

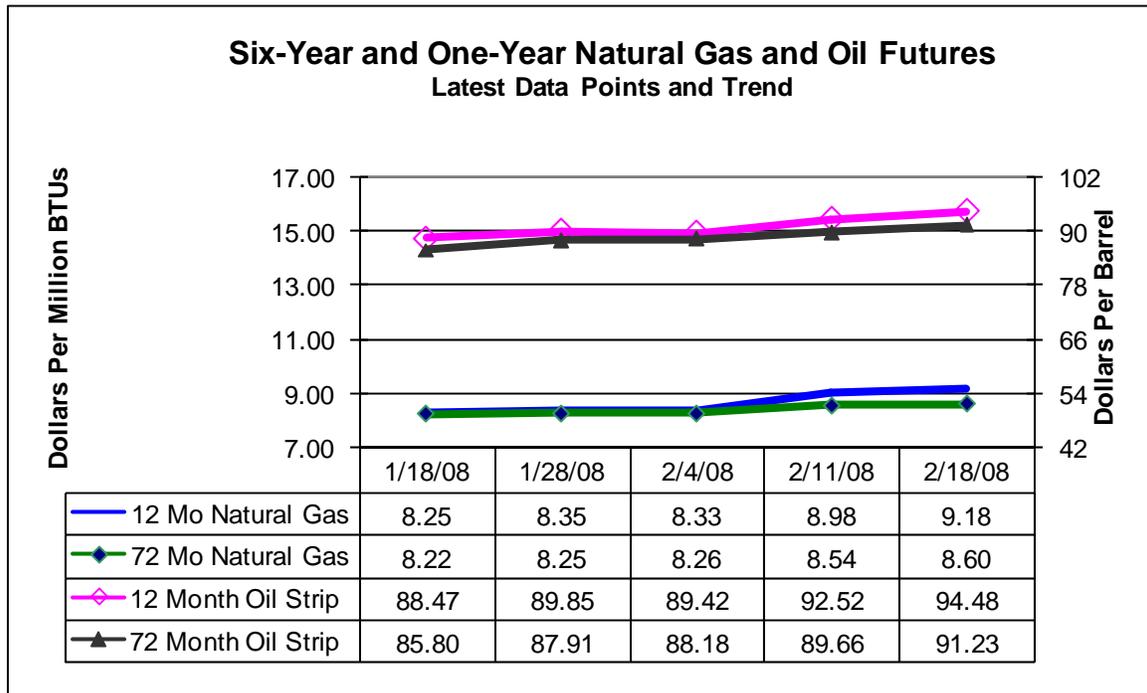


Momentum Bargains

Summary and Recommendation

Three buy recommendations, **Gazprom (OGZPY)**, **Anadarko (APC)** and **Suncor (SU)** and one hold-rated stock **CNOOC Ltd. (CEO)** are in what we call the price chart sweet spot. Positive price momentum defined by current quote above the 200-day average suggests that prospects for immediate appreciation are better than otherwise. Since the value investor in us still wants a bargain, we try to take advantage of the more random near-term fluctuations by noting when the current price quote is below the 60-day average (see table page 5). The fundamental outlook for the stocks above the 200-day and below the 60-day average supports optimistic expectations. The world's largest publicly traded energy producer, Gazprom, is coming off a year of flat natural gas price, 2007, and beginning a year of rising natural gas price, 2008. Anadarko has completed the difficult-to-analyze phase of absorbing acquisitions while the area of its intensified emphasis, the Rocky Mountains, should produce more volume and profit as a new natural gas pipeline becomes operational this year. Suncor has settled its tax issues with the province of Alberta and moves forward on continuous expansion as the oldest miner/upgrader of oil sands, North America's most important incremental oil supply. Finally, CNOOC may see its shares start trading on the Shanghai stock market where the price may be twice the current New York quote.

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 19, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		18-Feb	Shares	Cap	Value	Present	McDep
		Rating	2008	(mm)	(US\$m)	(US\$/sh)	Value	Ratio
Mega Cap								
Petrobras	PBR		114.45	2,200	251,790	122.00	0.09	0.94
Exxon Mobil Corporation	XOM	B	85.37	5,454	466,000	102.00	0.05	0.84
BP plc	BP	B	65.68	3,163	208,000	84.00	0.18	0.82
Total S.A.	TOT	B	72.50	2,266	164,000	100.00	0.12	0.76
Chevron Corporation	CVX	B	83.60	2,206	184,000	117.00	0.08	0.74
Royal Dutch Shell plc	RDS-A	B	69.74	3,125	218,000	104.00	0.11	0.71
ConocoPhillips	COP	B	79.05	1,612	127,000	124.00	0.18	0.70
Gazprom (50%)	OGZPY	B	50.90	2,940	149,600	72.00	0.10	0.74
<i>Total or Median</i>					<i>1,768,000</i>		<i>0.10</i>	<i>0.75</i>
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	53.60	275	14,710	48.00	0.07	1.11
Suncor Energy	SU	B	96.36	473	45,580	122.00	0.08	0.81
Marathon Oil Corporation	MRO	H	50.85	713	36,260	68.00	0.18	0.79
PetroChina Company Ltd (14%)	PTR	B	151.41	256	38,790	190.00	0.05	0.81
StatoilHydro ASA (29%)	STO	B	28.84	928	26,760	41.00	0.12	0.74
Petro-Canada	PCZ	B	45.90	489	22,450	72.00	0.15	0.69
Lukoil Oil Company	LUKOY	B	72.80	826	60,000	134.00	0.02	0.55
<i>Total or Median</i>					<i>245,000</i>		<i>0.08</i>	<i>0.79</i>
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	158.55	149	23,670	125.00	-	1.27
Encana Corporation	ECA	B	69.79	755	52,700	75.00	0.22	0.95
XTO Energy Inc.	XTO	B	55.29	491	27,120	68.00	0.16	0.84
EOG Resources	EOG	B	96.03	249	23,900	115.00	0.06	0.85
Occidental Petroleum Corp.	OXY	B	71.72	833	59,700	86.00	0.06	0.84
Anadarko Petroleum Corp.	APC	B	58.94	470	27,700	82.00	0.31	0.81
Devon Energy Corporation	DVN	B	93.20	449	41,800	139.00	0.13	0.71
Canadian Natural Resources	CNQ	B	64.72	539	34,900	99.00	0.19	0.72
<i>Total or Median</i>					<i>291,000</i>		<i>0.15</i>	<i>0.84</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	38.62	45	1,750	50.00	0.24	0.83
Encore Acquisition Company	EAC	B	34.04	54	1,850	60.00	0.29	0.69
Cimarex Energy Company	XEC	B	44.73	84	3,760	76.00	0.10	0.63
Energy Partners Ltd.	EPL	B	11.66	32	370	38.00	0.34	0.54
<i>Total or Median</i>					<i>7,700</i>		<i>0.26</i>	<i>0.66</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.00	179	10,410	17.00	0.56	2.07
Kinder Morgan Management, LLC	KMR	S	54.28	64	3,470	17.00	0.56	1.97
San Juan Basin Royalty Trust	SJT	B	38.04	47	1,770	40.00	-	0.95
Pengrowth Energy Trust	PGH		18.06	247	4,460	19.00	0.25	0.96
Canadian Oil Sands Trust	COSWF	B	36.62	479	17,540	45.00	0.05	0.82
Penn West Energy Trust	PWE	B	28.22	280	7,900	37.00	0.29	0.83
Enerplus Resources Fund	ERF		41.13	129	5,320	52.00	0.13	0.82
Hugoton Royalty Trust	HGT	B	26.66	40	1,070	34.00	-	0.79
<i>Total or Median</i>					<i>51,900</i>		<i>0.19</i>	<i>0.89</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								

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 19, 2008



Oil and Gas Producers - Rank by EV/Ebitda								
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Divd or Distrib NTM
	Symbol/ Rating		18-Feb 2008	NTM	NTM	NTM	NTM	(%)
Mega Cap								
Petrobras	PBR		114.45	9.8	9.2	8.6	16	1.5
Gazprom (50%)	OGZPY	B	50.90	24.6	10.5	7.7	12	0.8
Exxon Mobil Corporation	XOM	B	85.37	12.0	6.8	5.7	10	1.6
BP plc	BP	B	65.68	9.6	6.4	5.3	9	4.9
Total S.A.	TOT	B	72.50	8.8	6.2	4.7	8	3.8
Chevron Corporation	CVX	B	83.60	10.1	6.3	4.6	8	2.8
ConocoPhillips	COP	B	79.05	10.6	6.0	4.3	7	2.4
Royal Dutch Shell plc	RDS-A	B	69.74	8.1	5.8	4.1	8	4.6
	<i>Median</i>			10.0	6.4	5.0	9	2.6
Producer/Refiners - Large Cap								
Suncor Energy	SU	B	96.36	23.8	10.5	8.5	15	0.4
Imperial Oil Limited (30%)	IMO	B	53.60	14.1	7.4	8.2	14	0.7
PetroChina Company Ltd (14%)	PTR	B	151.41	15.0	7.3	5.9	11	3.3
Marathon Oil Corporation	MRO	H	50.85	8.9	6.2	4.9	8	1.9
StatoilHydro ASA (29%)	STO	B	28.84	7.7	5.9	4.4	9	5.9
Petro-Canada	PCZ	B	45.90	6.9	5.6	3.9	8	1.1
Lukoil Oil Company	LUKOY	B	72.80	18.4	6.6	3.7	6	2.1
	<i>Median</i>			14.1	6.6	4.9	9	1.9
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	55.29	12.6	8.3	7.0	15	0.9
CNOOC Limited (34%)	CEO	H	158.55	9.8	5.5	7.0	12	2.2
Encana Corporation	ECA	B	69.79	8.7	7.1	6.7	14	2.3
EOG Resources	EOG	B	96.03	10.5	7.5	6.3	15	0.5
Canadian Natural Resources	CNQ	B	64.72	8.2	8.2	5.9	11	0.5
Anadarko Petroleum Corp.	APC	B	58.94	9.9	7.1	5.7	15	1.2
Occidental Petroleum Corp.	OXY	B	71.72	11.6	6.3	5.3	10	1.4
Devon Energy Corporation	DVN	B	93.20	9.5	7.3	5.2	10	0.6
	<i>Median</i>			9.9	7.2	6.1	13	1.0
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	38.62	10.3	7.2	6.0	12	0.8
Encore Acquisition Company	EAC	B	34.04	14.2	7.8	5.4	11	-
Cimarex Energy Company	XEC	B	44.73	7.6	5.7	3.6	8	0.4
Energy Partners Ltd.	EPL	B	11.66	6.0	5.0	2.7	-	-
	<i>Median</i>			9.0	6.4	4.5	11	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.00		7.8	16.2	30	6.3
Kinder Morgan Management, LLC	KMR	S	54.28		7.8	15.4	28	6.8
San Juan Basin Royalty Trust	SJT	B	38.04	10.3	10.9	10.3	13	8.0
Canadian Oil Sands Trust	COSWF	B	36.62	23.2	10.2	8.4	10	8.9
Hugoton Royalty Trust	HGT	B	26.66	13.6	10.2	8.0	11	9.0
Pengrowth Energy Trust	PGH		18.06	7.4	6.3	6.1	14	14.8
Enerplus Resources Fund	ERF		41.13	9.7	7.3	5.9	9	12.2
Penn West Energy Trust	PWE	B	28.22	7.4	5.6	4.7	12	14.3
	<i>Median</i>			10.0	7.8	8.2	12	9.0
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2008; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 19, 2008



McDep Energy Portfolio										
Composite of Buy Recommendations										
						North	Rest			
		Price	Portfolio Weight		Non-	Amer.	of World			
		(US\$/sh)	Equity	EV	U.S.	Natural	Natural	Oil	Down-	
	Symbol	18-Feb	(%)	(%)	HQ	Gas	Gas	Prod'n	stream	McDep
		2008			(%)	(%)	(%)	(%)	(%)	Ratio
Mega Cap										
Exxon Mobil Corporation	XOM	85.37	3.5	3.1		0.2	0.4	1.9	0.6	0.84
BP plc	BP	65.68	2.9	3.1	3.1	0.3	0.3	2.1	0.5	0.82
Total S.A.	TOT	72.50	3.1	3.1	3.1		1.0	1.6	0.6	0.76
Chevron Corporation	CVX	83.60	3.3	3.1		0.1	0.2	2.2	0.7	0.74
Gazprom	OGZPY	50.90	9.7	9.4	9.4		7.4	2.0		0.74
Royal Dutch Shell plc	RDS-A	69.74	3.2	3.1	3.1	0.1	0.4	1.7	1.0	0.71
ConocoPhillips	COP	79.05	5.5	6.3		0.9	0.5	3.5	1.4	0.70
<i>Total or Median</i>			<i>31</i>	<i>31</i>						<i>0.74</i>
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	53.60	1.4	1.3	1.3	0.1		1.0	0.2	1.11
PetroChina Company Ltd (14)	PTR	151.41	1.8	1.6	1.6	-	0.1	1.4	0.1	0.81
Suncor Energy	SU	96.36	1.3	1.3	1.3	0.0		1.1	0.1	0.81
StatoilHydro ASA	STO	28.84	1.6	1.6	1.6		0.6	1.0	-	0.74
Petro-Canada	PCZ	45.90	1.2	1.3	1.3	0.1	0.0	0.9	0.2	0.69
Lukoil Oil Company	LUKOY	72.80	7.2	6.3	6.3			4.7	1.6	0.55
<i>Total or Median</i>			<i>14</i>	<i>13</i>						<i>0.77</i>
Independent Natural Gas and Oil - Large Cap										
Encana Corporation	ECA	69.79	3.5	3.8	3.8	2.6		0.9	0.3	0.95
EOG Resources	EOG	96.03	6.9	6.3		4.4	0.4	1.4		0.85
XTO Energy Inc.	XTO	55.29	4.5	4.7		3.7		1.1		0.84
Occidental Petroleum Corp.	OXY	71.72	3.5	3.1		0.4	0.0	2.5	0.2	0.84
Anadarko Petroleum Corp.	APC	58.94	2.3	3.1		1.6		1.4	0.1	0.81
Canadian Natural Resources	CNQ	64.72	1.4	1.6	1.6	0.4		1.1		0.72
Devon Energy Corporation	DVN	93.20	6.1	6.3		3.3		3.0		0.71
<i>Total or Median</i>			<i>28</i>	<i>29</i>						<i>0.84</i>
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	38.62	1.3	1.6		0.4		1.2		0.83
Encore Acquisition Company	EAC	34.04	2.2	3.1		0.5		2.6		0.69
Cimarex Energy Company	XEC	44.73	3.2	3.1		2.1		1.0		0.63
Energy Partners Ltd.	EPL	11.66	0.7	1.6		0.8		0.8		0.54
<i>Total or Median</i>			<i>7</i>	<i>9</i>						<i>0.66</i>
Income										
San Juan Basin Royalty Trust	SJT	38.04	7.5	6.3		6.3				0.95
Penn West Energy Trust	PWE	28.22	2.0	2.5	2.5	0.8		1.7		0.83
Canadian Oil Sands Trust	COSWF	36.62	5.6	5.0	5.0	(0.5)		5.5		0.82
Hugoton Royalty Trust	HGT	26.66	3.7	3.1		3.1				0.79
<i>Total or Median</i>			<i>19</i>	<i>17</i>						<i>0.83</i>
Portfolio Composite										
			<i>100</i>	<i>100</i>	<i>45</i>	<i>32</i>	<i>11</i>	<i>49</i>	<i>8</i>	<i>0.76</i>
Canada					<i>17</i>					
Russia					<i>16</i>					
Europe					<i>11</i>					
China					<i>2</i>					
Note: Percentages in the Portfolio Weight - EV column correspond to unlevered positions ranging from triple at 9.6% to four-tenths at 1.3%.										

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

February 19, 2008



Oil and Gas Producers - Rank by Price to 200-Day Average									
			Price (\$/sh)				Price/ 60-Day	Price/ 200-Day	
	Symbol		18-Feb	60-Day	200-Day	60-Day	200-Day	McDep	
		Rating	2008	Average	Average	Average	Average	Ratio	
Mega Cap									
Gazprom (50%)	OGZPY	B	50.90	53.62	46.27	0.95	1.10	0.74	
Exxon Mobil Corporation	XOM	B	85.37	88.44	87.28	0.97	0.98	0.84	
ConocoPhillips	COP	B	79.05	80.56	80.87	0.98	0.98	0.70	
Chevron Corporation	CVX	B	83.60	87.44	86.87	0.96	0.96	0.74	
BP plc	BP	B	65.68	69.83	70.14	0.94	0.94	0.82	
Total S.A.	TOT	B	72.50	78.86	78.16	0.92	0.93	0.76	
Royal Dutch Shell plc	RDS-A	B	69.74	78.46	78.94	0.89	0.88	0.71	
Producer/Refiners - Large Cap									
Imperial Oil Limited (30%)	IMO	B	53.60	51.47	48.32	1.04	1.11	1.11	
Suncor Energy	SU	B	96.36	99.81	94.84	0.97	1.02	0.81	
StatoilHydro ASA (29%)	STO	B	28.84	29.26	30.09	0.99	0.96	0.74	
PetroChina Company Ltd (10%)	PTR	B	151.41	170.51	164.56	0.89	0.92	0.81	
Lukoil Oil Company	LUKOY	B	72.80	80.88	80.17	0.90	0.91	0.55	
Marathon Oil Corporation	MRO	H	50.85	54.78	56.88	0.93	0.89	0.79	
Petro-Canada	PCZ	B	45.90	49.72	52.07	0.92	0.88	0.69	
Independent Natural Gas and Oil - Large Cap									
EOG Resources	EOG	B	96.03	88.15	79.45	1.09	1.21	0.85	
Occidental Petroleum Corp.	OXY	B	71.72	71.06	63.43	1.01	1.13	0.84	
CNOOC Limited (34%)	CEO	H	158.55	162.90	140.30	0.97	1.13	1.27	
Devon Energy Corporation	DVN	B	93.20	86.89	82.51	1.07	1.13	0.71	
XTO Energy Inc.	XTO	B	55.29	52.11	49.04	1.06	1.13	0.84	
Encana Corporation	ECA	B	69.79	66.80	63.80	1.04	1.09	0.95	
Anadarko Petroleum Corp.	APC	B	58.94	60.07	54.40	0.98	1.08	0.81	
Canadian Natural Resources	CNQ	B	64.72	67.82	69.52	0.95	0.93	0.72	
Independent Natural Gas and Oil - Small Cap									
Cimarex Energy Company	XEC	B	44.73	41.24	39.62	1.08	1.13	0.63	
Encore Acquisition Company	EAC	B	34.04	32.49	30.87	1.05	1.10	0.69	
Berry Petroleum Company	BRY	B	38.62	41.29	39.30	0.94	0.98	0.83	
Energy Partners Ltd.	EPL	B	11.66	12.15	14.47	0.96	0.81	0.54	
Income									
San Juan Basin Royalty Trust	SJT	B	38.04	35.15	33.88	1.08	1.12	0.95	
Kinder Morgan Energy Partners, L.	KMP	S	58.00	54.17	53.09	1.07	1.09	2.07	
Canadian Oil Sands Trust	COSWF	B	36.62	36.62	33.73	1.00	1.09	0.82	
Hugoton Royalty Trust	HGT	B	26.66	24.02	24.75	1.11	1.08	0.79	
Pengrowth Energy Trust	PGH		18.06	17.72	18.15	1.02	1.00	0.96	
Enerplus Resources Fund	ERF		41.13	39.35	43.76	1.05	0.94	0.82	
Penn West Energy Trust	PWE	B	28.22	26.53	30.19	1.06	0.93	0.83	

Source: Bloomberg, McDep, Yahoo

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

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Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
18-Feb	OGZPY	Gazprom	60-Day Bargain, 200-Day Momentum
15-Feb	BRY	Berry Petroleum	Postpones Master Limited Partnership
14-Feb	EAC	Encore Acquisition	Low-Priced Stock Market Oil
14-Feb	ECA	EnCana Corporation	Overcoming Alberta Tax Hunger
13-Feb	TOT	Total S.A.	Stock Market Value with Oil Price Momentum
12-Feb	XTO	XTO Energy Inc.	Raise Net Present Value to \$68 A Share
7-Feb	EOG	EOG Resources Inc.	Raise Net Present Value to \$115 A Share
6-Feb	DVN	Devon Energy Corporation	Reserves Grow with Production
5-Feb	BP	BP p.l.c.	Underlying Resource Strength
5-Feb	APC	Anadarko Petroleum Corporation	Rising Natural Gas Volume
5-Feb	* PTR	PetroChina Company Limited	Buy (Meter Reader)
1-Feb	CVX	Chevron Corporation	Oil Concentration Rewarded
1-Feb	XOM	Exxon Mobil Corporation	Global Energy Leader
1-Feb	IMO	Imperial Oil Limited	Long-Term Canadian Oil Money Maker
31-Jan	PCZ	Petro-Canada	Facing Oil Sands Investment Decision
31-Jan	MRO	Marathon Oil Corporation	Downstream Surprise
31-Jan	RDSA	Royal Dutch Shell plc	Downstream Offset
31-Jan	COSWF	Canadian Oil Sands Trust	Distribution Nearly Doubles in Two Quarters
29-Jan	CEO	CNOOC Ltd	Volume Gains Expected in 2008
29-Jan	OXY	Occidental Petroleum Corporation	Crude is King
23-Jan	* COP	ConocoPhillips	Cool under Fire
22-Jan	* SU	Suncor Energy	Oil Sands for Taxable Investors
17-Jan	* KMP	Kinder Morgan	Energy Infrastructure Fee Machine
11-Jan	* HGT	Hugoton Royalty Trust	Insider Buying (Income Weekly)
6-Jan	* SJT	San Juan Basin Royalty Trust	\$18 a Million Btu for LNG
14-Dec	* LUKOY	Lukoil Oil Company	Our Favorite Russian Oil Stock
28-Nov	* CNQ	Canadian Natural Resources	New Buy Recommendation
11-Nov	* PBR	Petrobras	Energy Mega Cap
9-Nov	* PWE	Penn West Energy Trust	Light Oil Consolidator
8-Nov	* PBR	Petrobras	Bonanza Offshore Brazil
7-Nov	* XEC	Cimarex Energy Company	Timely Turn to Oil
7-Nov	* EPL	Energy Partners, Ltd.	Management Scales Back
1-Nov	* CNQ	Canadian Natural Resources	Heavy Oil, Natural Gas and Oil Sands
29-Oct	* STO	StatoilHydro ASA	Shtokman Partner

Meter Reader

19-Feb		Weekly	Momentum Bargains
12-Feb		Weekly	In Energy We Trust
5-Feb	*	Weekly	Buy PetroChina
29-Jan	*	Weekly	Buy Large Cap Natural Gas

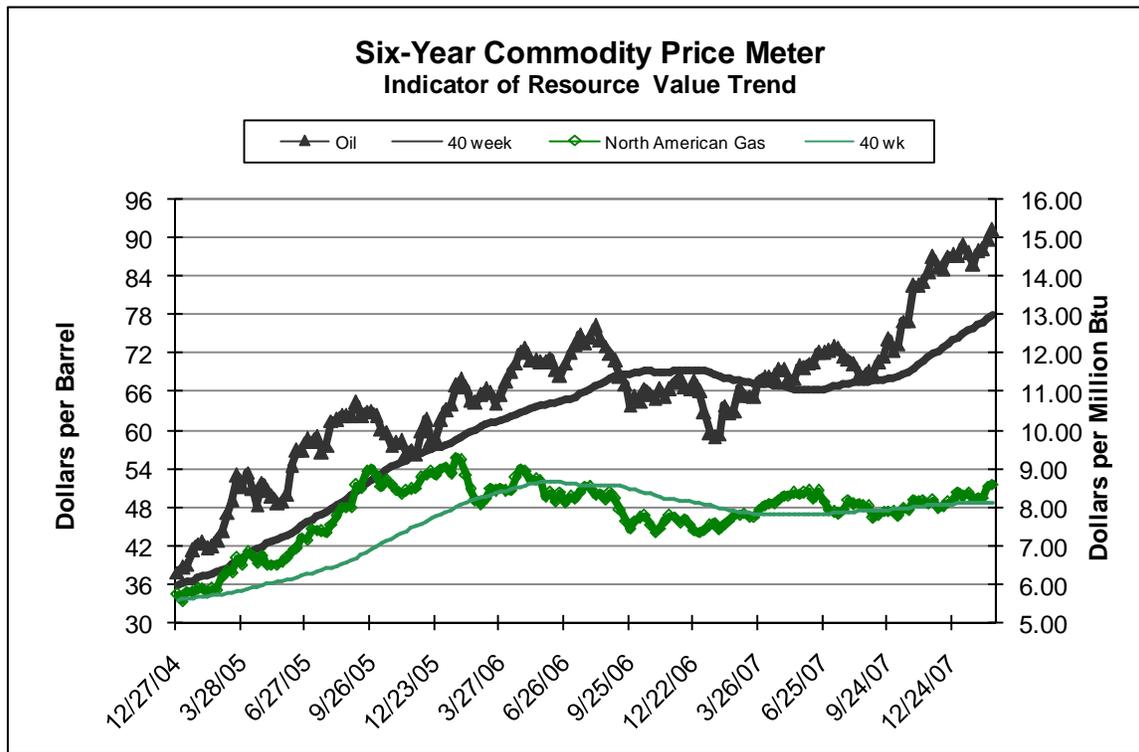
Oil and Gas Income Stocks (previously Natural Gas and Oil Royalty Trusts)

15-Feb		Weekly	Surprising Signs of Strength in Energy Price
8-Feb		Weekly	Rising Natural Gas Monthly Index Price
4-Feb	*	Weekly	Canada Tax Developments
25-Jan	*	Weekly	False Alarm

* Archived on www.mcdep.com

Meter Reader

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February 19, 2008



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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