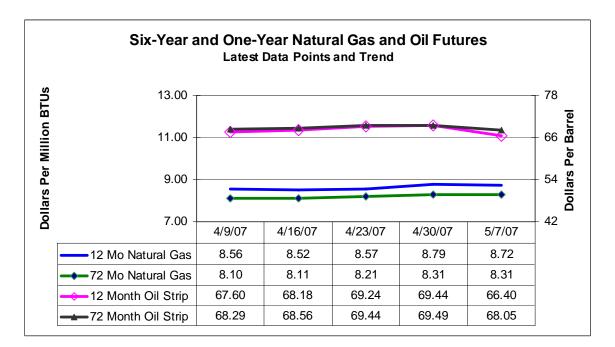
A Weekly Analysis of Energy Stocks Using the McDep Ratio May 8, 2007

# **Russian Value**

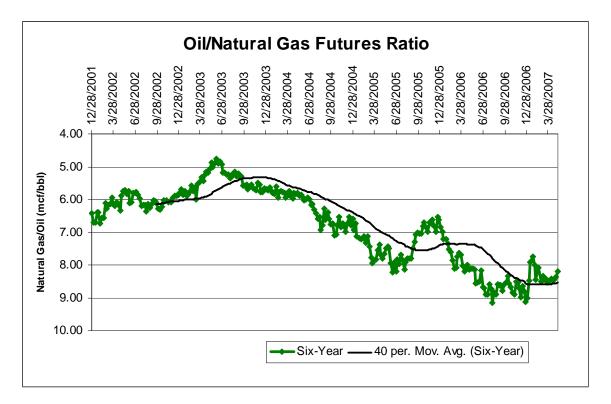
### **Summary and Recommendation**

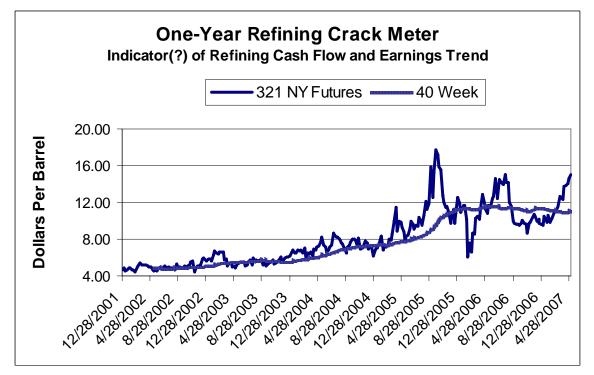
Gazprom (OGZPY) and Lukoil (LUKOY) are the only stocks among our large cap buy recommendations that are not trading above their 200-day stock price average. Moreover those two stocks also have the lowest McDep Ratio in the Mega Cap and Producer/Refiner groups respectively. Investors may need to be patient as the Russian government considers a natural gas excise tax while relaxing price controls on natural gas. The U.S. set the example before the Iranian Revolution with a politically expedient excise tax while relaxing price controls on oil. The tax soon went away as commodity price continued to rise and economic pressure built to encourage investment in new supply. Meanwhile the stock price of Gazprom, the world's largest producer, may benefit as the global long-term price of natural gas, which has also been stagnant for awhile, has started a new trend of advance compared to oil (see chart <u>Oil/Natural Gas</u> <u>Futures Ratio</u>). The stock price of Lukoil, which earns more than 40% of its cash from refining and marketing where taxation is lighter, may benefit as global futures prices for the crack spread are favorable (see chart <u>One-Year Refining Crack Meter</u>).



Kurt H. Wulff, CFA

A Weekly Analysis of Energy Stocks Using the McDep Ratio May 8, 2007





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#### **Oil and Gas Producers - Rank by McDep Ratio**

$ \begin{array}{c c c c c c c c c c c c c c c c c c c $				Price			Net		
$ \begin{array}{c c c c c c c c c c c c c c c c c c c $						Market		Deht/	
Rating $200^7$ (mm)(US\$min)(US\$min) $Value$ RatioMega CapExxon Mobil CorporationXOMB80.835,714462,00082.400.050.98Total S.A.TOTB75.582,281172,00080.000.140.95BP plcBPB66.623,231222,00080.000.170.88Chevon CorporationCVXB79.582,206176,00092.000.100.88Royal Dutch Shell plcRDS-AB72.003,153227,00084.000.150.88Concoc/PhillipsCOPB70.341,669117,000100.000.190.76Gazpron (50%)OGZPYB39.852,849113,50055.000.070.73Total or MedianNHS106.7213314,23033.000.761.54Imperial Ol Limited (30%)MOB39.851,22945,34088.000.099.86Sunce EnergySUB82.5346138.05095.000.040.96Marathon Oil CorporationMROB104.4034736,230110.000.140.96Sunce EnergySUB82.5346138,05095.000.040.94CNOOC Limited (34%)CEOB89.3814012.50098.00-0.91Energy Artal or Median257,0000.010.500.85		Symbol/		,	Shares				McDen
Mega Cap         Nobil Corporation         XOM         B         80.83         5,714         462,000         82.40         0.05         0.98           Total S.A.         TOT         B         75.58         2.281         172,000         80.00         0.14         0.95           BP plc         BP         B         68.62         3.231         222,000         80.00         0.17         0.88           Royal Dutch Shell plc         RDS-A         B         72.00         3,153         227,000         84.00         0.15         0.88           ConcoPhillips         COP         B         70.34         1.669         117,000         100.00         0.19         0.76           Gazpron (50%)         COZP K         B         39.85         2.849         113.500         56.00         0.07         0.73           Total or Median         I.229         45.340         38.00         0.20         0.98         1.490,000         0.14         0.88           Producer/Refines - Large Cap         KMI         S         106.72         133         14.230         33.00         0.60         1.07           Norsk Hydro (pro forma)         MRO         B         1229         45.340         38.00		-	Rating	2		1			
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Mega Can	-		2007	()	(0.501111)	(0.54,511)	,	Itano
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	8	XOM	В	80.83	5.714	462.000	82.40	0.05	0.98
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	1				,	,			0.95
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	BP plc	BP	В	68.62			80.00	0.17	0.88
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	•	CVX	В	79.58	2,206	176,000	92.00	0.10	0.88
$\begin{array}{c cccc} ConcoCPhillips & COP B \\ Garpron (50%) & OGZPY B \\ Garpron (50%) & OGZPY B \\ Total or Median \\ \hline Total or Median \\$	1	RDS-A	В	72.00	3,153	227,000	84.00	0.15	0.88
	ConocoPhillips	COP	В	70.34	1,669	117,000	100.00	0.19	0.76
Producer/Refiners - Large Cap         Kinder Morgan, Inc.       KMI       S       106.72       133       11.480       33.00       0.76       1.54         Imperial Oil Limited (30%)       IMO       B       39.96       287       11.480       37.00       0.08       1.07         Norsk Hydro (pro forma)       NHY       B       36.89       1.229       45.340       38.00       0.20       0.98         Petro-Canada       PCZ       B       46.69       502       23.440       49.00       0.19       0.96         Marathon Oil Corporation       MRO       B       104.40       347       36.230       110.00       0.14       0.96         Suncor Energy       SU       B       82.53       461       38.050       55.00       0.08       0.88         PetroChina Company Ltd (10%)       PTR       B       127.64       181       23.100       150.00       0.06       0.86         Lukoi Oil Company       LUKOY       B       75.50       830       65.000       0.14       0.94         CNOOC Limited (34%)       CEO       B       89.38       140       12.500       98.00       -0.91         Encana Corporation       ECA	*	OGZPY	В	39.85	2,849	113,500	56.00	0.07	0.73
Kinder Morgan, Inc.KMIS106.7213314,23033.000.761.54Imperial Oil Limited (30%)IMOB39.9628711,48037.000.081.07Norsk Hydro (pro forma)NHYB36.891,22945,34038.000.200.98Petro-CanadaPCZB46.6950223,44049.000.190.96Marathon Oil CorporationMROB104.4034736,230110.000.140.96Suncor EnergySUB82.5346138,05095.000.080.88PetroChina Company Ltd (10%)PTRB127.6418123,100150.000.060.86Lukoil Oil CompanyLUKOYB78.5083065,000110.000.020.72Total or Median-257,0000.110.96Independent Natural Gas and Oil - Large CapXTOB55.4937220,64060.000.140.94CNOOC Limited (34%)CEOB89.3814012,50098.00-0.91Encana CorporationECAB56.5878044.10065.000.150.89Coidental Petroleum Corp.APCB46.1046521,40070.000.390.79Occidental Petroleum Corp.APCB46.1046521,40070.000.390.79Devon Energy CorporationDVNB75.5533	Total or Median	!				1,490,000		0.14	0.88
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Producer/Refiners - Large Cap								
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Kinder Morgan, Inc.	KMI	S	106.72	133	14,230	33.00	0.76	1.54
$\begin{array}{c cccc} Petro-Canada & PCZ & B & 46.69 & 502 & 23,440 & 49.00 & 0.19 & 0.96 \\ Marathon Oil Corporation & MRO & B & 104.40 & 347 & 36,230 & 110.00 & 0.14 & 0.96 \\ Suncor Energy & SU & B & 82.53 & 461 & 38,050 & 95.00 & 0.08 & 0.88 \\ PetroChina Company Ltd (10%) & PTR & B & 127.64 & 181 & 23,100 & 150.00 & 0.06 & 0.86 \\ Lukoil Oil Company & LUKOY & B & 78.50 & 830 & 65,000 & 110.00 & 0.02 & 0.72 \\ \hline Total or Median & 257,000 & 0.11 & 0.96 \\ \hline Independent Natural Gas and Oil - Large Cap & & & & & & & & \\ TTO Energy Inc. & XTO & B & 55.49 & 372 & 20,640 & 60.00 & 0.14 & 0.94 \\ CNOOC Limited (34%) & CEO & B & 89.38 & 140 & 12,500 & 98.00 & - & 0.91 \\ Encana Corporation & ECA & B & 56.58 & 780 & 44,100 & 65.00 & 0.15 & 0.89 \\ EOG Resources & EOG & B & 77.13 & 247 & 19,000 & 92.00 & 0.05 & 0.85 \\ Anadarko Petroleum Corp. & APC & B & 46.10 & 465 & 21,400 & 70.00 & 0.39 & 0.79 \\ Occidental Petroleum Corp. & OXY & B & 51.50 & 847 & 43,600 & 69.00 & 0.09 & 0.77 \\ Devon Energy Corporation & DVN & B & 75.85 & 450 & 34,100 & 115.00 & 0.16 & 0.71 \\ \hline Total or Median & & & & & & & & \\ Total or Median & DVN & B & 75.85 & 450 & 34,100 & 115.00 & 0.16 & 0.71 \\ \hline Total or Median & & & & & & & & \\ Total or Median & & & & & & & & & \\ Encore Acquisition Company & EAC & B & 27.25 & 53 & 1,450 & 48.00 & 0.41 & 0.75 \\ Energy Partners Ltd. & EPL & B & 16.49 & 31 & 520 & 33.00 & 0.39 & 0.70 \\ Cimarex Energy Company & XEC & B & 40.67 & 84 & 3,420 & 68.00 & 0.09 & 0.63 \\ \hline Total or Median & & & & & & & & & & & \\ Forcem & & & & & & & & & & & & & & & \\ Kinder Morgan Management, LLC & KMR & S & 55.69 & 172 & 9,560 & 15.00 & 0.54 & 2.24 \\ Kinder Morgan Management, LLC & KMR & S & 54.01 & 62 & 3,330 & 15.00 & 0.54 & 2.19 \\ Pengrowth Energy Trust & PGH & 17.55 & 241 & 4,230 & 17.00 & 0.26 & 1.02 \\ Enerplus Resources Fund & ERF & 45.37 & 123 & 5,580 & 47.00 & 0.12 & 0.97 \\ Penn West Energy Trust & PWE & B & 32.11 & 240 & 7,700 & 36.00 & 0.16 & 0.91 \\ Penagrowth Energy Trust & PWE & B & 32.45 & 47 & 1,510 & 40.00 & - & 0.81 \\ \end{array}$	Imperial Oil Limited (30%)	IMO	В	39.96	287	11,480	37.00	0.08	1.07
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Norsk Hydro (pro forma)	NHY	В	36.89	1,229	45,340	38.00	0.20	0.98
Suncor Energy         SU         B         82.53         461         38,050         95.00         0.08         0.88           PetroChina Company Ltd (10%)         PTR         B         127.64         181         23,100         150.00         0.06         0.86           Lukoi Oil Company         LUKOY         B         78.50         830         65,000         110.00         0.02         0.72           Total or Median         257,000         0.11         0.96           Independent Natural Gas and Oil - Large Cap         257,000         0.14         0.94           CNOOC Limited (34%)         CEO         B         89.38         140         12,500         98.00         -         0.91           Encana Corporation         ECA         B         56.58         780         44,100         65.00         0.15         0.89           EOG Resources         EOG B         77.13         247         19,000         92.00         0.05         0.85           Anadarko Petroleum Corp.         AY         B         51.50         847         43,600         69.00         0.99         0.77           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.	Petro-Canada	PCZ	В	46.69	502	23,440	49.00	0.19	0.96
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Marathon Oil Corporation	MRO	В	104.40	347	36,230	110.00	0.14	0.96
Lukoil Oil Company Total or MedianLUKOY Total or Median78.5083065,000110.000.020.72Total or Median257,0000.110.96Independent Natural Gas and Oil - Large CapXTOB55.4937220,64060.000.140.94CNOOC Limited (34%)CEOB89.3814012,50098.00-0.91Encana CorporationECAB56.5878044,10065.000.150.89EOG ResourcesEOGB77.1324719,00092.000.050.85Anadarko Petroleum Corp.APCB46.1046521,40070.000.390.79Occidental Petroleum Corp.OXYB51.5084743,60069.000.090.77Devon Energy CorporationDVNB78.8545034,100115.000.160.71Devon Energy CompanyBRYB34.23451,53044.000.240.83Encore Acquisition CompanyBRYB27.25531,45048.000.410.75Energy Partners Ltd.EPLB16.493152033.000.390.70Cimarex Energy CompanyXECB40.67843,42068.000.090.63Total or MedianEACB55.691729,56015.000.542.24Kinder Morgan Management, LLCKMRS55.69 <th< td=""><td>Suncor Energy</td><td>SU</td><td>В</td><td>82.53</td><td>461</td><td>38,050</td><td>95.00</td><td>0.08</td><td>0.88</td></th<>	Suncor Energy	SU	В	82.53	461	38,050	95.00	0.08	0.88
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	PetroChina Company Ltd (10%)	PTR	В	127.64	181	23,100	150.00	0.06	0.86
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Lukoil Oil Company	LUKOY	В	78.50	830	65,000	110.00	0.02	0.72
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Total or Median	!				257,000		0.11	0.96
$\begin{array}{c c c c c c c c c c c c c c c c c c c $	Independent Natural Gas and Oil -	Large Cap	)						
Encana Corporation         ECA         B         56.58         780         44,100         65.00         0.15         0.89           EOG Resources         EOG         B         77.13         247         19,000         92.00         0.05         0.85           Anadarko Petroleum Corp.         APC         B         46.10         465         21,400         70.00         0.39         0.79           Occidental Petroleum Corp.         OXY         B         51.50         847         43,600         69.00         0.09         0.77           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.00         0.16         0.71 <i>Total or Median</i> 195,000         0.24         0.83         195,000         0.24         0.83           Encore Acquisition Company         BRY         B         34.23         45         1,530         44.00         0.41         0.75           Energy Partners Ltd.         EPL         B         16.49         31         520         33.00         0.39         0.70           Cimarex Energy Company         XEC         B         40.67         84         3,420         68.00         0.09         0.63	XTO Energy Inc.	XTO	В	55.49	372	20,640	60.00	0.14	0.94
EOG Resources         EOG         B         77.13         247         19,000         92.00         0.05         0.85           Anadarko Petroleum Corp.         APC         B         46.10         465         21,400         70.00         0.39         0.79           Occidental Petroleum Corp.         OXY         B         51.50         847         43,600         69.00         0.09         0.77           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.00         0.16         0.71 <i>Total or Median</i> 195,000         0.14         0.85           Independent Natural Gas and Oil - Small Cap         195,000         0.14         0.85           Berry Petroleum Company         BRY         B         34.23         45         1,530         44.00         0.24         0.83           Encore Acquisition Company         EAC         B         27.25         53         1,450         48.00         0.41         0.75           Energy Partners Ltd.         EPL         B         16.49         31         520         33.00         0.39         0.70           Cimarex Energy Company         XEC         B         40.67         84	CNOOC Limited (34%)	CEO	В	89.38	140	12,500	98.00	-	0.91
Anadarko Petroleum Corp.         APC         B         46.10         465         21,400         70.00         0.39         0.79           Occidental Petroleum Corp.         OXY         B         51.50         847         43,600         69.00         0.09         0.77           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.00         0.16         0.71 <i>Total or Median</i> Instance         Instance         195,000         0.14         0.85           Independent Natural Gas and Oil - Small Cap         S         34,100         115.00         0.14         0.85           Berry Petroleum Company         BRY         B         34.23         45         1,530         44.00         0.24         0.83           Encore Acquisition Company         EAC         B         27.25         53         1,450         48.00         0.41         0.75           Energy Partners Ltd.         EPL         B         16.49         31         520         33.00         0.39         0.70           Cimarex Energy Company         XEC         B         40.67         84         3,420         68.00         0.09         0.63 <i>Total or Median</i>	Encana Corporation	ECA	В	56.58	780	44,100	65.00	0.15	0.89
Occidental Petroleum Corp.         OXY         B         51.50         847         43,600         69.00         0.09         0.77           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.00         0.16         0.71           Devon Energy Corporation         DVN         B         75.85         450         34,100         115.00         0.16         0.71           Independent Natural Gas and Oil - Small Cap         Image: Corporation Company         BRY         B         34.23         45         1,530         44.00         0.24         0.83           Encore Acquisition Company         EAC         B         27.25         53         1,450         48.00         0.41         0.75           Energy Partners Ltd.         EPL         B         16.49         31         520         33.00         0.39         0.70           Cimarex Energy Company         XEC         B         40.67         84         3,420         68.00         0.09         0.63           Total or Median         for M	EOG Resources	EOG	В	77.13	247	19,000	92.00	0.05	0.85
$\begin{array}{c ccccccccccccccccccccccccccccccccccc$	Anadarko Petroleum Corp.	APC	В	46.10	465	21,400	70.00	0.39	0.79
Total or Median195,0000.140.85Independent Natural Gas and Oil - Small CapBerry Petroleum CompanyBRYB $34.23$ $45$ $1,530$ $44.00$ $0.24$ $0.83$ Encore Acquisition CompanyEACB $27.25$ $53$ $1,450$ $48.00$ $0.41$ $0.75$ Energy Partners Ltd.EPLB $16.49$ $31$ $520$ $33.00$ $0.39$ $0.70$ Cimarex Energy CompanyXECB $40.67$ $84$ $3,420$ $68.00$ $0.09$ $0.63$ $Total or Median$ $6,900$ $0.31$ $0.72$ IncomeKinder Morgan Energy Partners, L.P.KMPS $55.69$ $172$ $9,560$ $15.00$ $0.54$ $2.24$ Kinder Morgan Management, LLCKMRS $54.01$ $62$ $3,330$ $15.00$ $0.54$ $2.19$ Pengrowth Energy TrustPGH $17.55$ $241$ $4,230$ $17.00$ $0.26$ $1.02$ Enerplus Resources FundERF $45.37$ $123$ $5,580$ $47.00$ $0.12$ $0.97$ Penn West Energy TrustPWEB $32.11$ $240$ $7,700$ $36.00$ $0.16$ $0.91$ Canadian Oil Sands TrustCOSWFB $28.96$ $479$ $13,870$ $35.00$ $0.08$ $0.84$ San Juan Basin Royalty TrustSJTB $32.45$ $47$ $1,510$ $40.00$ - $0.81$	Occidental Petroleum Corp.	OXY		51.50	847	43,600	69.00	0.09	0.77
$\begin{tabular}{ c c c c c c c c c c c c c c c c c c c$	Devon Energy Corporation	DVN	В	75.85	450	34,100	115.00	0.16	0.71
Berry Petroleum Company       BRY       B       34.23       45       1,530       44.00       0.24       0.83         Encore Acquisition Company       EAC       B       27.25       53       1,450       48.00       0.41       0.75         Energy Partners Ltd.       EPL       B       16.49       31       520       33.00       0.39       0.70         Cimarex Energy Company       XEC       B       40.67       84       3,420       68.00       0.09       0.63 <i>Total or Median Total or Median</i> <b>Income</b> Kinder Morgan Energy Partners, L.P.       KMP       S       55.69       172       9,560       15.00       0.54       2.24         Kinder Morgan Management, LLC       KMR       S       54.01       62       3,330       15.00       0.54       2.19         Pengrowth Energy Trust       PGH       17.55       241       4,230       17.00       0.26       1.02         Enerplus Resources Fund       ERF       45.37       123       5,580       47.00       0.12       0.97         Penn West Energy Trust       PWE       B       32.11       240       7,700	Total or Median	!				195,000		0.14	0.85
Encore Acquisition Company       EAC       B       27.25       53       1,450       48.00       0.41       0.75         Energy Partners Ltd.       EPL       B       16.49       31       520       33.00       0.39       0.70         Cimarex Energy Company       XEC       B       40.67       84       3,420       68.00       0.09       0.63         Total or Median         Total or Median         Kinder Morgan Energy Partners, L.P.       KMP       S       55.69       172       9,560       15.00       0.54       2.24         Kinder Morgan Management, LLC       KMR       S       54.01       62       3,330       15.00       0.54       2.19         Pengrowth Energy Trust       PGH       17.55       241       4,230       17.00       0.26       1.02         Enerplus Resources Fund       ERF       45.37       123       5,580       47.00       0.12       0.97         Penn West Energy Trust       PWE       B       32.11       240       7,700       36.00       0.16       0.91         Canadian Oil Sands Trust       COSWF       B       28.96       479       13,870       35.00       0.08       0.84 <td></td> <td>Small Cap</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>		Small Cap							
Energy Partners Ltd.       EPL       B       16.49       31       520       33.00       0.39       0.70         Cimarex Energy Company       XEC       B       40.67       84       3,420       68.00       0.09       0.63 <i>Total or Median</i> 70       70       84       3,420       68.00       0.09       0.63         Income       70       70       84       3,420       68.00       0.09       0.63         Kinder Morgan Energy Partners, L.P.       KMP       S       55.69       172       9,560       15.00       0.54       2.24         Kinder Morgan Management, LLC       KMR       S       54.01       62       3,330       15.00       0.54       2.19         Pengrowth Energy Trust       PGH       17.55       241       4,230       17.00       0.26       1.02         Enerplus Resources Fund       ERF       45.37       123       5,580       47.00       0.12       0.97         Penn West Energy Trust       PWE       B       32.11       240       7,700       36.00       0.16       0.91         Canadian Oil Sands Trust       COSWF       B       28.96       479       13,870       35.00       0.08						1,530			
Cimarex Energy Company Total or Median         XEC         B         40.67         84         3,420         68.00         0.09         0.63         0.72           Income         Kinder Morgan Energy Partners, L.P.         KMP         S         55.69         172         9,560         15.00         0.54         2.24           Kinder Morgan Management, LLC         KMR         S         54.01         62         3,330         15.00         0.54         2.19           Pengrowth Energy Trust         PGH         17.55         241         4,230         17.00         0.26         1.02           Enerplus Resources Fund         ERF         45.37         123         5,580         47.00         0.12         0.97           Penn West Energy Trust         PWE         B         32.11         240         7,700         36.00         0.16         0.91           Canadian Oil Sands Trust         COSWF         B         28.96         479         13,870         35.00         0.08         0.84           San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81						,			
Total or Median         6,900         0.31         0.72           Income         6,900         0.31         0.72           Kinder Morgan Energy Partners, L.P.         KMP         S         55.69         172         9,560         15.00         0.54         2.24           Kinder Morgan Management, LLC         KMR         S         54.01         62         3,330         15.00         0.54         2.19           Pengrowth Energy Trust         PGH         17.55         241         4,230         17.00         0.26         1.02           Enerplus Resources Fund         ERF         45.37         123         5,580         47.00         0.12         0.97           Penn West Energy Trust         PWE         B         32.11         240         7,700         36.00         0.16         0.91           Canadian Oil Sands Trust         COSWF         B         28.96         479         13,870         35.00         0.08         0.84           San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81									
Income         Kinder Morgan Energy Partners, L.P.         KMP         S         55.69         172         9,560         15.00         0.54         2.24           Kinder Morgan Management, LLC         KMR         S         54.01         62         3,330         15.00         0.54         2.19           Pengrowth Energy Trust         PGH         17.55         241         4,230         17.00         0.26         1.02           Enerplus Resources Fund         ERF         45.37         123         5,580         47.00         0.12         0.97           Penn West Energy Trust         PWE         B         32.11         240         7,700         36.00         0.16         0.91           Canadian Oil Sands Trust         COSWF         B         28.96         479         13,870         35.00         0.08         0.84           San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81			В	40.67	84	,	68.00		
Kinder Morgan Energy Partners, L.P.KMPS55.691729,56015.000.542.24Kinder Morgan Management, LLCKMRS54.01623,33015.000.542.19Pengrowth Energy TrustPGH17.552414,23017.000.261.02Enerplus Resources FundERF45.371235,58047.000.120.97Penn West Energy TrustPWEB32.112407,70036.000.160.91Canadian Oil Sands TrustCOSWFB28.9647913,87035.000.080.84San Juan Basin Royalty TrustSJTB32.45471,51040.00-0.81		!				6,900		0.31	0.72
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Penn West Energy Trust         PWE         B         32.11         240         7,700         36.00         0.16         0.91           Canadian Oil Sands Trust         COSWF         B         28.96         479         13,870         35.00         0.08         0.84           San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81	6 65					,			
Canadian Oil Sands Trust         COSWF         B         28.96         479         13,870         35.00         0.08         0.84           San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81	1		_						
San Juan Basin Royalty Trust         SJT         B         32.45         47         1,510         40.00         -         0.81	65								
Hugoton Royalty Trust HGT B 26.68 40 1.070 34.00 - 0.79	5 5					,			
	6		В	26.68	40		34.00		
Total or Median         46,900         0.14         0.94	Total or Median	t.				46,900		0.14	0.94

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

A Weekly Analysis of Energy Stocks Using the McDep Ratio May 8, 2007

### Oil and Gas Producers - Rank by EV/Ebitda

	Symbol/		Price (US\$/sh) 7-May	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Divd or Distrib NTM
Mara Car	Kί	ating	2007	NTM	NTM	NTM	NTM	(%)
Mega Cap	VOM	р	00.02	11.7		<i>с</i> 1	1.1	17
Exxon Mobil Corporation	XOM	В	80.83	11.5	6.6	6.4	11	1.7
Gazprom (50%)	OGZPY TOT	B B	39.85	24.0	8.5	6.2	10 11	0.2
Total S.A.		-	75.58	9.4	6.3	6.0		3.4
BP plc	BP	В	68.62	9.6	6.8	6.0	10	3.6
Chevron Corporation	CVX	В	79.58	10.0	6.0	5.3	9	2.9
Royal Dutch Shell plc	RDS-A	В	72.00	7.9	5.7	5.0	9	4.0
ConocoPhillips	COP	В	70.34	11.0	6.2	4.7	8	2.3
Median	ļ			10.0	6.3	6.0	10	2.9
Producer/Refiners - Large Cap	10.0	c	106 50		0.0	10.6	21	2.2
Kinder Morgan, Inc.	KMI	S	106.72	<b>2</b> 2 <i>c</i>	8.9	13.6	21	3.3
Suncor Energy	SU	В	82.53	23.6	9.9	8.7	15	0.4
Imperial Oil Limited (30%)	IMO	В	39.96	13.6	8.0	8.6	15	0.7
PetroChina Company Ltd (10%)	PTR	В	127.64	15.1	7.7	6.6	14	3.6
Marathon Oil Corporation	MRO	В	104.40	8.1	5.7	5.4	9	1.8
Lukoil Oil Company	LUKOY	В	78.50	18.3	7.4	5.3	9	1.6
Norsk Hydro (pro forma)	NHY	В	36.89	8.6	5.4	5.3	10	2.3
Petro-Canada	PCZ	В	46.69	6.9	5.3	5.1	10	1.0
Median				13.6	7.5	6.0	12	1.7
Independent Natural Gas and Oil - Lar								
XTO Energy Inc.	XTO	В	55.49	12.2	7.5	7.0	13	0.9
Anadarko Petroleum Corp.	APC	В	46.10	11.2	8.3	6.6	12	1.6
Encana Corporation	ECA	В	56.58	9.5	6.8	6.1	12	1.4
EOG Resources	EOG	В	77.13	9.6	6.9	5.8	13	0.5
Occidental Petroleum Corp.	OXY	В	51.50	11.9	7.0	5.4	10	1.7
CNOOC Limited (34%)	CEO	В	89.38	11.0	5.9	5.3	10	3.7
Devon Energy Corporation	DVN	В	75.85	9.4	7.4	5.3	10	0.7
Median	!			11.0	7.0	5.8	12	1.4
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	В	34.23	10.3	9.4	7.8	13	0.9
Encore Acquisition Company	EAC	В	27.25	14.5	9.0	6.8	16	-
Cimarex Energy Company	XEC	В	40.67	8.1	6.3	4.0	9	0.4
Energy Partners Ltd.	EPL	В	16.49	5.4	4.9	3.4		-
Median	!			9.2	7.6	5.4	13	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	55.69		7.9	17.7	54	6.0
Kinder Morgan Management, LLC	KMR	S	54.01		7.9	17.3	52	6.1
Canadian Oil Sands Trust	COSWF	В	28.96	22.7	12.3	10.4	14	6.0
San Juan Basin Royalty Trust	SJT	В	32.45	9.9	10.8	8.8	11	9.4
Pengrowth Energy Trust	PGH		17.55	7.4	7.7	7.9	30	15.5
Hugoton Royalty Trust	HGT	В	26.68	13.4	9.6	7.6	10	10.1
Enerplus Resources Fund	ERF		45.37	9.0	7.2	6.9	14	10.1
Penn West Energy Trust	PWE	В	32.11	7.6	7.6	6.9	15	11.5
Median	!			9.4	7.9	8.3	14	9.7

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

A Weekly Analysis of Energy Stocks Using the McDep Ratio May 8, 2007

### McDep Energy Portfolio Composite of Buy Recommendations

		<b>D</b> :			37	North	Rest			
		Price	Portfolio	Weight	Non- U.S.	Amer. Natural	of World Natural	Oil	Down-	
			Equity	EV	HO	Gas	Gas	Prod'n	stream	McDep
	Symbol	2007	(%)	(%)	(%)	(%)	(%)	(%)	(%)	Ratio
Mega Cap	Symoor	2007	(/0)	(/0)	(,,,,)	(/0)	(/0)	(/0)	(,0)	10000
Exxon Mobil Corporation	XOM	80.83	3.2	2.8		0.2	0.4	1.4	0.7	0.98
Total S.A.	TOT	75.58	2.8	2.8	2.8		0.8	1.4	0.6	0.95
BP plc	BP	68.62	1.3	1.4	1.4	0.1	0.1	0.8	0.3	0.88
Chevron Corporation	CVX	79.58	5.9	5.6		0.3	0.4	3.4	1.5	0.88
Royal Dutch Shell plc	RDS-A	72.00	2.8	2.8	2.8	0.1	0.4	1.3	1.0	0.88
ConocoPhillips	COP	70.34	4.9	5.6		1.0	0.4	3.0	1.3	0.76
Gazprom	OGZPY	39.85	9.0	8.5	8.5		6.7	1.8		0.73
Producer/Refiners - Large	e Cap									
Imperial Oil Limited	IMO	39.96	1.5	1.4	1.4	0.1		1.1	0.2	1.07
Norsk Hydro (pro forma)	NHY	36.89	2.6	2.8	2.8		0.7	1.0	1.1	0.98
Petro-Canada	PCZ	46.69	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.96
Marathon Oil Corporation	MRO			1.4		0.1	0.1	0.6	0.6	0.96
Suncor Energy	SU		1.5	1.4	1.4	0.1		1.3	0.1	0.88
PetroChina Company Ltd.	PTR	127.64	3.1	2.8	2.8		0.2	2.4	0.2	0.86
Lukoil Oil Company	LUKOY	78.50	6.5	5.6	5.6			4.2	1.4	0.72
Independent Natural Gas	and Oil -	Large Caj	р							
XTO Energy Inc.	XTO	55.49	2.8	2.8		2.0		0.8		0.94
CNOOC Limited	CEO	89.38	3.3	2.8	2.8		0.3	2.5		0.91
Encana Corporation	ECA		5.5	5.6	5.6	4.1		1.3	0.2	0.89
EOG Resources	EOG		6.2	5.6		4.2	0.4	1.0		0.85
Anadarko Petroleum Corp.	APC			2.8		1.5		1.3	0.1	0.79
Occidental Petroleum Corp.			2.9	2.8		0.4	0.0	2.1	0.3	0.77
Devon Energy Corporation	DVN	75.85	5.1	5.6		3.0		2.6		0.71
Independent Natural Gas		-								
Berry Petroleum Company	BRY	34.23		1.4		0.3		1.1		0.83
Encore Acquisition Compar			1.5	2.8		0.6		2.2		0.75
Energy Partners Ltd.	EPL		0.7	1.4		0.8		0.7		0.70
Cimarex Energy Company	XEC	40.67	2.8	2.8		1.9		0.9		0.63
Income	DU	22.11						2.6		0.01
Penn West Energy Trust	PWE		4.1	4.2	4.2	1.4		2.9		0.91
Canadian Oil Sands Trust	COSWF		6.0	5.6	5.6			5.6		0.84
San Juan Basin Royalty Tru			6.6	5.6		5.6				0.81
Hugoton Royalty Trust	HGT	26.68	1.7	1.4 -		1.4				0.79
Portfolio Composite			100	100	<i>49</i>	30	11	50	10	0.82
Canada					20					
Russia					14					
Europe					10					
China					6					

A Weekly Analysis of Energy Stocks Using the McDep Ratio May 8, 2007

### **Index of Recent Research**

#### **Stock Ideas**

Date	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
8-May	PWE	Penn West Energy Trust	Committed to Income Distributions
7-May	EAC	Encore Acquisition	Encore for Bell Creek
7-May	PTR	PetroChina Company Limited	Raise NPV on Discovery
4-May	TOT	Total S.A.	Integrated Model
4-May	EPL	Energy Partners, Ltd.	Strategic Alternatives Disappointment
3-May	RDSA	Royal Dutch Shell plc	Record Results
2-May	BRY	Berry Petroleum	Piceance and Diatomite
2-May	DVN	Devon Energy Corporation	Low McDep Ratio Natural Gas
2-May	IMO	Imperial Oil Limited	Oil Sands Deal Unmasks Value
1-May	EOG	EOG Resources Inc.	Productive Drilling Boosts Cash Flow
1-May	MRO	Marathon Oil Corporation	Stock Split Declared
1-May	APC	Anadarko Petroleum Corporation	Adjust NPV to \$70 a Share on Lower Debt
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 Natual Gas
26-Apr	COSWF	Canadian Oil Sands Trust	Distribution Raised 33%
25-Apr	ECA	EnCana Corporation	Buy for Natual 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
23-Mar	* SJT	San Juan Basin Royalty Trust	Planetary Emergency
23-Mar	* HGT	Hugoton Royalty Trust	Planetary Emergency
20-Feb	* NHY	Norsk Hydro ASA	Raise NPV to \$36 a Share
16-Feb	* XEC	Cimarex Energy Company	Dry Spell
13-Feb	* OGZPY	Gazprom	Enlightened Self Interest

#### Meter Reader - A Weekly Analysis

8-May		 Russian Value
1-May		Deals and Debacles
24-Apr	*	Stealth Oil Price Trend
17-Apr	*	Synchronized

#### Natural Gas and Oil Royalty Trusts - A Weekly Analysis

4-May		Out of Favor
27-Apr		Distribution Decisions
20-Apr	*	Crank Up the Air Conditioning
13-Apr	*	Appreciation Potential on Tax Confusion

#### \* Archived on www.mcdep.com