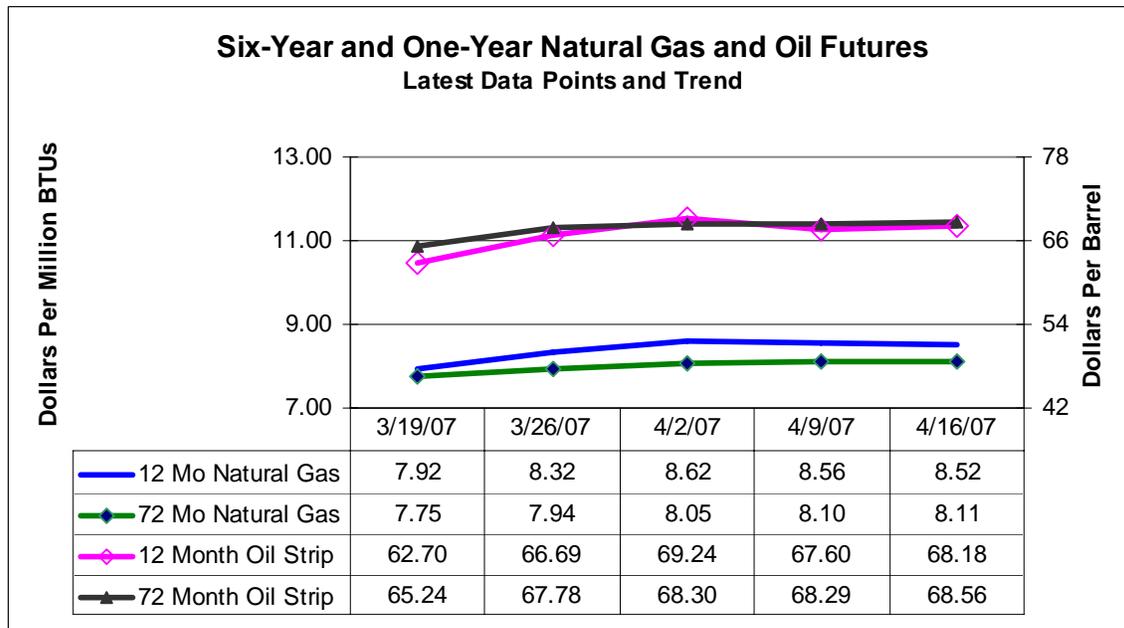


Synchronized

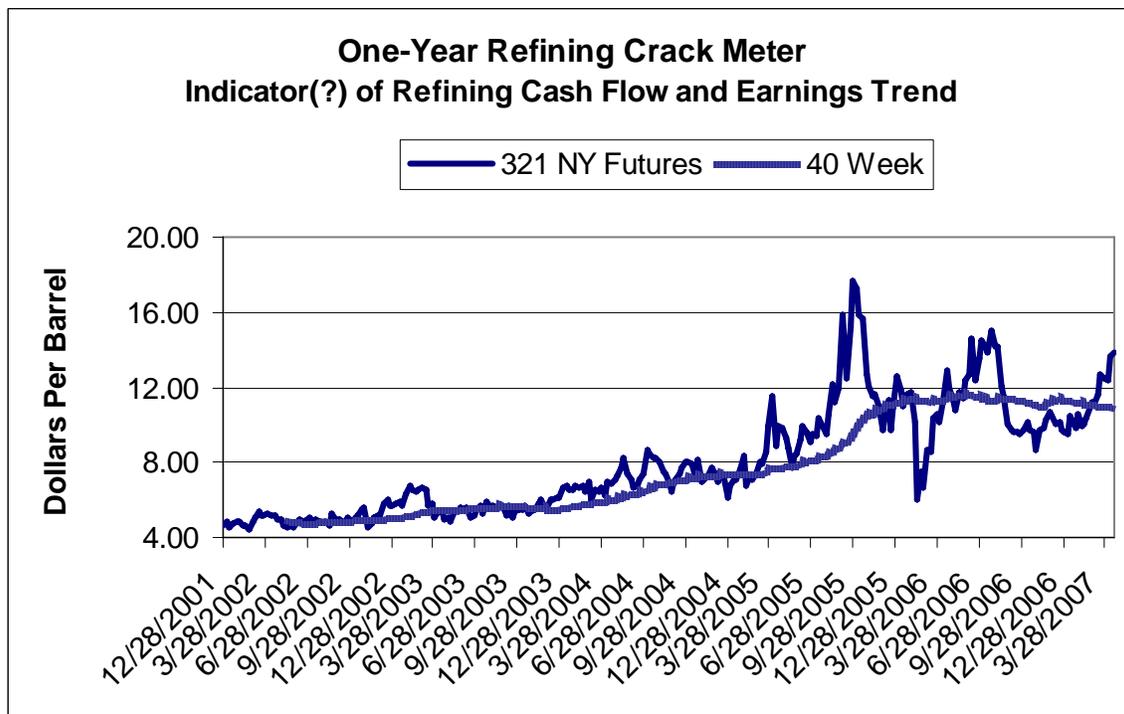
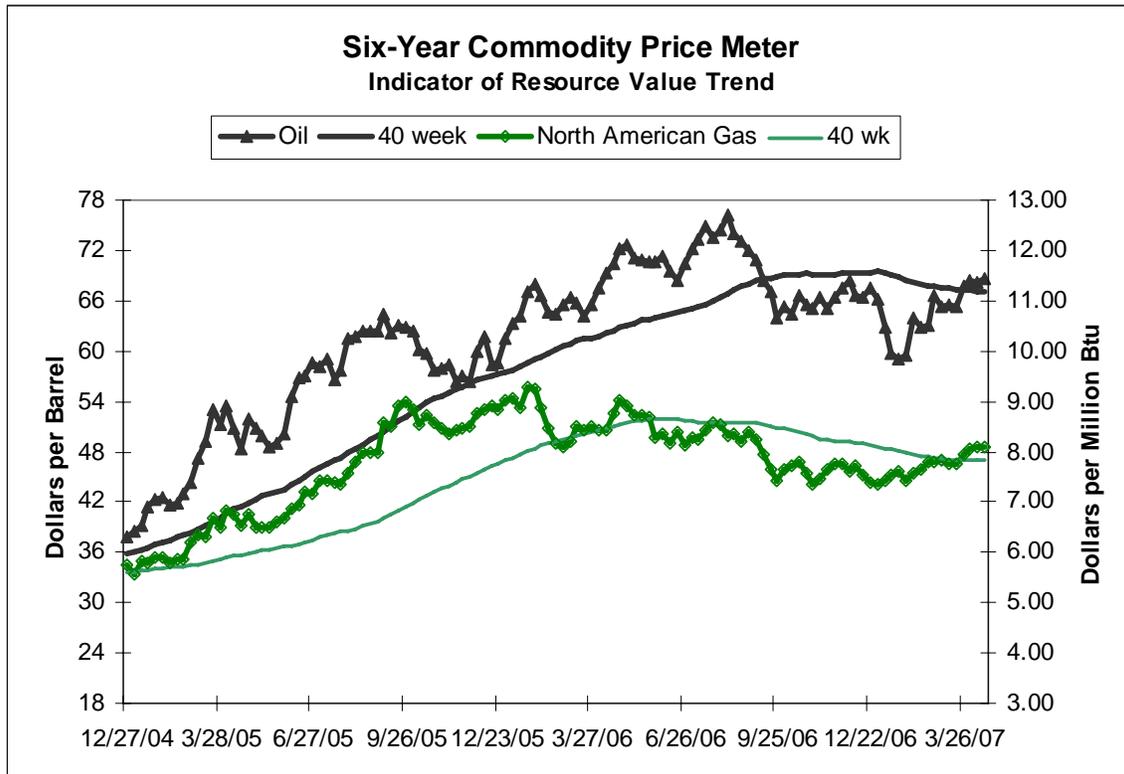
Summary and Recommendation

Double-weighted buy-recommendations among operating companies **ConocoPhillips (COP)**, **Lukoil (LUKOY)**, **Encana (ECA)**, **EOG Resources (EOG)** and **Devon Energy (DVN)** all enjoy positive current price momentum by the 200 day measure while our only triple weight, **Gazprom (OGZPY)**, may soon catch a new uptrend. Stock prices are supported by positive 40-week momentum for each of our three primary commodity measures – six-year price for oil and natural gas and one-year price for the refining crack (see charts on page 2). Commodity price and stock price trends are synchronized with appealing fundamental valuation at a composite McDep Ratio of 0.81 for buy recommendations (see table McDep Energy Portfolio). Our long-term assumption of \$60 a barrel underlying present value estimates used to calculate McDep Ratios compares to latest six-year oil price of \$68.56 (see table below).

Kurt H. Wulff, CFA



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Oil and Gas Producers - Rank by McDep Ratio

	Symbol/ Rating		Price (US\$/sh) 16-Apr 2007	Shares (mm)	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	78.17	5,816	455,000	82.40	0.04	0.95
Total S.A.	TOT	B	72.97	2,288	167,000	80.00	0.14	0.92
BP plc	BP	B	68.76	3,268	225,000	80.00	0.17	0.88
Chevron Corporation	CVX	B	77.87	2,206	172,000	92.00	0.09	0.86
Royal Dutch Shell plc	RDS-A	B	69.35	3,171	220,000	84.00	0.14	0.85
ConocoPhillips	COP	B	70.60	1,672	118,000	100.00	0.20	0.76
Gazprom (50%)	OGZPY	B	41.45	2,849	118,100	56.00	0.07	0.76
<i>Total or Median</i>					<i>1,475,000</i>		<i>0.14</i>	<i>0.86</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.71	133	14,220	33.00	0.76	1.53
Imperial Oil Limited (30%)	IMO	B	39.02	289	11,270	37.00	0.07	1.05
Marathon Oil Corporation	MRO	B	102.20	352	35,970	110.00	0.12	0.94
Norsk Hydro (pro forma)	NHY	B	34.74	1,229	42,700	38.00	0.20	0.93
Petro-Canada	PCZ	B	41.66	498	20,750	49.00	0.19	0.88
Suncor Energy	SU	B	81.85	461	37,740	95.00	0.07	0.87
PetroChina Company Ltd (10%)	PTR	B	117.45	181	21,260	140.00	0.06	0.85
Lukoil Oil Company	LUKOY	B	85.50	835	71,000	110.00	0.02	0.78
<i>Total or Median</i>					<i>255,000</i>		<i>0.10</i>	<i>0.91</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	56.55	371	20,980	60.00	0.14	0.95
CNOOC Limited (34%)	CEO	B	88.93	140	12,430	98.00	-	0.91
Encana Corporation	ECA	B	54.44	806	43,900	65.00	0.13	0.86
EOG Resources	EOG	B	77.35	247	19,100	92.00	0.05	0.85
Anadarko Petroleum Corp.	APC	B	46.40	464	21,500	75.00	0.44	0.79
Occidental Petroleum Corp.	OXY	B	51.44	853	43,900	69.00	0.09	0.77
Devon Energy Corporation	DVN	B	74.69	448	33,500	115.00	0.14	0.70
<i>Total or Median</i>					<i>195,000</i>		<i>0.13</i>	<i>0.85</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	33.69	45	1,500	44.00	0.22	0.82
Energy Partners Ltd.	EPL	B	19.00	40	760	31.00	0.26	0.71
Encore Acquisition Company	EAC	B	27.24	54	1,470	48.00	0.23	0.67
Cimarex Energy Company	XEC	B	38.09	84	3,200	68.00	0.09	0.60
<i>Total or Median</i>					<i>6,900</i>		<i>0.23</i>	<i>0.69</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.92	171	9,590	15.00	0.53	2.27
Kinder Morgan Management, LLC	KMR	S	54.05	62	3,330	15.00	0.53	2.21
Pengrowth Energy Trust	PGH		17.11	241	4,120	17.00	0.26	1.00
Enerplus Resources Fund	ERF		43.03	123	5,290	47.00	0.11	0.92
Penn West Energy Trust	PWE	B	30.34	240	7,270	36.00	0.15	0.87
San Juan Basin Royalty Trust	SJT	B	32.17	47	1,500	40.00	-	0.80
Canadian Oil Sands Trust	COSWF	B	25.97	479	12,440	35.00	0.08	0.76
Hugoton Royalty Trust	HGT	B	25.39	40	1,020	34.00	-	0.75
<i>Total or Median</i>					<i>44,600</i>		<i>0.13</i>	<i>0.90</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

	<i>Symbol/ Rating</i>		<i>Price (US\$/sh) 16-Apr 2007</i>	<i>Adjustd Resrvs/ Prod NTM</i>	<i>PV/ Ebitda NTM</i>	<i>EV/ Ebitda NTM</i>	<i>P/E NTM</i>	<i>Divd or Distrib NTM (%)</i>
Mega Cap								
Gazprom (50%)	OGZPY	B	41.45	24.0	8.5	6.4	10	0.2
Exxon Mobil Corporation	XOM	B	78.17	11.5	6.4	6.1	11	1.6
BP plc	BP	B	68.76	9.8	6.8	6.0	10	3.4
Total S.A.	TOT	B	72.97	9.6	6.2	5.8	10	3.5
Chevron Corporation	CVX	B	77.87	10.0	6.0	5.2	9	2.7
Royal Dutch Shell plc	RDS-A	B	69.35	7.4	5.4	4.6	8	4.2
ConocoPhillips	COP	B	70.60	10.8	5.8	4.4	7	2.3
	<i>Median</i>			<i>10.0</i>	<i>6.2</i>	<i>5.8</i>	<i>10</i>	<i>2.7</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.71		8.9	13.7	21	3.3
Suncor Energy	SU	B	81.85	18.3	11.6	10.1	18	0.3
Imperial Oil Limited (30%)	IMO	B	39.02	13.5	8.4	8.9	15	0.7
PetroChina Company Ltd (10%)	PTR	B	117.45	15.1	7.1	6.0	12	3.9
Marathon Oil Corporation	MRO	B	102.20	8.3	5.9	5.5	10	1.3
Lukoil Oil Company	LUKOY	B	85.50	18.1	6.6	5.1	9	1.5
Norsk Hydro (pro forma)	NHY	B	34.74	8.6	5.4	5.0	9	2.4
Petro-Canada	PCZ	B	41.66	7.4	5.3	4.7	8	1.1
	<i>Median</i>			<i>13.5</i>	<i>6.8</i>	<i>5.8</i>	<i>11</i>	<i>1.4</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	56.55	12.3	7.8	7.4	14	0.8
EOG Resources	EOG	B	77.35	9.7	7.3	6.2	15	0.5
Anadarko Petroleum Corp.	APC	B	46.40	10.3	7.7	6.1	9	1.6
Encana Corporation	ECA	B	54.44	9.2	6.9	5.9	12	1.5
Occidental Petroleum Corp.	OXY	B	51.44	11.9	7.1	5.5	11	1.7
CNOOC Limited (34%)	CEO	B	88.93	11.1	6.0	5.4	10	3.7
Devon Energy Corporation	DVN	B	74.69	9.1	6.9	4.8	9	0.7
	<i>Median</i>			<i>10.3</i>	<i>7.1</i>	<i>5.9</i>	<i>11</i>	<i>1.5</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	33.69	10.3	9.6	7.8	15	0.9
Encore Acquisition Company	EAC	B	27.24	15.0	8.6	5.7	24	-
Cimarex Energy Company	XEC	B	38.09	8.1	6.2	3.7	9	0.4
Energy Partners Ltd.	EPL	B	19.00	5.2	4.4	3.1	-	-
	<i>Median</i>			<i>9.2</i>	<i>7.4</i>	<i>4.7</i>	<i>15</i>	<i>0.2</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.92		7.8	17.7	44	5.9
Kinder Morgan Management, LLC	KMR	S	54.05		7.8	17.3	43	6.1
Canadian Oil Sands Trust	COSWF	B	25.97	23.4	12.4	9.5	13	6.1
San Juan Basin Royalty Trust	SJT	B	32.17	9.8	10.7	8.6	10	9.7
Pengrowth Energy Trust	PGH		17.11	7.4	7.5	7.5	26	15.5
Hugoton Royalty Trust	HGT	B	25.39	13.1	9.7	7.2	10	10.1
Enerplus Resources Fund	ERF		43.03	9.0	7.0	6.5	12	10.3
Penn West Energy Trust	PWE	B	30.34	7.5	7.2	6.2	12	11.9
	<i>Median</i>			<i>9.4</i>	<i>7.8</i>	<i>8.1</i>	<i>13</i>	<i>9.9</i>

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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**McDep Energy Portfolio
Composite of Buy Recommendations**

	Symbol	Price (US\$/sh) 16-Apr 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	78.17	3.1	2.8		0.2	0.5	1.3	0.8	0.95
Total S.A.	TOT	72.97	2.8	2.8	2.8		0.8	1.2	0.8	0.92
BP plc	BP	68.76	1.3	1.4	1.4	0.1	0.2	0.7	0.4	0.88
Chevron Corporation	CVX	77.87	5.8	5.6		0.4	0.4	3.3	1.5	0.86
Royal Dutch Shell plc	RDS-A	69.35	2.8	2.8	2.8	0.1	0.5	1.1	1.1	0.85
ConocoPhillips	COP	70.60	4.9	5.6		1.0	0.4	3.0	1.2	0.76
Gazprom	OGZPY	41.45	9.0	8.5	8.5		6.7	1.8		0.76
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	39.02	1.5	1.4	1.4	0.1		1.0	0.3	1.05
Marathon Oil Corporation	MRO	102.20	1.4	1.4		0.1	0.1	0.5	0.6	0.94
Norsk Hydro (pro forma)	NHY	34.74	2.6	2.8	2.8		0.7	1.0	1.1	0.93
Petro-Canada	PCZ	41.66	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.88
Suncor Energy	SU	81.85	1.5	1.4	1.4	0.1		1.3	0.1	0.87
PetroChina Company Ltd.	PTR	117.45	3.0	2.8	2.8		0.2	2.4	0.2	0.85
Lukoil Oil Company	LUKOY	85.50	6.4	5.6	5.6			4.2	1.4	0.78
Independent Natural Gas and Oil - Large Cap										
XTO Energy Inc.	XTO	56.55	2.8	2.8		2.0		0.8		0.95
CNOOC Limited	CEO	88.93	3.3	2.8	2.8		0.3	2.5		0.91
Encana Corporation	ECA	54.44	5.5	5.6	5.6	4.1		1.1	0.4	0.86
EOG Resources	EOG	77.35	6.2	5.6		4.2	0.4	1.0		0.85
Anadarko Petroleum Corp.	APC	46.40	1.4	2.8		1.5		1.2	0.1	0.79
Occidental Petroleum Corp	OXY	51.44	2.9	2.8		0.4	0.0	2.1	0.3	0.77
Devon Energy Corporation	DVN	74.69	5.3	5.6		3.1		2.5		0.70
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	33.69	1.2	1.4		0.3		1.1		0.82
Energy Partners Ltd.	EPL	19.00	1.0	1.4		0.8		0.7		0.71
Encore Acquisition Comp	EAC	27.24	2.1	2.8		0.8		2.1		0.67
Cimarex Energy Company	XEC	38.09	2.8	2.8		1.9		0.9		0.60
Income										
Penn West Energy Trust	PWE	30.34	4.1	4.2	4.2	1.4		2.8		0.87
San Juan Basin Royalty Tr	SJT	32.17	6.5	5.6		5.6				0.80
Canadian Oil Sands Trust	COSWF	25.97	5.9	5.6	5.6			5.6		0.76
Hugoton Royalty Trust	HGT	25.39	1.6	1.4		1.4				0.75
Portfolio Composite			100	100	49	30	11	48	11	0.81
	Canada				20					
	Russia				14					
	Europe				10					
	China				6					

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Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
16-Apr	PTR	PetroChina Company Limited	Record Quarterly Production
30-Mar	CEO	CNOOC Ltd	New Oil Price and Stock Price Momentum
29-Mar	COP	ConocoPhillips	Largest North American Natural Gas Producer
29-Mar	IMO	Imperial Oil Limited	Upgrade to Buy on Oil Price Momentum
23-Mar	* SJT	San Juan Basin Royalty Trust	Planetary Emergency
23-Mar	* HGT	Hugoton Royalty Trust	Planetary Emergency
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
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
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
18-Jan	* KMx	Kinder Morgan	Good Bye KMI
12-Jan	* LUKOY	Lukoil Oil Company	Downside Oil Price Protection

Meter Reader - A Weekly Analysis

17-Apr		Synchronized
10-Apr		Practical Carbon Economics
3-Apr	*	Ultimate Carbon Economics
27-Mar	*	Hu Jintao Visits Vladimir Putin

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

13-Apr		Appreciation Potential on Tax Confusion
6-Apr		Smoothing Reserve and Volume Disclosures
30-Mar	*	Funny Thing about Price Momentum
23-Mar	*	Planetary Emergency

* Archived on www.mcdep.com

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