

David G. Ownby, Director, LECG

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Summary

David Ownby is a director in the petroleum and chemical industry services practice of LECG, in Houston. During his 38-year career in the oil and gas industry, Mr. Ownby has had senior level responsibility for downstream-refined products supply, distribution, and marketing. With in-depth knowledge of oil and gas marketing, trading and processing, and front and back-office management systems, he has successfully started companies to gather and trade crude oil, refined products, NGLs, natural gas, and coal. His skills include project development management, litigation support, and testimony on FERC regulatory matters. Mr. Ownby was the principal co-founder of *Chalkboard*, the energy industry's first electronic trading platform for crude, refined products, and natural gas liquids (NGLs).

From 2004 to 2006, Mr. Ownby was a managing director for FTI Consulting/Lexecon providing expert witness services, energy consulting and trustee services, and mergers and acquisitions (M&A) expertise in the downstream energy sector.

From 1990 through 2003, Mr. Ownby owned and operated Ownby & Associates, The Ownby Companies and Ownby Energy Inc. all boutique hands-on energy consulting and marketing firms that specialized in providing services to large and small energy firms to support negotiation of energy contracts, market analysis, master limited partnership strategy, business development, mergers and acquisitions, energy risk management, financial analysis, energy trading, electronic trading platforms and strategy, fuels management and acquisitions, retail marketing, petroleum management systems, and energy sector development. These companies also provided expert witness services and litigation support to both law and energy firms.

The Ownby Companies managed and negotiated crude oil and gas contracts for Coho Resources production sales in Oklahoma, Mississippi and Louisiana as well as assisted in evaluation of acquisitions of reserves. Coho Resources, a public company, was the largest independent producer in Mississippi and one the largest in Oklahoma. Mr. Ownby provided crude oil trading and marketing services to Adams & Affiliates and Birdcreek Resources, a crude producer in Oklahoma, Texas, and New Mexico, throughout the 1990's.

In the mid 1990's Mr. Ownby was the chairman of the board and owner partner of VOG Energy Inc, which with an agreement with The Williams Companies developed *Chalkboard* the first online electronic trading system for Crude Oil, Refined Products, and NGL's. The *Chalkboard* platform was the standard in the industry for the electronic physical and paper trading of propane and NGL's and is now part of the *ICE* Intercontinental Exchange energy electronic trading platform.

Mr. Ownby began his career in 1971 with Texaco Inc. in retail gasoline marketing in Houston, Texas. At the outset of the Arab embargo in 1974, he moved to OKC Corp., a small refiner, and was responsible for crude and product supply as well as federal regulations compliance. As vice president of marketing, Mr.

Ownby was responsible for all sales, purchases and exchanges of refined products and acquisitions of feedstock for the refinery. He was additionally responsible for all scheduling, exchange accounting, preparation and analysis of monthly DOE forms, and commercial allocation of the refinery's production.

Upon leaving OKC Corp. in 1978, he became executive vice president of Petroleum Trading & Transport, then the largest and oldest reseller and wholesaler of fuels in the mid-continent area. He had senior management responsibility for all trading, purchases & exchanges, futures & hedging, scheduling and distribution, legal, financial and credit analysis, data processing, new accounts, and acquisitions including all banking relationships and negotiations. He had profit and loss responsibility for marketing and was successful in reaching a goal of one billion dollars in wholesale sales.

Mr. Ownby was also a partner in Saddleback Oil and Vance Private Drilling Company in Tulsa Oklahoma in the early 1980's which both successfully drilled and explored for oil & gas in Oklahoma and Texas. In the early 1980's Mr. Ownby was also a partner in Resource System Company, small private oil & gas well logging services company.

Mr. Ownby joined Enron Oil Trading & Transportation in 1987 as vice president of refined fuels. He started the refined product trading and wholesale marketing operations for the US and worldwide. His responsibilities included trading, negotiating long and short term supply and exchange agreements, management of the refined products physical and futures trading desk and the traders with offices in Houston, West Coast, East Coast, Europe, and Far East, the wholesale marketing business, crude processing arrangements on Gulf Coast, terminal and storage acquisitions, and starting Enron's first alternate fuels division Enron Marketing Company.

Education

Bachelor of Commerce Rice University 1971

Professional Experience

Merger and Acquisition Services

- Evaluated petroleum marketing assets for business growth.
- Provided extensive bid analysis and marketing strategies on major purchases for master limited partnerships (MLPs).
- Provided asset management services that focus on long-term growth to MLPs.

Marketing and Trading Services—Crude Oil and Refined Products

- Refinery Crude Oil Supply: Set up and managed purchasing and transportation operations for refinery crude oil supply.
- Crude oil gathering: Owned Ownby and Associates a crude oil gathering company to market crude from the wellhead, including benchmarking and quality controls. Negotiated and managed agreements to relocate crude from the wellhead to the first purchaser—or further downstream when in best interest of producer.
- Crude Oil Marketing: Provided crude oil marketing sales services for crude exploration and production companies in negotiations of sales contracts.

- Refined Product Supply: Managed refined product supply, distribution, and trading operations for a refiner.
- Wholesale marketing: Set up nationwide operations for distributing refined products into selected wholesale markets using common carrier major pipelines and local terminals.
- Retail Marketing: Set up and managed operations and business plan for retail gasoline marketing.
- Alternative Fuels: Established alternative fuels marketing company to sell to utilities, cogeneration companies, commercial accounts, and end-users in 40 states. (Enron Product Marketing Company).
- Trading Companies: Developed trading policy, authority levels and risk management system for domestic and international trading.
- Market Studies: Provided domestic and international studies on world crude oil production, transportation, and marketing.
- Refinery Off-take Agreement – Provided consulting services and negotiation support and analysis for large independent refinery in Midwest on renegotiation of long-term off-take agreement with major oil company.
- Provided consulting services for wholesale-refined products marketing and terminal study for selected new markets for major gasoline and diesel reseller, refiner in US.
- Co-Authored Oil-Primer *Understanding Today's Crude Oil and Products Markets* undertaken by the American Petroleum Institute (API).
- Provided strategic consulting study, analysis and introductions for a major Japanese conglomerate on possible mergers and acquisitions of US downstream energy assets.

Fuels Management

- Accounting Support: Managed supply accounting and inventory reconciliation support operations.
- Processing and Hedging: Managed processing and hedging operations for refined products, crude oil and LPG operations with conventional or NYMEX financial tools and techniques.
- Contract Negotiation: Used extensive supply chain operations experience for contract negotiations with the majors, large national independents, and regional oil companies to provide long term supply management supported by day-to-day spot market trading for inventory balance.
- Petroleum Purchasing: Provided purchasing and hedging cost control strategies (cement industry, convenience-stores, wholesale jobbers, and distributors).

Information Systems and Software Development

- Pricing: Developed Internet marketing model that compiled daily rack prices for *Downstream Energy's* pricing strategy services.
- E-trading: Evaluated international electronic trading platforms for petroleum products marketing for *Red Meteor.com*.

- Entrepreneur: Co-Founded and designed *Chalkboard*, a joint venture with the Williams Companies, the energy industry's first electronic trading platform for crude oil, refined products and NGLs.
- Coral Petroleum/Shell. Developed short and long term electronic trading strategies for energy commodities.

Trustee Services

- Appointed as trustee to carry out FTC mandated orders to which multimillion dollar asset acquisitions/sales are subject, e.g., Shell/Magellan Oklahoma City Terminal *Held Separate* order.
- Provided mediation services that enabled compliance with federal agency orders by assuring that terms needed for a divestiture approval were met by the respondents named in the order.

Litigation Support and Expert Testimony

- *Hudson Oil Refining v. Bear Stearns*. Expert testimony support on refinery economics. (Glast, Phillips, and Murry).
- *OKC Corp v. Department of Energy* Provided Grand Jury testimony for the Department of Justice.
- *Oxy v. DOE*. Testimony support on industry standards for old / new crude oil claims.
- *Williams Companies and Sante Fe Pipeline*. Testimony support to Federal Energy Regulatory Commission that supported market-based pipeline rates.
- *North Sea Platform Case*. Expert support for a venue change from Great Britain to the United States.
- *Class Action Complaint for Equitable Relief and Damages Litigation*. Advised law firm on industry standard operations practices for royalty evaluation disputes.
- *Board of School Commissioners of Mobile County vs. Union Oil Company of California et al. US District Court for Southern Texas, 1998, Civil Action No. 98-0103-RV-C*. Testimony and litigation support to law firm that represented Unocal (Armbrrecht, Jackson, DeMouy, Crowe, Holmes and Reeves, LLC).
- *Federal Trade Commission vs. Paul Foster and Western Refining and Giant Industries, Inc.* Provided Expert Report and testimony for FTC on merger.
- *US Commodity Futures Trading Commission v. BP Products North America, Inc* Provided expert services for BP in settlement.
- *BP Products North America, Inc Propane Direct Purchaser Antitrust Litigation* Provided expert consulting services toward settlement.
- *Turner Gas Company v Mark Harris, an individual; Services Group, Inc; Kamps Company; Kamp's Propane, Inc.; Wholesale Services, Inc, and Kiva Energy, Inc., corporations*. Provided expert report pertaining to the wholesale propane industry.
- *Provided valuation services in a matter concerning the expropriation of oil assets to a major integrated US oil company.*

Publication

- *Understanding Today's Crude Oil and Product Markets* (Copyright 2006 Undertaken by API) [coauthored, 27 pages].