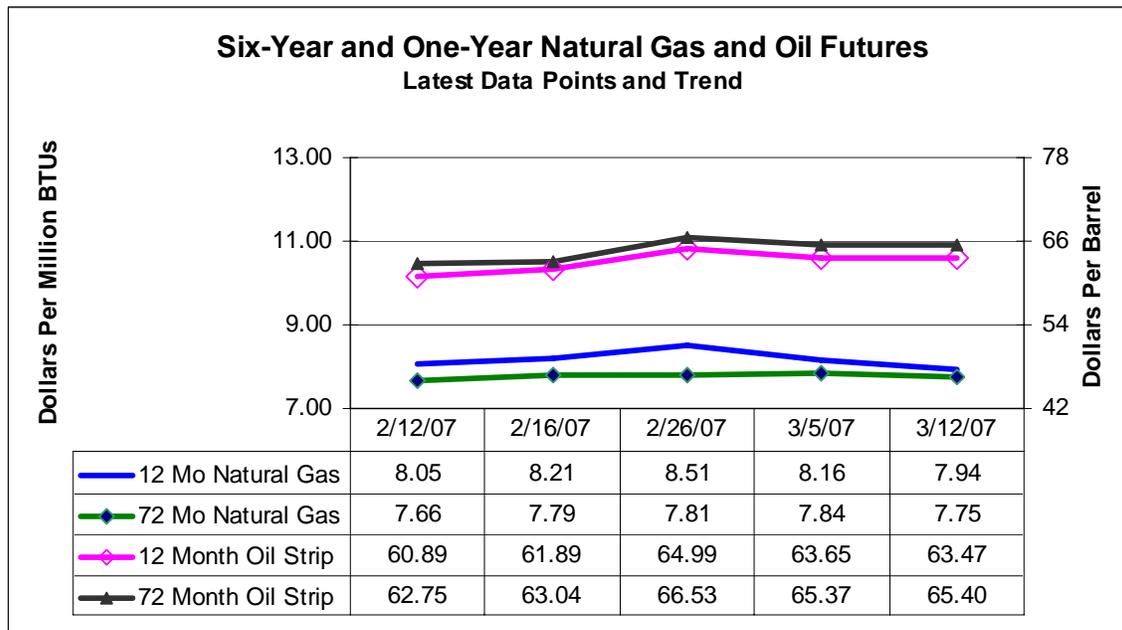


ExxonMobil: Impressive Volume, Impressive Return

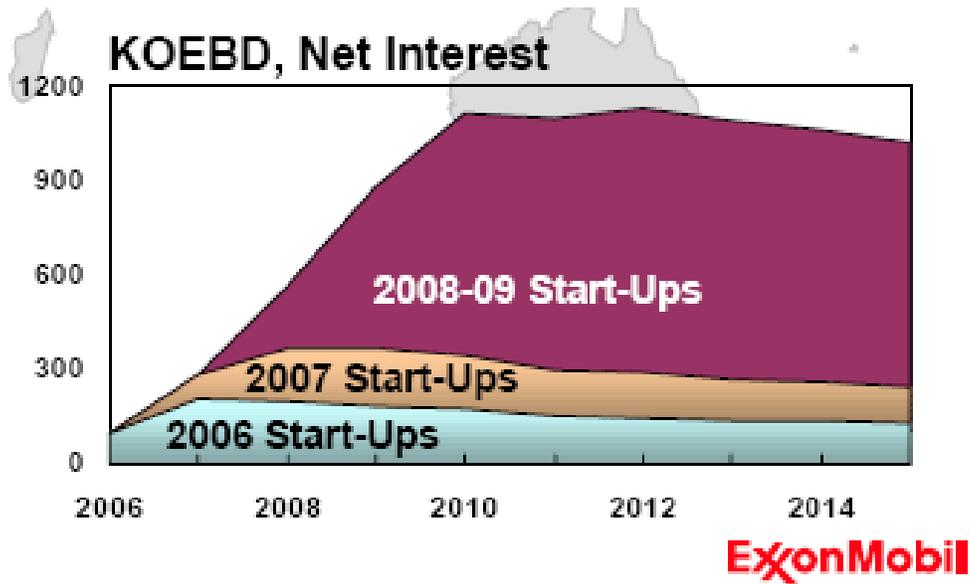
Summary and Recommendation

A headline for buy-recommended **ExxonMobil (XOM)**'s annual security analyst meeting in New York on March 7, might have been the company's expectation of a million barrels daily (mmbd) of new oil and natural gas production in five years (see graphic Thousand Oil Equivalent Barrels Daily (KOEBD)). Impressive though it may be, it compares to total world oil and natural gas production of about 140 mmbd. About half the increment for XOM would offset decline of existing production resulting in net growth of about 2% a year from 4.3 mmbd last year to 4.8 mmbd in 2011 (see graphic Capacity Growth). More impressive, after spending about \$20 billion a year on capital projects, XOM is returning about \$30 billion a year to shareholders through dividends and stock repurchase. On a repeatable basis at current enterprise value that would exceed 7% a year, our real unlevered return for estimating present value. Volume growth and price increases in excess of inflation would enhance the return. ExxonMobil may not be able to solve the entire world's appetite for new energy supply, but it is delivering a long-term attractive return to investors.

Kurt H. Wulff, CFA

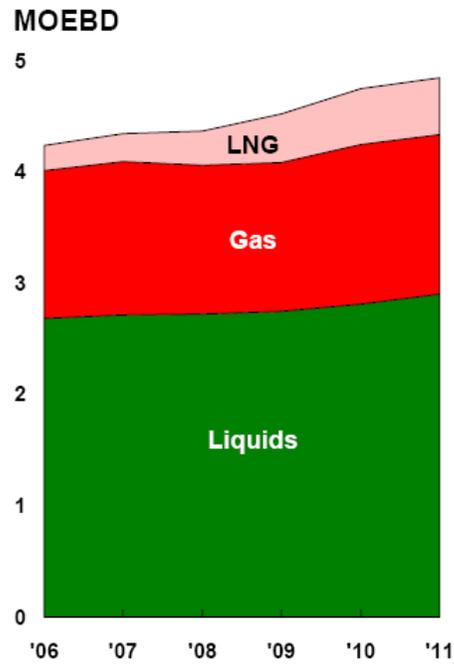
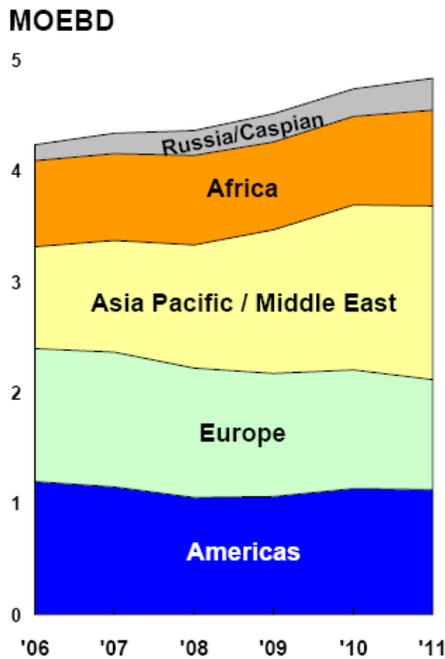


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Upstream: Growing Competitive Advantage

Delivering Profitable Capacity Growth



ExxonMobil

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

	Symbol/ Rating		Price (US\$/sh) 12-Mar 2007	Shares (mm)	Market Cap (US\$m)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	70.87	5,816	412,000	82.40	0.04	0.87
Total S.A.	TOT	B	66.04	2,288	151,000	80.00	0.14	0.85
Royal Dutch Shell plc	RDS-A	B	64.97	3,171	206,000	84.00	0.14	0.80
BP plc	BP	B	60.97	3,268	199,000	80.00	0.17	0.80
Chevron Corporation	CVX	B	68.83	2,206	152,000	92.00	0.09	0.77
ConocoPhillips	COP	B	67.24	1,672	112,000	100.00	0.20	0.74
Gazprom (50%)	OGZPY	B	39.75	2,849	113,300	56.00	0.07	0.73
<i>Total or Median</i>					<i>1,345,000</i>		<i>0.14</i>	<i>0.80</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	105.80	133	14,100	33.00	0.76	1.53
Imperial Oil Limited (30%)	IMO	H	35.51	289	10,260	37.00	0.07	0.96
Marathon Oil Corporation	MRO	B	93.52	352	32,920	110.00	0.12	0.87
Norsk Hydro (pro forma)	NHY	B	30.70	1,229	37,730	38.00	0.20	0.85
PetroChina Company Ltd (10%)	PTR	B	113.40	179	20,300	140.00	0.04	0.82
Petro-Canada	PCZ	B	35.97	498	17,910	49.00	0.19	0.78
Suncor Energy	SU	B	70.99	461	32,730	95.00	0.07	0.76
Lukoil Oil Company	LUKOY	B	79.25	835	66,000	110.00	0.02	0.73
<i>Total or Median</i>					<i>232,000</i>		<i>0.10</i>	<i>0.83</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	50.84	371	18,860	60.00	0.14	0.87
CNOOC Limited (34%)	CEO	B	81.25	140	11,360	98.00	-	0.83
Encana Corporation	ECA	B	47.39	806	38,200	65.00	0.13	0.76
Anadarko Petroleum Corp.	APC	B	40.37	464	18,700	75.00	0.44	0.74
EOG Resources	EOG	B	66.12	247	16,300	92.00	0.05	0.73
Occidental Petroleum Corp.	OXY	B	45.87	853	39,100	69.00	0.09	0.69
Devon Energy Corporation	DVN	B	64.35	448	28,800	115.00	0.14	0.62
<i>Total or Median</i>					<i>171,000</i>		<i>0.13</i>	<i>0.74</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	28.35	45	1,260	44.00	0.22	0.72
Energy Partners Ltd.	EPL	B	17.51	40	700	31.00	0.26	0.68
Encore Acquisition Company	EAC	B	23.20	54	1,250	48.00	0.23	0.60
Cimarex Energy Company	XEC	B	34.97	84	2,940	68.00	0.09	0.56
<i>Total or Median</i>					<i>6,200</i>		<i>0.23</i>	<i>0.64</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	51.61	171	8,800	15.00	0.54	2.13
Kinder Morgan Management, LLC	KMR	S	50.34	62	3,110	15.00	0.54	2.10
Pengrowth Energy Trust	PGH		16.33	241	3,940	17.00	0.25	0.97
Enerplus Resources Fund	ERF		41.42	123	5,090	47.00	0.11	0.89
Penn West Energy Trust	PWE	B	28.65	240	6,860	36.00	0.14	0.82
San Juan Basin Royalty Trust	SJT	B	30.85	47	1,440	40.00	-	0.77
Hugoton Royalty Trust	HGT	B	24.15	40	970	34.00	-	0.71
Canadian Oil Sands Trust	COSWF	B	22.63	479	10,840	35.00	0.08	0.67
<i>Total or Median</i>					<i>41,100</i>		<i>0.13</i>	<i>0.86</i>

B = Buy, S = Sell, H = Hold

Present Value = Shares times Net Present Value divided by (1-Debt/Present Value).

Debt = Present Value times Debt/Present Value

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

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Oil and Gas Producers

Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (US\$/sh) 12-Mar 2007	Adjustd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
Gazprom (50%)	OGZPY	B	39.75	24.0	8.6	6.3	10	0.2
BP plc	BP	B	60.97	9.8	7.0	5.6	9	3.9
Exxon Mobil Corporation	XOM	B	70.87	11.5	6.5	5.6	10	1.8
Total S.A.	TOT	B	66.04	9.6	6.3	5.4	9	3.7
Chevron Corporation	CVX	B	68.83	10.9	6.2	4.7	9	3.0
Royal Dutch Shell plc	RDS-A	B	64.97	7.4	5.5	4.4	8	4.4
ConocoPhillips	COP	B	67.24	10.9	5.9	4.4	7	2.4
	<i>Median</i>			10.9	6.3	5.4	9	3.0
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	105.80		8.9	13.6	21	3.3
Suncor Energy	SU	B	70.99	18.3	11.9	9.1	16	0.4
Imperial Oil Limited (30%)	IMO	H	35.51	11.7	8.5	8.2	14	0.8
PetroChina Company Ltd (10%)	PTR	B	113.40	15.2	6.4	5.2	10	4.3
Marathon Oil Corporation	MRO	B	93.52	8.3	6.0	5.2	9	1.4
Lukoil Oil Company	LUKOY	B	79.25	18.1	6.8	4.9	8	1.6
Norsk Hydro (pro forma)	NHY	B	30.70	8.6	5.4	4.6	8	2.7
Petro-Canada	PCZ	B	35.97	6.5	5.5	4.3	7	1.2
	<i>Median</i>			11.7	6.6	5.2	10	1.5
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	50.84	12.3	8.1	7.0	12	0.9
Anadarko Petroleum Corp.	APC	B	40.37	10.3	7.9	5.9	8	1.8
EOG Resources	EOG	B	66.12	9.7	7.5	5.5	13	0.5
Encana Corporation	ECA	B	47.39	9.2	7.1	5.4	11	1.7
CNOOC Limited (34%)	CEO	B	81.25	10.6	6.2	5.1	9	3.5
Occidental Petroleum Corp.	OXY	B	45.87	11.9	7.3	5.1	10	1.9
Devon Energy Corporation	DVN	B	64.35	9.1	7.3	4.5	8	0.9
	<i>Median</i>			10.3	7.3	5.4	10	1.7
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	28.35	10.3	9.9	7.2	14	1.1
Encore Acquisition Company	EAC	B	23.20	15.0	9.0	5.4	22	-
Cimarex Energy Company	XEC	B	34.97	8.1	6.5	3.6	9	0.5
Energy Partners Ltd.	EPL	B	17.51	5.2	4.6	3.1		-
	<i>Median</i>			9.2	7.7	4.5	14	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	51.61		7.8	16.6	40	6.4
Kinder Morgan Management, LLC	KMR	S	50.34		7.8	16.3	39	6.6
San Juan Basin Royalty Trust	SJT	B	30.85	11.6	10.5	8.1	10	10.4
Canadian Oil Sands Trust	COSWF	B	22.63	22.0	11.8	7.9	11	7.9
Hugoton Royalty Trust	HGT	B	24.15	14.0	10.7	7.7	11	9.3
Pengrowth Energy Trust	PGH		16.33	7.4	7.6	7.4	25	15.6
Enerplus Resources Fund	ERF		41.42	9.0	7.2	6.4	12	10.3
Penn West Energy Trust	PWE	B	28.65	7.5	7.7	6.3	13	12.1
	<i>Median</i>			10.3	7.8	7.8	12	9.8

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2008; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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**Oil and Gas Producers
Portfolio Composite of Buy Recommendations**

Symbol	Price (US\$/sh) 12-Mar 2007	Portfolio Weight		Non- U.S. HQ (%)	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	McDep Ratio	
		Equity (%)	EV (%)							
Mega Cap										
Exxon Mobil Corporation	XOM	70.87	3.2	2.9		0.2	0.5	1.3	0.9	0.87
Total S.A.	TOT	66.04	2.8	2.9	2.9		0.8	1.2	0.8	0.85
Royal Dutch Shell plc	RDS-A	64.97	2.8	2.9	2.9	0.1	0.5	1.1	1.1	0.80
BP plc	BP	60.97	1.3	1.4	1.4	0.1	0.2	0.7	0.4	0.80
Chevron Corporation	CVX	68.83	5.9	5.7		0.4	0.4	3.4	1.5	0.77
ConocoPhillips	COP	67.24	4.9	5.7		1.0	0.4	2.9	1.4	0.74
Gazprom	OGZPY	39.75	9.2	8.6	8.6		6.8	1.8		0.73
Producer/Refiners - Large Cap										
Marathon Oil Corporation	MRO	93.52	1.4	1.4		0.1	0.1	0.5	0.6	0.87
Norsk Hydro (pro forma)	NHY	30.70	2.6	2.9	2.9		0.7	1.1	1.1	0.85
PetroChina Company Ltd.	PTR	113.40	3.2	2.9	2.9		0.2	2.4	0.2	0.82
Petro-Canada	PCZ	35.97	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.78
Suncor Energy	SU	70.99	1.5	1.4	1.4	0.1		1.3	0.1	0.76
Lukoil Oil Company	LUKOY	79.25	6.6	5.7	5.7			4.3	1.4	0.73
Independent Natural Gas and Oil - Large Cap										
XTO Energy Inc.	XTO	50.84	2.8	2.9		2.0		0.8		0.87
CNOOC Limited	CEO	81.25	3.4	2.9	2.9		0.3	2.6		0.83
Encana Corporation	ECA	47.39	5.6	5.7	5.7	4.2		1.1	0.4	0.76
Anadarko Petroleum Corp.	APC	40.37	1.4	2.9		1.5		1.3	0.1	0.74
EOG Resources	EOG	66.12	6.3	5.7		4.3	0.4	1.0		0.73
Occidental Petroleum Corp	OXY	45.87	2.9	2.9		0.4	0.0	2.1	0.3	0.69
Devon Energy Corporation	DVN	64.35	5.2	5.7		3.2		2.6		0.62
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	28.35	1.2	1.4		0.3		1.1		0.72
Energy Partners Ltd.	EPL	17.51	1.0	1.4		0.8		0.7		0.68
Encore Acquisition Comp	EAC	23.20	2.1	2.9		0.8		2.1		0.60
Cimarex Energy Company	XEC	34.97	2.8	2.9		2.0		0.9		0.56
Income										
Penn West Energy Trust	PWE	28.65	4.2	4.3	4.3	1.4		2.9		0.82
San Juan Basin Royalty Tr	SJT	30.85	6.7	5.7		5.7				0.77
Hugoton Royalty Trust	HGT	24.15	1.7	1.4		1.4				0.71
Canadian Oil Sands Trust	COSWF	22.63	6.0	5.7	5.7			5.7		0.67
Portfolio Composite			100	100	49	30	11	48	11	0.74

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Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
2-Mar	COSWF	Canadian Oil Sands Trust	New Twelve Month Volume High
2-Mar	EPL	Energy Partners, Ltd.	Another Tough Year in 2006
1-Mar	BRY	Berry Petroleum	Light Oil Irony
28-Feb	PWE	Penn West Energy Trust	Lower Net Present Value to \$36 a Unit
23-Feb	CEO	CNOOC Ltd	Oil, China and Natural Gas Growth
20-Feb	NHY	Norsk Hydro ASA	Raise NPV to \$36 a Share
16-Feb	XEC	Cimarex Energy Company	Dry Spell
16-Feb	ECA	EnCana Corporation	Home-Grown, Clean Energy in the Stock Market
15-Feb	* EAC	Encore Acquisition	Reduce NPV to \$48 a Share
15-Feb	* TOT	Total S.A.	Thank You, Thierry Desmarest
14-Feb	* XTO	XTO Energy Inc.	The Trend Goes On
13-Feb	* OGZPY	Gazprom	Enlightened Self Interest
7-Feb	* DVN	Devon Energy Corporation	Current Favorite Large Cap Independent
7-Feb	* APC	Anadarko Petroleum Corporation	Avarice in Algiers
6-Feb	* BP	BP p.l.c.	Difficult Execution
5-Feb	* CVX	Chevron Corporation	Momentum despite Chavez
2-Feb	* MRO	Marathon Oil Corporation	Emphasis on Refining
2-Feb	* IMO	Imperial Oil Limited	Near Present Value
1-Feb	* EOG	EOG Resources Inc.	Reserves Up Ten Percent in 2006
1-Feb	* XOM	Exxon Mobil Corporation	Raise Present Value to a Half Trillion Dollars
1-Feb	* RDSA	Royal Dutch Shell plc	Reserves and Earnings Ahead
26-Jan	* SU	Suncor Energy Inc.	Committed to 500,000 Barrels Daily
26-Jan	* OXY	Occidental Petroleum Corporation	Largest Oil Independent
26-Jan	* PCZ	Petro-Canada	Volume Corner Turned
24-Jan	* COP	ConocoPhillips	Buying Itself
18-Jan	* KMx	Kinder Morgan	Good Bye KMI
16-Jan	* PTR	PetroChina Company Limited	Fourth Largest Oil and Gas Company
16-Jan	* BP	BP p.l.c.	New Leader Designated
16-Jan	* COP	ConocoPhillips	Weather Deal
12-Jan	* LUKOY	Lukoil Oil Company	Downside Oil Price Protection
5-Jan	* HGT	Hugoton Royalty Trust	New Buy for Natural Gas Income
17-Nov	* SJT	San Juan Basin Royalty Trust	Dip/Rebound and New Shale Potential

Meter Reader - A Weekly Analysis

13-Mar		ExxonMobil: Impressive Volume, Impressive Return
6-Mar	*	Stock Price Down, Natural Gas Price Up
27-Feb	*	The Government's Bullish Oil Price Forecast
20-Feb	*	Oil Sands Tax Review

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

9-Mar		Bull Market in Long-term Natural Gas
2-Mar		Trend Test
23-Feb	*	Energy Politics
16-Feb	*	Distributions Rise, Canada Tax Threat Weakens

Industry Ideas

14-Feb	*	Flash	Canada Tax Bomb Defused
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