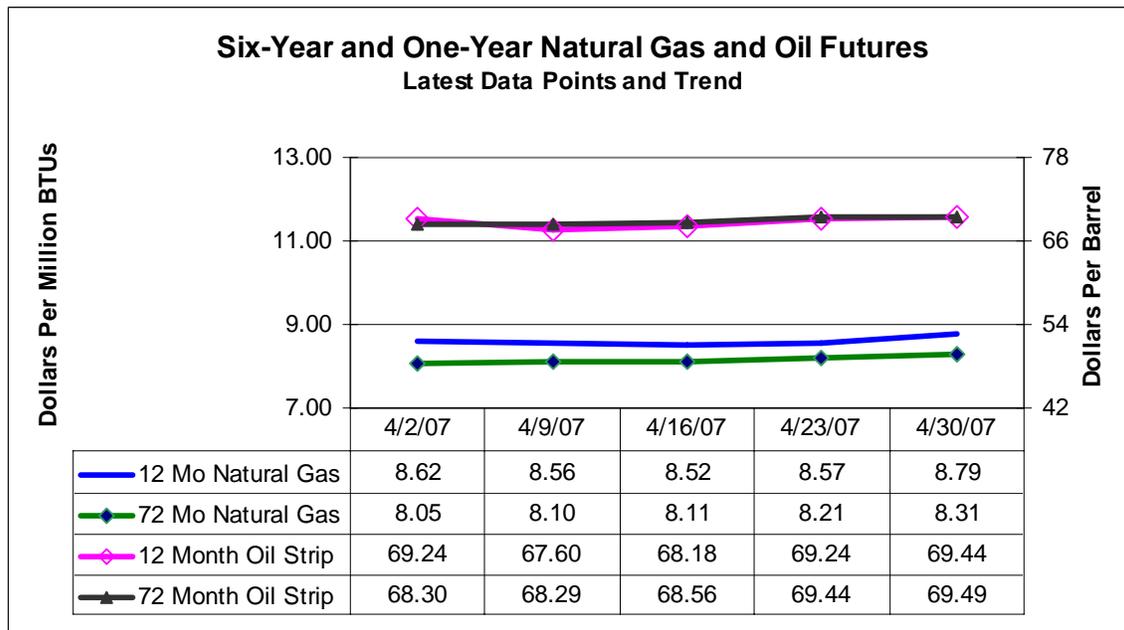


Deals and Debacles

Summary and Recommendation

A \$2 billion oil sands deal by a Norwegian company and a \$5 billion Gulf of Mexico deal by an Italian company attest to confidence in the future for North American oil and gas while a half billion dollar loss in natural gas trading by a Canadian bank attests to opportunity in imperfect markets. Statoil (STO), the pending partial acquirer of buy-recommended **Norsk Hydro (NHY)** is buying leases in Alberta thought to contain two billion barrels of bitumen, (extra heavy oil) recoverable by steam injection. A dozen of our buy-recommendations have exposure to the upside of Canadian oil sands. European major, ENI (E), is buying the offshore oil and gas assets of utility Dominion Resources (D) for \$4.90 a thousand cubic feet (mcf) of proven reserves compared to our estimate of \$4.80 an mcf of present value in buy-recommended offshore producer **Energy Partners (EPL)**. A debacle for Bank of Montreal in futures trading following Amaranth last year reinforces our comfort in not trying to outguess the futures market in anticipating short-term natural gas price. Yet, we believe there is an investment opportunity in buying and holding longer-term natural gas futures as well as in buy-recommended natural gas stocks because the discount to oil looks too wide to us.

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.

Oil and Gas Producers - Rank by McDep Ratio

	Symbol/ Rating		Price (US\$/sh) 30-Apr 2007	Shares (mm)	Market Cap (US\$m)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	79.38	5,714	454,000	82.40	0.05	0.97
Total S.A.	TOT	B	73.69	2,288	169,000	80.00	0.14	0.93
BP plc	BP	B	67.32	3,231	218,000	80.00	0.17	0.87
Chevron Corporation	CVX	B	77.79	2,206	172,000	92.00	0.10	0.86
Royal Dutch Shell plc	RDS-A	B	69.35	3,171	220,000	84.00	0.14	0.85
ConocoPhillips	COP	B	69.35	1,669	116,000	100.00	0.19	0.75
Gazprom (50%)	OGZPY	B	39.65	2,849	113,000	56.00	0.07	0.73
<i>Total or Median</i>					<i>1,462,000</i>		<i>0.14</i>	<i>0.86</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.59	133	14,210	33.00	0.76	1.53
Imperial Oil Limited (30%)	IMO	B	38.03	289	10,990	37.00	0.07	1.03
Marathon Oil Corporation	MRO	B	101.55	352	35,750	110.00	0.13	0.93
Norsk Hydro (pro forma)	NHY	B	34.50	1,229	42,400	38.00	0.20	0.93
Petro-Canada	PCZ	B	44.31	502	22,240	49.00	0.18	0.92
Suncor Energy	SU	B	80.50	461	37,120	95.00	0.08	0.86
PetroChina Company Ltd (10%)	PTR	B	112.14	181	20,300	140.00	0.06	0.81
Lukoil Oil Company	LUKOY	B	78.50	830	65,000	110.00	0.02	0.72
<i>Total or Median</i>					<i>248,000</i>		<i>0.11</i>	<i>0.92</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	54.27	372	20,190	60.00	0.14	0.92
CNOOC Limited (34%)	CEO	B	85.57	140	11,960	98.00	-	0.87
Encana Corporation	ECA	B	52.45	780	40,900	65.00	0.15	0.84
EOG Resources	EOG	B	73.44	247	18,100	92.00	0.05	0.81
Anadarko Petroleum Corp.	APC	B	46.66	464	21,700	75.00	0.44	0.79
Occidental Petroleum Corp.	OXY	B	50.70	847	42,900	69.00	0.09	0.76
Devon Energy Corporation	DVN	B	72.87	448	32,600	115.00	0.14	0.68
<i>Total or Median</i>					<i>188,000</i>		<i>0.14</i>	<i>0.81</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	34.06	45	1,520	44.00	0.22	0.82
Energy Partners Ltd.	EPL	B	16.71	31	520	33.00	0.38	0.69
Encore Acquisition Company	EAC	B	26.71	54	1,440	48.00	0.23	0.66
Cimarex Energy Company	XEC	B	39.40	84	3,310	68.00	0.09	0.62
<i>Total or Median</i>					<i>6,800</i>		<i>0.23</i>	<i>0.68</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.45	172	9,520	15.00	0.54	2.24
Kinder Morgan Management, LLC	KMR	S	53.14	62	3,280	15.00	0.54	2.17
Pengrowth Energy Trust	PGH		17.26	241	4,160	17.00	0.26	1.01
Enerplus Resources Fund	ERF		43.50	123	5,350	47.00	0.11	0.93
Penn West Energy Trust	PWE	B	29.95	240	7,170	36.00	0.15	0.86
San Juan Basin Royalty Trust	SJT	B	32.12	47	1,500	40.00	-	0.80
Canadian Oil Sands Trust	COSWF	B	27.12	479	12,990	35.00	0.08	0.79
Hugoton Royalty Trust	HGT	B	26.60	40	1,060	34.00	-	0.78
<i>Total or Median</i>					<i>45,000</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

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

	Symbol/ Rating		Price (US\$/sh) 30-Apr 2007	Adjustd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)	
Mega Cap									
Exxon Mobil Corporation	XOM	B	79.38	11.5	6.4	6.2	11	1.8	
Gazprom (50%)	OGZPY	B	39.65	24.0	8.5	6.2	10	0.2	
Total S.A.	TOT	B	73.69	9.6	6.2	5.8	10	3.5	
BP plc	BP	B	67.32	9.6	6.6	5.8	9	3.7	
Chevron Corporation	CVX	B	77.79	10.0	5.9	5.1	9	3.0	
Royal Dutch Shell plc	RDS-A	B	69.35	7.5	5.4	4.6	8	4.2	
ConocoPhillips	COP	B	69.35	11.0	6.1	4.6	7	2.4	
	<i>Median</i>				10.0	6.2	5.8	9	3.0
Producer/Refiners - Large Cap									
Kinder Morgan, Inc.	KMI	S	106.59		8.9	13.6	21	3.3	
Imperial Oil Limited (30%)	IMO	B	38.03	13.5	8.4	8.6	15	0.7	
Suncor Energy	SU	B	80.50	23.6	9.8	8.4	15	0.4	
PetroChina Company Ltd (10%)	PTR	B	112.14	15.1	7.0	5.7	11	4.1	
Marathon Oil Corporation	MRO	B	101.55	8.2	6.0	5.6	10	1.9	
Lukoil Oil Company	LUKOY	B	78.50	18.3	7.2	5.2	9	1.6	
Norsk Hydro (pro forma)	NHY	B	34.50	8.6	5.4	5.0	9	2.4	
Petro-Canada	PCZ	B	44.31	6.9	5.1	4.7	9	1.0	
	<i>Median</i>				13.5	7.1	5.6	11	1.8
Independent Natural Gas and Oil - Large Cap									
XTO Energy Inc.	XTO	B	54.27	12.2	7.5	6.9	12	0.9	
Anadarko Petroleum Corp.	APC	B	46.66	10.3	7.7	6.0	9	1.5	
EOG Resources	EOG	B	73.44	9.7	7.2	5.8	14	0.5	
Encana Corporation	ECA	B	52.45	9.5	6.8	5.7	11	1.5	
Occidental Petroleum Corp.	OXY	B	50.70	11.9	6.8	5.1	10	1.7	
CNOOC Limited (34%)	CEO	B	85.57	11.0	5.6	4.9	9	3.9	
Devon Energy Corporation	DVN	B	72.87	9.1	6.9	4.7	9	0.8	
	<i>Median</i>				10.3	6.9	5.7	10	1.5
Independent Natural Gas and Oil - Small Cap									
Berry Petroleum Company	BRY	B	34.06	10.3	9.5	7.8	15	0.9	
Encore Acquisition Company	EAC	B	26.71	15.0	8.5	5.6	24	-	
Cimarex Energy Company	XEC	B	39.40	8.1	6.2	3.8	9	0.4	
Energy Partners Ltd.	EPL	B	16.71	5.2	4.4	3.0	-	-	
	<i>Median</i>				9.2	7.4	4.7	15	0.2
Income									
Kinder Morgan Energy Partners, L.P.	KMP	S	55.45		7.9	17.6	54	6.0	
Kinder Morgan Management, LLC	KMR	S	53.14		7.9	17.1	51	6.2	
Canadian Oil Sands Trust	COSWF	B	27.12	22.7	11.5	9.1	12	6.2	
San Juan Basin Royalty Trust	SJT	B	32.12	9.9	10.9	8.8	11	9.4	
Pengrowth Energy Trust	PGH		17.26	7.4	7.5	7.5	26	15.4	
Hugoton Royalty Trust	HGT	B	26.60	13.2	9.5	7.4	10	10.3	
Enerplus Resources Fund	ERF		43.50	9.0	7.0	6.5	12	10.2	
Penn West Energy Trust	PWE	B	29.95	7.5	7.1	6.1	12	12.0	
	<i>Median</i>				9.4	7.9	8.2	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

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.

**McDep Energy Portfolio
Composite of Buy Recommendations**

Symbol	Price (US\$/sh)	Portfolio Weight		Non- U.S. HQ	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	McDep Ratio	
		30-Apr 2007	Equity (%)							EV (%)
Mega Cap										
Exxon Mobil Corporation	XOM	79.38	3.1	2.8		0.2	0.4	1.4	0.7	0.97
Total S.A.	TOT	73.69	2.8	2.8	2.8		0.8	1.4	0.6	0.93
BP plc	BP	67.32	1.3	1.4	1.4	0.1	0.1	0.8	0.3	0.87
Chevron Corporation	CVX	77.79	5.8	5.6		0.3	0.4	3.4	1.5	0.86
Royal Dutch Shell plc	RDS-A	69.35	2.8	2.8	2.8	0.1	0.5	1.2	1.1	0.85
ConocoPhillips	COP	69.35	4.9	5.6		1.0	0.4	3.0	1.3	0.75
Gazprom	OGZPY	39.65	9.0	8.5	8.5		6.7	1.8		0.73
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	38.03	1.5	1.4	1.4	0.1		1.0	0.3	1.03
Norsk Hydro (pro forma)	NHY	34.50	2.6	2.8	2.8		0.7	1.0	1.1	0.93
Marathon Oil Corporation	MRO	101.55	1.4	1.4		0.1	0.1	0.6	0.6	0.93
Petro-Canada	PCZ	44.31	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.92
Suncor Energy	SU	80.50	1.5	1.4	1.4	0.1		1.3	0.1	0.86
PetroChina Company Ltd.	PTR	112.14	3.0	2.8	2.8		0.2	2.4	0.2	0.81
Lukoil Oil Company	LUKOY	78.50	6.4	5.6	5.6			4.2	1.4	0.72
Independent Natural Gas and Oil - Large Cap										
XTO Energy Inc.	XTO	54.27	2.8	2.8		2.0		0.8		0.92
CNOOC Limited	CEO	85.57	3.3	2.8	2.8		0.3	2.5		0.87
Encana Corporation	ECA	52.45	5.4	5.6	5.6	4.1		1.3	0.2	0.84
EOG Resources	EOG	73.44	6.2	5.6		4.2	0.4	1.0		0.81
Anadarko Petroleum Corp.	APC	46.66	1.5	2.8		1.5		1.2	0.1	0.79
Occidental Petroleum Corp	OXY	50.70	2.9	2.8		0.4	0.0	2.1	0.3	0.76
Devon Energy Corporatiort	DVN	72.87	5.3	5.6		3.1		2.5		0.68
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	34.06	1.2	1.4		0.3		1.1		0.82
Energy Partners Ltd.	EPL	16.71	0.7	1.4		0.8		0.6		0.69
Encore Acquisition Compæ	EAC	26.71	2.1	2.8		0.8		2.1		0.66
Cimarex Energy Company	XEC	39.40	2.8	2.8		1.9		0.9		0.62
Income										
Penn West Energy Trust	PWE	29.95	4.1	4.2	4.2	1.4		2.8		0.86
San Juan Basin Royalty Tr	SJT	32.12	6.6	5.6		5.6				0.80
Canadian Oil Sands Trust	COSWF	27.12	5.9	5.6	5.6			5.6		0.79
Hugoton Royalty Trust	HGT	26.60	1.6	1.4		1.4				0.78
Portfolio Composite			100	100	49	30	11	49	10	0.79
Canada					20					
Russia					14					
Europe					10					
China					6					

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>
27-Apr	CVX	Chevron Corporation	Solid Results
26-Apr	CEO	CNOOC Ltd	Volume up 5%
26-Apr	XOM	Exxon Mobil Corporation	Another Record Quarter
26-Apr	XTO	XTO Energy Inc.	Buy for Natural Gas
26-Apr	COSWF	Canadian Oil Sands Trust	Distribution Raised 33%
25-Apr	ECA	EnCana Corporation	Buy for Natural Gas
25-Apr	COP	ConocoPhillips	Strong Demand, Constrained Supply
25-Apr	BP	BP p.l.c.	CEO Cycle
25-Apr	LUKOY	Lukoil Oil Company	Tax Timing
24-Apr	OXY	Occidental Petroleum Corporation	Well-Positioned in Oil
24-Apr	PCZ	Petro-Canada	Volume Up 15%
18-Apr	KMx	Kinder Morgan	Deal Delayed
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	* 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
15-Feb	* EAC	Encore Acquisition	Reduce NPV to \$48 a Share
15-Feb	* TOT	Total S.A.	Thank You, Thierry Desmarest
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
2-Feb	* MRO	Marathon Oil Corporation	Emphasis on Refining
1-Feb	* EOG	EOG Resources Inc.	Reserves Up Ten Percent in 2006
1-Feb	* RDSA	Royal Dutch Shell plc	Reserves and Earnings Ahead

Meter Reader - A Weekly Analysis

1-May		Deals and Debacles
24-Apr		Stealth Oil Price Trend
17-Apr	*	Synchronized
10-Apr	*	Practical Carbon Economics

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

27-Apr		Distribution Decisions
20-Apr		Crank Up the Air Conditioning
13-Apr	*	Appreciation Potential on Tax Confusion
6-Apr	*	Smoothing Reserve and Volume Disclosures

* 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.