members of the senior management team shall report to the Compensation Committee annually regarding the adequacy and suitability of the Company's Board compensation package in relation to other comparable sized U.S. companies. Changes in Board compensation, if any, should be suggested by the Compensation Committee and approved only after a full discussion among the members of the Board.

23. The Board's Organization & Compensation Committee shall review and propose adoption by the Board of revisions to the Company's current compensatory arrangements with its non-officer directors and members of the Board's various committees.

24. The Board will consider from time to time its optimum size and will increase or decrease from time to time, as appropriate, the number of its members. Directors are required to submit a letter of resignation upon a change in their principal occupation.

25. The Board is committed to the orientation and continuing education of new and incumbent directors at the Board and Committee levels.

26. It is the Company's policy not to make, or enter into, modify, renew or amend agreements to make, payments, grants or awards following the death of an executive in the form of unearned salary or bonus, accelerated vesting or the continuation in force of unvested equity grants, awards of ungranted equity,

perquisites, and other payments or awards made in lieu of compensation other than payments, grants or awards of the type that are generally offered to other Company employees or under agreements in effect as of February 19, 2009.

27. These Corporate Governance Guidelines have been developed and approved by the Board. The Board will review at least annually the practices incorporated into these Corporate Governance Guidelines by comparing them and the Board's experience with them to the evolving needs of the Company and determine whether these Corporate Governance Guidelines should be updated. These Corporate Governance Guidelines may be amended, modified or waived by the Board, subject to the disclosure and other requirements of the Securities Exchange Act of 1934, the applicable rules promulgated thereunder, and the applicable rules of the New York Stock Exchange. These Corporate Governance Guidelines shall be published on the Company's web site.