SPINNAKER EXPLORATION CO
Form PREM14A
October 06, 2005
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of

the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

x Preliminary Proxy Statement
¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
¨ Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to Rule § 240.14a-12

SPINNAKER EXPLORATION COMPANY

(Name of Registrant as Specified In Its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.
x Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock, par value $0.01, per share, of Spinnaker Exploration Company (Company Common Stock)

(2) Aggregate number of securities to which transaction applies:
34,166,049 shares of Company Common Stock.
5,465,908 options to purchase shares of Company Common Stock with exercise price less than $65.50

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The filing fee was determined based upon the sum of (A) 34,166,049 shares of Company Common Stock multiplied by $65.50 per share and (B) options to purchase 5,465,908 shares of Company Common Stock with exercise prices less than $65.50, multiplied by $38.96 per share (which is the difference between $65.50 and the weighted average exercise price per share). In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying $0.00011770 by the sum of the preceding sentence.

(4) Proposed maximum aggregate value of transaction:
$2,450,827,985.18

(5) Total fee paid:
$288,463

¨ Fee paid previously with preliminary materials.
¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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SPECIAL MEETING OF STOCKHOLDERS

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

Dear Spinnaker Exploration Company Stockholder:

The board of directors of Spinnaker Exploration Company has approved a merger pursuant to which Spinnaker will be acquired by Norsk Hydro ASA.

If the merger is completed, holders of Spinnaker s common stock will receive $65.50 in cash, less applicable tax withholding and without interest, for each share of Spinnaker s common stock they own.

Stockholders of Spinnaker will be asked, at a special meeting of Spinnaker s stockholders, to adopt the merger agreement. The board of directors of Spinnaker has unanimously determined that the merger is fair to, and in the best interests of, Spinnaker and our stockholders, declared the merger agreement advisable and approved the merger agreement and the other transactions contemplated by the merger agreement. The board of directors of Spinnaker unanimously recommends that Spinnaker s stockholders vote FOR the adoption of the merger agreement.

The date, time and place of the special meeting to consider and vote upon a proposal to adopt the merger agreement is as follows:

, 2005

.m., local time

Doubletree Hotel at Allen Center

400 Dallas Street at Bagby

Houston, Texas

The proxy statement attached to this letter provides you with information about the special meeting of Spinnaker stockholders and the proposed merger. We encourage you to read the entire proxy statement carefully.

Your vote is very important. Whether or not you plan to attend the special meeting, if you are a holder of Spinnaker common stock please take the time to vote by completing, signing, dating and mailing the enclosed proxy card to us.

Roger L. Jarvis

President and Chief Executive Officer

Spinnaker Exploration Company

The proxy statement is dated , 2005, and is first being mailed to stockholders of Spinnaker on or about , 2005.

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SPINNAKER EXPLORATION COMPANY

1200 Smith Street, Suite 800

Houston, Texas 77002

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON , 2005

To the Stockholders of Spinnaker Exploration Company:

A special meeting of stockholders of Spinnaker Exploration Company, a Delaware corporation, will be held on , , 2005 at .m., local time, at the Doubletree Hotel at Allen Center, 400 Dallas Street at Bagby, Houston, Texas, for the following purposes:

1. To consider and vote upon a proposal to adopt the Agreement and Plan of Merger, dated as of September 18, 2005, among Norsk Hydro ASA, a public limited liability company organized under the laws of the Kingdom of Norway, Norsk Hydro E&P Americas, L.P., a Delaware limited partnership and a wholly owned subsidiary of Norsk Hydro ASA, Harald Acquisition Corp., a Delaware corporation and a direct wholly owned subsidiary of Norsk Hydro E&P Americas, L.P., and Spinnaker, as the same may be amended from time to time, pursuant to which Spinnaker will become an indirect wholly owned subsidiary of Norsk Hydro ASA, and each outstanding share of Spinnaker common stock (other than shares held in treasury by Spinnaker or owned by Norsk Hydro, Norsk Hydro E&P Americas, L.P., Harald Acquisition Corp. or any of their subsidiaries) will be converted into the right to receive $65.50 in cash, less applicable tax withholding and without interest;

2. To approve the adjournment of the special meeting to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the Agreement and Plan of Merger and Spinnaker determines that such an adjournment is appropriate; and

3. To transact such other business as may properly come before the special meeting or any adjournment or postponement thereof.

The board of directors of Spinnaker has fixed the close of business on , 2005 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only holders of record of shares of Spinnaker s common stock at the close of business on the record date are entitled to notice of, and to vote at, the special meeting or any adjournment or postponement thereof. At the close of business on the record date, Spinnaker had [34,166,049] shares of common stock outstanding and entitled to vote. Holders of Spinnaker s common stock are entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the merger if they meet certain conditions. See The Merger Appraisal Rights.

Your vote is important. If you fail to return your Spinnaker proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the Spinnaker special meeting but will effectively be counted as a vote against adoption of the merger agreement. The affirmative vote of the holders of a majority of the outstanding shares of Spinnaker s common stock is required to adopt the merger agreement. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy and thus ensure that your shares will be represented at the special meeting if you are unable to attend. If you sign, date and mail your proxy card without indicating how you wish to vote, your proxy will be counted as a vote FOR adoption of the merger agreement and FOR the proposal to adjourn the meeting, if necessary or appropriate, to solicit additional proxies. If you do attend the special meeting and wish to vote in person, you may withdraw your proxy and vote in person.

By order of the Board of Directors,

Robert M. Snell

Secretary

Spinnaker Exploration Company

Houston, Texas

, 2005

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QUESTIONS AND ANSWERS ABOUT THE MERGER

The following questions and answers address briefly some questions you may have regarding the special meeting and the proposed merger. These questions and answers may not address all questions that may be important to you as a stockholder of Spinnaker Exploration Company. Please refer to the more detailed information contained elsewhere in this proxy statement, the appendices to this proxy statement and the documents referred to in this proxy statement. In this proxy statement, the terms Spinnaker, Company, we, our, ours, and us refer to Spinnaker Exploration Company and its subsidiaries.

Q: What is the proposed transaction?

A: The proposed transaction is the acquisition of Spinnaker by a subsidiary of Norsk Hydro ASA, pursuant to an Agreement and Plan of Merger, dated as of September 18, 2005 (the merger agreement), among Spinnaker, Norsk Hydro ASA (Norsk Hydro), Norsk Hydro E&P Americas, L.P. (Parent) and Harald Acquisition Corp. (Merger Sub). Once the merger agreement has been adopted by Spinnaker s stockholders and the other closing conditions under the merger agreement have been satisfied or waived, Merger Sub will merge with and into Spinnaker (the merger). Spinnaker will be the surviving corporation in the merger (the surviving corporation) and will become an indirect wholly owned subsidiary of Norsk Hydro.

Q: What will I receive in the merger?

A: As a result of the merger, you will receive $65.50 in cash, without interest, for each share of our common stock you own. For example, if you own 100 shares of our common stock, you will receive $6,550.00 in cash in exchange for your shares, less any required tax withholding. You will not own any shares in the surviving corporation.

Q: What will happen to my options and restricted stock in the merger?

A: The merger agreement provides that all of our outstanding stock options issued pursuant to Spinnaker s stock option and incentive plans, whether or not vested or exercisable, will, as of the effective time of the merger, become fully exercisable and thereafter represent the right to receive an amount in cash, less applicable tax withholding and without interest, equal to the product of the number of shares of our common stock subject to each option as of the effective time of the merger, multiplied by the excess of $65.50 over the exercise price per share of common stock subject to such option. The merger agreement also provides that the restrictions applicable to each outstanding share of our restricted stock will lapse and, at the effective time of the merger, each outstanding share of our restricted stock will become fully vested and convert into the right to receive $65.50 in cash, less applicable tax withholding and without interest.

Q: Where and when is the special meeting?

A: The special meeting will take place at the Doubletree Hotel at Allen Center, 400 Dallas Street at Bagby, Houston, Texas 77002, on , at .m., local time.

Q: Who is eligible to vote?

A: All stockholders of record on the close of business on , 2005 will be eligible to vote.

Q: What do I need to do now?

A: We urge you to read this proxy statement carefully, including its appendices, and to consider how the merger affects you. Then mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the special meeting of our stockholders.

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Q: What vote is needed to adopt the merger agreement?

The affirmative vote of the holders of at least a majority of the outstanding shares of Spinnaker s common stock is required to adopt the merger agreement. Our President and Chief Executive Officer and one of our significant stockholders, who together beneficially owned an aggregate of approximately [20.3]% of our outstanding common stock as of the record date, have entered into a stockholders agreement with Parent, pursuant to which they agreed to vote their shares in favor of the proposal to adopt the merger agreement and against any proposal that would prevent, impede, delay or adversely affect the merger and granted an irrevocable proxy to Parent to vote all of their shares in favor of the proposal to adopt the merger agreement and against any proposal adverse to the merger so long as the merger agreement has not been terminated in accordance with its terms.

Q: How does Spinnaker s board of directors recommend I vote on the proposals?

A: At a meeting held on September 18, 2005, our board of directors unanimously determined that the merger is fair to, and in the best interests of, Spinnaker and our stockholders, declared that the merger agreement is advisable and approved the merger agreement and the other transactions contemplated by the merger agreement. The board of directors of Spinnaker unanimously recommends that you vote FOR adoption of the merger agreement and FOR the adjournment proposal in the event Spinnaker determines that such an adjournment is appropriate.

Q: What happens if I do not return a proxy card?

A: If you fail to return your proxy card, the effect will be that your shares will not be counted for purposes of determining whether a quorum is present at the special meeting. In addition, the failure to return your proxy card will have the same effect as voting against the adoption of the merger agreement.

Q: May I vote in person?

A: Yes. If your shares are not held in street name through a broker or bank, you may attend the special meeting of our stockholders and vote your shares in person, rather than signing and returning your proxy card. If your shares are held in street name, you must get a proxy from your broker or bank in order to attend the special meeting and vote.

Q: Do I need to attend the special meeting in person?

A: No. You do not have to attend the special meeting in order to vote your Spinnaker shares. You can have your shares voted at the special meeting of our stockholders without attending by mailing your completed, dated and signed proxy card in the enclosed return envelope.

Q: May I change my vote after I have submitted my signed proxy card?

A: Yes. You may change your vote at any time before your proxy card is voted at the special meeting. You can do this in one of three ways. First, you can send a written, dated notice to the Secretary of Spinnaker stating that you would like to revoke your proxy. Second, you can complete, date and submit a new proxy card. Third, you can attend the meeting and vote in person. Your attendance alone will not revoke your proxy. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your instructions.

Q: If my broker holds my shares in street name, will my broker vote my shares for me?

A: Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, following the procedures provided by your broker. Without instructions, your shares will not be voted, which will have the same effect as a vote against the merger.

Q: What does it mean if I get more than one proxy card or vote instruction card?

A: If your shares are registered differently or are in more than one account, you will receive more than one card. Please complete and return all of the proxy cards or vote instruction cards you receive (or submit your proxy by telephone or the Internet, if available to you) to ensure that all of your shares are voted.

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Q: What is a quorum?

A: A quorum of the holders of the outstanding shares of our common stock must be present for the special meeting to be held. A quorum is present if the holders of a majority of the outstanding shares of our common stock entitled to vote are present at the meeting, either in person or represented by proxy. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

Q: How are votes counted?

A: For the proposal relating to the adoption of the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present, but, because stockholders holding at least a majority of Spinnaker common stock outstanding on the record date must vote FOR the adoption of the merger agreement, an abstention or broker non-vote has the same effect as if you vote AGAINST the adoption of the merger agreement.

For the proposal to adjourn the meeting to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement, you may vote FOR, AGAINST or ABSTAIN. Abstentions and broker non-votes will count for the purpose of determining whether a quorum is present. Because the vote of stockholders holding a majority of the shares present, either in person or represented by proxy, at the special meeting is required to approve the proposal to adjourn the meeting, broker non-votes and abstentions will have the effect of a vote AGAINST such proposal.

Q. Who will bear the cost of this solicitation?

A: We will pay the cost of this solicitation, which will be made primarily by mail. Proxies also may be solicited in person, or by telephone, facsimile or similar means, by our directors, officers or employees without additional compensation. In addition, Georgeson Shareholder Communications Inc. will provide solicitation services to us for a fee of approximately $10,000 plus out-of-pocket expenses. We will, on request, reimburse stockholders who are brokers, banks or other nominees for their reasonable expenses in sending proxy materials to the beneficial owners of the shares they hold of record.

Q: Should I send in my Spinnaker stock certificates now?

A: No. After the merger is completed, you will receive written instructions for exchanging your shares of our common stock for the merger consideration of $65.50 in cash, less applicable tax withholding and without interest, for each share of our common stock.

Q: When do you expect the merger to be completed?

A: We are working toward completing the merger as quickly as possible. We expect to complete the merger during the fourth quarter of 2005. In addition to obtaining stockholder approval, all other closing conditions must be satisfied or waived.

Q: What if the proposed merger is not completed?

A: It is possible that the proposed merger will not be completed. The proposed merger will not be completed if, for example, the holders of a majority of our common stock do not vote to adopt the merger agreement. If the merger is not completed, Spinnaker will continue its current operations and will remain a publicly held company.

Q: Am I entitled to appraisal or dissenters rights?

A: Yes. Holders of our common stock are entitled to appraisal rights under the General Corporation Law of the State of Delaware in connection with the merger if they meet certain conditions. See The Merger Appraisal Rights.

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Q: Will I owe taxes as a result of the merger?

A: The merger will be a taxable transaction for United States federal income tax purposes (and also may be taxed under applicable state, local, and other tax laws). In general, for United States federal income tax purposes, you will recognize gain or loss equal to the difference between (1) the amount of cash you receive in the merger for your shares of Spinnaker common stock and (2) the tax basis of your shares of Spinnaker common stock. Refer to the section entitled The Merger Material United States Federal Income Tax Consequences of the Merger for a more detailed explanation of the tax consequences of the merger. You should consult your tax advisor on how specific tax consequences of the merger apply to you.

Q: Who can help answer my questions?

A: If you would like additional copies, without charge, of this proxy statement or if you have questions about the merger, including the procedures for voting your shares, you should contact Georgeson Shareholder Communications Inc., our proxy solicitation agent, at the address or telephone number below. If your broker holds your shares, you should also call your broker for additional information.

17 State Street, 10th Floor

New York, NY 10004

Banks and Brokers call: (212) 440-9800

All others call toll free: (866) 203-9356

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SUMMARY

This summary highlights selected information from this proxy statement and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire proxy statement and the documents we refer to herein. The merger agreement is attached as Appendix A to this proxy statement. We encourage you to read the merger agreement as it is the legal document that governs the merger.

The Parties (page __)

Spinnaker Exploration Company

Spinnaker Exploration Company is an independent energy company engaged in the exploration, development and production of oil and gas in the U.S. Gulf of Mexico and West Africa. We were formed based on a business model that focuses on information and technology a large 3-D seismic database combined with the application of sophisticated geophysical processing technologies.

Norsk Hydro ASA

Norsk Hydro is a Fortune 500 energy and aluminium supplier founded in 1905, with 35,000 employees in nearly 40 countries. Norsk Hydro is a leading offshore producer of oil and gas, the world s third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. Norsk Hydro is the second-largest operator on the Norwegian Continental Shelf and one of the world leaders in deepwater exploration and production. Norsk Hydro s oil and gas production, including partner-operated and international activities, averaged 572,000 barrels of oil equivalents per day in 2004. Norsk Hydro s primary base of operations is Norway, but it also produces oil and gas in Angola, Canada, Russia and Libya, and has exploration activities in the Gulf of Mexico, the Middle East and Denmark.

Norsk Hydro E&P Americas, L.P.

Parent is an indirect wholly owned subsidiary of Norsk Hydro. Norsk Hydro E&P Americas Investment, L.L.C., a Delaware limited liability company, is the sole general partner of Parent. Parent is engaged in the oil and energy and petrochemicals industries and manages Norsk Hydro s exploration and development operations in the Gulf of Mexico.

Harald Acquisition Corp.

Merger Sub was formed on September 2, 2005 for the sole purpose of merging with and into Spinnaker. Merger Sub has no operations and is an indirect wholly owned subsidiary of Norsk Hydro. In the merger, Merger Sub will be merged with and into Spinnaker, with Spinnaker continuing its existence as the surviving corporation.

Merger Consideration (page)

If the merger is completed, you will receive $65.50 in cash, less applicable tax withholding and without interest, in exchange for each share of our common stock that you own.

After the merger is completed, you will have the right to receive the merger consideration but you will no longer have any rights as a Spinnaker stockholder. You will receive your portion of the merger consideration after exchanging your Spinnaker stock certificates in accordance with the instructions contained in a letter of transmittal to be sent to you shortly after completion of the merger.

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Effect on Awards Outstanding Under Spinnaker s Stock Option and Incentive Plans (page)

The merger agreement provides that all of our outstanding stock options issued pursuant to Spinnaker s stock option and incentive plans, whether or not vested or exercisable, will, as of the effective time of the merger, become fully exercisable and thereafter represent the right to receive an amount in cash, less applicable tax withholding and without interest, equal to the product of the number of shares of our common stock subject to each option as of the effective time of the merger, multiplied by the excess of $65.50 over the exercise price per share of common stock subject to such option. In addition, the merger agreement provides that, immediately prior to the effective time of the merger, the restrictions applicable to each share of restricted stock will lapse and, at the effective time of the merger, each outstanding share of our restricted stock will become fully vested and will be converted into the right to receive $65.50 in cash, less applicable tax withholding and without interest.

Market Price and Dividend Data (page)

Our common stock is listed on the New York Stock Exchange under the symbol SKE. On September 16, 2005, the last full trading day prior to the public announcement of the proposed merger, our common stock closed at $48.75. On , 2005, the last practicable trading day prior to the date of this proxy statement, our common stock closed at $.

Reasons for the Merger (page)

In the course of its deliberations, our board of directors considered, among other things, the following positive factors:

- the value of the consideration to be received by our stockholders in the merger pursuant to the merger agreement when viewed in light of the value of our reserves and exploration inventory under various scenarios for the business and commodity prices;
- the fact that the $65.50 per share to be paid as the consideration in the merger represents:
  - a premium of $21.10, or approximately 47.5% over the trailing average closing sales price of $44.40 per share for our common stock as reported on the New York Stock Exchange for the thirty (30) trading days ended September 16, 2005,
  - a premium of $18.80, or approximately 40.3% over the trailing average closing sales price of $46.70 per share for our common stock as reported on the New York Stock Exchange for the five (5) trading days ended September 16, 2005, and
  - a premium of $16.75, or approximately 34.4% over the closing sale price of $48.75 for our common stock as reported on the New York Stock Exchange on September 16, 2005, the last full trading day prior to the public announcement of the proposed merger;
- the financial presentation of Credit Suisse First Boston LLC to our board of directors on September 18, 2005, including its opinion as of that date with respect to the fairness, from a financial point of view, of the merger consideration to be received by the holders of our common stock in the proposed merger (see The Merger Opinion of Credit Suisse First Boston LLC);

the views of Randall & Dewey regarding the success of the sale process;

the terms of the merger agreement and related documents, including the parties representations, warranties and covenants, and the conditions to their respective obligations; and

the fact that pursuant to the merger agreement, we are not prohibited from responding (at any time prior to our stockholders adoption of the merger agreement and in the manner provided in the merger agreement) to certain takeover proposals that our board of directors determines in good faith constitute a superior proposal, and, upon payment of a predetermined termination fee, we may terminate the merger agreement under certain circumstances.

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In the course of its deliberations, our board of directors also considered, among other things, the following negative factors:

- risks and contingencies related to the announcement and pendency of the merger, the possibility that the merger will not be consummated and the potential negative effect of public announcement of the merger on our sales, operating results and stock price and our ability to retain key management and personnel;
- that our stockholders would not benefit from any potential future increase in our value;
- the conditions to Parent s obligation to complete the merger and the right of Parent to terminate the merger agreement under certain circumstances; and
- the interests that certain of our directors and executive officers may have with respect to the merger in addition to their interests as stockholders of Spinnaker generally, as described in The Merger Interests of Certain Persons in the Merger.

Recommendation to Stockholders on the Merger Proposal (page)

Our board of directors has unanimously:

- determined that the merger is fair to, and in the best interests of, Spinnaker and our stockholders;
- declared the merger agreement advisable;
- approved the merger agreement and the other transactions contemplated by the merger agreement; and
- recommended that our stockholders vote FOR the adoption of the merger agreement.

Opinion of Credit Suisse First Boston LLC (page)

Credit Suisse First Boston has rendered its opinion to Spinnaker s board of directors to the effect that, as of September 18, 2005, the merger consideration to be received by holders of Spinnaker common stock in the merger was fair, from a financial point of view, to the holders of Spinnaker common stock. Credit Suisse First Boston s opinion was rendered to Spinnaker s board of directors in connection with its evaluation of the consideration to be received by our stockholders in the merger, does not address the merits of the merger as compared to alternative transactions or strategies that may be available to Spinnaker or any other aspect of the proposed merger and does not constitute a recommendation to any stockholder of Spinnaker as to how such stockholder should vote or act on any matter relating to the merger. **The full text of Credit Suisse First Boston s written opinion, which sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered is attached as Appendix B and is incorporated into this proxy statement by reference. Holders of Spinnaker common stock are encouraged to carefully read the opinion in its entirety.**

The Special Meeting of Spinnaker Stockholders (page)

Time, Date and Place. A special meeting of our stockholders will be held on , , 2005, at the Doubletree Hotel at Allen Center, 400 Dallas Street at Bagby, Houston, Texas at .m., local time.

Purpose. You will be asked to consider and vote upon adoption of the merger agreement. The merger agreement provides that Merger Sub will be merged with and into Spinnaker, and each outstanding share of our common stock (other than shares held in the treasury of Spinnaker or owned by Norsk Hydro, Parent, Merger Sub or any direct or indirect subsidiary of Norsk Hydro, Parent, Merger Sub or Spinnaker) will be converted into the right to receive $65.50 in cash, less applicable tax withholding and without interest.

You will also be asked to consider and vote upon a proposal to approve the adjournment of the special meeting to provide time to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and we have determined that such an adjournment is appropriate.

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The persons named in the accompanying proxy card will also have discretionary authority to vote upon other business, if any, that properly comes before the special meeting and any adjournment of the special meeting.

Record Date and Voting Power. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on , 2005, the record date for the special meeting. You will have one vote at the special meeting for each share of our common stock you owned at the close of business on the record date. There are [34,166,049] shares of our common stock entitled to be voted at the special meeting.

Required Vote. The adoption of the merger agreement requires the affirmative vote of a majority of the shares of our common stock outstanding at the close of business on the record date.

Our President and Chief Executive Officer and one of our significant stockholders, who together beneficially owned an aggregate of approximately [20.3]% of our outstanding common stock as of the record date, have entered into a stockholders agreement with Parent, pursuant to which they agreed to vote the shares of our common stock that they own in favor of the adoption of the merger agreement and against any proposal that would prevent, impede, delay or adversely affect the merger. Pursuant to the stockholders agreement, these stockholders have also granted Parent an irrevocable proxy to vote their shares of our capital stock in favor of the proposal to adopt the merger agreement and against any proposal adverse to the merger so long as the merger agreement has not been terminated in accordance with its terms.

The adjournment proposal requires the affirmative vote of the holders of a majority of the shares of our common stock present, either in person or represented by proxy, at the special meeting.

Share Ownership of Directors and Management and Certain Affiliates. Our current executive officers and directors and certain of our affiliates beneficially owned approximately [20.5]% of our outstanding shares entitled to vote at the special meeting as of the close of business on the record date.

Interests of Certain Persons in the Merger (page)

When considering the unanimous recommendation by our board of directors in favor of the adoption of the merger agreement, you should be aware that members of our board of directors and our executive officers have interests in the merger that are different from, or in addition to, yours, including, among others:

- certain indemnification arrangements for our directors and officers will be continued for six years if the merger is completed;
- the vesting of options or restricted stock held by certain of our officers and directors will accelerate as a result of the merger;
- certain members of our management team may be retained by the surviving corporation and enter into new employment and compensation arrangements with Norsk Hydro;

our executive officers and employees may be allowed to participate in a retention plan currently being developed by Norsk Hydro;

Roger L. Jarvis, our President and Chief Executive Officer, has entered into a consulting agreement pursuant to which he will provide consulting services to the surviving corporation for a period of one year after the effective date of the merger and will be entitled to Spinnaker s name in due course following consummation of the merger; and

our executive officers, including Mr. Jarvis, will be entitled to receive benefits under our Executive Change in Control Severance Plan under certain circumstances.

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Material United States Federal Income Tax Consequences (page)

If you are a U.S. holder of our common stock, the merger will be a taxable transaction to you. For U.S. federal income tax purposes, your receipt of cash in exchange for your shares of our common stock generally will cause you to recognize a gain or loss measured by the difference, if any, between the cash you receive in the merger and your adjusted tax basis in your shares. If you are a non-U.S. holder of our common stock, the merger generally will not be a taxable transaction to you under U.S. federal income tax laws unless you have certain connections to the United States. You should consult your own tax advisor for a full understanding of how the merger will affect your taxes.

Tax matters can be complicated, and the tax consequences of the merger to you will depend on the facts of your own situation. You should consult your own tax advisor to fully understand the tax consequences of the merger to you.

Regulatory Approvals (page)

The merger is subject to U.S. antitrust laws. Both Norsk Hydro and Spinnaker have made the required filings with the Department of Justice and the Federal Trade Commission. The Department of Justice and the Federal Trade Commission, as well as a state or private person, may challenge the merger at any time before or after its completion. In addition, because Norsk Hydro is a foreign corporation, the Committee on Foreign Investments in the United States is empowered to block the merger if the committee determines that the merger threatens the national security of the United States.

Except for filings to comply with U.S. antitrust laws and the filing of a certificate of merger in Delaware at or before the effective time of the merger, we are unaware of any material federal, state or foreign regulatory requirements or approvals required for the execution of the merger agreement or completion of the merger.

Procedure for Receiving Merger Consideration (page)

As soon as practicable after the effective time of the merger, a paying agent will mail a letter of transmittal and instructions to you and the other Spinnaker stockholders. The letter of transmittal and instructions will tell you how to surrender your stock certificates or book-entry shares in exchange for the merger consideration. You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

No Solicitation of Transactions (page)

The merger agreement restricts our ability to solicit or engage in discussions or negotiations with third parties regarding specified transactions involving Spinnaker. Notwithstanding these restrictions, at any time prior to our stockholders adoption of the merger agreement, our board of directors may respond to an unsolicited written bona fide proposal for an alternative acquisition if our board of directors has concluded in good faith that such proposal is, or is reasonably likely to result in, a superior proposal to the merger. In addition, if such a superior proposal is received, our board of directors may change its recommendation of the merger and terminate the merger agreement and enter into an agreement

with respect to such superior proposal after paying the termination fee specified in the merger agreement.

Conditions to Closing (page)

Before we can complete the merger, a number of conditions must be satisfied. These include:

- adoption of the merger agreement by our stockholders;
- waiting periods under applicable antitrust laws must expire or be terminated;
- the absence of governmental orders that have the effect of making the merger illegal or that otherwise prohibit the closing;

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performance by each of the parties of its covenants under the merger agreement in all material respects;

no material adverse effect with respect to Spinnaker having occurred after the date of the merger agreement that is continuing as of the closing date;

the accuracy of Spinnaker s representations and warranties in the merger agreement (without giving effect to any materiality qualifications or limitations therein or any references therein to a material adverse effect on Spinnaker), except to the extent the failure of such representations and warranties to be true and correct would not constitute a material adverse effect with respect to Spinnaker;

the accuracy of Norsk Hydro s, Parent s and Merger Sub s representations and warranties in the merger agreement (without giving effect to any limitations therein or any references therein to a material adverse effect on Parent), except to the extent the failure of such representations and warranties to be true and correct would not constitute a material adverse effect on Parent; and

Parent shall have deposited in the payment fund an amount sufficient to permit payment of the aggregate merger consideration.

Other than the conditions pertaining to the Company stockholder approval, waiting periods under applicable antitrust laws and the absence of governmental orders, either Spinnaker, on the one hand, or Parent and Merger Sub, on the other hand, may elect to waive conditions to their respective performance and complete the merger. None of Spinnaker, Parent or Merger Sub, however, has any intention to waive any condition as of the date of this proxy statement.

Termination of the Merger Agreement (page)

Spinnaker and Parent may agree in writing to terminate the merger agreement at any time without completing the merger, even after our stockholders have adopted the merger agreement. The merger agreement may also be terminated at any time prior to the effective time of the merger in certain other circumstances, including:

by either Parent or Spinnaker if:

a final, non-appealable governmental order prohibits the merger;

our stockholders do not adopt the merger agreement at the special meeting or any postponement or adjournment thereof;

the closing has not occurred on or before March 31, 2006; or

there is a material breach by the non-terminating party of its representations, warranties, covenants or agreements in the merger agreement such that the conditions to closing of the merger would not be satisfied;

by Parent if:

our board of directors withdraws or modifies its recommendation of the merger in any manner that is materially adverse to Parent; or

our board of directors recommends or approves another acquisition proposal;

by Spinnaker if:

our board of directors withdraws or modifies its recommendation that our stockholders adopt the merger agreement in accordance with the terms of the merger agreement in any manner that is adverse to Parent; or

in order to accept a superior proposal, but only if:

we have provided Parent a three business day period to revise the terms and conditions of the merger agreement;

we have complied with our non-solicitation requirements; and

we pay the termination fee described below.

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Termination Fees and Expenses (page)

Spinnaker has agreed to pay Parent a fee of $75 million in cash if Parent terminates the merger agreement because:

- our board of directors has withdrawn, modified or changed its recommendation that our stockholders adopt the merger agreement in accordance with the terms of the merger agreement in any manner that is materially adverse to Parent; or
- our board of directors has approved or recommended to our stockholders another acquisition proposal.

Spinnaker has also agreed to pay Parent a fee of $75 million in cash if Spinnaker terminates the merger agreement because:

- our board of directors has withdrawn, modified or changed, in any manner that is adverse to Parent, its recommendation that our stockholders adopt the merger agreement; or
- our board of directors has decided to accept a superior proposal.

In addition, Spinnaker has agreed to pay Parent a fee of $75 million in cash if:

- the merger agreement is terminated by either Parent or Spinnaker because of failure of our stockholders to adopt the merger agreement at the special meeting of stockholders;
- at the time of such special meeting of stockholders there is another publicly announced acquisition proposal; and
- within nine months after the date of such special meeting of stockholders, Spinnaker consummates such acquisition proposal.

Except as described above, each party to the merger agreement will pay its own expenses incident to entering into and carrying out the merger agreement and the consummation of the merger.

Stockholders Agreement (page)

Simultaneously with the execution and delivery of the merger agreement, Roger L. Jarvis (our President and Chief Executive Officer) and Warburg Pincus Ventures, L.P. (one of our significant stockholders) entered into a stockholders agreement with Parent to vote the shares of our common stock that they own in favor of the proposal to adopt the merger agreement and against any proposal in opposition to the merger or that would prevent, impede, delay or adversely affect the merger. As of the record date, such persons together beneficially owned approximately [20.3]% of the shares entitled to vote at the special meeting. Pursuant to the stockholders agreement, these stockholders have also granted Parent an irrevocable proxy to vote their shares in favor of the proposal to adopt the merger agreement and against any proposal adverse to the merger

so long as the merger agreement has not been terminated in accordance with its terms.

Appraisal Rights (page)

Subject to compliance with the procedures set forth in Section 262 of the General Corporation Law of the State of Delaware (DGCL), holders of record of our common stock who do not vote in favor of the adoption of the merger agreement and otherwise comply with the requirements of Section 262 of the DGCL are entitled to appraisal rights in connection with the merger, whereby such stockholders may receive the fair value of their shares in cash, exclusive of any element of value arising from the expectation or accomplishment of the merger. Failure to take any of the steps required under Section 262 of the DGCL on a timely basis may result in a loss of those appraisal rights. These procedures are described in this proxy statement. The provisions of Delaware law that grant appraisal rights and govern such procedures are attached as Appendix C.

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FORWARD-LOOKING INFORMATION

Some of the information in this proxy statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act). These forward-looking statements may be identified by the use of the words anticipate, believe, contemplate, estimate, expect, may, plan, will, would and similar e contemplate future events. Forward-looking statements include information concerning the possible or assumed future results of our operations, the expected completion and timing of the merger and other information relating to the merger. You should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that the actual results or developments we anticipate will be realized, or even if realized, that they will have the expected effects on our business or operations. These forward-looking statements speak only as of the date on which the statements were made and we undertake no obligation to update or revise any forward-looking statements made in this proxy statement or elsewhere as a result of new information, future events or otherwise, except in each case as required by law. In addition to other factors and matters contained or incorporated in this document, we believe the following factors could cause actual results to differ materially from those discussed in the forward-looking statements:

- the failure to satisfy the conditions to consummate the merger, including the receipt of the required stockholder approval;
- the occurrence of any event, change or other circumstance that could give rise to the termination of the merger agreement;
- the failure of the merger to close for any other reason;
- the outcome of legal proceedings that may be instituted against us and others in connection with the merger agreement;
- the amount of the costs, fees, expenses and charges related to the merger;
- the risks associated with exploration;
- delays in anticipated production start-up dates;
- shut-ins of production for platform, pipeline and facility maintenance, additions and removals;
- potential mechanical failure or under-performance of significant wells;
- the relatively short production lives of certain properties;
- the concentration of production and reserves in a small number of properties;
- maturity of the Gulf of Mexico shelf;

oil and gas price volatility;

our hedging activities;

our ability to find, replace, develop and acquire oil and gas reserves;

uncertainties in the estimation of proved reserves and in the projection of future rates of production and the timing and amount of development expenditures;

downward revisions of proved reserves and the related negative impact on the depreciation, depletion and amortization rate;

write-downs of oil and gas properties if oil and gas prices decline, proved reserves are revised downward or our finding and development costs continue to increase;

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operating hazards attendant to the oil and gas business;

drilling and completion risks, which costs are generally not recoverable from third parties or insurance;

weather risks and natural disasters;

availability and cost of material and equipment;

actions or inactions of third-party operators of our properties;

risks inherent in international operations;

our ability to find and retain skilled personnel;

availability of capital;

the strength and financial resources of competitors and customers;

regulatory developments;

environmental risks; and

general economic conditions.

For additional discussion of these and other factors, risks and uncertainties, see our reports and documents filed with the Securities and Exchange Commission (SEC) (which reports and documents should be read in conjunction with this proxy statement; see Where You Can Find Additional Information).

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THE PARTIES TO THE MERGER

Spinnaker Exploration Company

Spinnaker Exploration Company is an independent energy company engaged in the exploration, development and production of oil and gas in the U.S. Gulf of Mexico and West Africa. We were formed based on a business model that focuses on information and technology a large 3-D seismic database combined with the application of sophisticated geophysical processing technologies.

We are a corporation incorporated under the laws of the State of Delaware. Our executive offices are located at, and our mailing address is, 1200 Smith Street, Suite 800, Houston, Texas 77002, and our telephone number at that address is (713) 759-1770.

Norsk Hydro ASA

Norsk Hydro is a Fortune 500 energy and aluminium supplier founded in 1905, with 35,000 employees in nearly 40 countries. Norsk Hydro is a leading offshore producer of oil and gas, the world s third-largest integrated aluminium supplier and a pioneer in renewable energy and energy-efficient solutions. Norsk Hydro is the second-largest operator on the Norwegian Continental Shelf and one of the world leaders in deepwater exploration and production. Norsk Hydro s oil and gas production, including partner-operated and international activities, averaged 572,000 barrels of oil equivalents per day in 2004. Norsk Hydro s primary base of operations is Norway, but it also produces oil and gas in Angola, Canada, Russia and Libya, and has exploration activities in the Gulf of Mexico, the Middle East and Denmark.

Norsk Hydro ASA is a public limited liability company organized under the laws of the Kingdom of Norway. Norsk Hydro s executive offices are located at, and its mailing address is, Drammensveien 264, Vakero, N-0240 Oslo, Norway, and its telephone number at that address is +47 22 53 81 05.

Norsk Hydro E&P Americas, L.P.

Parent is an indirect wholly owned subsidiary of Norsk Hydro. Norsk Hydro E&P Americas Investment, L.L.C., a Delaware limited liability company, is the sole general partner of Parent. Parent is engaged in the oil and energy and petrochemicals industries and manages Norsk Hydro s exploration and development operations in the Gulf of Mexico.

Parent is a limited partnership organized under the laws of the State of Delaware. Parent s executive offices are located at, and its mailing address is, 15995 North Barkers Landing Road, Suite 200, Houston, Texas 77079, and its telephone number at that address is (281) 504-1100.

Harald Acquisition Corp.

Merger Sub is a Delaware corporation formed on September 2, 2005 for the sole purpose of engaging in the merger and related transactions. Merger Sub has no operations and is an indirect wholly owned subsidiary of Norsk Hydro. In the merger, Merger Sub will be merged with and into Spinnaker, with Spinnaker continuing its existence as the surviving corporation.

Merger Sub is a corporation incorporated under the laws of the State of Delaware. Merger Sub s executive offices are located at, and its mailing address is, 15995 North Barkers Landing Road, Suite 200, Houston, Texas 77079, and its telephone number at that address is (281) 504-1100.

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THE SPECIAL MEETING

We are furnishing this proxy statement to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting.

Date, Time and Place

We will hold the special meeting at the Doubletree Hotel at Allen Center, 400 Dallas Street at Bagby, Houston, Texas at .m., local time, on , , 2005 or any postponement or adjournment thereof.

Purpose of Special Meeting

At the special meeting, we will ask holders of our common stock to adopt the merger agreement. Our board of directors has unanimously determined that the merger is fair to, and in the best interests of, Spinnaker and our stockholders, declared the merger agreement advisable and approved the merger agreement and the other transactions contemplated by the merger agreement. Our board of directors unanimously recommends that our stockholders vote FOR the adoption of the merger agreement. We will also ask holders of our common stock to grant us the authority to adjourn the special meeting to provide time to solicit additional proxies if there are insufficient votes at the time of the special meeting to adopt the merger agreement and we have determined that such an adjournment is appropriate. Our board of directors recommends that our stockholders vote FOR the special meeting adjournment proposal in the event that an adjournment is determined to be appropriate.

Record Date; Shares Entitled to Vote; Quorum

Only holders of record of our common stock at the close of business on , 2005, the record date, are entitled to notice of and to vote at the special meeting. On the record date, [34,166,049] shares of our common stock were issued and outstanding. We had 96 holders of record as of September 30, 2005. A quorum will be present at the special meeting if a majority of the shares of our common stock issued and outstanding and entitled to vote on the record date are present, either in person or represented by proxy. Any shares of our common stock held in treasury by Spinnaker or by any of our subsidiaries are not considered to be outstanding for purposes of determining a quorum. Abstentions and broker non-votes are counted as present for the purpose of determining whether a quorum is present. Once a share is represented at the special meeting, it will be counted for the purpose of determining a quorum at the special meeting and any adjournment of the special meeting. However, if a new record date is set for the adjourned special meeting, then a new quorum will have to be established. In the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned to solicit additional proxies. Holders of record of our common stock on the record date are entitled to one vote per share at the special meeting on the proposal to adopt the merger agreement.

Votes Required

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of our common stock outstanding on the record date. If a holder of our common stock abstains from voting on this proposal or is not present, either in person or represented by

proxy, at the special meeting, it will effectively count as a vote against the adoption of the merger agreement. In addition, broker non-votes will effectively count as a vote against the adoption of the merger agreement. The proposal granting Spinnaker the authority to adjourn the special meeting, if necessary or appropriate, to solicit more proxies requires the affirmative vote of the holders of a majority of the shares of our common stock present, either in person or represented by proxy, at the special meeting. If a holder of our common stock abstains from voting on this proposal, such abstention will effectively count as a vote against the adoption of this proposal, but if a holder is not present, either in person or represented by proxy, at the special meeting, it will have no effect on the outcome of this proposal. In addition, because the act of a majority of the shares present, either in person or represented by proxy, at our special meeting of stockholders shall constitute the act of the meeting of stockholders, broker non-votes will effectively count as votes against the adjournment proposal.

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Voting by Certain of Spinnaker s Stockholders

Simultaneously with the execution and delivery of the merger agreement, Roger L. Jarvis (our President and Chief Executive Officer) and Warburg Pincus Ventures, L.P. (one of our significant stockholders) entered into a stockholders agreement with Parent to vote the shares of our common stock that they own in favor of the proposal to adopt the merger agreement and against any proposal in opposition to the merger or that would prevent, impede, delay or adversely affect the merger. As of the record date, such persons together beneficially owned approximately [20.3]% of the shares entitled to vote at the special meeting. Pursuant to the stockholders agreement, these stockholders have also granted Parent an irrevocable proxy to vote their shares in favor of the proposal to adopt the merger agreement and against any proposal in opposition to the merger or that would prevent, impede, delay or adversely affect the merger so long as the merger agreement has not been terminated in accordance with its terms. See The Merger Agreement and Stockholders Agreement The Stockholders Agreement.

Voting of Proxies

All shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by the holders. Properly executed proxies that do not contain voting instructions will be voted FOR the adoption of the merger agreement and FOR any adjournment of the special meeting to solicit additional proxies in the event that an adjournment is determined to be appropriate.

Only shares affirmatively voted for the adoption of the merger agreement, including properly executed proxies that do not contain voting instructions, will be counted as favorable votes for that proposal. If a holder of our common stock abstains from voting or does not properly execute a proxy, it will effectively count as a vote against the adoption of the merger agreement. Brokers who hold shares of our common stock in street name for customers who are the beneficial owners of such shares may not give a proxy to vote those customers shares in the absence of specific instructions from those customers. These broker non-votes will effectively count as votes against the adoption of the merger agreement.

The persons named as proxies by a stockholder may propose and vote for one or more adjournments of the special meeting, including adjournments to permit further solicitations of proxies, if so authorized.

We do not expect that any matter will be brought before the special meeting other than the proposals to adopt the merger agreement and to give Spinnaker the authority to adjourn the special meeting to solicit additional proxies in the event that an adjournment is determined to be appropriate. If, however, our board of directors properly presents other matters, the persons named as proxies will vote in accordance with their judgment as to matters that they believe to be in the best interests of the stockholders.

Revocability of Proxies

The grant of a proxy on the enclosed form of proxy does not preclude a stockholder from voting in person at the special meeting. A stockholder may revoke a proxy at any time prior to its exercise by:

filing with our secretary at our principal executive offices a duly executed revocation of proxy;

submitting a duly executed proxy to our secretary bearing a later date; or

appearing at the special meeting and voting in person; however, attendance at the special meeting will not in and of itself constitute revocation of a proxy.

If you have instructed your broker to vote your shares, you must follow directions received from your broker to change these instructions.

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Adjournments

Although it is not currently expected, the special meeting may be adjourned for the purpose of soliciting additional proxies if the proposal to authorize such an adjournment is approved by the affirmative vote of the holders of a majority of the shares of our common stock that are present, either in person or represented by proxy, at the special meeting. Any adjournment may be made without notice by announcement at the special meeting of the new date, time and place of the special meeting; provided that, if the adjournment is for more than 30 days, or if after the adjournment our board of directors fixes a new record date for the meeting, a notice of the adjourned meeting must be given to each stockholder entitled to vote at the meeting. Whether or not a quorum exists, holders of a majority of the shares of our common stock present, either in person or represented by proxy, at the special meeting and entitled to vote thereat may adjourn the special meeting. Any properly executed proxies received by Spinnaker in which no voting instructions are provided will be voted in favor of an adjournment in these circumstances. Any adjournment of the special meeting for the purpose of soliciting additional proxies will allow our stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned.

Solicitation of Proxies

All costs of solicitation of proxies will be borne by us. The directors and officers and employees of Spinnaker may, without additional compensation, solicit proxies for stockholders by mail, telephone, facsimile or in person. However, you should be aware that certain members of our board of directors and our executive officers have interests in the merger that are different from, or in addition to, yours. See Interests of Certain Persons in the Merger.

The extent to which these proxy soliciting efforts will be necessary depends entirely upon how promptly proxies are received. You should send in your proxy by mail without delay. We also reimburse brokers and other custodians, nominees and fiduciaries for their expenses in sending these materials to you and getting your voting instructions. We have retained Georgeson Shareholder Communications Inc. to assist us in the solicitation of proxies for the special meeting and will pay Georgeson Shareholder Communications Inc. a fee of approximately $10,000, plus reimbursement of out-of-pocket expenses.

Stockholders should not send stock certificates with their proxies. A letter of transmittal with instructions for the surrender of our common stock certificates will be mailed to our stockholders as soon as practicable after completion of the merger.

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PROPOSAL 1 ADOPTION OF THE MERGER AGREEMENT

THE MERGER

The following discussion summarizes the material terms of the proposed merger. While we believe that the description covers the material terms of the merger and the related transactions, this summary may not contain all of the information that is important to you. You should read this entire document and the other documents to which we refer, including the merger agreement attached hereto as Appendix A, carefully for a more complete understanding of the merger.

Background of the Merger

On April 28, 2005, EnCana Corporation announced it had reached an agreement to sell its Gulf of Mexico oil and natural gas properties and related assets to Statoil ASA for $2 billion. It was apparent to Spinnaker s management that the valuation paid exceeded expectations for Gulf of Mexico deepwater properties. Spinnaker s management commenced an internal analysis of the transaction and shortly thereafter two members of Spinnaker s board of directors requested that management provide them with management s analysis at the next regularly scheduled meeting of our board of directors on May 4, 2005.

At a dinner for Spinnaker s board of directors on May 3, 2005, Mr. Robert Snell, Vice President, Chief Financial Officer and Secretary of the Company, presented an overview of the EnCana transaction. Spinnaker estimated that the total consideration received by EnCana equated to approximately $48 per barrel of oil for the 41 million barrels of oil included in EnCana s proved reserves that were sold to Statoil in the transaction. In addition, Spinnaker noted that Statoil in its public statements appeared to assign value to discovered not yet proven quantities of oil as well as the exploration acreage that was included in the package of Gulf of Mexico assets sold by EnCana.

At the dinner on May 3, 2005, Spinnaker s management and its board of directors concluded that there were many similarities between the EnCana Gulf of Mexico assets that were sold to Statoil and Spinnaker s assets: both were largely deepwater assets, both had discoveries and thus reserves not fully recognized by traditional third party engineering methods and both portfolios had substantial undrilled exploration leaseholds. In addition, our management and our board of directors believed that Spinnaker had other attributes that would make Spinnaker even more attractive to a potential buyer than the EnCana assets sold to Statoil, including substantial near-term cash flow, a superior 3-D seismic database that covers the majority of the Gulf of Mexico and nearer-term production from the Company s three existing deepwater discoveries Front Runner, the Eastern Gulf (Spiderman and San Jacinto) and Thunder Hawk. Finally, Spinnaker had a full staff of employees with which to explore and develop the assets unlike the EnCana transaction which did not appear to include employees. As a result, our board of directors requested that management investigate further EnCana s sale of its Gulf of Mexico assets to Statoil and the process undertaken by EnCana to sell those assets.

On May 4, 2005, our board of directors met for a regularly scheduled meeting and engaged in further discussions about EnCana s sale of its Gulf of Mexico assets to Statoil. Following this meeting, certain members of our board of directors suggested that our management schedule a meeting with Randall & Dewey, a division of Jefferies & Company, Inc. (Randall & Dewey), who had acted as an agent for EnCana, to discuss the EnCana transaction and its implications for Spinnaker.

On May 20, 2005, Mr. Roger Jarvis, Chairman, President and Chief Executive Officer of the Company, Mr. Scott Griffiths, Executive Vice President and Chief Operating Officer of the Company, and Mr. Snell met with representatives of Randall & Dewey. At that meeting, Randall & Dewey proposed that they perform a valuation analysis of Spinnaker s assets.

Subsequent to the meeting with Randall & Dewey on May 20, 2005, Mr. Jarvis engaged in private consultations with members of our board of directors about the proposal made by Randall & Dewey. On May 25, 2005, Mr. Jarvis informed Randall & Dewey that Spinnaker would like to proceed with the valuation analysis of

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Spinnaker s assets by Randall & Dewey. Spinnaker had an on-going probabilistic assessment of its exploration portfolio and desired to include that assessment in the analysis. Mr. Jarvis recommended that for purposes of its valuation analysis, Randall & Dewey utilize the reserve report to be prepared by Spinnaker s reservoir evaluation consultants as of June 30, 2005, which report would not be available on even a preliminary basis until late June or early July.

During the month of June 2005, various members of management and other employees of Spinnaker assembled and analyzed data to provide to Randall & Dewey to be used in connection with its analysis. During that same period, Spinnaker announced it had penetrated and logged a hydrocarbon zone at its Q prospect. This discovery was particularly significant to the Company because, coupled with its other discoveries in the Eastern Gulf of Mexico, we believed it would satisfy and even exceed the Company s existing throughput capacity at the Independence Hub in the Eastern Gulf of Mexico. Also during this period the Company s reservoir evaluation consultants informed the Company that the June 30, 2005 reserve report would show a significant increase in reserve additions. Our management believed that both of these factors would have a positive impact on the Company s stock price.

Following discussions among members of our management and between management and members of our board of directors during the months of May and June 2005, we reached the preliminary conclusion that the best approach for Spinnaker to take to possibly engage in a strategic transaction would be to approach a limited number of companies to gauge their interest in entering into a strategic transaction. The reasons for taking this approach were to minimize the exposure of Spinnaker s sensitive confidential information to competitors and the disruption that a broader process would cause among Spinnaker s employees and partners.

On July 7, 2005, Spinnaker s management made a presentation to Randall & Dewey discussing our assets and financial projections, including our reserves, resource discoveries not yet booked as proved reserves, the probabilistic assessment of our undrilled prospect inventory, future production projections and our exploration activities in West Africa.

On July 8, 2005, Randall & Dewey met with Messrs. Jarvis, Griffiths and Snell and indicated that Randall & Dewey believed that Spinnaker s assets would likely be valued equal to or greater than the $2 billion paid to EnCana for its Gulf of Mexico assets. At the time of this meeting, Spinnaker s market capitalization was approximately $1.3 billion. Randall & Dewey proposed that Spinnaker undertake a process of privately approaching a limited number of companies to gauge their interest in entering into a strategic transaction with Spinnaker. Because the likely buyers for Spinnaker were all competitors, Randall & Dewey favored this limited marketing approach as it minimized the exposure of Spinnaker s sensitive confidential information to a smaller group of competitors than would be the case with a more public auction. Randall & Dewey believed this approach better protected Spinnaker in the event that our board of directors decided not to accept any of the offers and to continue as an independent company. Also, Randall & Dewey believed that this course of action gave Spinnaker more control over the process than in a broader public auction. Randall & Dewey further believed, in light of their experience gained as financial advisor to EnCana, that as a firm they were in the unique position of having knowledge of which specific parties would have a strategic interest in Spinnaker s assets.

Following the meeting with Randall & Dewey on July 8, 2005, Mr. Jarvis engaged in private consultations with members of our board of directors about the analysis prepared and the course of action recommended by Randall & Dewey. Based on these discussions and further internal valuation analysis by Spinnaker s management, our management and our directors believed that the course of action proposed by Randall & Dewey was in Spinnaker s best interest. In addition, our management and our directors believed that, based on the experience gained by Randall & Dewey as financial advisor to EnCana, Spinnaker should engage Randall & Dewey to advise Spinnaker in connection with the process. On July 11, 2005, we engaged Randall & Dewey to advise Spinnaker in connection with this process.

Beginning on July 12, 2005, Messrs. Jarvis, Griffiths and Snell met with Randall & Dewey to develop a limited list of potential acquirers who would be approached privately to discuss a strategic transaction with

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Spinnaker. In addition, Vinson & Elkins L.L.P. was engaged to serve as legal counsel for the Company and its board of directors. At the recommendation of Vinson & Elkins, the Company engaged Morris, Nichols, Arsht & Tunnell to serve as special Delaware counsel to the Company s board of directors.

During the remainder of July 2005, Randall & Dewey privately contacted each of the potential acquirers determined jointly with Messrs. Jarvis, Griffiths and Snell, including Norsk Hydro, to discuss whether or not they would be interested in pursuing a strategic transaction with Spinnaker. All of the companies contacted by Randall & Dewey initially expressed an interest in entering into discussions and participating in more detailed due diligence of the Company.

In late July 2005, our management provided to our board of directors the presentation containing a compilation of valuation, reserve, the probabilistic assessment of Spinnaker s exploration portfolio and certain other information that was to be provided to the potential acquirers that visited our data room. During a dinner with our board of directors on August 3, 2005, Messrs. Jarvis, Griffiths, Snell and Mr. Jeff Zaruba, Vice President, Treasurer and Assistant Secretary of the Company, updated the board of directors on the process that had been undertaken to date. Mr. Griffiths gave a presentation to our board of directors regarding Spinnaker s assets and exploration portfolio. Management continued to provide our board of directors with updated and additional information and analyses on an ongoing basis throughout our sale process as requested by our board of directors.

At a regularly scheduled meeting of our board of directors on August 4, 2005, Randall & Dewey presented to the board of directors their analysis of the range of values that Spinnaker could expect to receive from potential acquirers. Our board of directors also discussed with Randall & Dewey the process of approaching only a limited group of potential acquirers. In addition, Vinson & Elkins discussed with the board of directors the securities laws associated with the process and the fiduciary duties of the board of directors in the context of a change of control transaction under Delaware law.

Two of the potential acquirers who had initially expressed an interest in Spinnaker subsequently decided not to execute a confidentiality agreement and withdrew from the process. The remaining two potential acquirers who had initially expressed an interest in Spinnaker, including Norsk Hydro, executed confidentiality agreements with Spinnaker and were granted access to the data room to conduct due diligence during August 2005.

In mid-August 2005, at the request of Norsk Hydro, Randall & Dewey provided to Norsk Hydro a draft merger agreement that had been prepared by Vinson & Elkins. A copy of the draft merger agreement was subsequently delivered to the other bidder.

In the latter part of August 2005, Randall & Dewey personally visited each of the companies still engaged in the process to ascertain their level of interest in Spinnaker and to encourage each potential acquirer, including Norsk Hydro, to submit a preemptive offer for the Company. Following their meetings, Norsk Hydro called Randall & Dewey and expressed an interest in making an offer that would cause Spinnaker to consider accepting such offer in lieu of continuing the sale process. Randall & Dewey informed Mr. Jarvis of Norsk Hydro s interest in delivering an early bid, and, after engaging in private consultations with members of our board of directors, Mr. Jarvis instructed Randall & Dewey to inform Norsk Hydro that Spinnaker would consider such an offer so long as it was compelling.

Randall & Dewey informed Spinnaker s management that one of the concerns raised during their meetings with potential acquirers was the acquirers desire to retain Spinnaker s executive officers and employees following consummation of a transaction. The potential acquirers expressed concern over this issue largely because of the significant equity positions in Spinnaker held by many of our employees as well as the change in control severance plans that had previously been adopted by Spinnaker. In order to address these concerns, our executive officers

outlined a draft retention plan that could be presented to and adopted by a potential acquirer which was believed would incentivize the Company s employees (other than Mr. Jarvis, who expected to assume a consulting role with the surviving corporation), to stay with the surviving corporation following the closing of a transaction. In addition, each of the Company s executive officers (other than Mr. Jarvis) orally committed to stay with the surviving corporation for up to 18 months following consummation of a transaction if the potential acquirer adopted a retention plan in substantially the form proposed by the Company.

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On August 31, 2005, Spinnaker s board of directors met in a special meeting by conference call during which the board of directors was updated on the status of the discussions with the potential acquirers and on the proposal by Norsk Hydro to make a preemptive offer. The board of directors also discussed the retention plan developed by management and which Randall & Dewey proposed to present to the potential acquirers to address their concerns about employee retention. Our board of directors also discussed hiring a separate financial advisor to render a fairness opinion with respect to consideration received in a proposed transaction and determined that it would be advisable to engage Credit Suisse First Boston because of their experience and international reputation and their familiarity with Spinnaker, among other reasons.

On September 1, 2005, Spinnaker contacted Credit Suisse First Boston to engage them to render an opinion to our board of directors as to the fairness, from a financial point of view, to Spinnaker or its stockholders, as appropriate, of the consideration to be received in connection with a sale of 50% or more of the assets or the capital stock of the Company, as well as certain other types of transactions.

On September 1, 2005, Mr. Tore Torvund, Executive Vice President of Norsk Hydro, and other representatives of Norsk Hydro and Citigroup (Norsk Hydro s financial advisor) traveled to Houston to conduct further due diligence on the effects of Hurricane Katrina on Spinnaker s assets.

On September 2, 2005, Mr. Torvund met with Mr. Jarvis to discuss the effects of Hurricane Katrina on Spinnaker and the proposed retention plan for Spinnaker s employees. Later that same day, Citigroup delivered to Mr. Jarvis a written offer to acquire Spinnaker for $57 per share along with comments from Bracewell & Giuliani LLP, counsel for Norsk Hydro, on the draft merger agreement that had been previously provided by Randall & Dewey. In addition, Norsk Hydro delivered a draft stockholders agreement to be executed by Warburg Pincus Ventures L.P. and Mr. Jarvis and a draft consulting agreement to be executed by Mr. Jarvis in connection with the merger agreement. Norsk Hydro asserted that both of these agreements were an essential element of their offer.

Spinnaker s board of directors met in a special meeting by conference call on the evening of September 2, 2005 to discuss the offer made by Norsk Hydro. Based on the recommendation of Spinnaker s management and Randall & Dewey, our board of directors decided to reject the offer made by Norsk Hydro and to continue the process with the potential acquirers. In addition, our directors affiliated with Warburg Pincus Ventures, L.P. conveyed to our board of directors and to representatives of Randall & Dewey that Warburg Pincus Ventures, L.P. believed that Spinnaker had significant potential, that Warburg Pincus Ventures, L.P. had no time constraints pushing it for liquidity and that Warburg Pincus Ventures, L.P. would not be supportive of a transaction unless a bidder offered a compelling price. Following the meeting of our board of directors, Randall & Dewey telephoned Citigroup to inform them that our board of directors had rejected Norsk Hydro s initial offer but that Norsk Hydro was invited to continue in the bid process.

In accordance with the process discussed by our board of directors, on September 7, 2005, Randall & Dewey delivered formal bid instructions along with the draft merger agreement prepared by Vinson & Elkins to the two remaining potential acquirers, including Norsk Hydro, that requested each party to provide a formal offer along with comments to the draft merger agreement on September 16, 2005.

On September 12, 2005, Spinnaker s board of directors met in a special meeting by conference call during which the board of directors was updated on informal discussions between Randall & Dewey and the potential acquirers as well as the bid process set forth in the bid instruction letters that had been delivered to the potential acquirers. Randall & Dewey made a detailed presentation to the board of directors about their valuation analysis of Spinnaker as an ongoing business. During that meeting, our board of directors engaged in further discussions with management and Randall & Dewey about the valuation of the Company.

On September 16, 2005, Randall & Dewey received on behalf of Spinnaker formal offers from the potential acquirers, including Norsk Hydro. Norsk Hydro s offer of $65.00 per share represented the highest offer, and its comments to the merger agreement were substantially the same as

the comments it provided on September 2, 2005 and represented the most favorable agreement from Spinnaker s perspective. Norsk Hydro also reiterated that the stockholders agreement and consulting agreement remained an essential element of their offer. As a result, Mr. Jarvis retained separate counsel from Andrews & Kurth LLP to represent him in connection with the

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negotiation of the consulting agreement. Warburg Pincus Ventures, L.P. and its counsel had previously reviewed the draft of the stockholders agreement that was delivered by Norsk Hydro on September 2, 2005 and did not have any substantive comments to the agreement.

During the evening of September 16, 2005, Randall & Dewey called the other bidder to inform it that it was not the highest bidder. That bidder indicated a possibility of improving its bid and said it would call Randall & Dewey later with its response. In subsequent telephone calls between Randall & Dewey and that bidder, the bidder indicated that it could only offer a modest increase in its offer price. Based on the telephone calls between that bidder and Randall & Dewey, Randall & Dewey advised our management and our board of directors that the bidder was unlikely to deliver an offer that exceeded Norsk Hydro s offer. Ultimately the bidder did not submit an increased offer.

Spinnaker s board of directors met in a special meeting by conference call the evening of September 16, 2005 to consider the offers. Credit Suisse First Boston provided our board of directors with a preliminary overview of certain financial analysis relating to Spinnaker at that meeting. Our board of directors instructed Randall & Dewey to negotiate a higher offer from Norsk Hydro and to make certain the other bidder was unable to improve their offer. Randall & Dewey telephoned Citigroup to request that Norsk Hydro increase the price per share and reduce the $90 million break-up fee proposed in Norsk Hydro s offer. In addition, Randall & Dewey confirmed with the other bidder that such other bidder was unable to improve its offer.

During the morning of September 17, 2005, Mr. John Ottestad, Executive Vice President and Chief Financial Officer of Norsk Hydro, called Randall & Dewey and offered to increase the price per share in their offer to $65.50 and to reduce the break-up fee to $75 million. During that same telephone call, Mr. Ottestad informed Randall & Dewey that this represented their best and final offer. After discussing this revised offer with Spinnaker s management, and following private consultations with members of our board of directors by Mr. Jarvis, Spinnaker and Norsk Hydro proceeded to commence final due diligence and to negotiate the merger agreement. In addition, representatives of Warburg Pincus Ventures, L.P. informed Vinson & Elkins that it would execute the stockholders agreement in substantially the form presented by Norsk Hydro on September 2, 2005 if Spinnaker and Norsk Hydro reached an agreement on the merger agreement. During September 17th and 18th, representatives of Vinson & Elkins and Bracewell & Giuliani met to finalize the proposed merger agreement and the stockholders agreement with Norsk Hydro. Also during September 17th and 18th, representatives of Andrews & Kurth and Bracewell & Giuliani finalized the consulting agreement.

On September 18, 2005, a telephonic meeting of our board of directors was held during which representatives of Vinson & Elkins reviewed the terms of the proposed merger agreement with Norsk Hydro and answered questions posed by members of the board of directors. Representatives of Randall & Dewey reviewed the history of the entire sale process with our board of directors and expressed their satisfaction and confidence in the results of the process. Credit Suisse First Boston then reviewed its financial analyses with respect to the merger consideration and the board of directors engaged in further discussions regarding the terms of the proposed merger with our management as well as representatives of Vinson & Elkins, Randall & Dewey and Credit Suisse First Boston. At the request of the board of directors, Credit Suisse First Boston then rendered its opinion, dated September 18, 2005, to the effect that, as of that date and based upon and subject to the assumptions, limitations, qualifications and other matters described in its opinion, the merger consideration to be received by the holders of Spinnaker common stock in the merger was fair, from a financial point of view, to the holders of our common stock. Thereafter our board of directors unanimously approved and declared the merger agreement advisable.

During the evening of September 18, 2005, Norsk Hydro, Parent, Merger Sub and the Company executed the merger agreement and each of Norsk Hydro and Spinnaker announced the transaction during the morning of September 19, 2005.

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Reasons for the Merger and Board of Directors Recommendation

Reasons for the Merger. The terms of the merger agreement and the proposed merger are the result of arm s-length negotiations between representatives of Spinnaker and representatives of Norsk Hydro. In arriving at its decision to approve and recommend the merger agreement for adoption by our stockholders, our board of directors carefully considered a number of factors, including, but not limited to, the following:

- the manner in which the public markets value exploration and production companies given the lack of predictability of their production streams;
- the manner in which the public markets value steady production growth over financial returns;
- our current and historical financial condition and our results of operations as a stand-alone company;
- the views of our management as to our prospects and strategic objectives as an independent company and the risks involved in achieving those prospects and objectives;
- whether it is an advisable time to consider the sale of Spinnaker;
- current industry, economic and market conditions and trends in the markets in which we compete, including the likelihood of consolidation (both in terms of the possibility of other acquirors appearing and a corresponding decrease in the number of potential acquirors from other consolidation activity);
- our current and historical market valuation and other companies in our sector, volatility and trading information with respect to our common stock, and the possibility of a revaluation by the market of Spinnaker and the sector;
- the possible alternatives to the merger (including other acquisition or combination possibilities for Spinnaker and the possibility of continuing to operate as an independent entity, and the perceived risks thereof), the range of possible benefits to our stockholders of such alternatives and the timing and likelihood of accomplishing the goal of any of such alternatives, and our board of directors assessment that the merger with Norsk Hydro presents a superior opportunity to such alternatives;
- our belief that there were other bidders that participated in the sale of EnCana s Gulf of Mexico assets to Statoil who were still interested in acquiring deepwater assets in the Gulf of Mexico and who would be willing to pay a premium to acquire those assets;
- the value of our reserves and exploration inventory under various scenarios for the business and commodity prices and the risks and rewards under those scenarios;
- the importance of market position, significant scale and scope, and financial resources to our ability to continue to compete effectively in today s environment, and to function effectively as an independent company; and
- other historical information concerning our business, prospects, financial performance and condition, operations, technology, management and competitive position.

In the course of its deliberations, our board of directors also considered, among other things, the following positive factors:

- the value of the consideration to be received by our stockholders in the merger pursuant to the merger agreement;
- the fact that the $65.50 per share to be paid as the consideration in the merger represents:
  - a premium of $21.10, or approximately 47.5% over the trailing average closing sales price of $44.40 per share for our common stock as reported on the New York Stock Exchange for the thirty (30) trading days ended September 16, 2005,

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a premium of $18.80, or approximately 40.3% over the trailing average closing sales price of $46.70 per share for our common stock as reported on the New York Stock Exchange for the five (5) trading days ended September 16, 2005, and

premium of $16.75, or approximately 34.4% over the closing sale price of $48.75 for our common stock as reported on the New York Stock Exchange on September 16, 2005, the last full trading day prior to the public announcement of the proposed merger;

the financial presentation of Credit Suisse First Boston LLC to Spinnaker s board of directors on September 18, 2005, including its opinion as of that date with respect to the fairness, from a financial point of view, of the merger consideration to be received by the holders of Spinnaker common stock in the proposed merger (see The Merger Opinion of Credit Suisse First Boston LLC);

the views of Randall & Dewey regarding the success of the sale process;

the terms of the merger agreement and related documents, including the parties representations, warranties and covenants, and the conditions to their respective obligations; and

the fact that pursuant to the merger agreement, we are not prohibited from responding (at any time prior to our stockholders adoption of the merger agreement and in the manner provided in the merger agreement) to certain takeover proposals that our board of directors determines in good faith constitute a superior proposal, and, upon payment of a predetermined termination fee, we may terminate the merger agreement under certain circumstances.

In the course of its deliberations, our board of directors also considered, among other things, the following potentially adverse factors regarding the merger:

risks and contingencies related to the announcement and pendency of the merger, the possibility that the merger will not be consummated and the potential negative effect of public announcement of the merger on our sales, operating results and stock price and our ability to retain key management and personnel;

that our stockholders will not participate in our future earnings or growth and will not benefit from any potential future increase in our value;

the conditions to Norsk Hydro s obligation to complete the merger and the right of Norsk Hydro to terminate the merger agreement under certain circumstances; and

the interests that certain of our directors and executive officers may have with respect to the merger in addition to their interests as stockholders of Spinnaker generally, as described in Interests of Certain Persons in the Merger.

The preceding discussion of the information and factors considered by our board of directors is not, and is not intended to be, exhaustive. In light of the variety of factors considered in connection with its evaluation of the merger and the complexity of these matters, our board of directors did not find it practicable to, and did not, quantify or otherwise attempt to assign relative weights to the various factors considered in reaching its determination. In addition, our board of directors did not undertake to make any specific determination as to whether any particular factor, or any aspect of any particular factor, was favorable or unfavorable to the ultimate determination of our board of directors, but rather, our board of directors conducted an overall analysis of the factors described above, including discussions with and questioning of our senior management and legal and financial advisors.

Board of Directors Recommendation. After careful consideration, our board of directors has unanimously determined that the merger is fair to, and in the best interests of, Spinnaker and our stockholders, declared the merger agreement advisable and approved the merger agreement and the other transactions contemplated by the merger agreement. **ACCORDINGLY, THE BOARD OF DIRECTORS OF SPINNAKER UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ADOPTION OF THE MERGER AGREEMENT**.

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Opinion of Credit Suisse First Boston LLC

Credit Suisse First Boston has rendered its written opinion, dated September 18, 2005, to Spinnaker s board of directors to the effect that, as of that date and based upon and subject to the assumptions, limitations, qualifications and other matters described in its opinion, the merger consideration to be received by the holders of Spinnaker common stock in the merger was fair, from a financial point of view, to the holders of Spinnaker common stock.

The full text of Credit Suisse First Boston s written opinion, dated September 18, 2005, to Spinnaker s board of directors, which sets forth the procedures followed, assumptions made, qualifications and limitations on the review undertaken and other matters considered is attached as Appendix B. The summary of Credit Suisse First Boston s opinion in this proxy statement is qualified in its entirety by reference to the full text of the opinion, which is incorporated by reference. Holders of Spinnaker common stock are encouraged to carefully read the opinion in its entirety.

Procedures Followed

In arriving at its opinion, Credit Suisse First Boston reviewed drafts dated September 18, 2005 of the merger agreement and certain related agreements as well as certain publicly available business and financial information relating to Spinnaker and an oil and gas reserve report prepared by Spinnaker s reservoir evaluation consultants. Credit Suisse First Boston also reviewed certain other information relating to Spinnaker, including financial forecasts provided to or discussed with Credit Suisse First Boston by Spinnaker, and met with Spinnaker s management to discuss the business and prospects of Spinnaker. Credit Suisse First Boston also considered certain financial and stock market data of Spinnaker, and compared that data with similar data for other publicly held companies in businesses Credit Suisse First Boston deemed similar to that of Spinnaker and considered, to the extent publicly available, the financial terms of certain other business combinations and other transactions which have recently been effected or announced. Credit Suisse First Boston understood that pursuant to the terms of the merger agreement, Norsk Hydro would unconditionally guarantee the performance of Parent s and Merger Sub s obligations under the merger agreement, including the obligations of Parent to pay the merger consideration. Credit Suisse First Boston also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which Credit Suisse First Boston deemed relevant.

Assumptions Made and Qualifications and Limitations on Review Undertaken

In connection with its review, Credit Suisse First Boston did not assume any responsibility for independent verification of any of the foregoing information and relied on such information (including the reserve report prepared by Spinnaker s reservoir evaluation consultants) being complete and accurate in all material respects. With respect to the financial forecasts for Spinnaker reviewed by Credit Suisse First Boston, Credit Suisse First Boston was advised and assumed that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of Spinnaker s management as to the future financial performance of Spinnaker. With respect to the reserve report prepared by Spinnaker s reservoir evaluation consultants, Credit Suisse First Boston was advised and assumed that the reserve report had been reasonably prepared on bases reflecting the best currently available estimates and judgments of Spinnaker and Spinnaker s reservoir evaluation consultants with respect to the oil and gas reserve estimates and related information set forth in the reserve report. Credit Suisse First Boston also assumed that the merger agreement and the related agreements, when executed and delivered by the parties thereto, would conform to the drafts reviewed by Credit Suisse First Boston in all respects material to its analyses. Credit Suisse First Boston also assumed, with Spinnaker s consent, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger, no delay, limitation, restriction or condition would be imposed that would have a material adverse effect on Spinnaker or the merger and that the merger would be consummated in accordance with the terms of the merger agreement without waiver, modification or amendment of any material term, condition or agreement thereof. In addition, Credit Suisse First Boston was not requested to make, and did not make, an independent

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