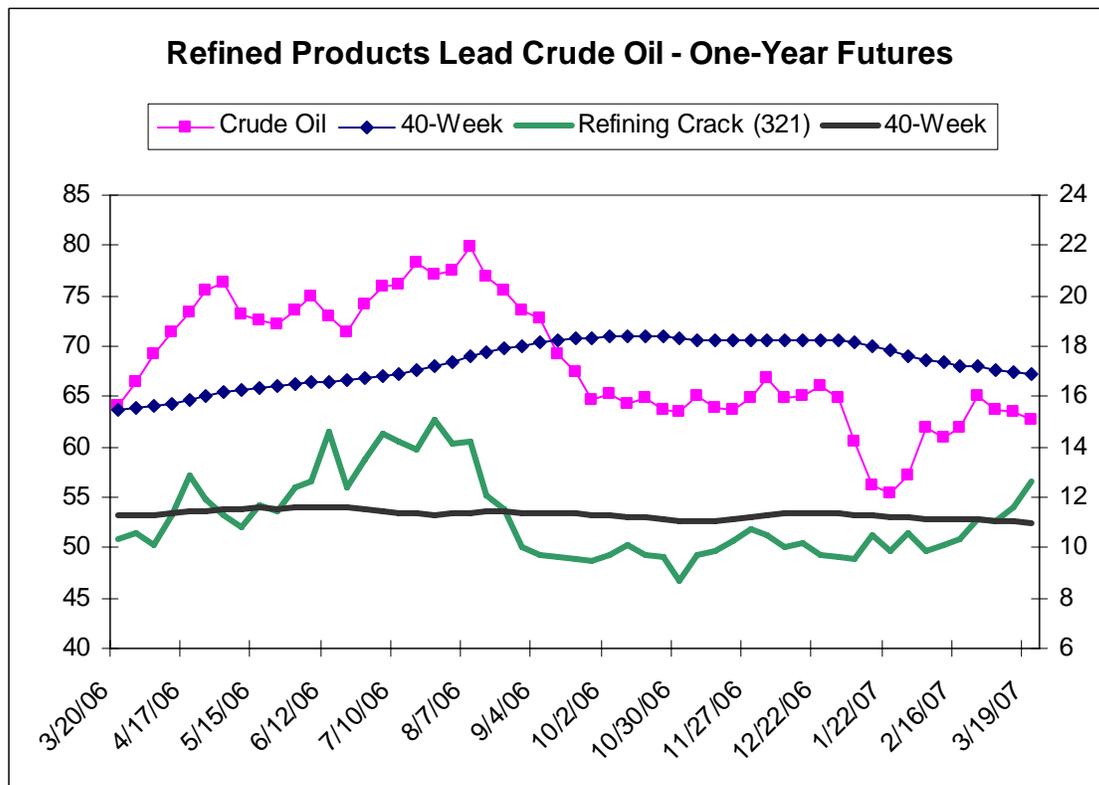


Refined Oil Products Price Points Up

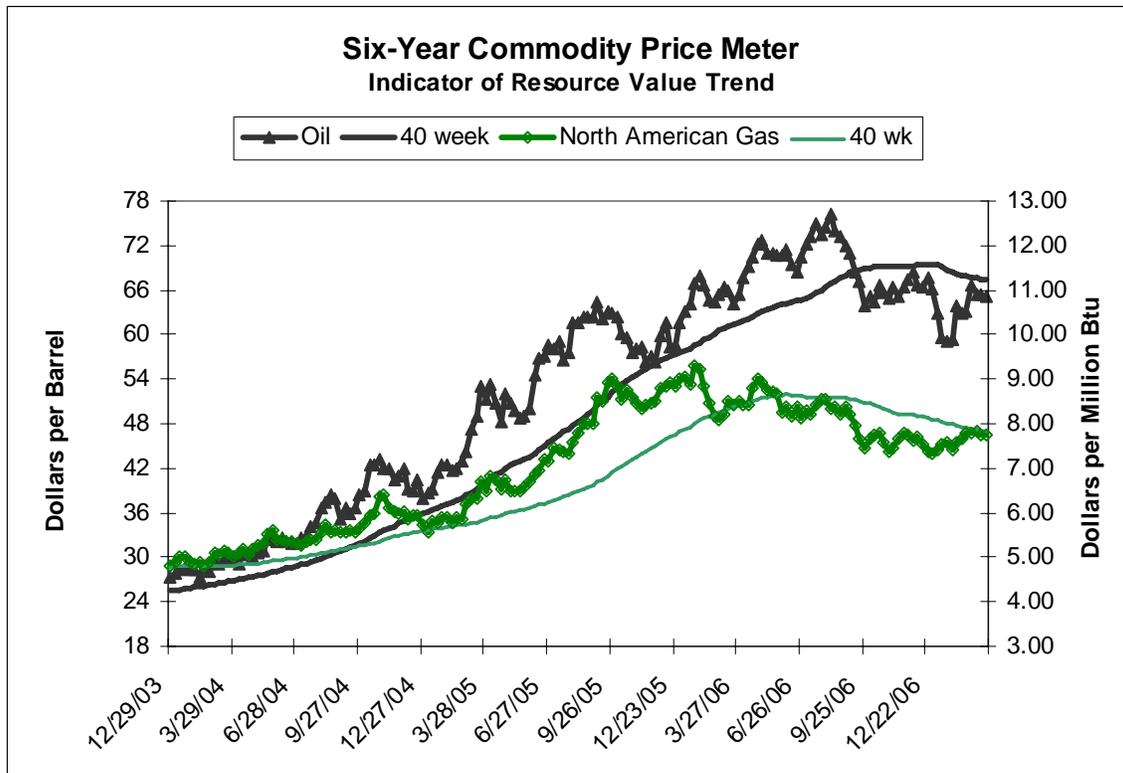
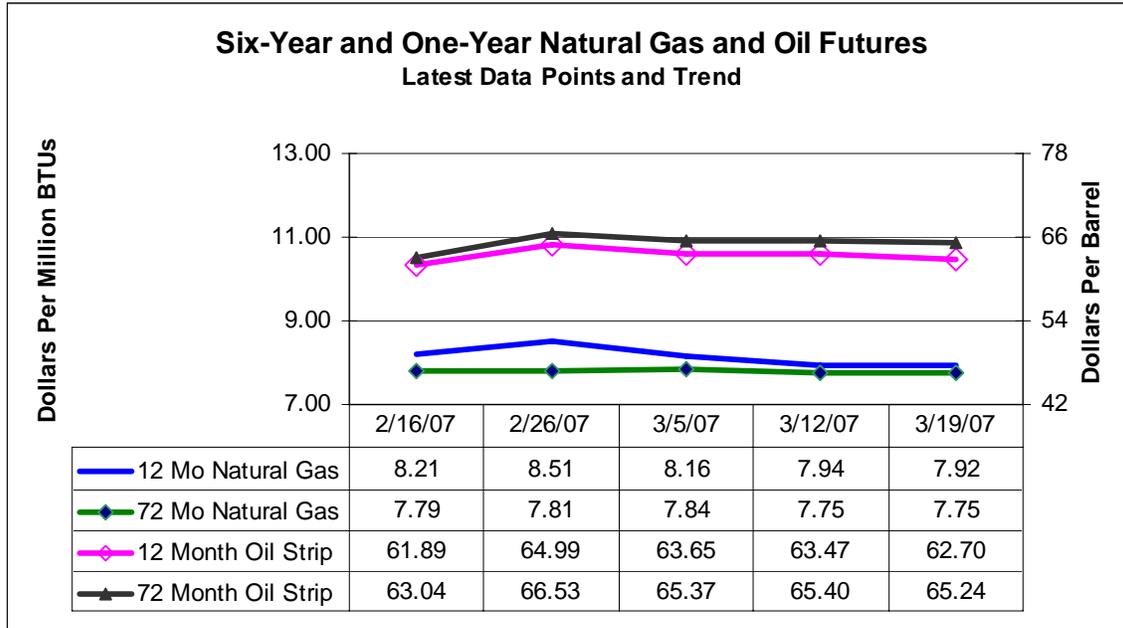
Summary and Recommendation

Attesting to the timeliness of buying recommended natural gas and oil producers, the one-year refining margin, or “crack” spread, has crossed above the 40-week average possibly leading crude oil upward in a few weeks (see chart Refined Products Lead Crude Oil). The suggestion of a leading indicator follows from last summer when the crack spread turned down before crude oil. A widening crack spread as we see now reflects prices for gasoline and heating oil that are stronger than crude oil. Since consumers buy products, not crude oil, the trend appears consistent with surprising demand growth in 2007. Finally, a weekly government study shows storage below 2006 on the measure of days of supply that compares inventory to demand for each of the three major commodities - gasoline, distillate and crude oil (see *This Week in Petroleum* <http://tonto.eia.doe.gov/oog/info/twip/twip.asp>). Represented in refined products, oil production and natural gas production, our buy recommendations of the three largest U.S. oil and gas companies, **ExxonMobil (XOM)**, **Chevron (CVX)** and **ConocoPhillips (COP)** are weighted in the illustrative McDep Energy Portfolio at full, double and double positions respectively (see table Portfolio Composite)

Kurt H. Wulff, CFA



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.



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.

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

	<i>Symbol/</i>	<i>Rating</i>	<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i>	<i>Net</i>	<i>Debt/</i>	<i>McDep</i>
			<i>19-Mar</i>	<i>(mm)</i>	<i>Cap</i>	<i>Present</i>	<i>Present</i>	<i>Ratio</i>
			<i>2007</i>		<i>(US\$m)</i>	<i>Value</i>	<i>Value</i>	
Mega Cap								
Exxon Mobil Corporation	XOM	B	71.10	5,816	414,000	82.40	0.04	0.87
Total S.A.	TOT	B	66.22	2,288	152,000	80.00	0.14	0.85
BP plc	BP	B	60.10	3,268	196,000	80.00	0.17	0.79
Royal Dutch Shell plc	RDS-A	B	63.93	3,171	203,000	84.00	0.14	0.79
Chevron Corporation	CVX	B	69.39	2,206	153,000	92.00	0.09	0.78
Gazprom (50%)	OGZPY	B	39.50	2,849	112,500	56.00	0.07	0.72
ConocoPhillips	COP	B	65.55	1,672	110,000	100.00	0.20	0.72
			<i>Total or Median</i>		<i>1,341,000</i>		<i>0.14</i>	<i>0.79</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	105.87	133	14,110	33.00	0.76	1.53
Imperial Oil Limited (30%)	IMO	H	35.15	289	10,150	37.00	0.07	0.95
Marathon Oil Corporation	MRO	B	95.37	352	33,570	110.00	0.12	0.88
Norsk Hydro (pro forma)	NHY	B	30.97	1,229	38,060	38.00	0.20	0.85
PetroChina Company Ltd (10%)	PTR	B	110.91	181	20,080	140.00	0.06	0.81
Petro-Canada	PCZ	B	35.57	498	17,710	49.00	0.19	0.78
Suncor Energy	SU	B	69.53	461	32,060	95.00	0.07	0.75
Lukoil Oil Company	LUKOY	B	79.40	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	51.52	371	19,110	60.00	0.14	0.88
CNOOC Limited (34%)	CEO	B	81.72	140	11,430	98.00	-	0.83
Encana Corporation	ECA	B	47.65	806	38,400	65.00	0.13	0.77
Anadarko Petroleum Corp.	APC	B	40.48	464	18,800	75.00	0.44	0.74
EOG Resources	EOG	B	66.75	247	16,500	92.00	0.05	0.74
Occidental Petroleum Corp.	OXY	B	46.32	853	39,500	69.00	0.09	0.70
Devon Energy Corporation	DVN	B	65.17	448	29,200	115.00	0.14	0.63
			<i>Total or Median</i>		<i>173,000</i>		<i>0.13</i>	<i>0.74</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	28.28	45	1,260	44.00	0.22	0.72
Energy Partners Ltd.	EPL	B	17.76	40	710	31.00	0.26	0.68
Encore Acquisition Company	EAC	B	22.88	54	1,230	48.00	0.23	0.60
Cimarex Energy Company	XEC	B	35.21	84	2,960	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	52.35	171	8,930	15.00	0.54	2.16
Kinder Morgan Management, LLC	KMR	S	50.42	62	3,110	15.00	0.54	2.10
Pengrowth Energy Trust	PGH		16.61	241	4,000	17.00	0.25	0.98
Enerplus Resources Fund	ERF		41.35	123	5,090	47.00	0.11	0.89
Penn West Energy Trust	PWE	B	28.44	240	6,810	36.00	0.14	0.82
San Juan Basin Royalty Trust	SJT	B	30.34	47	1,410	40.00	-	0.76
Hugoton Royalty Trust	HGT	B	23.93	40	960	34.00	-	0.71
Canadian Oil Sands Trust	COSWF	B	23.18	479	11,100	35.00	0.08	0.69
			<i>Total or Median</i>		<i>41,400</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

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.

Oil and Gas Producers

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

	Symbol/ Rating		Price (US\$/sh) 19-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	39.50	24.0	8.6	6.2	10	0.2
Exxon Mobil Corporation	XOM	B	71.10	11.5	6.6	5.7	10	1.8
BP plc	BP	B	60.10	9.8	7.2	5.7	10	3.9
Total S.A.	TOT	B	66.22	9.6	6.5	5.5	10	3.7
Chevron Corporation	CVX	B	69.39	10.9	6.3	4.9	9	3.0
Royal Dutch Shell plc	RDS-A	B	63.93	7.4	5.6	4.4	8	4.5
ConocoPhillips	COP	B	65.55	10.9	6.1	4.4	7	2.5
	<i>Median</i>			10.9	6.5	5.5	10	3.0
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	105.87		8.9	13.6	21	3.3
Suncor Energy	SU	B	69.53	18.3	12.5	9.4	17	0.4
Imperial Oil Limited (30%)	IMO	H	35.15	11.7	8.9	8.5	15	0.8
PetroChina Company Ltd (10%)	PTR	B	110.91	15.2	8.0	6.4	14	2.4
Marathon Oil Corporation	MRO	B	95.37	8.3	6.1	5.4	10	1.4
Lukoil Oil Company	LUKOY	B	79.40	18.1	7.1	5.2	9	1.6
Norsk Hydro (pro forma)	NHY	B	30.97	8.6	5.5	4.7	9	2.6
Petro-Canada	PCZ	B	35.57	6.5	5.7	4.4	8	1.2
	<i>Median</i>			11.7	7.6	5.9	12	1.5
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	51.52	12.3	8.4	7.4	13	0.9
Anadarko Petroleum Corp.	APC	B	40.48	10.3	8.3	6.1	9	1.8
EOG Resources	EOG	B	66.75	9.7	7.7	5.7	14	0.5
Encana Corporation	ECA	B	47.65	9.2	7.4	5.7	11	1.7
Occidental Petroleum Corp.	OXY	B	46.32	11.9	7.6	5.3	11	1.9
CNOOC Limited (34%)	CEO	B	81.72	10.6	6.3	5.3	10	3.4
Devon Energy Corporation	DVN	B	65.17	9.1	7.5	4.7	9	0.9
	<i>Median</i>			10.3	7.6	5.7	11	1.7
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	28.28	10.3	10.4	7.5	15	1.1
Encore Acquisition Company	EAC	B	22.88	15.0	9.5	5.7	23	-
Cimarex Energy Company	XEC	B	35.21	8.1	6.8	3.8	10	0.5
Energy Partners Ltd.	EPL	B	17.76	5.2	4.9	3.3	-	-
	<i>Median</i>			9.2	8.2	4.8	15	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	52.35		7.7	16.6	38	6.3
Kinder Morgan Management, LLC	KMR	S	50.42		7.7	16.2	37	6.6
Canadian Oil Sands Trust	COSWF	B	23.18	22.0	12.5	8.6	12	7.7
San Juan Basin Royalty Trust	SJT	B	30.34	11.6	10.9	8.2	10	10.1
Hugoton Royalty Trust	HGT	B	23.93	14.0	11.2	7.9	11	8.8
Pengrowth Energy Trust	PGH		16.61	7.4	8.0	7.9	31	15.4
Enerplus Resources Fund	ERF		41.35	9.0	7.6	6.8	13	10.4
Penn West Energy Trust	PWE	B	28.44	7.5	8.0	6.6	14	12.3
	<i>Median</i>			10.3	8.0	8.1	14	9.5

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

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.

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

Symbol	Price (US\$/sh) 19-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	71.10	3.2	2.9		0.2	0.5	1.3	0.9	0.87
Total S.A.	TOT	66.22	2.8	2.9	2.9		0.8	1.2	0.8	0.85
BP plc	BP	60.10	1.3	1.4	1.4	0.1	0.2	0.7	0.4	0.79
Royal Dutch Shell plc	RDS-A	63.93	2.8	2.9	2.9	0.1	0.5	1.1	1.1	0.79
Chevron Corporation	CVX	69.39	5.9	5.7		0.4	0.4	3.4	1.5	0.78
Gazprom	OGZPY	39.50	9.2	8.6	8.6		6.8	1.8		0.72
ConocoPhillips	COP	65.55	4.9	5.7		1.0	0.4	2.9	1.4	0.72
Producer/Refiners - Large Cap										
Marathon Oil Corporation	MRO	95.37	1.5	1.4		0.1	0.1	0.5	0.6	0.88
Norsk Hydro (pro forma)	NHY	30.97	2.6	2.9	2.9		0.7	1.1	1.1	0.85
PetroChina Company Ltd.	PTR	110.91	3.1	2.9	2.9		0.2	2.4	0.2	0.81
Petro-Canada	PCZ	35.57	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.78
Suncor Energy	SU	69.53	1.5	1.4	1.4	0.1		1.3	0.1	0.75
Lukoil Oil Company	LUKOY	79.40	6.6	5.7	5.7			4.3	1.4	0.73
Independent Natural Gas and Oil - Large Cap										
XTO Energy Inc.	XTO	51.52	2.8	2.9		2.0		0.8		0.88
CNOOC Limited	CEO	81.72	3.4	2.9	2.9		0.3	2.6		0.83
Encana Corporation	ECA	47.65	5.6	5.7	5.7	4.2		1.1	0.4	0.77
Anadarko Petroleum Corp.	APC	40.48	1.4	2.9		1.5		1.3	0.1	0.74
EOG Resources	EOG	66.75	6.3	5.7		4.3	0.4	1.0		0.74
Occidental Petroleum Corp	OXY	46.32	2.9	2.9		0.4	0.0	2.1	0.3	0.70
Devon Energy Corporation	DVN	65.17	5.3	5.7		3.2		2.6		0.63
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	28.28	1.2	1.4		0.3		1.1		0.72
Energy Partners Ltd.	EPL	17.76	1.0	1.4		0.8		0.7		0.68
Encore Acquisition Comp	EAC	22.88	2.1	2.9		0.8		2.1		0.60
Cimarex Energy Company	XEC	35.21	2.8	2.9		2.0		0.9		0.56
Income										
Penn West Energy Trust	PWE	28.44	4.2	4.3	4.3	1.4		2.9		0.82
San Juan Basin Royalty Tr	SJT	30.34	6.7	5.7		5.7				0.76
Hugoton Royalty Trust	HGT	23.93	1.7	1.4		1.4				0.71
Canadian Oil Sands Trust	COSWF	23.18	6.0	5.7	5.7			5.7		0.69
Portfolio Composite			100	100	49	30	11	48	11	0.74

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.

Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
20-Mar	PTR	PetroChina Company Limited	Government Takes Gains
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	* 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

20-Mar		Refined Oil Products Price Points Up
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

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

16-Mar		Sincere Flattery
9-Mar		Bull Market in Long-term Natural Gas
2-Mar	*	Trend Test
23-Feb	*	Energy Politics

* Archived on www.mcdep.com

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.