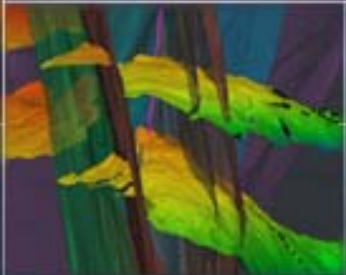
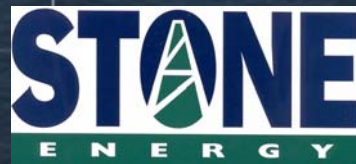




Focal Area

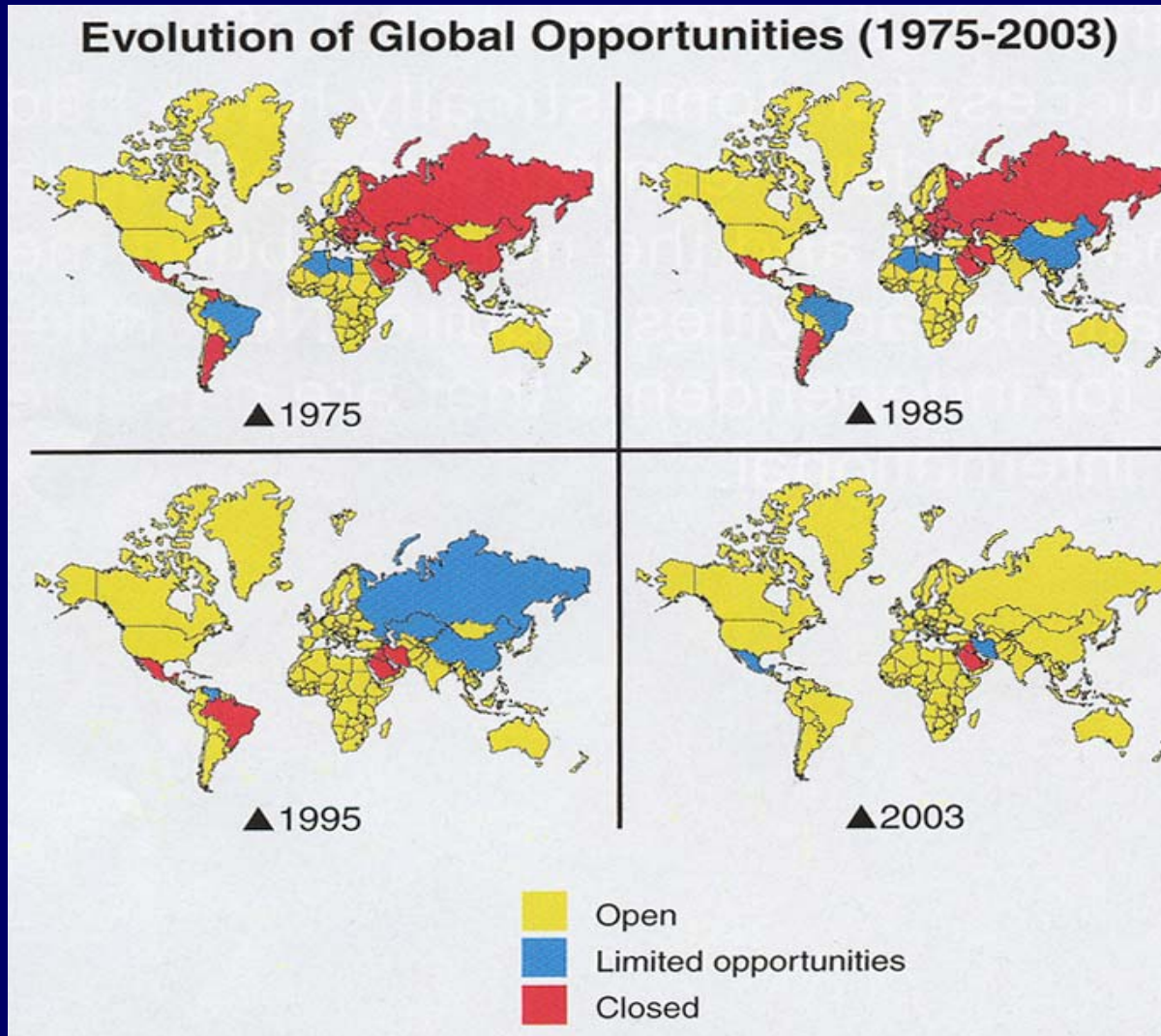


Evolving Technology



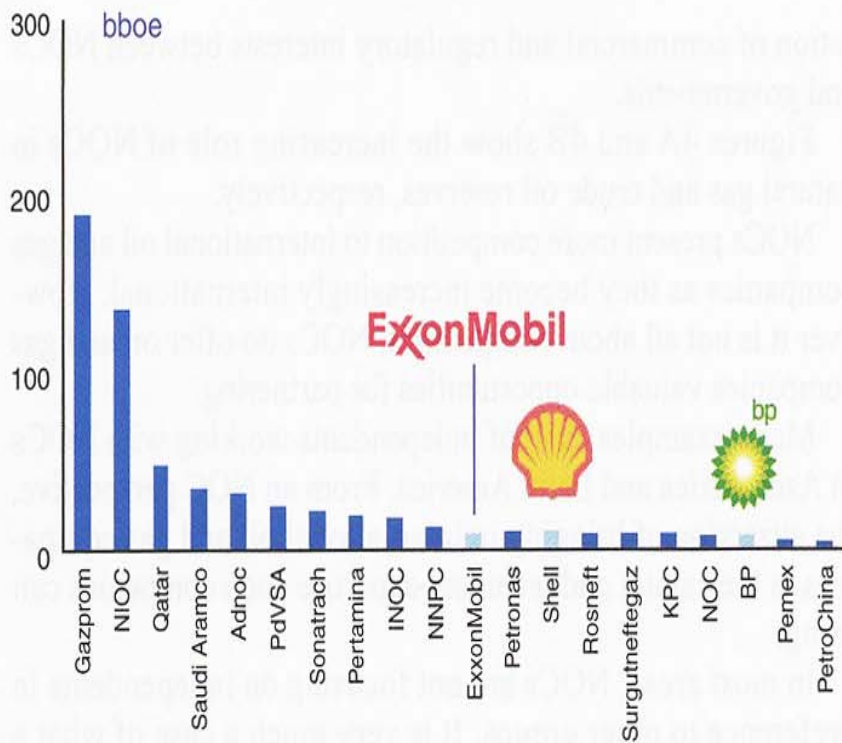
IPAA/TIPRO
The World of Oil & Gas, an Independent's Strategy
November 10, 2004

E&P Capital Can Flow Almost Anywhere

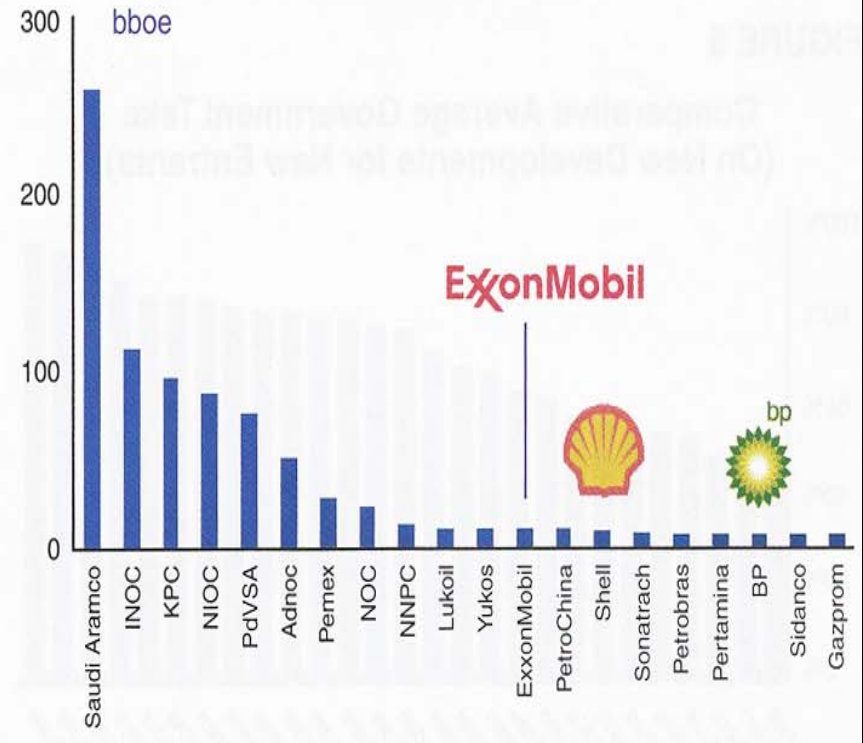


Most Reserves Government Owned

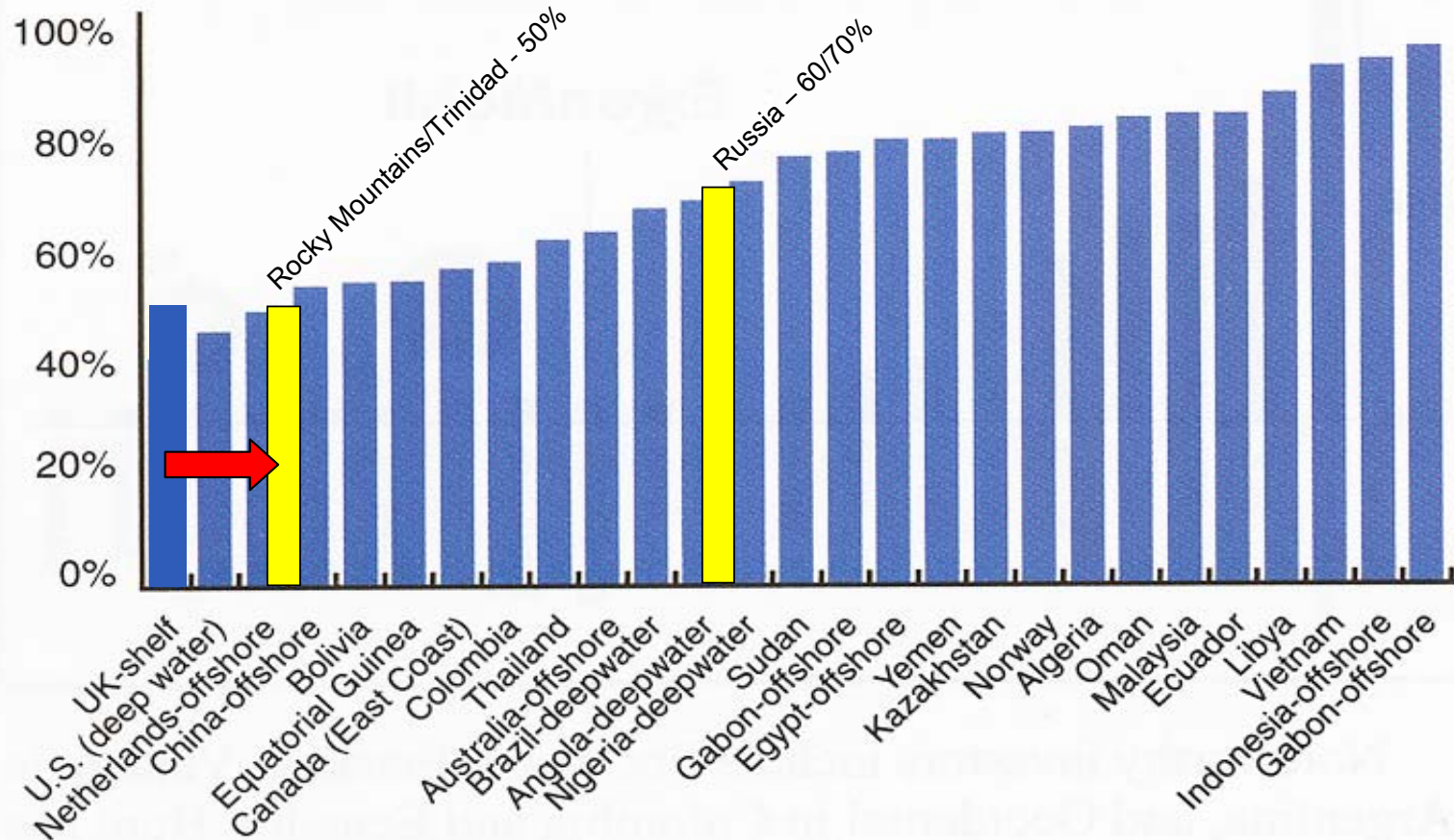
**Gas Reserves
(NOCs Versus Majors)**



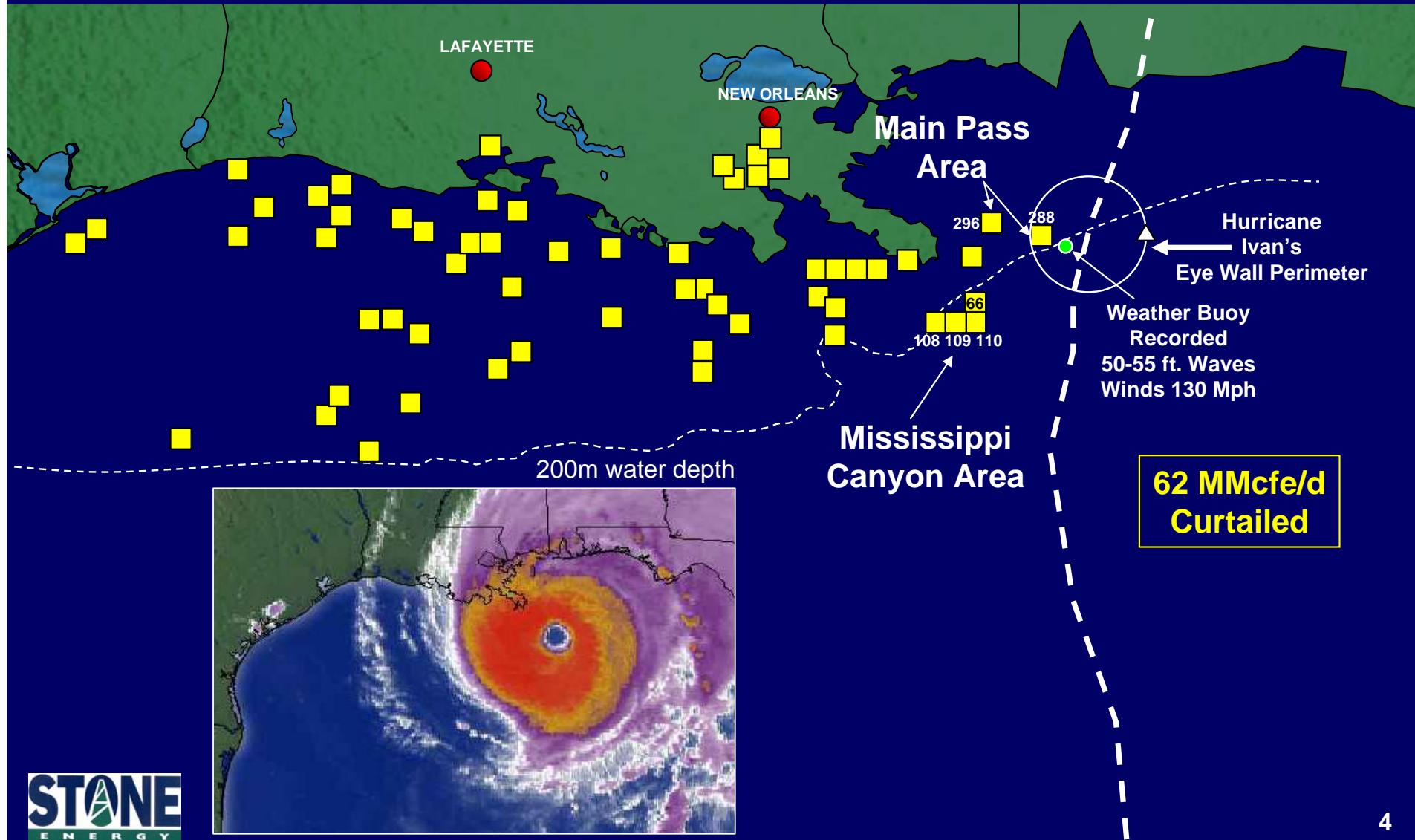
**Oil Reserves
(NOCs Versus Majors)**



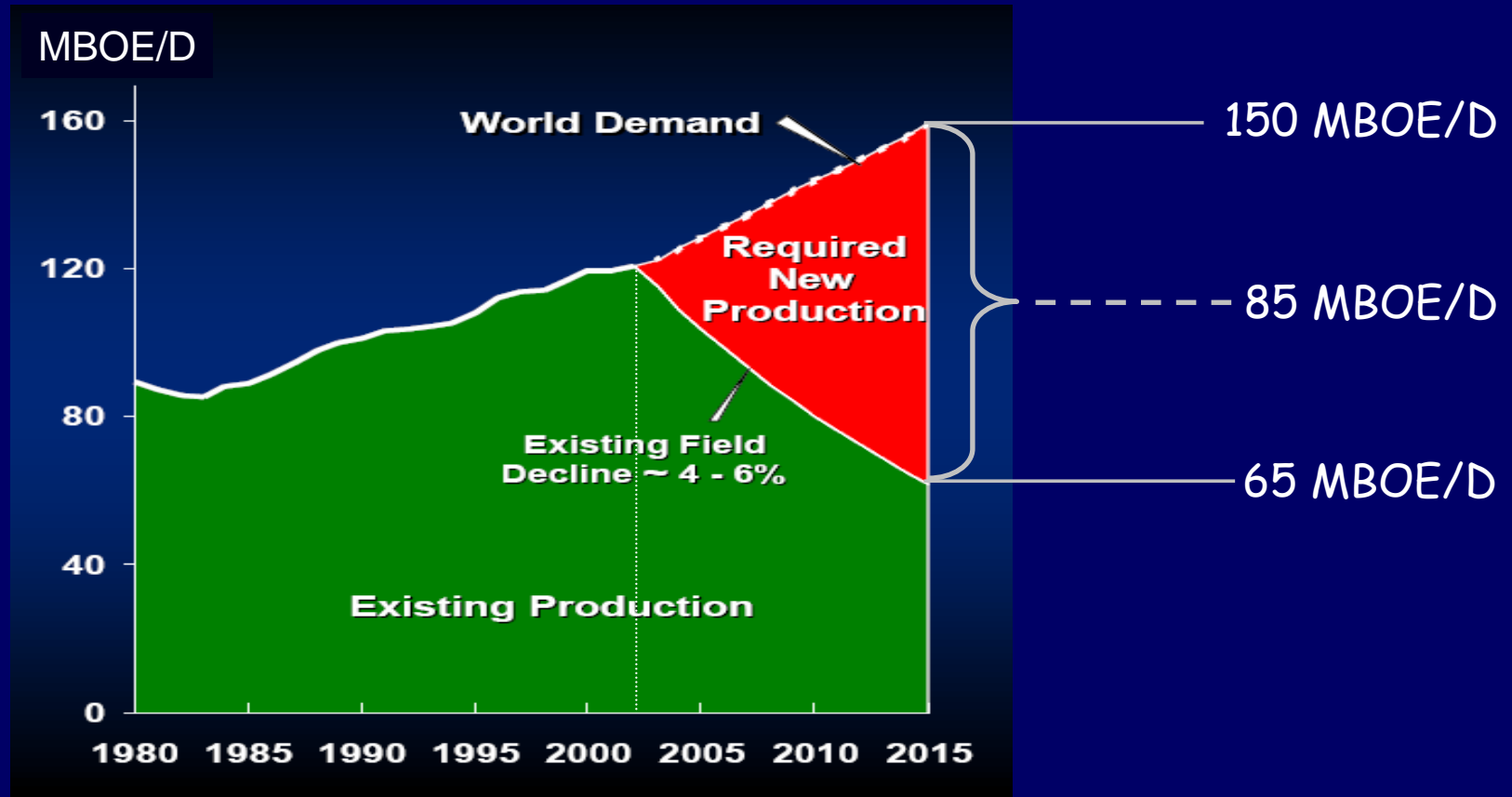
Comparative Average Government Take (On New Developments for New Entrants)



GOM Producing Property Base



Global Energy Outlook



The wedge, represented by a 2% increase in demand and a 6% depletion rate equates to +/- 85 MBOED that has to be found and developed in 11 years. This is equal to approximately 3.5 OPECs or 9.5 Saudi Arabias. It can't happen! Price Will Allocate Supply.

Highly Profitable Investments But...

(Dollars in millions)

	1990 – 6/30/04			Undiscounted
	Acquisition Cost	Expl. & Dev. Cost	Net Cash Flow	Future Net Cash Flow
SGY Total	\$1,008*	\$1,486	\$1,861**	\$1,893***
				\$3,921****

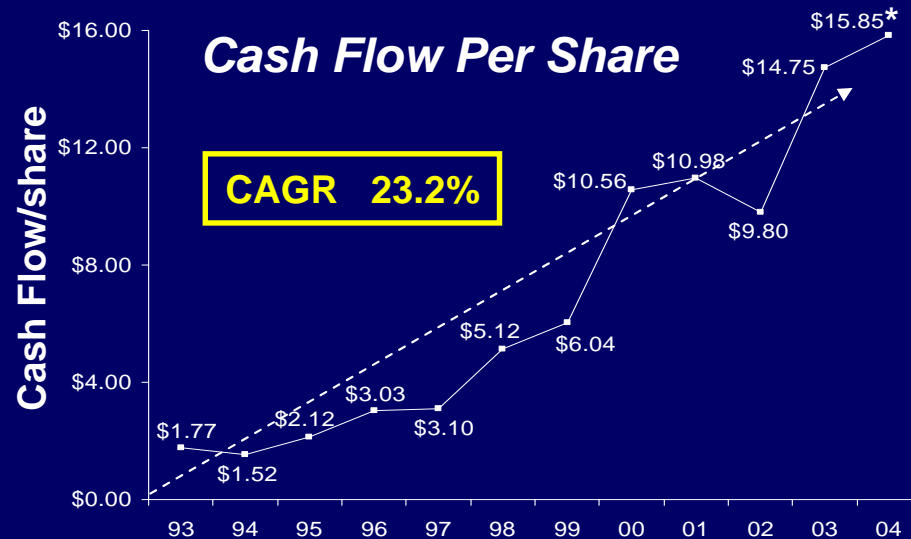
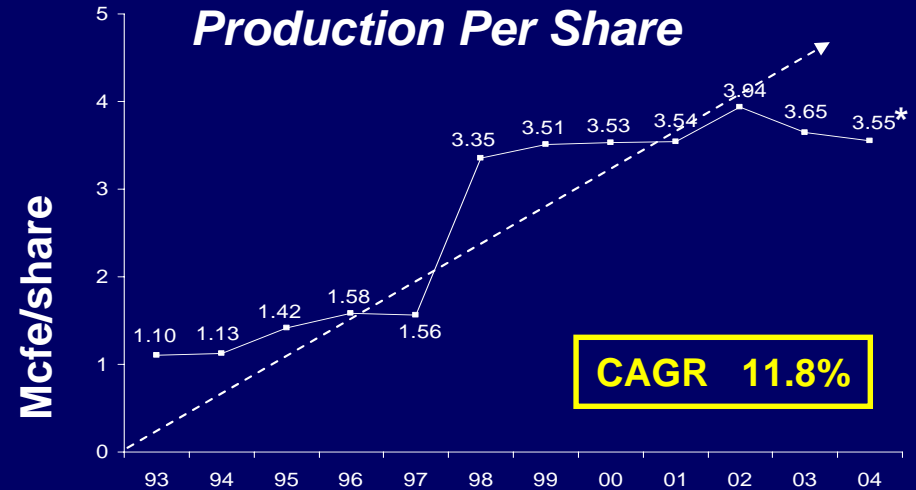
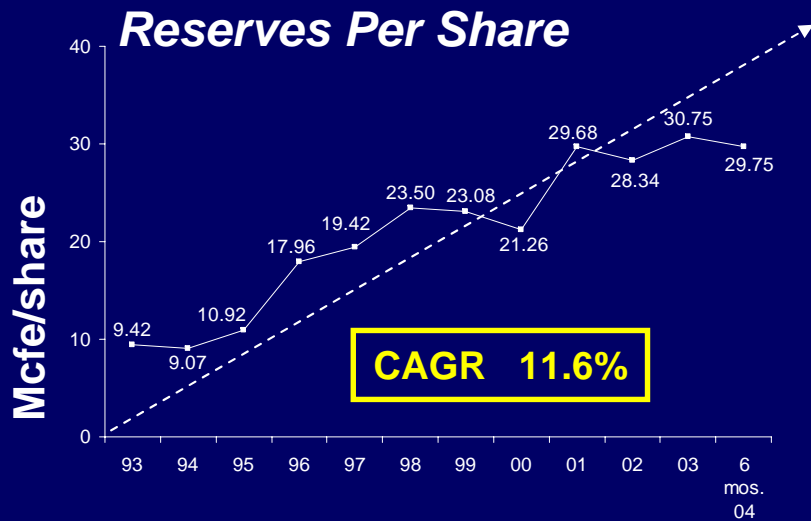
* Includes BSNX merger based on exchange of SGY stock at \$42.45/ share

** Represents oil & gas revenues less all cash operating expenses

*** Utilizing 5 year average realized prices of \$24.65 per Bbl & \$3.79 per Mcf

**** Utilizing a 3rd year strip pricing of \$42.98 per Bbl & \$6.32 per Mcf

Growth Rate Needs Renewal



*Doubled 6/30/04 amount

Note: per share amounts based upon weighted average shares outstanding assuming dilution for the respective period.

Starting from Strong Position

- **Oil & Gas Reserves Independently Engineered**
- **Financial Discipline**
- **Strong Corporate Governance**
- **Augmented Value Adding Growth Strategy**

Reality: SGY Strategic Levers

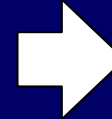
Play off Strengths

- A&D Skills & Speed
- Special Relationships
- Technical Skills
- Financial Flexibility
- GOM Expertise
- Rockies Expertise



Reduce Weaknesses






- Decline Rate
- Unpredictable Results
- Concentration in Mature Area
- Market Valuation
- Median Prospect Size too Small



Implications

- Attractive Acquisitions
- Diversification
- Joint Venture/Partnering
- Higher Potential Exploration

SGY Deals Under Review Summary

Deals	Net Reserve Exposure	Status
11	1.05 TCFE	
9	744 BCFE	
32	8 TCFE	
3	339 BCFE	
15	4.2 TCFE	
70	14.33 TCFE	

Augmented Growth Strategy



- **Continue to Acquire GOM Shelf**
- **Expand Rockies Position**
- **Explore or Acquire Deepwater**
- **Explore Deep Shelf**
- **Option Ultra Deep Shelf**
- **Onshore or Midstream Diversification**
- **International Growth Platform**

Acquire and Exploit Shelf Capitalizing on Technical Expertise and Speed of Acquisition Execution

Risk Mitigation

Rationale

- Create NAV & Cash Flow
- Proven Capabilities
- Proven Successful
- Out of Favor

- High Cumulative Production History
- Low Current Production Rate
- Identified Opportunities
- High Working Interest
- Existing Infrastructure
- Operatorship

Vehicles

- Asset Purchases
- Selective Higher Potential Exploration
- Corporate Combinations

Explore to Provide Future Major Impact Growth for both Reserves and Rate - GOM Deep Gas

Risk Mitigation

Rationale

- Technical Expertise
- Material Targets Exist
- Near Infrastructure
- Attractive Fiscal Terms

- At Least 20% Probability of Success
- Venture with Successful Partners Only
- Partners Have Own Money in Prospect
- Multiple Export Infrastructure Options
- No Greater than 1.5 to 1 Promote

Vehicles

- Asset Purchases
- Lease Sales
- Farm Ins
- Joint Ventures
- Corporate Combinations

Maintain Option for Potential Major Rate and Reserve Growth - GOM Ultra Deep Gas Exploration (25,000'+)

Risk Mitigation

Rationale

- Technical Expertise
- Held by Production Acreage
- Potentially Huge
- Very Attractive Fiscal Terms

- Industry Follower
- Material Prospects Only
- Working Interests Between 33% and 50%
- Venture with Successful Partners Only
- Partners Have Own Money in Prospect
- Infrastructure Options

Vehicles

- International GOM Entrant
- Joint Venture Major or Super Major

Acquire or Discover Material High Return Rate and Reserves Growth – GOM Deepwater

Rationale

- Existing Geologic and Geophysical Expertise
- Highly Material Prospects
- Improving Deal Terms as Acreage Expires
- Successful Partners Known and Available
- Tie-Ins and Short Term Developments Available
- Extremely Attractive Fiscal Terms

Risk Mitigation

- At Least 20% Probability of Success
- Venture Only with Successful Partners
- Partners Have Own Money in Prospect
- Proven Technology Only
- Sub Sea Tie In and Close in Prospects
- Multiple Export Infrastructure Options
- No Greater than 1.5 to 1 Promote

Vehicles

- Lease Sales
- Exploration
- Develop Discoveries
- Joint Ventures
- Corporate Combinations

Highly Selective Core Area Midstream Development

Rationale

- Create Upstream Currency
- Predictable Cash Flow
- Non-price Related Cash Flow
- MLP Option

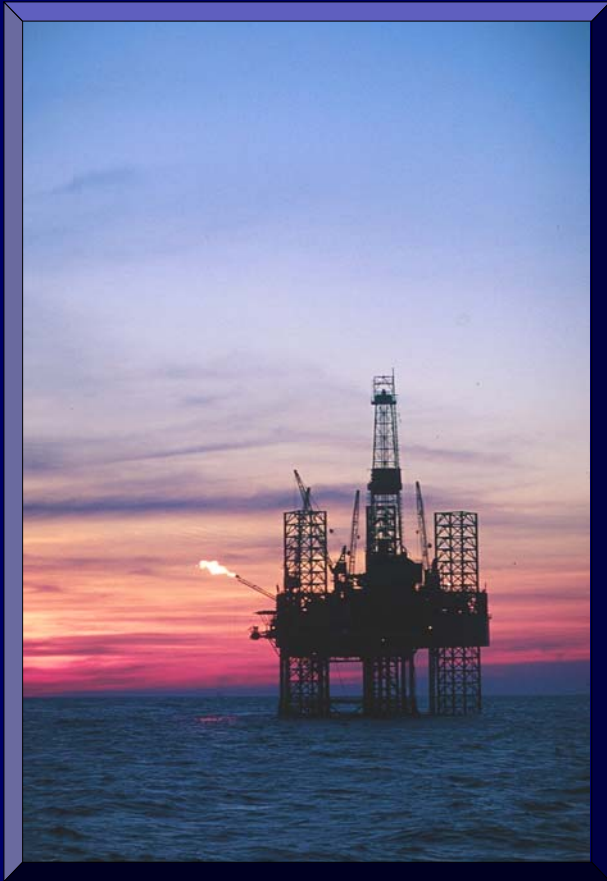
Risk Mitigation

- Reputable Partner
- Clear Niche
- Core Area Only

Vehicles

- Joint Ventures
- Corporate Combinations
- LNG

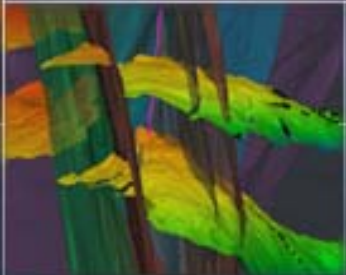
Summary Focused Diversification



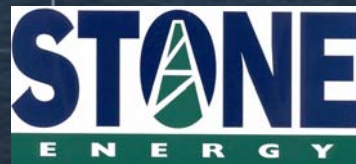
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