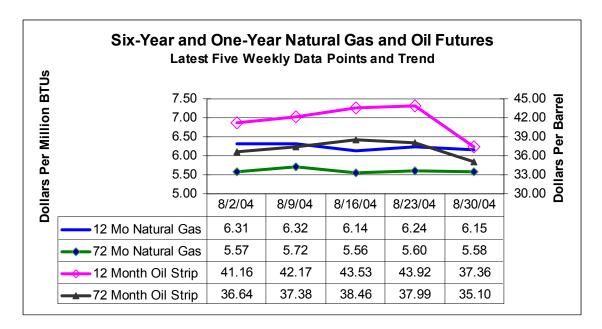
Natural Gas Arbitrage

Summary and Recommendation

Natural gas price has underperformed relative to oil for most of the past year. The long term trend is for natural gas price to gain relative to oil because it is a cleaner fuel among other factors. A temporarily low spot price for natural gas reflects in part a cool summer with less gas-generated electricity for air conditioning. Our buy recommendations most sensitive to natural gas include **XTO Energy (XTO)**, **Cimarex (XEC)**, **Encana (ECA)** and **Burlington Resources (BR)**. Oil and gas quotes for delivery over the next six years and one-year remain well above the 40-week average. The one-year refining crack has lost much of its meaning because we lack public gasoline quotes beyond March 2005.



Question: Is the large discount of oil equivalency for natural gas reflected in your numbers for Burlington Resources, or should one attach a lower McDep ratio than you present to allow for this? It appears that natural gas sells at about a 30% discount as an equivalent, if my calculation is correct.

Answer: Yes, but maybe it could be worth more. In my BR analysis of July 23 I say that present value reflects a rising price of natural gas relative to oil, but I do not show much detail for the calculation. I also say that present value corresponds to \$35 oil. As I complete more updated analyses of other companies I widen that range to \$30 to \$35.

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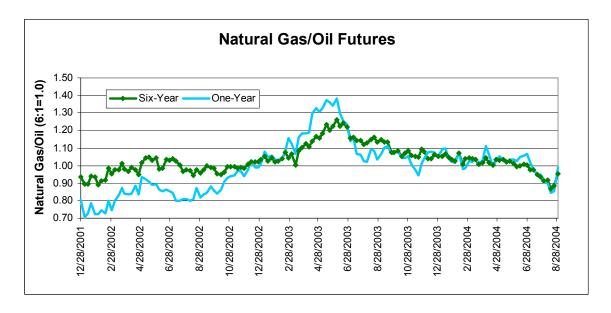
1

A Weekly Analysis of Energy Stocks Using the McDep Ratio August 31, 2004

Equivalence can be in the eye of the beholder depending on location and alternative fuel. I consider the latest spot price near \$5 for natural gas at the Henry Hub in Louisiana to be equivalent to \$30 oil. Compared to a spot oil quote of \$42 the discount is about 30%. The January price for gas is about \$6.80 compared to oil at \$41. That puts natural gas at the oil equivalent in the peak winter month.

The cool summer has allowed utilities to meet their schedule for storing natural gas for peak winter needs. Diminished immediate urgency for natural gas has combined with a strong trend in oil price to depress the ratio of natural gas price to oil price.

Six-year futures recently bounced back from more than a ten percent discount for gas to near par. That shows in a plot of natural gas price compared to oil price (see chart Natural Gas/Oil Futures).



Refining Crack Cracks 40-Week Average

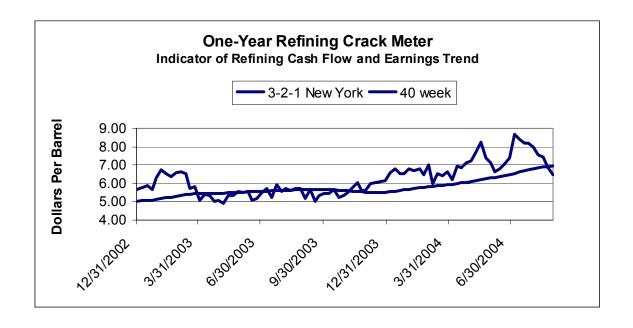
The unusually strong trend in expected future margin, the one-year refining crack, has softened (see chart One-Year Refining Crack Meter). While of little consequence to natural gas producers, the trend is important for Mega Caps and Producer/Refiners. Breaking the 40-week average can be a sign of a change in trend. Yet our indicator is not as complete as we wish. Public quotes of gasoline futures have not been extended yet past March 2005. As a result the indicator may now have a seasonal bias when we estimate the all-important summer gasoline price at the March 2005 futures level. Since U.S. refiners make most of their money in the summer quarters, a bias in the indicator to the winter quarters may understate likely expectations. As a result, we can use the futures as an indicator of margins for the winter quarters, but not for the full year ahead.

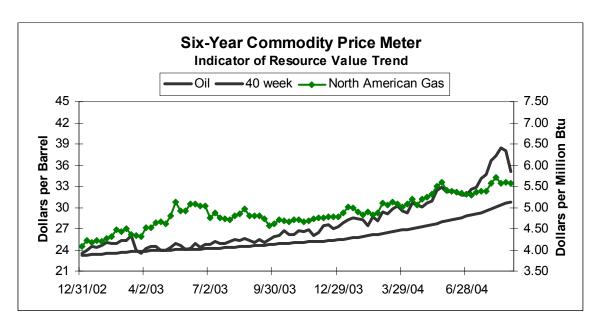
Kurt H. Wulff, CFA

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A Weekly Analysis of Energy Stocks Using the McDep Ratio August 31, 2004





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A Weekly Analysis of Energy Stocks Using the McDep Ratio August 31, 2004

Rated Oil and Gas Producers Rank by McDep Ratio: Market Cap and Debt to Present Value

			Price			Net		
			(\$/sh)		Market	Present	Debt/	
	Symbol/		30-Aug	Shares	Cap	Value	Present	McDep
	ŀ	Rating	2004	(mm)	(\$mm)	(\$/sh)	Value	Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	В3	45.13	6,547	296,000	43.00	0.08	1.05
BP plc	BP	В3	53.26	3,651	195,000	60.00	0.13	0.90
Total S.A.	TOT	В3	96.93	1,237	119,900	113.00	0.16	0.88
Shell Transport and Trading Co. plc	SC	В3	43.68	1,587	69,000	51.20	0.17	0.88
Royal Dutch Petroleum	RD	B1	50.18	2,031	102,000	60.00	0.17	0.86
ChevronTexaco Corporation	CVX	B1	95.50	1,065	101,700	125.00	0.14	0.80
Total or Median					884,000		0.15	0.88
Producer/Refiners - Large Cap and	l Mid Cap)						
Kinder Morgan, Inc.	KMI	S2	60.15	125	7,520	20.00	0.73	1.54
Marathon Oil Corporation	MRO	B3	35.42	346	12,260	41.00	0.30	0.90
Imperial Oil Limited (30%)	IMO	В3	46.28	108	4,980	52.00	0.10	0.90
Suncor Energy	SU	В3	27.80	460	12,790	38.00	0.13	0.77
ConocoPhillips	COP	B1	73.18	687	50,300	110.00	0.27	0.76
Norsk Hydro ASA	NHY	B1	62.84	256	16,060	90.00	0.16	0.75
Petro-Canada	PCZ	B3	46.11	266	12,270	68.00	0.14	0.72
PetroChina Company Ltd (10%)	PTR	B2	50.23	176	8,830	88.00	0.07	0.60
Lukoil Oil Company	LUKOY	B2	117.25	210	25,000	208.00	0.05	0.58
Total or Median					150,000		0.14	0.76
Independent Natural Gas and Oil -	Large Ca	p and	Mid Cap					
CNOOC Limited (19%)	CEO	B2	46.52	78	3,640	55.00	-	0.85
XTO Energy Inc.	XTO	B1	27.53	271	7,460	38.00	0.21	0.78
Unocal Corporation	UCL	В3	37.30	278	10,400	54.00	0.25	0.77
Occidental Petroleum Corp.	OXY	B3	50.92	399	20,300	75.00	0.19	0.74
Encana Corporation	ECA	B1	40.46	471	19,000	63.00	0.25	0.73
Anadarko Petroleum Corp.	APC	B1	58.54	254	14,900	94.00	0.21	0.70
Devon Energy Corporation	DVN	В3	64.28	249	16,000	110.00	0.24	0.68
Burlington Resources	BR	B1	35.80	397	14,200	58.00	0.14	0.67
Total or Median					106,000		0.21	0.74
Independent Natural Gas and Oil -	Small Ca	p						
Cimarex Energy Company	XEC	B2	30.15	43	1,290	38.00	0.00	0.80
Energy Partners Ltd.	EPL	В3	14.81	38	570	22.00	0.14	0.72
Berry Petroleum Company	BRY	B2	29.85	22	670	43.00	0.06	0.71
Encore Acquisition Company	EAC	B2	28.02	31	860	47.00	0.18	0.67
Total or Median					3,400		0.10	0.72
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S3	43.95	145	6,370	15.00	0.49	1.99
Kinder Morgan Management, LLC	KMR	S3	38.33	52	2,010	15.00	0.49	1.79
San Juan Basin Royalty Trust	SJT	Н	27.13	47	1,260	22.00	-	1.23
Canadian Oil Sands Trust (US\$)	COSWF	B1	37.66	92	3,460	62.00	0.19	0.68
Total or Median					13,100		0.34	1.51

B1 = Buy full unlevered position, B2 = Buy half unlevered position, B3 = Alternative buy

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S2 = Short half unlevered position, S3 = Short quarter unlevered position

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

A Weekly Analysis of Energy Stocks Using the McDep Ratio August 31, 2004

Rated Oil and Gas Producers
Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

Mega Cap				Price	Adjstd				Divd or	
Mega Cap				(\$/sh)	Resrvs/	PV/	EV/		Distrib	
Exon Mobil Corporation XOM B3 45.13 11.1 6.7 7.0 13 2.4		Symbol/		30-Aug	Prod	Ebitda	Ebitda	P/E	NTM	
Exxon Mobil Corporation XOM B3 45.13 11.1 6.7 7.0 13 2.4 BP plc BP B3 53.26 9.7 7.2 6.5 13 3.2 Total S.A. TOT B3 96.93 9.1 7.2 6.3 11 2.9 Shell Transport and Trading Co. plc SC B3 43.68 8.2 6.0 5.2 10 4.2 Royal Dutch Petroleum RD B1 50.18 8.2 6.0 5.1 10 4.3 Royal Dutch Petroleum CVX B1 95.50 10.9 6.0 6.4 8 8 3.4 Meditar VIX VI		Rating		2004	NTM	NTM	NTM	NTM	(%)	
BP plc										
Total S.A.	Exxon Mobil Corporation	_	В3	45.13			7.0	13		
Shell Transport and Trading Co. plc SC B3 43.68 8.2 6.0 5.2 10 4.2	BP plc	BP	В3					13		
Royal Dutch Petroleum		TOT	В3	96.93	9.1			11	2.9	
ChevronTexaco Corporation CVX B1 95.50 10.9 6.0 4.8 8 3.4 Median Median Median Median S S S I1 3.3 S Producer/Refiners - Large Cap and Mid Cap Kinder Morgan, Inc. KMI S2 60.15 8.0 12.4 15 3.7 Suncor Energy SU B3 27.80 18.3 9.1 7.0 17 0.7 Imperial Oil Limited (30%) IMO B3 46.28 10.9 6.7 6.0 11 1.4 Marathon Oil Corporation MRO B3 35.42 7.3 5.7 5.2 10 2.8 ConcoePhillips COP B1 73.18 11.2 6.3 4.7 7 2.4 Norsk Hydro ASA NHY B1 62.84 9.4 5.7 4.3 11 2.5 Entropy Capana PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company Ltd (10%) PTR B2 50.23 13.5 6.9 4.2 8 4.3 Petro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company Lukory B2 117.25 20.0 4.3 2.5 4 2.2 Lukoil Oil Company Lukory B2 12.7 2.0 4.3 2.5 4 2.2 Lukory B2 12.5 20.0 4.3 2.5 4 2.2 Lukory B2 12.5 2.0 4.3 2.5 4 2.2 Lukory B3 50.92 11.1 6.4 4.8 8 2.2 B4 Lucory B4 B4 B4 B4 B4 B4 B4 B		SC	В3	43.68				10		
Mediam 9,4 6.3 5.8 11 3.3 Producer/Refiners - Large Cap and Mid Cap Kinder Morgan, Inc. KMI S2 60.15 8.0 12.4 15 3.7 Suncor Energy SU B3 27.80 18.3 9.1 7.0 17 0.7 Imperial Oil Limited (30%) IMO B3 46.28 10.9 6.7 6.0 11 1.4 Marathon Oil Corporation MRO B3 35.42 7.3 5.7 5.2 10 2.8 ConcocoPhillips COP B1 73.18 11.2 6.3 4.7 7 2.4 Norsk Hydro ASA NHY B1 62.84 9.4 5.7 4.3 11 2.5 Petro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company LuKOY B2 117.25 20.0 4.3 2.5 4 2.2 Petro-Canada		RD	B1	50.18	8.2	6.0	5.1	10	4.3	
Name	ChevronTexaco Corporation	CVX	B1	95.50	10.9	6.0	4.8	8	3.4	
Kinder Morgan, Inc. KMI S2 60.15 S0 12.4 15 3.7	Median				9.4	6.3	5.8	11	3.3	
Suncor Energy	Producer/Refiners - Large Cap and M	id Cap								
Imperial Oil Limited (30%)	Kinder Morgan, Inc.	KMI	S2	60.15		8.0	12.4	15	3.7	
Marathon Oil Corporation MRO B3 35.42 7.3 5.7 5.2 10 2.8 ConocoPhillips COP B1 73.18 11.2 6.3 4.7 7 2.4 Norsk Hydro ASA NHY B1 62.84 9.4 5.7 4.3 11 2.5 Petro-China Company Ltd (10%) PTR B2 50.23 13.5 6.9 4.2 8 4.3 Petro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Median T 7.6 6.3 4.7 10 2.4 Median LuKOY B2 117.25 20.0 4.3 2.5 4 2.2 Median Combined LuKOY B2 46.21 11.0 6.3 4.7 10 2.4 Median <t< td=""><td>Suncor Energy</td><td>SU</td><td>В3</td><td>27.80</td><td>18.3</td><td>9.1</td><td>7.0</td><td>17</td><td>0.7</td></t<>	Suncor Energy	SU	В3	27.80	18.3	9.1	7.0	17	0.7	
ConocoPhillips COP B1 73.18 11.2 6.3 4.7 7 2.4 Norsk Hydro ASA NHY B1 62.84 9.4 5.7 4.3 11 2.5 Petro-China Company Ltd (10%) PTR B2 50.23 13.5 6.9 4.2 8 4.3 Detro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Median LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Median LUKOY B2 11.0 6.3 4.7 10 2.4 Independent Natural Gas and Oil - Large Cap and Mid Cap 11.0 6.3 4.7 10 2.4 Independent Natural Gas and Oil - Large Cap and Mid Cap 2.0 1.0 6.6 5.9 12 0.1 CNOOC Limited (19%) CEO B2 46.52		IMO	В3	46.28	10.9	6.7	6.0	11	1.4	
Norsk Hydro ASA NHY B1 62.84 9.4 5.7 4.3 11 2.5 Petro-China Company Ltd (10%) PTR B2 50.23 13.5 6.9 4.2 8 4.3 Petro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Mediam LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Mediam LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Mediam LUKOY B2 11.0 6.3 4.7 10 2.4 XTO Energy Inc. XTO B1 27.53 11.9 7.6 5.9 12 0.1 XTO Energy Inc. XTO B1 27.53 11.9 7.6 5.9 4.2 2.1 <td cols<="" td=""><td>Marathon Oil Corporation</td><td>MRO</td><td>В3</td><td>35.42</td><td>7.3</td><td>5.7</td><td>5.2</td><td>10</td><td>2.8</td></td>	<td>Marathon Oil Corporation</td> <td>MRO</td> <td>В3</td> <td>35.42</td> <td>7.3</td> <td>5.7</td> <td>5.2</td> <td>10</td> <td>2.8</td>	Marathon Oil Corporation	MRO	В3	35.42	7.3	5.7	5.2	10	2.8
PetroChina Company Ltd (10%)	ConocoPhillips	COP	B1	73.18	11.2	6.3	4.7	7	2.4	
Petro-Canada PCZ B3 46.11 7.7 5.7 4.1 8 1.0 Lukoil Oil Company LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Median ILVKOY B2 117.25 20.0 4.3 2.5 4 2.2 Independent Natural Gas and Oil - Large Cap and Mid Cap XTO Energy Inc. XTO B1 27.53 11.9 7.6 5.9 12 0.1 CNOOC Limited (19%) CEO B2 46.52 10.4 6.7 5.6 11 3.4 Uncal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 <td>Norsk Hydro ASA</td> <td>NHY</td> <td>B1</td> <td>62.84</td> <td>9.4</td> <td>5.7</td> <td>4.3</td> <td>11</td> <td>2.5</td>	Norsk Hydro ASA	NHY	B1	62.84	9.4	5.7	4.3	11	2.5	
Lukoil Oil Company LUKOY B2 117.25 20.0 4.3 2.5 4 2.2 Independent Natural Gas and Oil - Large Cap and Midependent Natural Gas and Oil - Large Cap and Midependent Natural Gas and Oil - Large Cap and Midependent Natural Gas and Oil - Large Cap and Midependent Natural Gas and Oil - Large Cap and Midependent Natural Gas and Oil - Small Cap XTO B1 27.53 11.9 7.6 5.9 12 0.1 CNOOC Limited (19%) CEO B2 46.52 10.4 6.7 5.6 11 3.4 Unocal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation DVN B3 64.28 6.6 5.5 3.8 7	PetroChina Company Ltd (10%)	PTR	B2	50.23	13.5	6.9	4.2	8	4.3	
Median 11.0 6.3 4.7 10 2.4 Independent Natural Gas and Oil - Large Cap and Mid Cap XTO Energy Inc. XTO B1 27.53 11.9 7.6 5.9 12 0.1 CNOOC Limited (19%) CEO B2 46.52 10.4 6.7 5.6 11 3.4 Unocal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7<	Petro-Canada	PCZ	B3	46.11	7.7	5.7	4.1	8	1.0	
National Case	Lukoil Oil Company	LUKOY	B2	117.25	20.0	4.3	2.5	4	2.2	
XTO Energy Inc. XTO B1 27.53 11.9 7.6 5.9 12 0.1 CNOOC Limited (19%) CEO B2 46.52 10.4 6.7 5.6 11 3.4 Unocal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 <td< td=""><td colspan="4">Median</td><td>11.0</td><td>6.3</td><td>4.7</td><td>10</td><td>2.4</td></td<>	Median				11.0	6.3	4.7	10	2.4	
CNOOC Limited (19%) CEO B2 46.52 10.4 6.7 5.6 11 3.4 Unocal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median 10.3 6.4 4.7 9 1.0 Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 <t< td=""><td>Independent Natural Gas and Oil - La</td><td>rge Cap a</td><td>nd Mi</td><td>d Cap</td><td></td><td></td><td></td><td></td><td></td></t<>	Independent Natural Gas and Oil - La	rge Cap a	nd Mi	d Cap						
Unocal Corporation UCL B3 37.30 9.0 6.2 4.8 9 2.1 Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median Total 6.4 4.7 9 1.0 Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company XEC B2 30.15 5.2 4.3 3.4 8 <	XTO Energy Inc.	XTO	B1	27.53	11.9	7.6	5.9	12		
Occidental Petroleum Corp. OXY B3 50.92 11.1 6.4 4.8 8 2.2 Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9 Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median Independent Natural Gas and Oil - Small Cap Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners	CNOOC Limited (19%)	CEO	B2	46.52	10.4	6.7	5.6	11	3.4	
Burlington Resources BR B1 35.80 10.2 6.9 4.6 10 0.9	Unocal Corporation	UCL	B3	37.30	9.0	6.2	4.8	9	2.1	
Anadarko Petroleum Corp. APC B1 58.54 11.4 6.5 4.5 8 1.0 Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company EAC B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0	Occidental Petroleum Corp.	OXY	B3	50.92	11.1	6.4	4.8	8	2.2	
Encana Corporation ECA B1 40.46 6.7 6.0 4.4 9 1.0 Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4	Burlington Resources	BR	B1	35.80	10.2	6.9	4.6	10	0.9	
Devon Energy Corporation DVN B3 64.28 6.6 5.5 3.8 7 0.6 Median Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9	Anadarko Petroleum Corp.	APC	B1	58.54	11.4	6.5	4.5	8	1.0	
Median 10.3 6.4 4.7 9 1.0 Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Median 9.0 5.5 4.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10	Encana Corporation	ECA	B1	40.46	6.7	6.0	4.4	9	1.0	
Independent Natural Gas and Oil - Small Cap Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Median 9.0 5.5 4.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 <t< td=""><td>Devon Energy Corporation</td><td>DVN</td><td>B3</td><td>64.28</td><td>6.6</td><td>5.5</td><td>3.8</td><td>7</td><td>0.6</td></t<>	Devon Energy Corporation	DVN	B3	64.28	6.6	5.5	3.8	7	0.6	
Encore Acquisition Company EAC B2 28.02 13.2 7.3 4.9 10 - Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5 Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Median 9.0 5.5 4.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 <	Median	ı			10.3	6.4	4.7	9	1.0	
Berry Petroleum Company BRY B2 29.85 12.8 6.8 4.8 11 1.5	Independent Natural Gas and Oil - Sn	ıall Cap								
Cimarex Energy Company XEC B2 30.15 5.2 4.3 3.4 8 - Energy Partners Ltd. EPL B3 14.81 5.0 4.3 3.1 10 - Median 9.0 5.5 4.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Encore Acquisition Company	EAC	B2	28.02	13.2	7.3	4.9	10	-	
Energy Partners Ltd. EPL Median B3 14.81 5.0 9.0 4.3 3.1 10 5.5 1.0 10 - 3.5 <	Berry Petroleum Company	BRY	B2	29.85	12.8	6.8	4.8	11	1.5	
Median 9.0 5.5 4.1 10 - Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Cimarex Energy Company	XEC	B2	30.15	5.2	4.3	3.4	8	-	
Income Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Energy Partners Ltd.	EPL	B3	14.81	5.0	4.3	3.1	10	-	
Kinder Morgan Energy Partners, L.P. KMP S3 43.95 12.0 8.0 15.8 22 6.5 Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0		ı			9.0	5.5	4.1	10	-	
Kinder Morgan Management, LLC KMR S3 38.33 12.0 8.0 14.3 20 7.4 San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Income									
San Juan Basin Royalty Trust SJT H 27.13 12.5 7.3 8.9 10 9.9 Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Kinder Morgan Energy Partners, L.P.	KMP	S3	43.95	12.0	8.0	15.8	22	6.5	
Canadian Oil Sands Trust (US\$) COSWF B1 37.66 20.0 8.6 5.9 8 4.0	Kinder Morgan Management, LLC	KMR	S3	38.33	12.0	8.0	14.3	20	7.4	
	San Juan Basin Royalty Trust	SJT	Н	27.13	12.5	7.3	8.9	10	9.9	
Median 12.2 8.0 11.6 15 6.9	Canadian Oil Sands Trust (US\$)	COSWF	B1	37.66	20.0	8.6	5.9	8	4.0	
	Mediar	ı			12.2	8.0	11.6	15	6.9	

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2005; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

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