

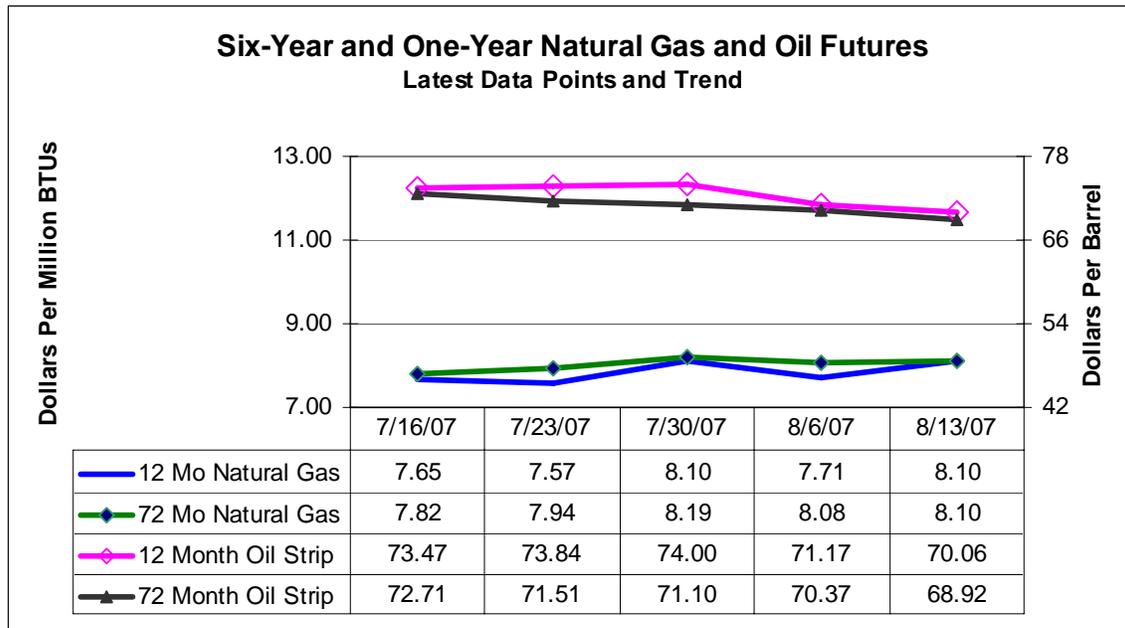
Refresh and Reload

Summary and Recommendation

Approaching the August vacation period and considering what has happened since the same time a year ago, we see opportunity to invest in buy recommendations below recently-reached higher prices including **Anadarko (APC)**, **PetroChina (PTR)** and **Royal Dutch Shell (RDS)**. Masking more noticeable interim action, point-to-point industry price trends moved surprisingly little with one-year refining crack up 5%, six-year natural gas down 3% and six-year oil down 6% from August 14, 2006 to August 10, 2007. The one-third of covered stocks with the highest McDep Ratios underperformed by scoring an average standardized levered total return of 4% for the same period while buy recommendations scored an average 14%. As a whole our stocks have had a relative pause for the past twelve months and are ready for a stronger advance, we believe. Always with a wary eye on risk, we recommend increasing positions to adjustable benchmarks that encourage adding shares during declines and subtracting during strong advances.

While we also take a traditional August vacation we do not plan to publish Meter Reader on August 21 and 28. We expect Meter Reader's next weekly edition to be September 4.

Kurt H. Wulff, CFA



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Oil and Gas Producers - Rank by McDep Ratio

	Symbol/ Rating		Price (US\$/sh) 13-Aug 2007	Shares (mm)	Market Cap (US\$m)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	82.92	5,620	466,000	92.00	0.05	0.91
Total S.A.	TOT	B	73.50	2,278	167,000	89.00	0.13	0.85
Royal Dutch Shell plc	RDS-A	B	74.19	3,152	234,000	94.00	0.10	0.81
Chevron Corporation	CVX	B	82.45	2,206	182,000	105.00	0.09	0.80
BP plc	BP	B	65.47	3,198	209,000	87.00	0.16	0.79
ConocoPhillips	COP	B	79.20	1,658	131,000	112.00	0.18	0.76
Gazprom (50%)	OGZPY	B	42.30	2,855	120,800	62.00	0.07	0.70
<i>Total or Median</i>					<i>1,510,000</i>		<i>0.10</i>	<i>0.80</i>
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	41.64	282	11,740	42.00	0.07	0.99
Norsk Hydro ASA (post Oct 1)	NHY	H	12.06	1,241	14,970	13.00	0.11	0.94
Marathon Oil Corporation	MRO	H	53.76	712	38,300	62.00	0.18	0.89
Suncor Energy	SU	B	89.63	472	42,310	105.00	0.08	0.87
PetroChina Company Ltd (10%)	PTR	B	135.34	181	24,500	166.00	0.05	0.83
Petro-Canada	PCZ	B	51.13	498	25,460	65.00	0.15	0.82
Statoil ASA (29%)	STO	B	27.50	928	25,520	35.00	0.14	0.81
Lukoil Oil Company	LUKOY	B	76.80	831	64,000	121.00	0.02	0.64
<i>Total or Median</i>					<i>247,000</i>		<i>0.10</i>	<i>0.85</i>
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	B	110.45	140	15,440	108.00	-	1.02
Encana Corporation	ECA	B	60.20	765	46,100	72.00	0.14	0.86
XTO Energy Inc.	XTO	B	55.81	390	21,770	70.00	0.17	0.83
Anadarko Petroleum Corp.	APC	B	49.33	467	23,000	74.00	0.38	0.79
Occidental Petroleum Corp.	OXY	B	55.60	842	46,800	77.00	0.07	0.74
EOG Resources	EOG	B	71.49	247	17,700	102.00	0.05	0.72
Devon Energy Corporation	DVN	B	76.38	450	34,400	129.00	0.15	0.65
<i>Total or Median</i>					<i>205,000</i>		<i>0.14</i>	<i>0.79</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	34.88	45	1,570	44.00	0.23	0.84
Encore Acquisition Company	EAC	B	29.36	54	1,590	54.00	0.32	0.69
Energy Partners Ltd.	EPL	B	14.13	35	490	38.00	0.31	0.57
Cimarex Energy Company	XEC	B	36.90	85	3,130	76.00	0.09	0.53
<i>Total or Median</i>					<i>6,800</i>		<i>0.27</i>	<i>0.63</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	50.20	179	8,970	17.00	0.53	1.92
Kinder Morgan Management, LLC	KMR	S	48.03	62	2,960	17.00	0.53	1.86
Pengrowth Energy Trust	PGH		17.87	246	4,400	17.00	0.27	1.04
Enerplus Resources Fund	ERF		43.01	128	5,510	52.00	0.12	0.85
Penn West Energy Trust	PWE	B	29.31	242	7,080	36.00	0.17	0.85
San Juan Basin Royalty Trust	SJT	B	32.75	47	1,530	40.00	-	0.82
Canadian Oil Sands Trust	COSWF	B	29.64	479	14,200	39.00	0.07	0.78
Hugoton Royalty Trust	HGT	B	24.08	40	960	34.00	-	0.71
<i>Total or Median</i>					<i>45,600</i>		<i>0.15</i>	<i>0.85</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

	Symbol/ Rating		Price (US\$/sh) 13-Aug 2007	Adjustd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
Gazprom (50%)	OGZPY	B	42.30	24.6	9.4	6.6	10	0.9
Exxon Mobil Corporation	XOM	B	82.92	11.7	6.7	6.1	11	1.7
BP plc	BP	B	65.47	9.7	7.1	5.6	9	4.0
Total S.A.	TOT	B	73.50	9.7	6.6	5.6	10	3.5
Chevron Corporation	CVX	B	82.45	10.1	6.2	5.0	9	2.8
ConocoPhillips	COP	B	79.20	10.3	6.4	4.8	8	2.1
Royal Dutch Shell plc	RDS-A	B	74.19	8.1	5.7	4.7	9	3.9
	<i>Median</i>			<i>10.1</i>	<i>6.6</i>	<i>5.6</i>	<i>9</i>	<i>2.8</i>
Producer/Refiners - Large Cap								
Suncor Energy	SU	B	89.63	23.8	10.7	9.3	17	0.4
Imperial Oil Limited (30%)	IMO	B	41.64	13.3	7.8	7.8	13	0.8
PetroChina Company Ltd (10%)	PTR	B	135.34	15.0	8.0	6.6	13	3.5
Norsk Hydro ASA (post Oct 1)	NHY	H	12.06	-	6.6	6.2	10	1.4
Marathon Oil Corporation	MRO	H	53.76	9.1	5.6	5.0	8	1.8
Statoil ASA (29%)	STO	B	27.50	7.7	6.1	5.0	11	5.7
Lukoil Oil Company	LUKOY	B	76.80	17.8	7.7	5.0	9	1.9
Petro-Canada	PCZ	B	51.13	6.6	5.8	4.7	9	1.0
	<i>Median</i>			<i>11.2</i>	<i>7.2</i>	<i>5.6</i>	<i>10</i>	<i>1.6</i>
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	55.81	11.3	8.3	6.9	12	0.9
Anadarko Petroleum Corp.	APC	B	49.33	11.2	8.6	6.8	12	1.5
CNOOC Limited (34%)	CEO	B	110.45	10.6	6.2	6.4	12	3.0
Encana Corporation	ECA	B	60.20	9.2	7.0	6.0	12	1.3
EOG Resources	EOG	B	71.49	9.3	8.2	5.9	15	0.5
Devon Energy Corporation	DVN	B	76.38	9.0	8.1	5.3	10	0.7
Occidental Petroleum Corp.	OXY	B	55.60	11.5	7.1	5.3	10	1.8
	<i>Median</i>			<i>10.6</i>	<i>8.1</i>	<i>6.0</i>	<i>12</i>	<i>1.3</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	34.88	10.2	9.0	7.6	16	0.9
Encore Acquisition Company	EAC	B	29.36	15.5	9.0	6.2	17	-
Cimarex Energy Company	XEC	B	36.90	8.1	7.2	3.8	10	0.4
Energy Partners Ltd.	EPL	B	14.13	6.0	6.0	3.4	-	-
	<i>Median</i>			<i>9.1</i>	<i>8.1</i>	<i>5.0</i>	<i>16</i>	<i>0.2</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	50.20		8.0	15.4	35	6.8
Kinder Morgan Management, LLC	KMR	S	48.03		8.0	14.9	33	7.1
San Juan Basin Royalty Trust	SJT	B	32.75	10.0	12.2	10.0	12	8.2
Canadian Oil Sands Trust	COSWF	B	29.64	21.1	10.9	8.5	10	9.0
Hugoton Royalty Trust	HGT	B	24.08	13.9	11.1	7.9	11	8.8
Pengrowth Energy Trust	PGH		17.87	7.1	7.2	7.4	33	15.9
Enerplus Resources Fund	ERF		43.01	9.4	8.5	7.3	15	11.1
Penn West Energy Trust	PWE	B	29.31	7.7	7.3	6.2	12	13.2
	<i>Median</i>			<i>9.7</i>	<i>8.3</i>	<i>8.2</i>	<i>14</i>	<i>8.9</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 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)	Portfolio Weight		Non- U.S. HQ	North Amer. Natural Gas	Rest of World Natural Gas	Oil Prod'n	Down- stream	McDep Ratio	
		13-Aug 2007	Equity (%)							EV (%)
Mega Cap										
Exxon Mobil Corporation	XOM	82.92	1.6	1.4		0.1	0.2	0.8	0.4	0.91
Total S.A.	TOT	73.50	2.9	2.9	2.9		0.8	1.4	0.6	0.85
Royal Dutch Shell plc	RDS-A	74.19	2.9	2.9	2.9	0.1	0.4	1.4	1.0	0.81
Chevron Corporation	CVX	82.45	6.0	5.7		0.3	0.3	3.6	1.5	0.80
BP plc	BP	65.47	2.7	2.9	2.9	0.2	0.3	1.7	0.7	0.79
ConocoPhillips	COP	79.20	5.2	5.7		0.9	0.4	3.0	1.4	0.76
Gazprom	OGZPY	42.30	9.1	8.6	8.6		6.6	2.0		0.70
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	41.64	1.6	1.4	1.4	0.1		1.1	0.2	0.99
Suncor Energy	SU	89.63	1.5	1.4	1.4	0.0		1.3	0.1	0.87
PetroChina Company Ltd.	PTR	135.34	3.1	2.9	2.9		0.2	2.5	0.2	0.83
Petro-Canada	PCZ	51.13	1.4	1.4	1.4	0.2	0.0	1.0	0.2	0.82
Statoil ASA	STO	27.50	1.4	1.4	1.4		0.5	0.9	-	0.81
Lukoil Oil Company	LUKOY	76.80	6.5	5.7	5.7			4.1	1.6	0.64
Independent Natural Gas and Oil - Large Cap										
CNOOC Limited	CEO	110.45	3.4	2.9	2.9		0.3	2.6		1.02
Encana Corporation	ECA	60.20	4.2	4.3	4.3	3.0		0.9	0.4	0.86
XTO Energy Inc.	XTO	55.81	4.0	4.3		3.4		0.9		0.83
Anadarko Petroleum Corp.	APC	49.33	1.7	2.9		1.5		1.3	0.1	0.79
Occidental Petroleum Corp	OXY	55.60	3.0	2.9		0.4	0.0	2.2	0.2	0.74
EOG Resources	EOG	71.49	6.2	5.7		4.5	0.2	1.0		0.72
Devon Energy Corporation	DVN	76.38	5.2	5.7		3.2		2.5		0.65
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	34.88	1.2	1.4		0.4		1.0		0.84
Encore Acquisition Comp	EAC	29.36	1.8	2.9		0.5		2.4		0.69
Energy Partners Ltd.	EPL	14.13	1.5	2.9		1.4		1.4		0.57
Cimarex Energy Company	XEC	36.90	2.8	2.9		2.0		0.9		0.53
Income										
Penn West Energy Trust	PWE	29.31	2.7	2.9	2.9	0.9		1.9		0.85
San Juan Basin Royalty Tr	SJT	32.75	6.7	5.7		5.7				0.82
Canadian Oil Sands Trust	COSWF	29.64	6.1	5.7	5.7	(0.6)		6.3		0.78
Hugoton Royalty Trust	HGT	24.08	3.4	2.9		2.9				0.71
Portfolio Composite			100	100	47	31	10	50	9	0.75
Canada					17					
Russia					14					
Europe					10					
China					6					

Note: Percentages in the Portfolio Weight - EV column correspond to unlevered positions ranging from triple at 8.6% to half at 1.4%.

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Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
8-Aug	EPL	Energy Partners, Ltd.	Oversold
3-Aug	EOG	EOG Resources Inc.	Natural Gas with North Dakota Oil
3-Aug	PWE	Penn West Energy Trust	High Return from Distributions
3-Aug	IMO	Imperial Oil Limited	High Return from Stock Repurchase
2-Aug	TOT	Total S.A.	Constructive Russo-French Interdependence
2-Aug	BRY	Berry Petroleum	Rocky Mountain Constraints
1-Aug	XEC	Cimarex Energy Company	Stable Volume
1-Aug	DVN	Devon Energy Corporation	Volume Advances
1-Aug	EAC	Encore Acquisition	Nice to be Oily
31-Jul	MRO	Marathon Oil Corporation	Oil Sands Acquirer
31-Jul	APC	Anadarko Petroleum Corporation	Transition Maturing
30-Jul	STO	Statoil ASA	Norwegian Oil and Gas Champion
27-Jul	CVX	Chevron Corporation	Oil and Downstream Vigor
26-Jul	SU	Suncor Energy	Oil Sands Growth Stock
26-Jul	XOM	Exxon Mobil Corporation	Steady Strength
26-Jul	PCZ	Petro-Canada	Raise NPV to US\$65 a Share
26-Jul	RDSA	Royal Dutch Shell plc	Downstream Benefit
25-Jul	ECA	EnCana Corporation	Downstream Blessing
25-Jul	COP	ConocoPhillips	Downstream Blessing
25-Jul	BP	BP p.l.c.	Controversy Diminishing
25-Jul	* COSWF	Canadian Oil Sands Trust	Potential Distribution Double
24-Jul	* XTO	XTO Energy Inc.	Volume Growth in Underpriced Natural Gas
24-Jul	* OXY	Occidental Petroleum Corporation	Ready for Peak Oil Test
24-Jul	* NHY	Norsk Hydro ASA	Confidence in Aluminium
23-Jul	* HGT	Hugoton Royalty Trust	Paying Unitholders to Wait
20-Jul	* CEO	CNOOC Ltd	Fu Chengyu Meets Boone Pickens
19-Jul	* KMX	Kinder Morgan	Suggestions for New General Partner Owners
16-Jul	* PTR	PetroChina Company Limited	Raise NPV to \$166 a Share
29-Jun	* OGZPY	Gazprom	Raise NPV to \$62 a Share
29-Jun	* LUKOY	Lukoil Oil Company	Raise NPV to \$121 a Share
1-Jun	* SJT	San Juan Basin Royalty Trust	Stable Present Value (RT Weekly)

Meter Reader - A Weekly Analysis

14-Aug		
7-Aug		Buy Something
31-Jul	*	Value Growth
24-Jul	*	Europe Wants Natural Gas Again

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

10-Aug		Real Assets for a Time of Financial Turmoil
6-Aug		Seymour Schulich's Book
30-Jul	*	Market Reprices Credit Risk
20-Jul	*	The Last Laggards

* Archived on www.mcdep.com

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