

CORPORATE GOVERNANCE GUIDELINES

ROLE AND FUNCTIONS OF THE BOARD OF DIRECTORS

The role of the Board of Directors (the “Board”) is to oversee and monitor the Company’s management in the interest and for the benefit of the Company’s stockholders. To fulfill its role the Board or a Board committee must perform the following primary functions:

1. oversee the conduct of the Company’s business to evaluate whether the business is being properly managed;
2. review and, where appropriate, approve the Company’s major financial objectives, plans and actions;
3. review and, where appropriate, approve major changes in, and determinations of other major issues respecting the appropriate auditing and accounting principles and practices to be used in the preparation of the Company’s financial statements;
4. assess major risk factors relating to the Company and its performance, and review measures to address and mitigate such risks;
5. evaluate regularly the performance and approve the compensation of the CEO and, with the advice of the CEO, evaluate regularly the performance of principal senior executives; and
6. plan for succession of the CEO and monitor management’s succession planning for other key executives.

In discharging these obligations, directors should be entitled to rely reasonably on the honesty and integrity of their fellow directors and the Company’s executives and its outside advisors and auditors. The directors shall be entitled to (i) reasonable directors’ and officers’ liability insurance on their behalf; (ii) the benefits of indemnification to the fullest extent permitted by law under the Company’s charter, bylaws and any indemnification agreements; and (iii) exculpation as provided by state law and the Company’s charter.

The Board may discharge its responsibilities either directly or by delegating them to its committees, except that the Board may not delegate any of its responsibilities which, under applicable law or regulation or the Company’s restated certificate of incorporation, may not be delegated to a committee of the Board. The Board and each Board committee shall have the full power and authority to hire, at the expense of the Company, independent financial, accounting, legal or other advisors, as necessary to fulfill their duties, without consulting or obtaining the approval of any officer of the Company.

The Board should promote policies within the Company that encourage a corporate culture of openness, honesty, fairness and accountability. These policies also should apply to the Board and to relationships among and between the Board, stockholders and employees. The Board should periodically review and amend these policies if needed.

The Board should recognize that the actual management of the business and affairs of the Company should be conducted by the CEO and other senior managers under his or her supervision and that, in performing the management function, the CEO and other senior managers are obliged to act in a manner that is consistent with the oversight functions and powers of the Board and the standards of the Company and to execute any specific plans, instructions or directions of the Board.

DIRECTOR QUALIFICATIONS

Independence: The Board shall have a majority of directors who meet the independence criteria adopted by the Board. The independence criteria are discussed below under “Director Independence.”

Qualifications: A director should possess personal and professional integrity, have good business judgment, relevant experience and skills and be an effective director in conjunction with the full Board in collectively serving the long-term interests of the Company stockholders. Directors should be committed to devoting sufficient time and energy to diligently performing their duties as directors.

Size of Board: The Board shall determine the appropriate size of the Board within the requirements of the Company’s Charter and Bylaws.

Selection Process: In accordance with the policies and principles in its charter, the Nominating and Corporate Governance Committee is responsible for identifying and recommending potential director nominees to the Board for its approval when there is a vacancy on the Board. The Chairperson of the Nominating and Corporate Governance Committee and the Chairperson of the Board shall extend an invitation to the potential director nominee to join the Board.

Annual Review of Independence and Qualifications: The Nominating and Corporate Governance Committee shall distribute annually a self-evaluation to the Board that includes an assessment of the directors’ independence and qualifications.

Resignation from the Board: An individual director should offer his or her resignation in the event the director’s principal occupation or business association changes substantially from the position he or she held when originally invited to join the Board. The Board should consider the continued appropriateness of the director’s membership on the Board under the changed circumstances and then the Board should determine whether or not to accept the director’s resignation. Also a director should tender a resignation in the event there is a

substantial conflict of interest between the director and the Company or the Board and such conflict cannot be resolved to the satisfaction of the Board.

Recusal when Conflict of Interest: Prior to any Board discussion or decision related to any matter that potentially affects a director's personal, business or professional interests, that director should (i) disclose the existence of the potential conflict of interest to the Chairperson of the Board and (ii) if the Chairperson of the Board (in consultation with legal counsel) determines a conflict exists or the perception of a conflict is likely to be significant, recuse himself or herself from any discussion or vote related to the matter.

Limit on Number of Board Memberships: No director may serve on more than three other public company boards. A director should advise the Chairperson of the Board and the Chairperson of the Nominating and Corporate Governance Committee in advance of accepting an invitation to serve on another public company board.

Term Limits: The Board does not believe it should establish term limits. The Company and its stockholders both benefit from Board continuity and stability and by allowing directors to focus on long-term business strategies and results.

VOTING FOR DIRECTORS

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation following certification of the shareholder vote.

The Nominating and Corporate Governance Committee shall promptly consider the resignation offer, and a range of possible responses based on the circumstances that led to the Majority Withheld Vote, if known, and make a recommendation to the Board. The Board will act on the Nominating and Corporate Governance Committee's recommendation within 90 days following certification of the shareholder vote.

Thereafter, the Board will promptly disclose its decision-making process and decision regarding whether to accept the director's resignation offer (or the reason(s) for rejecting the resignation offer, if applicable) in a Form 8-K furnished to the Securities and Exchange Commission.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Corporate Governance Committee recommendation or Board action regarding whether to accept the resignation offer.

However, if each member of the Nominating and Corporate Governance Committee received a Majority Withheld Vote at the same election, then the independent directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them.

However, if the only directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

DIRECTOR INDEPENDENCE

A majority of the Board and all members of the Audit, the Compensation and Benefits, and the Nominating and Corporate Governance Committees shall be independent. The Board must make an affirmative determination whether or not a director is independent and disclose this determination in the annual proxy statement.

The term independent is defined in accordance with the New York Stock Exchange (“NYSE”) independence requirements in effect from time to time, applicable laws and regulations, including the Sarbanes-Oxley Act of 2002 and rules issued by the Securities and Exchange Commission and the Board’s business judgment. No director shall qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company or any of its affiliates (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company) or with any senior management member of the Company or any of its affiliates. In determining the materiality of a relationship and the director’s independence, the Board shall be guided by the following independence standards:

A director shall be deemed to have a material relationship with the Company and/or its affiliates and thus shall not be deemed independent if, within the past three years;

- The director is or has been employed by the Company or its affiliates;
- An immediate family member (defined below) of the director is or has been employed by the Company or any of its affiliates as an officer;
- The director has received, or an immediate family member of the director has received, more than \$120,000 per year in direct compensation from the Company or an affiliate, 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);
- The director is or has been affiliated with or employed by the Company’s or any of its affiliate’s present or former internal or external auditor;
- An immediate family member of the director: (i) is a current partner of a present internal or external auditor; (ii) is a current employee of such a firm and personally works on the Company’s audit; or (iii) 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 period;

- An executive officer of the Company serves on the compensation committee of a company which employs the director, or which employs an immediate family member of the director as an officer;
- The director is an executive officer or employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, the Company for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million or 2% of such other company's consolidated gross revenues (such director shall not be deemed to be independent until three years after falling below such threshold);
- The director or an immediate family member of the director is a director, officer or trustee of a charitable or tax-exempt organization to whom the Company, one of its affiliates or any senior management member of the Company or its affiliates makes substantial charitable contributions.

In the following circumstances, the material relationships shall be deemed immaterial and thus the director shall, in the absence of other material relationships, be deemed to be independent:

- A director who serves as an Interim Chairperson or Interim CEO of the Company shall not be deemed a former employee for the purpose of determining independence and as such, the director shall retain his independent status when his service as interim Chairperson or Interim CEO ends; or
- The material relationship that is based on having an immediate family member of the director serving as an officer of the Company or an officer of a Company affiliate shall be deemed immaterial upon the death or incapacity of that immediate family member.

For any relationships not covered above, the determination of whether these relationships are material or not and whether the director would be independent or not, shall be made by the directors who satisfy the independence standards set forth in this section. In making these determinations, the Board shall examine all factors that may appear to affect independence, including commercial, industrial, financial, banking, legal, accounting, charitable, familial relationships and long-standing friendships.

The Company and its affiliates shall not make any personal loans or extensions of credit to directors or executive officers. All directors shall only receive directors' fees as their compensation for Board and/or Board committee service. The payment of consulting, advisory or other compensatory fees to a director from the Company or one of its affiliates is prohibited and shall negate the director's independence, except for compensation received by a director for former service as an interim Chairperson or CEO, which shall not be considered in determining independence.

Each director has an affirmative obligation to inform the Board of any material changes in his or her circumstances or relationships that may impact his or her designation by the Board as “independent.”

In addition to the foregoing provisions, members of the Audit Committee must satisfy additional requirements to be considered independent as provided for by the SEC and NYSE rules.

For the purposes of these independence standards guidelines, the terms:

- “Affiliate” means any corporation or other entity that controls, is controlled by or is under common control with the Company, as evidenced by the power to elect a majority of the Board or comparable governing body of such entity; and
- “Immediate Family Member” includes a person’s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters in-law, brothers and sisters in-law, and anyone (other than employees) who shares such person’s home.

Under Section 162(m) of the Internal Revenue Code of 1986, as amended, a director is an outside director if the director

- is not a current employee of the Company;
- is not a former employee of the company who receives compensation for prior services (other than benefits under a tax-qualified retirement plan) during the taxable year;
- has not been an officer of the company; and
- does not receive remuneration from the Company, either directly or indirectly, in any capacity other than as a director.

BOARD MEETINGS

The Board expects to have five regularly scheduled meetings each year. Upon adequate notice, unscheduled meetings may be called throughout the year as the need arises. The Chairperson of the Board shall consult with the Lead Director and other Board members in determining the times and duration of the Board meetings.

Meeting Attendance: Directors are expected to attend (either in person or telephonically) meetings of the Board and of the committees on which they serve. Directors also are expected to devote an adequate amount of time and effort to discharge properly their responsibilities.

Board Materials: Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed to the directors sufficiently in advance of the meeting to permit their review. Directors are expected to review these materials in advance of the meeting. A director may request that the CEO or appropriate member of senior management present to the Board specific information as it relates to the Company and its operations.

Board Meeting Agenda: The Chairperson of the Board in consultation with the Lead Director shall establish the agenda for each Board meeting. Each director shall be furnished with a copy of the agenda in advance of the Board meeting if possible, and if advance distribution is not possible, then the agenda shall be distributed at the Board meeting. Each director may suggest the inclusion of agenda items. Each director can bring up, at any Board meeting, subjects that are not on the agenda for that meeting.

Non-Management Executive Session of Directors: The non-management directors shall have the opportunity to meet in executive session after each regularly scheduled Board meeting or more frequently, if necessary. The Lead Director shall preside at these non-management executive sessions. The name of the Lead Director shall be disclosed in the annual proxy statement, together with a system for interested parties to communicate directly with the Lead Director.

Annual Executive Session for Independent Directors: If the non-management directors of the Company do not all qualify as independent under the standards set forth in these Guidelines, the directors who are independent under such standards shall meet in executive session without the other non-management directors at least once annually.

BOARD COMMITTEES

The Board shall have at all times an Audit Committee, a Compensation and Benefits Committee and a Nominating and Corporate Governance Committee. All members of these Committees shall be independent directors as determined by the Board in accordance with the aforementioned independence criteria. Committee members shall be appointed by the Board upon recommendation (after consultation with the Chairperson and Lead Director) of the Nominating and Corporate Governance Committee. In making any committee appointments, consideration should be given to the periodic rotation of a committee member; however, such rotation is within the Board's discretion.

The Audit Committee, Compensation and Benefits Committee and the Nominating and Corporate Governance Committee each shall have a written charter that sets forth the committee's structure, membership qualifications, purposes, responsibilities, and procedures for appointing and removing committee members. The charters also shall provide that each committee annually evaluates its performance. The charters for those committees shall be posted on the Company's website.

Each committee chairperson, in consultation with the committee members, shall determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. Each committee chairperson, in consultation with the appropriate members of the committee and management, shall develop the committee's agenda. Each committee shall report to the Board its activities, findings and recommendations after each committee meeting.

The Board may, from time to time, establish or maintain additional committees of the Board, including an Executive Committee, if an Executive Committee is established, it will have the powers and authority as specified in the Company's Bylaws.

Each committee shall have the full power and authority to hire independent legal, financial or other advisors as it may deem necessary, at the Company's expense, without consulting with or obtaining the pre-approval of any Company officer or the Board.

Any director may attend any committee meetings, whether or not he or she is a member of that committee, providing that he or she has obtained pre-approval to attend from the committee chair or a majority of the committee.

CHAIRPERSON OF THE BOARD

The Board will appoint the Chairperson of the Board who can be an employee of the Company. The Chairperson will chair all regular sessions of the Board and (with input from the CEO to the extent not inappropriate) set the agenda for Board meetings, subject to the right of the Lead Director and each Board member to suggest the inclusion of item(s) on any agenda.

LEAD DIRECTOR

The Lead Director shall be selected every year within 30 days of the annual meeting of shareholders by the majority vote of all of the independent, non-management directors of the Board. The Nominating and Corporate Governance Committee shall be responsible for initiating and managing the process for election of the Lead director and conducting the election by secret ballot.

The Lead Director shall preside at all meetings of the Board of Directors at which the Chairperson is not present, including executive sessions of the non-management directors and executive sessions of the independent directors, and apprise the Board of the issues considered. To this end, the Lead Director will meet and confer regularly with the CEO in order to stay informed on matters of significance to the Board of Directors. The Lead Director may also make recommendations to the Chairperson regarding the agenda, structure, schedule and appropriate length of Board meetings, as well as determine appropriate material to be provided to the directors in collaboration with the Chairperson.

The Lead Director also serves as a liaison between the Chairperson and the independent directors. The Lead Director will maintain close contact with the Chairperson of each committee and, in consultation with the Chairperson, assign tasks to the appropriate committees if necessary. The Lead Director should make recommendations to the Nominating and Corporate Governance Committee with regard to committee assignments. When necessary, the Lead Director may call meetings of the independent directors. The Lead Director shall participate in and help facilitate the annual review of the CEO's performance and together with the Chairperson of the Compensation and Benefits Committee present the review to the CEO.

The Lead Director shall also serve as an independent point of contact for shareholders wishing to communicate with the Board. Shareholder communications directed to the Lead Director can be sent care of the Company's Corporate Secretary at the Company's main office.

DIRECTOR ACCESS TO OFFICERS, EMPLOYEES AND INDEPENDENT ADVISERS

Directors are encouraged to keep themselves informed with regard to the Company and its operations. Directors shall have full and free access to Company officers and employees. Any meetings or contacts that a director wishes to initiate may be arranged through the CEO, the Corporate Secretary or directly by the director. Directors shall use their judgment to ensure that any such contact is not disruptive to the Company's business operations and shall, to the extent that it is not inappropriate, copy the CEO on any written communications between a director and a Company officer or employee.

The Board shall approve any director's request to have senior Company officers and other personnel regularly attend the Board meetings. Directors will also have access to the Company's independent advisors following consultation with the CEO to the extent not inappropriate.

DIRECTOR COMPENSATION

All directors shall receive directors' fees as their only compensation for Board and/or Board committee service. Directors' fees shall be in the form of cash, company stock, including options and restricted stock, or combination thereof, as well as any additional benefits regularly given to all directors. The exact amount and form of director compensation shall be determined and reviewed annually by the Compensation and Benefits Committee in accordance with the policies and principles set forth in its charter.

DIRECTOR ORIENTATION AND CONTINUING EDUCATION

All new directors shall receive an orientation package. The package will include a copy of the Company's bylaws and charter, the Code of Business Conduct and Ethics, the Corporate Governance Guidelines, all SEC filings for the current year and last preceding calendar year, press releases issued during the current calendar year and any other pertinent information. The new director will attend a meeting with the CEO and CFO to be briefed on the Company's strategic plans, its significant financial, accounting and risk management issues and current significant exploration and development projects.

All directors must receive annual director education in subjects relevant to the duties of a director, including the study of corporate governance best practices or ethics. This education may be as a result of a program planned by the Company or by the director attending a pre-approved seminar, with all expenses paid by the Company.

CEO EVALUATION AND MANAGEMENT SUCCESSION

The Compensation and Benefits Committee shall conduct an annual review of the CEO's performance and compensation, as set forth in its charter. The non-management directors meeting in executive session shall review the Compensation and Benefits Committee's report in order to ensure that the CEO is providing the best long and short-term leadership for the Company. The Nominating and Corporate Governance Committee shall make an annual report to the Board on emergency as well as expected CEO succession planning. The entire Board shall work with the Nominating and Corporate Governance Committee to nominate and evaluate potential successors to the CEO. The CEO shall provide the Committee with his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

ANNUAL SELF-EVALUATIONS

The Nominating and Corporate Governance Committee shall have responsibility for conducting and overseeing the annual self-evaluations for the Board and reporting the results to the Board following the end of each fiscal year. The evaluations will be based on such objective and subjective criteria, as the Board or the Nominating and Corporate Governance Committee deems appropriate.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board shall adopt and maintain the Code of Business Conduct and Ethics (the "Code") for the directors, officers and employees of the Company in compliance with the proposed NYSE requirements. The Code shall be posted on the Company's website. The purpose of the Code shall be to focus the directors, officers and employees on areas of ethical risk,

provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct, and help foster a culture of honesty and accountability.

Each director and officer shall act at all times in accordance with the requirements of the Code. Waivers of the Code for any officer or director may only be made by the Board of the Company or by a Board committee composed of independent directors. Any waiver for an officer or director must be posted on the Company website and otherwise disclosed as required by law.

REPORTS OF IRREGULARITIES

Any reports of concerns regarding accounting, internal auditing controls, or other irregularities or concerns whether financial or otherwise shall be brought to the attention of the Chairperson of the Audit Committee. These reports are confidential and may be anonymous if made using the Anonymous Reporting Hotline maintained by the Audit Committee. The Board shall be notified of these reports at every quarterly Board meeting or sooner, if necessary.