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VINTAGE PETROLEUM INC  
Form DEF 14A  
April 02, 2002

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934  
(Amendment No. )

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

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 under Rule 14a-12.

VINTAGE PETROLEUM, INC.

-----  
(Name of Registrant as Specified In Its Charter)

Not Applicable

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(Name of Person(s) Filing Proxy Statement if Other Than the Registrant)

Payment of filing fee (check the appropriate box):

No fee required.

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:

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(2) Aggregate number of securities to which transaction applies:

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(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):

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- (1) Amount Previously Paid: \_\_\_\_\_
- (2) Form, Schedule or Registration Statement No.: \_\_\_\_\_
- (3) Filing Party: \_\_\_\_\_
- (4) Date Filed: \_\_\_\_\_

[Logo] VINTAGE PETROLEUM, INC.  
 110 West Seventh Street  
 Tulsa, Oklahoma 74119

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
 To Be Held May 14, 2002

To the Stockholders of VINTAGE PETROLEUM, INC.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Vintage Petroleum, Inc., a Delaware corporation (the "Company"), will be held in the Tulsa Room on the 9th Floor, Bank of Oklahoma Tower, One Williams Center, Tulsa, Oklahoma, on Tuesday, May 14, 2002, at 10:00 a.m., local time, for the following purposes:

- 1. To elect three directors to Class III for three-year terms; and
- 2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 25, 2002, as the record date for the meeting, and only holders of the Company's Common Stock of record at such time will be entitled to vote at the meeting or any adjournment thereof. A complete list of the stockholders entitled to vote at the meeting will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours for a period of 10 days prior to the date of the meeting at the offices of the Company and at the time and place of the meeting.

By Order of the Board of Directors,

William C. Barnes  
Secretary

Tulsa, Oklahoma  
April 1, 2002

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE MARK, SIGN, DATE AND RETURN THE ACCOMPANYING PROXY IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES. IF YOU DO ATTEND THE MEETING, YOU MAY WITHDRAW YOUR PROXY AND VOTE IN PERSON.

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[Logo]

VINTAGE PETROLEUM, INC.  
110 West Seventh Street  
Tulsa, Oklahoma 74119

PROXY STATEMENT  
FOR ANNUAL MEETING OF STOCKHOLDERS  
To Be Held May 14, 2002

SOLICITATION AND REVOCATION OF PROXIES

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Vintage Petroleum, Inc., a Delaware corporation (the "Company"), of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on May 14, 2002, or at any adjournment thereof (the "Annual Meeting"), for the purposes set forth in the accompanying Notice of Annual Meeting. This Proxy Statement and accompanying proxy were first forwarded on or about April 1, 2002, to stockholders of record on March 25, 2002.

If the accompanying proxy is properly executed and returned, the shares represented by the proxy will be voted at the Annual Meeting. If a stockholder indicates in his or her proxy a choice with respect to any matter to be acted upon, that stockholder's shares will be voted in accordance with such choice. If no choice is indicated, such shares will be voted "FOR" the election of all of the nominees for directors listed below. A stockholder giving a proxy may revoke it by giving written notice of revocation to the Secretary of the Company at any time before it is voted, by executing another valid proxy bearing a later date and delivering such proxy to the Secretary of the Company prior to or at the Annual Meeting, or by attending the Annual Meeting and voting in person.

The expenses of this proxy solicitation, including the cost of preparing and mailing this Proxy Statement and accompanying proxy will be borne by the Company. Such expenses will also include the charges and expenses of banks, brokerage firms, and other custodians, nominees or fiduciaries for forwarding solicitation material regarding the Annual Meeting to beneficial owners of the Company's Common Stock. Solicitation of proxies may be made by mail, telephone, personal interviews or by other means by the Board of Directors or employees of the Company who will not be additionally compensated therefor, but who may be reimbursed for their out-of-pocket expenses in connection therewith.

STOCKHOLDERS ENTITLED TO VOTE

Stockholders of record at the close of business on March 25, 2002, will be entitled to vote at the Annual Meeting. As of March 15, 2002, there were issued and outstanding 63,081,322 shares of Common Stock, par value \$.005 per share (the "Common Stock"), of the Company. Each share of Common Stock is entitled to one vote. There is no cumulative voting with respect to the election of directors. The presence in person or by proxy of the holders of a majority of the shares issued and outstanding at the Annual Meeting and entitled to vote will constitute a quorum for the transaction of business. Votes withheld from nominees for directors, abstentions and broker non-votes will be counted for purposes of determining whether a quorum has been reached. Votes will be tabulated by an inspector of election appointed by the Board of Directors of the Company. With regard to the election of directors, votes may be cast in favor of or withheld from each nominee; votes that are withheld will have the effect of a negative vote. Abstentions, which may be specified on all proposals except the election of directors, will have the effect of a negative vote. Under applicable Delaware law, a broker non-vote will have no effect on the outcome of the election of directors or other proposals.

PROPOSAL ONE

ELECTION OF DIRECTORS

The Restated Certificate of Incorporation (the "Charter") of the Company provides that the Board of Directors of the Company (the "Board of Directors") shall consist of not less than three nor more than fifteen directors, as determined from time to time by resolution of the Board of Directors. The number of directors is currently fixed at seven. The Board of Directors is divided into three approximately equal classes. The terms of such classes are staggered so that only one class is elected at the annual meeting of stockholders each year for a three-year term. The term of the Class III directors, consisting of S. Craig George, Charles C. Stephenson, Jr. and Joseph D. Mahaffey, will expire at the Annual Meeting, and the accompanying proxy solicits your vote for three Class III directors. The terms of the Class I directors and the Class II directors will expire at the annual meeting of stockholders to be held in 2003 and 2004, respectively.

The Board of Directors has nominated S. Craig George, Charles C. Stephenson, Jr. and Joseph D. Mahaffey, for re-election as directors, each to hold office until the annual meeting of stockholders in 2005 and until his successor is duly elected and qualified, or until the earlier of his death, resignation or retirement. The persons named as proxies in the accompanying proxy, who have been designated by the Board of Directors, intend to vote, unless otherwise instructed in such proxy, for the election of Messrs. George, Stephenson and Mahaffey. Should any of the nominees become unable for any reason to stand for election as a director of the Company, it is intended that the persons named in such proxy will vote for the election of such other person as the Board of Directors may recommend. The Company knows of no reason why any of the nominees will be unavailable or unable to serve.

The affirmative vote of the holders of a majority of the shares present in person or by proxy at the Annual Meeting and entitled to vote is required for the election of directors. The Board of Directors recommends a vote "FOR" each of the following nominees for directors.

Nominees for Directors

Class III  
(Term Expires May 2005)

S. Craig George, age 49. Mr. George has been a Director since October 1991, President of the Company since September 1995 and Chief Executive Officer of the Company since December 1997. He was also Chief Operating Officer of the Company from March 1994 to December 1997, an Executive Vice President of the Company from March 1994 to September 1995 and a Senior Vice President of the Company from October 1991 to March 1994. From April 1991 to October 1991, Mr. George was Vice President of Operations and International with Santa Fe Minerals, Inc., an independent oil and gas company ("Santa Fe Minerals"). From May 1981 to March 1991, he served in various other management and executive capacities with Santa Fe Minerals and its subsidiary, Santa Fe-Andover Oil Company (formerly Andover Oil Company), an independent oil and gas company ("Andover"). From December 1974 to April 1981, Mr. George held various management and engineering positions with Amoco Production Company. He has a B.S. Degree in Mechanical Engineering from the University of Missouri-Rolla.

Charles C. Stephenson, Jr., age 65. Mr. Stephenson, a co-founder of the Company, has been a Director since June 1983 and Chairman of the Board of Directors of the Company since April 1987. He was also Chief Executive Officer

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of the Company from April 1987 to March 1994 and President of the Company from June 1983 to May 1990. From October 1974 to March 1983, he was President of Andover, and from January 1973 to October 1974, he was Vice President of Andover. Mr. Stephenson also serves as a Director of AAON, Inc. Mr. Stephenson has a B.S. Degree in Petroleum Engineering from the University of Oklahoma, and has approximately 42 years of oil and gas experience.

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Joseph D. Mahaffey, age 56, has been a Director of the Company since June 2001. He recently retired from the Fremont Group, a San Francisco based private investment company, where he had been a Managing Director since December 1995. He was also President of Fremont Energy, a private oil and gas company owned by the Fremont Group, from 1995 to 2001. Prior to joining Fremont, Mr. Mahaffey was a Director and Executive Vice President of Heritage Media Corporation from 1992 to 1994. He was a founder and President of United Meridian Corporation, a Houston based independent exploration and production company, from 1987 to 1992. He held various positions with Gulf Oil Corporation from 1970 until 1985, when it was acquired by Chevron Corp., at which time he was Treasurer. Mr. Mahaffey is a director of Xponent Resources, a private oil and gas company. Mr. Mahaffey has a B.S. Degree in Business Administration from the University of Notre Dame.

Directors Continuing in Office

### Class I (Term Expires May 2003)

William C. Barnes, age 47. Mr. Barnes, a certified public accountant, has been a Director, Treasurer and Secretary of the Company since April 1987, an Executive Vice President of the Company since March 1994 and Chief Financial Officer of the Company since May 1990. He was also a Senior Vice President of the Company from May 1990 to March 1994 and Vice President - Finance of the Company from January 1984 to May 1990. From November 1982 to December 1983, Mr. Barnes was an audit manager for Arthur Andersen & Co., an independent public accounting firm, where he dealt primarily with clients in the oil and gas industry. He was Assistant Controller - Finance of Andover from December 1980 to November 1982. From June 1976 to December 1980, he was an auditor with Arthur Andersen & Co., where he dealt primarily with clients in the oil and gas industry. Mr. Barnes has a B.S. Degree in Business Administration from Oklahoma State University.

John T. McNabb, II, age 57. Mr. McNabb has been a Director of the Company since October 1990. He has been Chairman of the Board of Directors of Growth Capital Partners, Inc., an investment and advisory firm in Houston, Texas serving privately held and public middle market companies based in the Southwest, since March 1992. From June 1990 to January 1992, he was a Managing Director of Bankers Trust Company, managing commercial banking, investment banking and financial advisory activities in the Southwest for Bankers Trust Company, and a director of BT Southwest, Inc., an affiliate of Bankers Trust New York Corporation. From September 1984 to June 1990, Mr. McNabb was employed by investment affiliates of The Prudential Insurance Company of America where he provided a wide range of investment banking services and corporate finance expertise to corporate clients. He holds undergraduate and graduate (M.B.A.) degrees from Duke University.

### Class II (Term Expires May 2004)

William L. Abernathy, age 50. Mr. Abernathy has been a Director since October 1999, and an Executive Vice President and Chief Operating Officer of the Company since December 1997. He was Senior Vice President - Acquisitions of the

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Company from March 1994 to December 1997, Vice President - Acquisitions of the Company from May 1990 to March 1994 and Manager - Acquisitions of the Company from June 1987 to May 1990. From June 1976 to June 1987, Mr. Abernathy was employed by Exxon Company USA, where he served at various times as Senior Staff Engineer, Senior Supervising Engineer and in other engineering capacities, with assignments in drilling, production and reservoir engineering in the Gulf Coast and offshore. He has B.S. and M.S. Degrees in Mechanical Engineering from Auburn University.

Bryan H. Lawrence, age 59. Mr. Lawrence has been a Director of the Company since January 1987. He is a founder and has been a senior manager of Yorktown Partners LLC, which manages certain investment partnerships, since September 1997. Mr. Lawrence had been employed by Dillon Read & Co. Inc., an investment banking firm ("Dillon Read"), since 1966, serving most recently as a Managing Director

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until the merger of Dillon Read with SBC Warburg in September 1997. Mr. Lawrence also serves as a Director of Carbon Energy Corporation, D & K Healthcare Resources, Inc., Hallador Petroleum Company and TransMontaigne Inc. (each a United States public company), Cavell Energy Corp. (a Canadian public company) and certain non-public companies in the energy industry in which Yorktown partnerships hold equity interests including PetroSantander Inc., Strega Energy, Inc., Savoy Energy, L.P., Concho Resources Inc, Ricks Exploration, Inc., Athanor Resources, Inc., Camden Resources, Inc., Crostex Energy Holdings, Inc. and ESI Energy Services Inc. Mr. Lawrence is a graduate of Hamilton College and also has an M.B.A. from Columbia University.

### Compensation of Directors

Employee directors receive no additional compensation for service on the Board of Directors or any committee thereof. Non-employee directors receive an annual retainer of \$25,000. Non-employee directors also automatically receive non-qualified stock options under the Vintage Petroleum, Inc. Non-Management Director Stock Option Plan (the "Director Plan"). Under the Director Plan, an initial option to purchase up to 5,000 shares of Common Stock is granted to any new non-employee director on the date of the organizational board meeting (the board meeting immediately following the annual stockholders meeting) at which he or she first serves as a member of the Board of Directors. Each non-employee director also receives annually an option to purchase 1,000 shares of Common Stock on the date of the organizational board meeting next following the date on which such director received an initial option and on the date of each succeeding organizational board meeting during the period of such director's incumbency. The option exercise price of each option granted under the Director Plan is equal to the fair market value of the Common Stock on the date of grant. A total of 60,000 shares of Common Stock are available for issuance under the Director Plan. As of March 1, 2002, there were 16,000 shares available for future grants of options under the Director Plan. During fiscal 2001, Messrs. Lawrence and McNabb were each granted an option to purchase 1,000 shares of Common Stock at an exercise price of \$19.075 per share. No options have been exercised under the Director Plan. Non-employee directors are also eligible to receive awards under the Company's 1990 Stock Plan. During fiscal 2001, Messrs. Lawrence and McNabb were each granted an option to purchase 3,000 shares of Common Stock at an exercise price of \$21.8125 per share (being the fair market value of the Common Stock on the date of grant) under the Company's 1990 Stock Plan. All directors are reimbursed by the Company for out-of-pocket expenses incurred by them in connection with their service on the Board of Directors and any committee thereof.

### Meetings and Committees of the Board of Directors

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During 2001, the Board of Directors held three meetings. All of the directors were present at each meeting. In addition, the Board of Directors took action 16 times during 2001 by unanimous written consent. The Board of Directors has a standing Audit Committee and a standing Compensation Committee. Mr. Mahaffey was appointed to the Board of Directors and the Audit Committee on June 26, 2001, and to the Compensation Committee on February 6, 2002.

The Audit Committee is composed of Messrs. Lawrence, Mahaffey and McNabb. Each of these individuals qualifies as an "independent" director under the current listing standards of the New York Stock Exchange. The Audit Committee has adopted a written charter. The Audit Committee annually considers the qualifications of the independent auditor of the Company and the independence of the auditor and makes recommendations to the Board of Directors on the engagement of the independent auditor. The Audit Committee has considered whether the provisions of the services by Arthur Andersen LLP as described in this Proxy Statement under the caption "All Other Fees" under "Independent Auditor" below is compatible with maintaining the independence of Arthur Andersen LLP. The Audit Committee also reviews (a) any transactions between the Company and its officers, directors and principal stockholders, (b) the plans for and results of audits of the Company, and (c) the results of any internal audits, compliance with any of the Company's written policies and procedures and the adequacy of the Company's system of internal accounting controls. The Audit Committee met four times during 2001. All of the members of the Audit Committee were present at each meeting. The Audit Committee took action twice during 2001 by unanimous written consent.

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The Compensation Committee is composed of Messrs. Stephenson, Lawrence, Mahaffey and McNabb. The Compensation Committee reviews the compensation of officers of the Company and makes recommendations to the Board of Directors regarding such compensation and reviews the Company's executive compensation policies and practices. The Compensation Committee also administers generally the Company's 1990 Stock Plan, except that the Board of Directors administers such Plan with respect to certain matters pertaining to officers and non-employee directors of the Company. The Compensation Committee met once during 2001. All of the members of the Compensation Committee were present at such meeting.

The Company does not have a standing Nominating Committee. The Company's Charter provides that nominations of candidates for election as directors of the Company may be made at a meeting of stockholders by or at the direction of the Board of Directors or by any stockholder entitled to vote at such meeting who complies with the advance notice procedures set forth therein. These procedures require any stockholder who intends to make a nomination for director at the meeting to deliver notice of such nomination to the Secretary of the Company not less than 45 nor more than 90 days before the meeting. The notice must contain all information about the proposed nominee as would be required to be included in a proxy statement soliciting proxies for the election of such nominee, including such nominee's written consent to serve as a director if so elected. If the Chairman of the meeting determines that a person is not nominated in accordance with the nomination procedure, such nomination will be disregarded. The Company's By-laws provide that the annual meeting of stockholders to be held each year will be on the second Tuesday in May.

### INDEPENDENT AUDITOR

Arthur Andersen LLP has been the independent auditor of the Company since the Company's inception in 1983. Historically, although not required, a proposal has been presented at the annual meeting of stockholders asking the stockholders

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to ratify the appointment of the independent auditor. However, in view of the unprecedented nature of the situation involving Arthur Andersen LLP, such a proposal will not be presented at the Annual Meeting because the Board of Directors has not yet selected an independent auditor for 2002. The Board of Directors, upon the recommendation of the Audit Committee, has recently requested management of the Company to solicit bids for audit services for 2002 from members of the "big five" independent accounting firms, including the Company's existing auditor, Arthur Andersen LLP. Accordingly, under the circumstances, the Board of Directors is not in a position to recommend to the stockholders an independent auditor for 2002.

A representative of Arthur Andersen LLP will be present at the Annual Meeting. Such representative will be given the opportunity to make a statement if he desires to do so and will be available to respond to appropriate questions.

### Audit Fees

The aggregate fees billed by Arthur Andersen LLP for professional services rendered for the audit of the Company's annual financial statements for the fiscal year ended December 31, 2001, and for the reviews of the financial statements included in the Company's Quarterly Reports on Form 10-Q for that fiscal year were \$226,000.

### Financial Information Systems Design and Implementation Fees

The Company did not engage Arthur Andersen LLP for professional services relating to financial information systems design and implementation for the fiscal year ended December 31, 2001.

### All Other Fees

The aggregate fees billed by Arthur Andersen LLP for services rendered to the Company, other than the services described above under "Audit Fees" for the fiscal year ended December 31, 2001, were \$768,000

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consisting of audit-related fees of \$220,000 and other fees of \$548,000. Audit-related fees include statutory audits, benefit plan audits, acquisition due diligence, accounting consultation, assistance with registration statements, comfort letters and consents. Other fees were primarily tax services.

### PRINCIPAL STOCKHOLDERS AND SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth certain information as of March 15, 2002, regarding the ownership of the Company's Common Stock by (a) all persons known by the Company to be beneficial owners of more than five percent of such stock, (b) each director and nominee for director of the Company, (c) each of the executive officers of the Company named in the Summary Compensation Table below, and (d) all executive officers and directors of the Company as a group. Unless otherwise noted, the persons named below have sole voting and investment power with respect to such shares.

Name of Owner or Identity of Group	Shares Beneficially Owned		Percentage of Class(1)
Charles C. Stephenson, Jr.(2)	10,748,000	(3)	17.0%
William C. Barnes	1,157,722	(4)	1.8



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William L. Abernathy.....	717,827	(5)	1.1
S. Craig George.....	684,830	(6)	1.1
William E. Dozier.....	387,044	(7)	*
Larry W. Sheppard.....	258,410	(8)	*
Bryan H. Lawrence.....	66,900	(9)	*
John T. McNabb, II.....	38,744	(10)	*
Joseph D. Mahaffey.....	6,000		*
All executive officers and directors as a group (16 persons).....	15,253,039	(11)	23.1

\* Represents less than 1% of the Common Stock outstanding.

- (1) Shares of Common Stock which were not outstanding but which could be acquired by a person upon exercise of an option within sixty days of March 15, 2002, are deemed outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by such person. Such shares, however, are not deemed to be outstanding for the purpose of computing the percentage of outstanding shares beneficially owned by any other person.
- (2) The stockholder's address is 110 West Seventh Street, Tulsa, Oklahoma 74119.
- (3) Includes (a) 9,737,400 shares held by Stephenson Equity Co., a general partnership controlled by Mr. Stephenson ("SECO"), and (b) 218,800 shares held by the Stephenson Family Charitable Foundation, of which Mr. Stephenson and his wife are co-trustees. Mr. Stephenson and his wife do not have a pecuniary interest in the shares held by the Foundation. Does not include 200 shares owned by Mr. Stephenson's wife. Mrs. Stephenson has full rights of ownership over such shares, including sole voting and investment power. Mr. Stephenson disclaims beneficial ownership of such shares.

Mr. Stephenson has advised the Company that in 1999 SECO deposited 8,000,000 of the 9,737,400 shares held by SECO (or approximately 12.7% of the Company's issued and outstanding shares of Common Stock at March 15, 2002) into an investment program offered by Credit Bancorp. SECO retained full beneficial ownership of the shares under the terms of the agreement between SECO and Credit Bancorp and the agreement placed explicit and unequivocal limitations on the transferability or use of the shares. Subsequent to the date of deposit, the Securities and Exchange Commission (the "SEC") began an investigation of Credit Bancorp and obtained an order temporarily restraining Credit Bancorp from making fraudulent offers, sales and purchases of securities in connection with

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the investment program. The SEC also received a court order freezing the assets of Credit Bancorp, and since then, a receiver has been appointed for Credit Bancorp. Mr. Stephenson has informed the Company that the 8,000,000 shares are subject to the freeze order and that, although none of the 8,000,000 shares have been sold, a substantial portion of these shares have been margined by Credit Bancorp without his consent and in violation of the agreement that SECO entered into with Credit Bancorp. SECO has requested, and has filed a lawsuit against Credit Bancorp requesting, Credit Bancorp to return the shares to SECO, as the rightful owner of the shares. Mr. Stephenson has indicated that certain insurance coverage exists that should be available to cover losses, if any, resulting from the unauthorized activities of Credit Bancorp with respect to the shares and that SECO has filed a notice of claim in the event of any such loss. Mr. Stephenson has further advised the Company that SECO will be able to vote the 8,000,000 shares at the Annual Meeting. The Company cannot predict the effect, if

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any, that this matter may ultimately have on Mr. Stephenson's ownership of shares of the Company.

- (4) Includes 505,000 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.37 per share, and 5,322 shares held by the Vintage Petroleum, Inc. 401(k) Plan (the "401(k) Plan") and allocated to the account of Mr. Barnes.
- (5) Includes 434,554 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.24 per share, and 10,637 shares held by the 401(k) Plan and allocated to the account of Mr. Abernathy.
- (6) Includes 604,020 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.58 per share, and 12,810 shares held by the 401(k) Plan and allocated to the account of Mr. George.
- (7) Includes 315,800 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.93 per share, and 22,044 shares held by the 401(k) Plan and allocated to the account of Mr. Dozier.
- (8) Includes 250,000 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$12.54 per share, and 8,410 shares held by the 401(k) Plan and allocated to the account of Mr. Sheppard.
- (9) Includes 26,000 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.92 per share.
- (10) Includes 26,000 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.92 per share.
- (11) Includes 3,036,142 shares subject to stock options which are currently exercisable or exercisable within 60 days of March 15, 2002, at an average exercise price of \$11.91 per share, and 103,839 shares held by the 401(k) Plan and allocated to the accounts of such individuals.

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### EXECUTIVE COMPENSATION

#### Summary Compensation Table

The following table sets forth certain information with respect to the compensation of the Company's Chairman of the Board of Directors, the Company's Chief Executive Officer and each of the Company's four most highly compensated executive officers other than the Chief Executive Officer, based on salary and bonus earned during fiscal 2001, for services in all capacities to the Company and its subsidiaries during each of the Company's last three fiscal years.

	Long-Term Co
Annual Compensation	Awards
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Name and Principal Position	Year	Salary (\$)	Bonus (\$) (1)	Other Annual Compensation (\$) (2)	Restricted Stock Award(s) (\$)	Securi Underl Optio SAR (#) (3)
Charles C. Stephenson, Jr., Chairman of the Board of Directors	2001	200,000	-0-	-0-	-0-	-0-
	2000	200,000	-0-	-0-	-0-	-0-
	1999	50,000 (5)	-0-	-0-	-0-	-0-
S. Craig George, President and Chief Executive Officer	2001	368,000	-0-	-0-	-0-	60,
	2000	312,000	124,800	-0-	-0-	80,
	1999	256,250	153,750	-0-	-0-	115,
William C. Barnes, Executive Vice President and Chief Financial Officer	2001	273,000	-0-	-0-	-0-	40,
	2000	260,000	104,000	-0-	-0-	65,
	1999	220,833	132,500	-0-	-0-	95,
William L. Abernathy, Executive Vice President and Chief Operating Officer	2001	252,000	-0-	-0-	-0-	40,
	2000	208,000	83,200	-0-	-0-	65,
	1999	178,417	107,050	-0-	-0-	80,
William E. Dozier, Senior Vice President- Operations	2001	202,000	-0-	-0-	-0-	30,
	2000	192,400	57,720	-0-	-0-	40,
	1999	167,500	67,000	-0-	-0-	65,
Larry W. Sheppard, Vice President- New Ventures	2001	198,500	-0-	-0-	-0-	25,
	2000	189,000	56,700	-0-	-0-	40,
	1999	157,833	63,133	-0-	-0-	55,

- (1) Represents bonuses awarded under the Company's Discretionary Performance Bonus Program. For additional information regarding this Program, see "Report on Executive Compensation - Discretionary Performance Bonus Program."
- (2) Does not include the value of perquisites and other personal benefits because the aggregate amount of such compensation, if any, does not exceed the lesser of \$50,000 or 10 percent of the total amount of annual salary and bonus for any named individual.
- (3) Consists solely of options to acquire shares of Common Stock at exercise prices equal to fair market value on the date of grant.
- (4) Represents Company contributions to the 401(k) Plan.
- (5) During 1999, Mr. Stephenson was entitled to receive an annual base salary of \$100,000 pursuant to his employment agreement with the Company. He has waived this right to receive any unpaid portion of base salary for 1999.

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Option/SAR Grants In Last Fiscal Year

The following table sets forth certain information with respect to options granted to the named executive officers of the Company during fiscal 2001. The Company has never granted any stock appreciation rights.

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Individual Grants

Name	Number of Securities Underlying Options/SARs Granted (#) (1)	% of Total Options/SARs Granted to Employees in Fiscal Year	Exercise or Base Price (\$/Sh) (2)	Expiration Date	Potential Realizable Value at Assumed Appreciation of Stock for Options 5% (\$)
Charles C. Stephenson, Jr.	-0-	-0-	-0-	-0-	-0-
S. Craig George	60,000 (4)	5.2	21.8125	1/7/11	823,066
William C. Barnes	40,000 (4)	3.5	21.8125	1/7/11	548,711
William L. Abernathy	40,000 (4)	3.5	21.8125	1/7/11	548,711
William E. Dozier	30,000 (4)	2.6	21.8125	1/7/11	411,533
Larry W. Sheppard	25,000 (4)	2.2	21.8125	1/7/11	342,944

- (1) Consists solely of options to acquire shares of Common Stock. The options were granted for a term of 10 years, subject to earlier termination in certain events related to termination of employment. Under the terms of the Company's 1990 Stock Plan, the Compensation Committee retains discretion, subject to plan limits, to modify the terms of the options and to reprice the options. The Company, however, has never repriced options previously granted. In the event of a Change in Control, as defined in the Company's 1990 Stock Plan, the options become fully exercisable immediately.
- (2) The exercise price of the options is equal to the fair market value of the Common Stock on the date of grant.
- (3) Potential realizable value illustrates the value that might be realized upon exercise of the options immediately prior to the expiration of their term (10 years from the date of grant), assuming that the Common Stock appreciates in value from the date of grant to the end of the option term at rates of 5% and 10%, respectively, compounded annually.
- (4) These options become exercisable in full on January 8, 2004. The option exercise price may be paid in cash, by delivery of already-owned shares, or a combination thereof, or, at the discretion of the Compensation Committee, by a promissory note. Tax withholding obligations, if any, related to exercise may be paid by offset of the underlying shares, subject to certain conditions.

Aggregated Option/SAR Exercises In Last Fiscal Year and FY-End Option/SAR Values

The following table sets forth certain information with respect to options exercised by the named executive officers of the Company during fiscal 2001, and the number and value of unexercised options held by such executive officers at the end of the fiscal year. The Company has never granted any stock appreciation rights.

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Name	Acquired on Exercise (#)	Value Realized (\$)(1)	Underlying Unexercised Options/SARs at FY-End(#)		Option Exercisa
			Exercisable	Unexercisable	
Charles C. Stephenson, Jr.	-0-	-0-	-0-	-0-	-0-
S. Craig George	55,000	795,781	484,070	259,950	1,555,4
William C. Barnes	70,000	1,065,225	405,050	204,950	1,405,7
William L. Abernathy	-0-	-0-	349,604	189,950	1,274,9
William E. Dozier	-0-	-0-	245,850	139,950	723,4
Larry W. Sheppard	-0-	-0-	190,050	124,950	402,3

- (1) Market value of the underlying securities at exercise date or fiscal year-end, as the case may be, minus the option exercise price.
- (2) The closing price for the Common Stock on the New York Stock Exchange on December 31, 2001, the last trading day of the fiscal year, was \$14.45.

Employment Agreements and Change  
in Control Arrangements

The Company has an employment agreement with one of the named executive officers of the Company.

On January 7, 1987, the Company entered into an employment agreement with Mr. Stephenson, now Chairman of the Board of the Company. The agreement provides for (a) an annual base salary of \$100,000, subject to review and adjustment (upwards only) by the Board of Directors, and (b) such other compensation and benefits as determined by the Board of Directors. The initial term of the agreement extended through December 31, 1991, and is automatically extended for additional periods of one year until terminated by either the employee or the Company. The agreement further provides that in the event of termination of the employee's employment prior to expiration of the term of such agreement (a) by the Company for any reason other than death, disability, cause or the employee's material breach of such agreement, or (b) by the employee as a result of a material breach of such agreement by the Company, the employee will be entitled to receive his base salary and other compensation and benefits to which he is entitled for the balance of such term.

All outstanding awards under the Vintage Petroleum, Inc. 1990 Stock Plan, regardless of any limitations or restrictions, become fully exercisable and free of all restrictions, in the event of a Change in Control of the Company, as defined in such Plan. In such event, with certain exceptions, participants will receive cash payments equal to the value of their outstanding awards based on the "change of control price" as defined in such Plan.

Report on Executive Compensation

The Compensation Committee of the Board of Directors administers the Company's executive compensation program, except that the Board of Directors is generally responsible for administering the Company's 1990 Stock Plan with respect to the executive officers of the Company. During 2001, the Committee was comprised of the two outside directors of the Company (Messrs. Lawrence and McNabb) and the Chairman of the Board of Directors of the Company (Mr. Stephenson). All decisions of the Committee relating to the compensation of the executive officers of the Company are reviewed by the full Board of Directors.

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Overall Executive Compensation Policy. The overall policy of the Company's executive compensation program is to attract, retain and reward executives who are capable of leading the Company in achieving its business objectives and strategies in a highly competitive industry. The executive compensation program basically consists of three elements: salary, stock options, and, beginning in 1999, a discretionary bonus program tied to annual financial and operating performance targets.

Section 162(m) of the Internal Revenue Code of 1986, as amended, provides that no publicly-held company shall be permitted to deduct from its income taxes compensation exceeding \$1 million paid to its chief executive officer or any of its four other highest paid executive officers unless (a) the compensation is payable solely on account of the attainment of performance goals, (b) the performance goals are determined by a compensation committee of two or more outside directors, (c) the material terms under which the compensation is paid are disclosed to and approved by the stockholders, and (d) the compensation committee certifies that the performance goals were met. Neither the Committee nor the Company expects this Section to have an impact, or result in the loss of a material deduction, with respect to compensation paid to such executive officers, including stock options granted to such executive officers.

Salary. The Committee reviews each executive officer's salary annually. The employment agreement of one of the executive officers of the Company sets a minimum salary level for such officer. The Committee believes there is necessarily some subjectivity in setting the salaries of the Company's executive officers and does not follow specific objective performance criteria when setting such salaries. In determining appropriate salary levels for 2001, the Committee primarily considered the individual's past performance, the past performance of the Company and the individual's contribution to that performance. The Committee also considered the executive's level and scope of responsibility, experience, internal equity of the Company's executive compensation program, and the compensation practices of other companies in the oil and gas industry for executives of similar responsibility.

Discretionary Performance Bonus Program. The Board of Directors has adopted the Vintage Petroleum, Inc. Discretionary Performance Bonus Program. The purpose of this Program is to enhance stockholder value by providing eligible employees of the Company, including executive officers, with an added incentive to achieve specific annual Company targets and goals. This Program also allows the Company to remain competitive with its peers in attracting and retaining qualified personnel. The targets and goals are approved by the Board of Directors and are intended to be aligned with the Company's mission so that bonus payments are made only if stockholder interests are advanced. In 2001, the Company's executive officers and all other U.S. employees were eligible for cash incentive awards under this Program. Each executive officer of the Company was eligible to earn an individual award expressed as a percentage of base salary paid during the Program year. Executive officer incentive award opportunities varied by level of responsibility. There was no minimum incentive award. The maximum percentage of base salary payable as an incentive award was 40% or 60%, depending on the executive officer's position. Total bonus awards to all eligible employees for a given Program year may not exceed 5% of net income of the Company. Awards may be granted if specified financial and operating performance targets are achieved and/or the Board of Directors determines to grant such bonuses. During 2001, financial and operating performance targets were based on the Company's production, reserves, finding costs, lease operating costs, general and administrative costs, year-end net debt to book capitalization ratio and year-end stock price. The Company reported strong financial results for 2001 and set new highs for proved reserves and production; however, a significant portion of the 2001 targets were not met and the Board of Directors determined that no bonuses would be granted for 2001. Once granted, the bonuses to executive officers are generally payable over a two and one

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half-year period and are subject to forfeiture under certain circumstances. Such bonus payments may also be postponed under certain circumstances.

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Stock Options. The Board of Directors relies heavily upon stock options to compensate the executive officers of the Company. The Board of Directors believes that stock options encourage and reward effective management that results in long-term corporate financial success, as measured by stock price appreciation. Options granted by the Board of Directors are subject to a vesting schedule and in most instances are not exercisable until after three years from the date of grant. In addition, the exercise price of options granted by the Board of Directors equals the fair market value of the Common Stock on the date of grant. The Board of Directors believes that granting options in this manner aligns the interests of the Company's executives with those of the Company's stockholders since the value of an option bears a direct relationship to the Company's stock price.

Options granted to executive officers during 2001 were based on the subjective evaluation of the executive's ability to influence the Company's long-term growth and profitability and to reward outstanding past individual performance and contributions to the Company.

CEO Compensation. During 2001, Mr. George served as President and Chief Executive Officer of the Company. His base salary for 2001 and options granted to him during 2001 were determined in the same manner utilized by the Committee and the Board of Directors when determining salaries and option grants for the Company's other executive officers as described above. During 2001, no bonuses were granted under the Discretionary Performance Bonus Program described above. Under this Program, the maximum amount that Mr. George may earn is 60% of his base salary.

### Board of Directors

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William L. Abernathy  
William C. Barnes  
S. Craig George  
Bryan H. Lawrence  
Joseph D. Mahaffey  
John T. McNabb, II  
Charles C. Stephenson, Jr.

### Compensation Committee

-----

Bryan H. Lawrence  
John T. McNabb, II  
Charles C. Stephenson, Jr.

The Report on Executive Compensation shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

### Compensation Committee Interlocks and Insider Participation

During 2001, Charles C. Stephenson, Jr., an executive officer of the Company, was a member of the Compensation Committee and participated in deliberations concerning executive officer compensation. The other two members of the Compensation Committee during 2001 were outside directors of the Company, Bryan H. Lawrence and John T. McNabb, II.

Mr. Stephenson is a director of Growth Capital Partners, Inc. and GCP Securities, Inc. Mr. McNabb is an executive officer of these entities.

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## Performance Graph

The following graph compares the yearly percentage change in the cumulative total stockholder return on the Company's Common Stock during the period commencing January 1, 1997, and ending on December 31, 2001, with the cumulative total return on the S&P 500 Index and an index of peer companies (weighted by market capitalization) selected by the Company. Companies in the peer group are as follows: Apache Corporation, Cabot Oil & Gas Corporation, Cross Timbers Oil Company, Devon Energy Corporation, Forest Oil Corporation, Noble Affiliates, Inc., Nuevo Energy Company, Ocean Energy, Inc., Pioneer Natural Resources Company and Pogo Producing Company. Barrett Resources Corporation no longer appears in the peer group because it was acquired by The Williams Companies, Inc. The comparison assumes \$100 was invested on December 31, 1996, in the Company's Common Stock and in each of the foregoing indices and assumes reinvestment of dividends.

## [PERFORMANCE GRAPH]

	1996	1997	1998	1999	2000	2001
VINTAGE	\$100	\$111	\$ 51	\$ 71	\$127	\$ 86
S & P 500	\$100	\$133	\$171	\$208	\$189	\$166
PEER GROUP	\$100	\$ 87	\$ 49	\$ 60	\$120	\$ 96

Source: S&P Compustat Services, Inc.

The above performance graph shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

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## REPORT OF THE AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board of Directors in its oversight of the Company's financial reporting process. In the performance of its oversight function, the Audit Committee has reviewed and discussed with management the Company's audited financial statements as of and for the year ended December 31, 2001.

The Audit Committee has also discussed with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as amended, by the Auditing Standards Board of the American Institute of Certified Public Accountants.

Finally, the Audit Committee has received and reviewed the written disclosures and the letter from the independent auditors required by Independence Standard No. 1, Independence Discussions with Audit Committees, as amended, by the Independence Standards Board, and has discussed with the auditors the auditors' independence.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of



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accounting or auditing, including in respect of auditor independence. Members of the Audit Committee rely without independent verification on the information provided to them and on the representations made by management and the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal control and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not assure that the audit of the Company's financial statements has been carried out in accordance with generally accepted auditing standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Company's auditors are in fact "independent."

Based on the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Audit Committee referred to above and in the Audit Committee Charter, the Audit Committee recommended to the Board of Directors that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

Audit Committee  
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Bryan H. Lawrence  
Joseph D. Mahaffey  
John T. McNabb, II

The Report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.

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### CERTAIN TRANSACTIONS

Since January 1, 2001, certain executive officers of the Company have been indebted to the Company in amounts in excess of \$60,000 under various notes. The following table sets forth, as to the persons shown, the largest amounts of their indebtedness outstanding during such period and the interest rates, maturity dates and the outstanding balances of such indebtedness as of March 15, 2002:

Name	Largest Amount of Indebtedness (1) (2)	Range of Maturity Dates of Notes	Outstanding Balance at March 15, 2002 (1) (2)
-----	-----	-----	-----
S. Craig George.....	\$ 547,272	8/11/03	\$ 547,272
William C. Barnes.....	861,053	5/18/02 to 9/14/03	576,156
William L. Abernathy.....	1,529,421	7/10/02 to 10/19/03	1,529,421
William E. Dozier.....	507,737	7/27/02	507,737
Michael F. Meimerstorf.....	284,098	8/12/03	284,098
Robert E. Phaneuf.....	120,008	8/11/02	120,008
Martin L. Thalcken.....	386,571	2/3/03	386,571
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- (1) This indebtedness was incurred to fund the purchase of shares of Common Stock upon exercise of options under the Company's Stock Option Plans and is secured by shares of Common Stock.
- (2) This indebtedness bears interest at Mellon Bank, N.A. prime rate.

### SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires the Company's directors and executive officers, and persons who own more than 10 percent of the Common Stock, to report their initial ownership of the Common Stock and any subsequent changes in that ownership to the SEC and the New York Stock Exchange, and to furnish the Company with a copy of each such report. SEC regulations impose specific due dates for such reports, and the Company is required to disclose in this Proxy Statement any failure to file by these dates during and with respect to fiscal 2001.

To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company and written representations that no other reports were required, during and with respect to fiscal 2001, all Section 16(a) filing requirements applicable to its officers, directors and more than 10 percent stockholders were complied with, except that Robert W. Cox, an officer of the Company, inadvertently reported late by one month one transaction relating to the sale of 5,000 shares of Common Stock.

### OTHER MATTERS

#### Matters Which May Come Before the Annual Meeting

The Board of Directors knows of no matters other than those described in this Proxy Statement which will be brought before the Annual Meeting for a vote of the stockholders. If any other matter properly comes before the Annual Meeting for a stockholder's vote, the persons named in the accompanying proxy will vote thereon in accordance with their best judgment. The Company's By-laws require that for business to be properly brought before a meeting of stockholders by a stockholder, notice must be received by the Secretary

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of the Company not less than 45 nor more than 90 days before the meeting. The notice must contain a brief description of the business proposed to be brought before the meeting.

#### Proposals of Stockholders

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, proposals of stockholders intended to be presented at the Company's 2003 Annual Meeting of Stockholders must be received at the principal executive offices of the Company, 110 West Seventh Street, Tulsa, Oklahoma 74119, on or before December 2, 2002, to be considered for inclusion in the Company's proxy statement and accompanying proxy for that meeting.

In accordance with the Company's By-laws, any stockholder who intends to present a proposal at the Company's 2003 Annual Meeting of Stockholders and has not sought inclusion of the proposal in the Company's proxy statement and accompanying proxy pursuant to Rule 14a-8, must provide the Company with notice of such proposal no later than March 29, 2003, in order for such proposal to be properly brought before the meeting.

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By Order of the Board of Directors,

William C. Barnes  
Secretary

April 1, 2002  
Tulsa, Oklahoma

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VINTAGE PETROLEUM, INC.

[Logo]

This Proxy is Solicited on Behalf of the Board of Directors  
for the Annual Meeting of Stockholders to be held May 14, 2002

The undersigned hereby appoints Charles C. Stephenson, Jr., S. Craig George and William C. Barnes, and each of them, with full power of substitution, as proxies to represent and vote all of the shares of Common Stock the undersigned is entitled to vote at the Annual Meeting of Stockholders of Vintage Petroleum, Inc. to be held on the 14th day of May, 2002, at 10:00 a.m., local time, in the Tulsa Room on the 9th Floor, Bank of Oklahoma Tower, One Williams Center, Tulsa, Oklahoma, and at any and all adjournments thereof, on all matters coming before said meeting.

PLEASE MARK, SIGN AND DATE THE PROXY ON THE OTHER SIDE  
AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

(continued on other side)

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FOLD AND DETACH HERE

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED "FOR" PROPOSAL 1.

THE BOARD RECOMMENDS A VOTE FOR ITEM 1.

1. Election of Directors.

FOR  
all nominees listed to the right (except as marked to the contrary in the space provided).

WITHHOLD  
AUTHORITY  
to vote for all  
nominees listed  
to the right.

Nominees: 01 S. Craig George, 02 Charles C. S Mahaffey as Class III Directors.

INSTRUCTIONS: To withhold authority to vote write that nominee's name in the space provided

[ ]

[ ]

2. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at any and all adjournments thereof.

-----  
Signature

-----  
Signature if held jointly

Dated: \_\_\_\_\_

Please sign exactly as name appears herein, d  
shares are held by joint tenants, both must s  
executor, administrator, trustee or guardian,  
such. If a corporation, please sign in full c  
authorized officer and give title of officer.  
in partnership name by authorized person and  
person signing.

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FOLD AND DETACH HERE

Vote by Internet or Telephone or Mail  
24 Hours a Day, 7 Days a Week

Internet and telephone voting is available through 4PM Eastern Time  
the business day prior to annual meeting day.

Your telephone or Internet vote authorizes the named proxies to vote your shares in  
manner as if you marked, signed and returned your proxy card.

Internet  
<http://www.eproxy.com/vpi>

OR

Telephone  
1-800-435-6710

OR

Use the Internet to vote your proxy.  
Have your proxy card in hand when  
you access the web site. You will be  
prompted to enter your control  
number, located in the box below, to  
create and submit an electronic ballot.

Use any touch-tone telephone to  
vote your proxy. Have your proxy  
card in hand when you call. You will  
be prompted to enter your control  
number, located in the box below,  
and then follow the directions given.

If you vote your proxy by Internet or by telephone,  
you do NOT need to mail back your proxy card.