

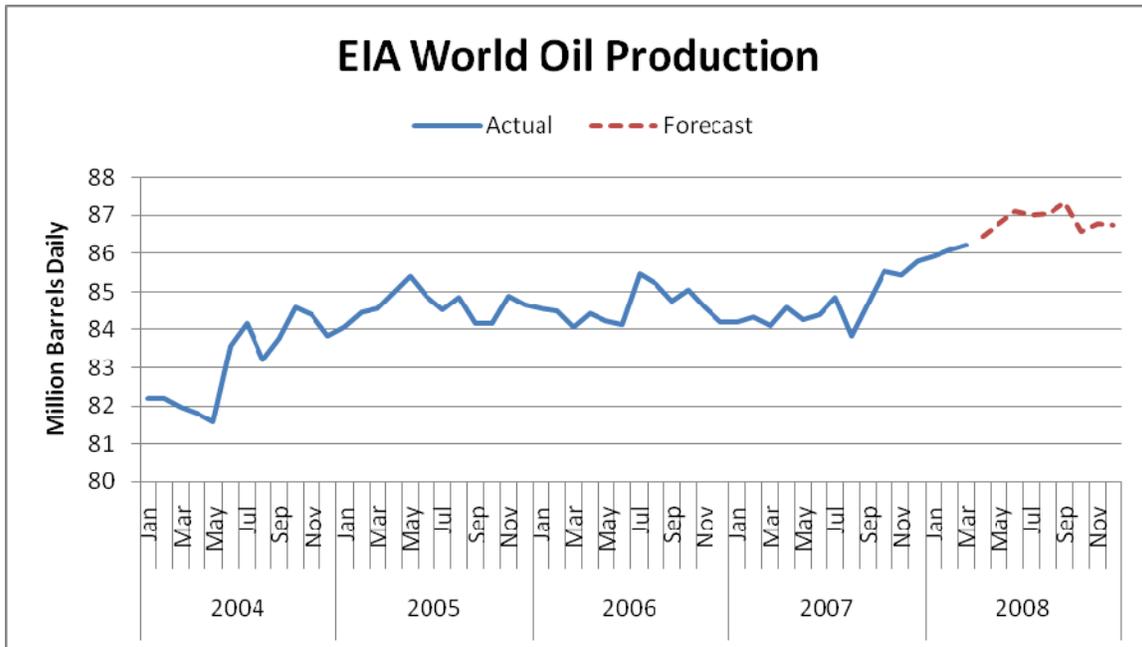


New High for Global Oil Supply

Summary and Recommendation

U.S. government estimates of oil supply seem reassuring for global growth and for buy-recommended oil and gas investments. A peak in world oil production around 85 million barrels daily for the past three years may have been exceeded for the past two months according to preliminary statistics compiled by the U.S. Energy Information Administration (EIA) in its *Short Term Energy Outlook*, April 8, 2008 (see our chart [EIA World Oil Production](#)). Meanwhile, demand may be sparked by fiscal policy that sponsors stimulus checks being sent to U.S. citizens and monetary policy that keeps U.S. interest rates below inflation, all amid promises of more spending from the presidential contenders. Oil price has positive momentum with the near month quote at \$119, above the 200-day average of \$91. That price may be nearing the upper end of a range for the past five years of 1.39 times the 200-day average, or \$126.

Kurt H. Wulff, CFA



Source: Actual and forecast from EIA, chart by McDep LLC

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

April 29, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		28-Apr	Shares	Cap	Value	Present	McDep
	Rating		2008	(mm)	(US\$m)	(US\$/sh)	Value	Ratio
Mega Cap								
Petrobras	PBR		122.76	2,194	269,270	122.00	0.12	1.01
Exxon Mobil Corporation	XOM	B	92.45	5,454	504,000	102.00	0.05	0.91
BP plc	BP	B	68.98	3,163	218,000	84.00	0.18	0.85
Total S.A.	TOT	B	82.01	2,266	186,000	100.00	0.13	0.84
Chevron Corporation	CVX	B	92.50	2,206	204,000	117.00	0.09	0.81
Gazprom (50%)	OGZPY	B	53.40	2,940	157,000	72.00	0.10	0.77
Royal Dutch Shell plc	RDS-A	B	76.72	3,125	240,000	104.00	0.11	0.77
ConocoPhillips	COP	B	84.44	1,582	134,000	124.00	0.19	0.74
<i>Total or Median</i>					1,912,000		0.11	0.83
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	57.34	275	15,740	48.00	0.07	1.18
Suncor Energy	SU	B	113.95	473	53,900	122.00	0.09	0.94
StatoilHydro ASA (29%)	STO	B	35.76	927	33,150	41.00	0.16	0.89
PetroChina Company Ltd (14%)	PTR	B	146.58	256	37,550	190.00	0.05	0.78
Marathon Oil Corporation	MRO	H	46.41	713	33,090	68.00	0.19	0.74
Petro-Canada	PCZ	B	49.40	489	24,160	72.00	0.15	0.73
Lukoil Oil Company	LUKOY	B	91.10	828	75,000	134.00	0.02	0.69
<i>Total or Median</i>					273,000		0.09	0.78
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	179.48	152	27,330	140.00	-	1.28
EOG Resources	EOG	B	134.04	249	33,300	115.00	0.06	1.16
Encana Corporation	ECA	B	82.43	753	62,100	75.00	0.23	1.08
XTO Energy Inc.	XTO	B	63.97	504	32,240	68.00	0.17	0.95
Chesapeake Energy Corporation	CHK		53.80	476	25,610	62.00	0.30	0.91
Anadarko Petroleum Corp.	APC	B	68.29	470	32,100	82.00	0.31	0.88
Canadian Natural Resources	CNQ	B	83.88	540	45,300	99.00	0.20	0.88
Devon Energy Corporation	DVN	B	118.02	449	53,000	139.00	0.13	0.87
Occidental Petroleum Corp.	OXY	B	85.54	828	70,800	100.00	0.05	0.86
<i>Total or Median</i>					382,000		0.17	0.91
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	50.81	45	2,300	50.00	0.24	1.01
Birchcliff Energy Ltd. (US\$)	BIR.TO		11.16	88	980	12.00	0.13	0.94
Cimarex Energy Company	XEC	B	63.37	84	5,340	76.00	0.10	0.85
Encore Acquisition Company	EAC	B	46.90	54	2,550	60.00	0.29	0.84
Energy Partners Ltd.	EPL		12.37	32	390	25.00	0.43	0.71
<i>Total or Median</i>					11,600		0.24	0.85
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	59.09	188	11,120	17.00	0.57	2.07
Kinder Morgan Management, LLC	KMR	S	54.28	65	3,530	17.00	0.57	1.95
Pengrowth Energy Trust	PGH		20.62	247	5,090	19.00	0.27	1.06
Canadian Oil Sands Trust	COSWF	B	45.74	479	21,910	45.00	0.05	1.02
San Juan Basin Royalty Trust	SJT	B	39.89	47	1,860	40.00	-	1.00
Enerplus Resources Fund	ERF		46.18	153	7,070	52.00	0.16	0.91
Hugoton Royalty Trust	HGT	B	29.99	40	1,200	34.00	-	0.88
Penn West Energy Trust	PWE	B	30.90	373	11,510	37.00	0.23	0.87
<i>Total or Median</i>					63,300		0.20	1.01
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								

Please see disclosures on the final page.

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Oil and Gas Producers - Rank by EV/Ebitda								
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
	Symbol/ Rating		28-Apr 2008	Prod NTM	Ebitda NTM	Ebitda NTM	P/E NTM	NTM (%)
Mega Cap								
Petrobras	PBR		122.76	9.5	7.7	7.8	13	1.4
Gazprom (50%)	OGZPY	B	53.40	24.6	9.8	7.6	12	0.8
Exxon Mobil Corporation	XOM	B	92.45	12.0	6.0	5.5	9	1.5
BP plc	BP	B	68.98	9.9	5.6	4.7	8	4.7
Total S.A.	TOT	B	82.01	8.9	5.4	4.6	8	3.6
Chevron Corporation	CVX	B	92.50	9.6	5.5	4.5	7	2.5
ConocoPhillips	COP	B	84.44	10.7	5.4	4.0	6	2.2
Royal Dutch Shell plc	RDS-A	B	76.72	7.5	5.2	4.0	7	4.2
	<i>Median</i>			9.8	5.5	4.6	8	2.4
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	57.34	12.9	6.3	7.4	12	0.6
Suncor Energy	SU	B	113.95	22.2	7.6	7.2	12	0.3
PetroChina Company Ltd (14%)	PTR	B	146.58	14.4	6.3	4.9	9	3.5
StatoilHydro ASA (29%)	STO	B	35.76	7.7	5.4	4.8	10	4.8
Marathon Oil Corporation	MRO	H	46.41	8.8	5.5	4.1	6	2.1
Lukoil Oil Company	LUKOY	B	91.10	18.7	5.8	3.9	6	1.8
Petro-Canada	PCZ	B	49.40	6.8	4.7	3.5	7	1.0
	<i>Median</i>			12.9	5.8	4.8	9	1.8
Independent Natural Gas and Oil - Large Cap								
EOG Resources	EOG	B	134.04	10.5	5.9	6.8	14	0.4
CNOOC Limited (34%)	CEO	H	179.48	9.2	5.1	6.5	12	2.1
XTO Energy Inc.	XTO	B	63.97	12.2	6.3	6.0	13	0.8
Canadian Natural Resources	CNQ	B	83.88	8.4	6.8	5.9	10	0.5
Chesapeake Energy Corporation	CHK		53.80	11.0	6.4	5.8	10	0.5
Encana Corporation	ECA	B	82.43	8.7	5.1	5.5	11	1.9
Occidental Petroleum Corp.	OXY	B	85.54	11.6	5.9	5.1	9	1.2
Anadarko Petroleum Corp.	APC	B	68.29	9.9	5.7	5.0	10	1.1
Devon Energy Corporation	DVN	B	118.02	9.5	5.7	5.0	9	0.5
	<i>Median</i>			9.9	5.9	5.8	10	0.8
Independent Natural Gas and Oil - Small Cap								
Birchcliff Energy Ltd. (US\$)	BIR.TO		11.16	7.4	7.8	7.3	39	-
Berry Petroleum Company	BRY	B	50.81	10.3	5.7	5.8	11	0.6
Encore Acquisition Company	EAC	B	46.90	14.2	6.2	5.2	10	-
Cimarex Energy Company	XEC	B	63.37	7.6	4.3	3.7	7	0.3
Energy Partners Ltd.	EPL		12.37	7.4	4.0	2.9		-
	<i>Median</i>			7.6	5.7	5.2	10	-
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	59.09		7.4	15.2	23	6.2
Kinder Morgan Management, LLC	KMR	S	54.28		7.4	14.3	21	6.8
Canadian Oil Sands Trust	COSWF	B	45.74	23.2	8.3	8.5	10	8.6
San Juan Basin Royalty Trust	SJT	B	39.89	10.8	8.1	8.0	10	10.3
Hugoton Royalty Trust	HGT	B	29.99	13.2	7.2	6.4	9	11.1
Pengrowth Energy Trust	PGH		20.62	8.7	5.6	5.9	10	12.9
Enerplus Resources Fund	ERF		46.18	9.6	6.3	5.7	8	10.8
Penn West Energy Trust	PWE	B	30.90	7.3	5.5	4.8	11	13.0
	<i>Median</i>			10.2	7.3	7.2	10	10.5
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2009; 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										
		Price	Portfolio Weight		Non-	North	Rest			
		(US\$/sh)	Equity	EV	U.S.	Amer.	of World			
	Symbol	28-Apr	(%)	(%)	HQ	Natural	Natural	Oil	Down-	McDep
		2008			(%)	Gas	Gas	Prod'n	stream	Ratio
Mega Cap										
Exxon Mobil Corporation	XOM	92.45	3.5	3.2		0.2	0.4	1.8	0.7	0.91
BP plc	BP	68.98	2.9	3.2	3.2	0.3	0.3	2.1	0.5	0.85
Total S.A.	TOT	82.01	3.1	3.2	3.2		1.0	1.7	0.6	0.84
Chevron Corporation	CVX	92.50	3.3	3.2		0.1	0.2	2.2	0.7	0.81
Gazprom	OGZPY	53.40	9.6	9.6	9.6		7.5	2.1		0.77
Royal Dutch Shell plc	RDS-A	76.72	3.2	3.2	3.2	0.1	0.5	1.7	1.0	0.77
ConocoPhillips	COP	84.44	5.5	6.4		1.0	0.4	3.6	1.4	0.74
<i>Total or Median</i>			<i>31</i>	<i>32</i>						<i>0.81</i>
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	57.34	1.4	1.3	1.3	0.1		1.0	0.2	1.18
Suncor Energy	SU	113.95	1.3	1.3	1.3	0.0		1.2	0.1	0.94
StatoilHydro ASA	STO	35.76	1.5	1.6	1.6		0.5	1.1	-	0.89
PetroChina Company Ltd (14	PTR	146.58	1.7	1.6	1.6	-	0.1	1.2	0.2	0.78
Petro-Canada	PCZ	49.40	1.2	1.3	1.3	0.1	0.0	0.9	0.2	0.73
Lukoil Oil Company	LUKOY	91.10	7.2	6.4	6.4			4.7	1.7	0.69
<i>Total or Median</i>			<i>14</i>	<i>13</i>						<i>0.84</i>
Independent Natural Gas and Oil - Large Cap										
EOG Resources	EOG	134.04	5.3	4.8		3.4	0.3	1.1		1.16
Encana Corporation	ECA	82.43	3.5	3.8	3.8	2.7		0.8	0.3	1.08
XTO Energy Inc.	XTO	63.97	4.6	4.8		3.6		1.2		0.95
Anadarko Petroleum Corp.	APC	68.29	3.6	4.8		2.5		2.2	0.1	0.88
Canadian Natural Resources	CNQ	83.88	1.4	1.6	1.6	0.4		1.2		0.88
Devon Energy Corporation	DVN	118.02	6.3	6.4		3.4		3.0		0.87
Occidental Petroleum Corp.	OXY	85.54	3.5	3.2		0.4	0.0	2.5	0.2	0.86
<i>Total or Median</i>			<i>28</i>	<i>29</i>						<i>0.88</i>
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	50.81	1.4	1.6		0.4		1.2		1.01
Cimarex Energy Company	XEC	63.37	3.3	3.2		2.1		1.1		0.85
Encore Acquisition Company	EAC	46.90	2.5	3.2		0.5		2.7		0.84
<i>Total or Median</i>			<i>7</i>	<i>8</i>						<i>0.85</i>
Income										
Canadian Oil Sands Trust	COSWF	45.74	5.6	5.1	5.1	(0.5)		5.6		1.02
San Juan Basin Royalty Trust	SJT	39.89	7.4	6.4		6.4				1.00
Hugoton Royalty Trust	HGT	29.99	3.7	3.2		3.2				0.88
Penn West Energy Trust	PWE	30.90	2.2	2.6	2.6	0.7		1.9		0.87
<i>Total or Median</i>			<i>19</i>	<i>17</i>						<i>0.94</i>
Portfolio Composite										
			<i>100</i>	<i>100</i>	<i>46</i>	<i>31</i>	<i>11</i>	<i>50</i>	<i>8</i>	<i>0.86</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%.										

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Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
28-Apr	COSWF	Canadian Oil Sands Trust	Ten-Bagger Distribution
28-Apr	PTR	PetroChina Company Limited	Winter Sacrifice
28-Apr	CEO	CNOOC Ltd	Raise Net Present Value to \$140 a Share
25-Apr	SJT	San Juan Basin Royalty Trust	Better News Ahead (Income Weekly)
24-Apr	COP	ConocoPhillips	Timely Investment Choice
24-Apr	OXY	Occidental Petroleum Corporation	Raise Net Present Value to \$100 a Share
24-Apr	SU	Suncor Energy	Booming Oil
23-Apr	XTO	XTO Energy Inc.	Positioned for Natural Gas Gain
22-Apr	ECA	EnCana Corporation	Largest North American Natural Gas Producer
18-Apr	HGT	Hugoton Royalty Trust	Simpson Sustainability (Income Weekly)
16-Apr	KMP	Kinder Morgan	Mounting Oil Losses
10-Apr	LUKOY	Lukoil Oil Company	Strong Cash, Possibly Lower Tax
24-Mar	* PBR	Petrobras	Oil Growth at a Reasonable Price
29-Feb	* EPL	Energy Partners, Ltd.	Discontinue Rating on Smaller Capitalization
28-Feb	* CNQ	Canadian Natural Resources	Horizon Approaching
27-Feb	* STO	StatoilHydro ASA	Dividends in Norwegian Currency
22-Feb	* PWE	Penn West Energy Trust	Acquisitions Expand Cash Flow in 2008 (Income Weekly)
20-Feb	* XEC	Cimarex Energy Company	Strong Performance in 2007
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
13-Feb	* TOT	Total S.A.	Stock Market Value with Oil Price Momentum
7-Feb	* EOG	EOG Resources Inc.	Raise Net Present Value to \$115 a Share
6-Feb	* DVN	Denbury 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
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

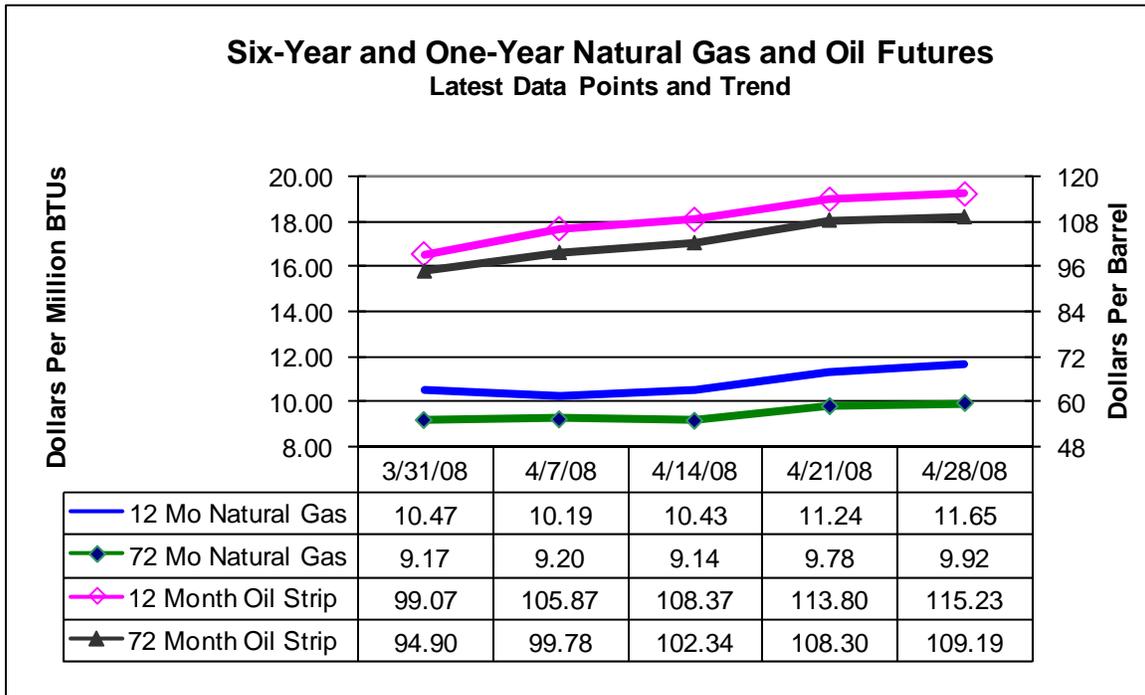
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29-Apr		Weekly	New High for Global Supply
22-Apr		Weekly	Sold Out
15-Apr	*	Weekly	BioFuel and Oil Price
8-Apr	*	Weekly	Birchcliff and Chesapeake

Oil and Gas Income Stocks

25-Apr		San Juan Basin Royalty Trust	Better News Ahead
18-Apr		Hugoton Royalty Trust	Simpson Sustainability
11-Apr	*	Dorchester Minerals, L.P.	High-Quality Inflation-Protected Income
4-Apr	*	Weekly	Shoot the Speculator

* Archived on www.mcdep.com



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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