

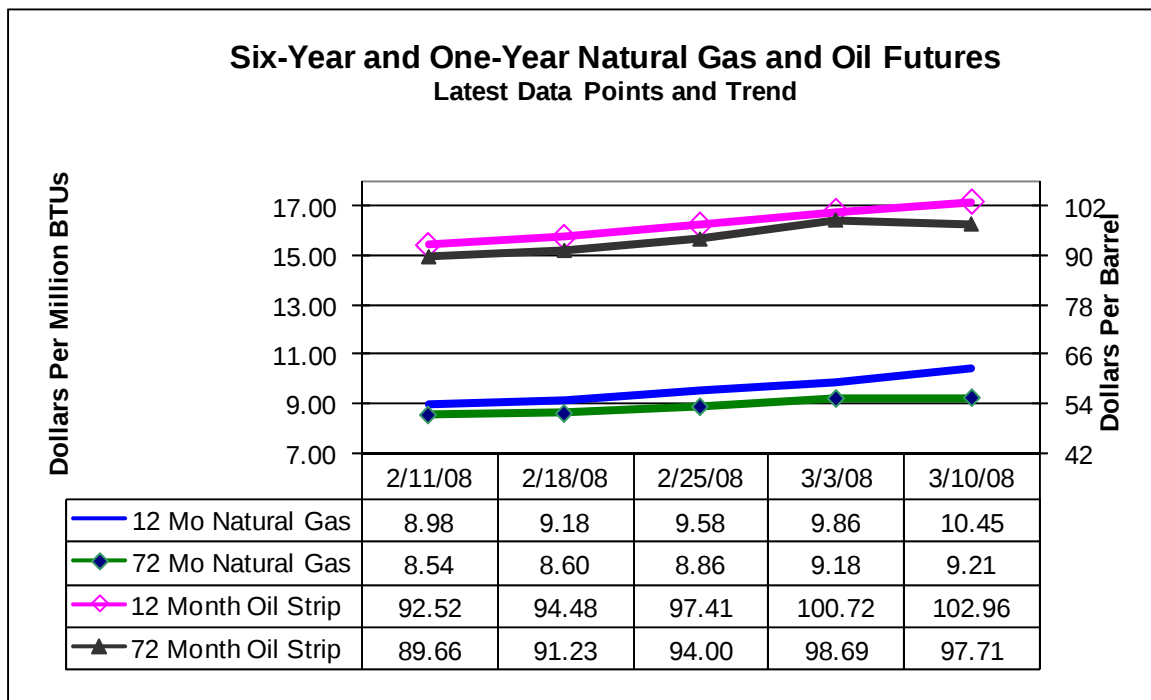


Buy Major Oil Mega Caps

Summary and Recommendation

Buy recommendations **ConocoPhillips (COP)**, **Royal Dutch Shell (RDS)**, **Chevron (CVX)**, **Total (TOT)**, **BP plc (BP)** and **ExxonMobil (XOM)** have low McDep Ratios and are lagging independent producers in stock price. Loose talk by the two Democratic candidates for president about punitive taxes may be a factor. If so, we point out that the last Democratic president with an antioil campaign, Jimmy Carter, saw the price of the commodity triple by the time he left office after a single term. Investors may also be uncertain about the companies' median 20% of present value concentrated in the refining business where product prices are rising more slowly than raw material. The more important 80% of present value is concentrated on oil and gas production where prices are in a strong uptrend. Dividends growing with inflation and supplemented by tax-effective stock repurchase exceed 5% a year compared to fixed interest on government securities that fails to cover inflation. The illustrative McDep Energy Portfolio is concentrated 21% on the six stocks, with full weightings for each of five stocks and a double weighting for COP.

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 11, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		10-Mar	Shares	Cap	Value	Present	McDep
	Rating		2008	(mm)	(US\$mm)	(US\$/sh)	Value	Ratio
Mega Cap								
Petrobras	PBR		108.60	2,200	238,920	122.00	0.09	0.90
Exxon Mobil Corporation	XOM	B	82.46	5,454	450,000	102.00	0.05	0.82
BP plc	BP	B	64.51	3,163	204,000	84.00	0.18	0.81
Total S.A.	TOT	B	73.65	2,266	167,000	100.00	0.12	0.77
Chevron Corporation	CVX	B	84.73	2,206	187,000	117.00	0.09	0.75
Gazprom (50%)	OGZPY	B	50.00	2,940	147,000	72.00	0.10	0.73
Royal Dutch Shell plc	RDS-A	B	69.03	3,125	216,000	104.00	0.11	0.70
ConocoPhillips	COP	B	77.35	1,612	125,000	124.00	0.18	0.69
Total or Median					1,735,000		0.11	0.76
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	54.80	275	15,040	48.00	0.07	1.13
Suncor Energy	SU	B	104.06	473	49,220	122.00	0.08	0.86
Marathon Oil Corporation	MRO	H	51.91	713	37,010	68.00	0.19	0.81
StatoilHydro ASA (29%)	STO	B	29.15	926	27,000	41.00	0.15	0.76
PetroChina Company Ltd (14%)	PTR	B	131.94	256	33,800	190.00	0.05	0.71
Petro-Canada	PCZ	B	46.25	489	22,620	72.00	0.15	0.70
Lukoil Oil Company	LUKOY	B	71.10	826	59,000	134.00	0.02	0.54
Total or Median					244,000		0.08	0.76
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	158.43	149	23,650	125.00	-	1.27
Encana Corporation	ECA	B	76.05	755	57,400	75.00	0.22	1.01
EOG Resources	EOG	B	114.56	249	28,500	115.00	0.06	1.00
XTO Energy Inc.	XTO	B	58.83	491	28,860	68.00	0.17	0.89
Occidental Petroleum Corp.	OXY	B	73.47	833	61,200	86.00	0.06	0.86
Anadarko Petroleum Corp.	APC	B	62.72	470	29,500	82.00	0.31	0.84
Canadian Natural Resources	CNQ	B	71.89	540	38,800	99.00	0.20	0.78
Devon Energy Corporation	DVN	B	100.07	449	44,900	139.00	0.13	0.76
Total or Median					313,000		0.15	0.88
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	40.05	45	1,810	50.00	0.24	0.85
Encore Acquisition Company	EAC	B	36.39	54	1,980	60.00	0.29	0.72
Cimarex Energy Company	XEC	B	51.50	84	4,340	76.00	0.10	0.71
Energy Partners Ltd.	EPL		10.43	32	330	25.00	0.43	0.67
Total or Median					8,500		0.26	0.71
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	57.46	179	10,310	17.00	0.56	2.05
Kinder Morgan Management, LLC	KMR	S	54.55	64	3,490	17.00	0.56	1.97
Pengrowth Energy Trust	PGH		18.91	247	4,670	19.00	0.25	1.00
San Juan Basin Royalty Trust	SJT	B	39.20	47	1,830	40.00	-	0.98
Canadian Oil Sands Trust	COSWF	B	42.26	479	20,240	45.00	0.05	0.94
Hugoton Royalty Trust	HGT	B	28.67	40	1,150	34.00	-	0.85
Enerplus Resources Fund	ERF		42.34	129	5,480	52.00	0.13	0.84
Penn West Energy Trust	PWE	B	27.51	373	10,250	37.00	0.24	0.80
Total or Median					57,400		0.19	0.96
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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A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 11, 2008



Oil and Gas Producers - Rank by EV/Ebitda								
			Price (US\$/sh)	Adjustd Resrvs/	PV/	EV/		Divd or Distrib
	Symbol/		10-Mar	Prod	Ebitda	Ebitda	P/E	NTM
	Rating		2008	NTM	NTM	NTM	NTM	(%)
Mega Cap								
Petrobras	PBR		108.60	9.8	8.6	7.7	14	1.6
Gazprom (50%)	OGZPY	B	50.00	24.6	10.1	7.3	11	0.9
Exxon Mobil Corporation	XOM	B	82.46	12.0	6.5	5.3	9	1.7
BP plc	BP	B	64.51	9.6	6.1	4.9	8	5.0
Chevron Corporation	CVX	B	84.73	9.6	6.0	4.5	7	2.7
Total S.A.	TOT	B	73.65	8.8	5.9	4.5	8	3.7
ConocoPhillips	COP	B	77.35	10.6	5.7	4.0	6	2.4
Royal Dutch Shell plc	RDS-A	B	69.03	8.1	5.6	3.9	7	4.6
Median				9.7	6.1	4.7	8	2.6
Producer/Refiners - Large Cap								
Suncor Energy	SU	B	104.06	23.8	9.8	8.4	15	0.4
Imperial Oil Limited (30%)	IMO	B	54.80	12.9	7.0	7.9	13	0.7
PetroChina Company Ltd (14%)	PTR	B	131.94	15.0	6.8	4.9	9	3.8
Marathon Oil Corporation	MRO	H	51.91	8.8	5.9	4.8	8	1.8
StatoilHydro ASA (29%)	STO	B	29.15	7.7	5.9	4.5	10	5.4
Petro-Canada	PCZ	B	46.25	6.9	5.2	3.6	7	1.1
Lukoil Oil Company	LUKOY	B	71.10	18.1	6.3	3.4	5	2.2
Median				12.9	6.3	4.8	9	1.8
Independent Natural Gas and Oil - Large Cap								
EOG Resources	EOG	B	114.56	10.5	6.8	6.8	15	0.4
XTO Energy Inc.	XTO	B	58.83	12.6	7.7	6.8	16	0.8
Encana Corporation	ECA	B	76.05	8.7	6.5	6.6	13	2.1
CNOOC Limited (34%)	CEO	H	158.43	9.8	5.1	6.5	11	2.2
Canadian Natural Resources	CNQ	B	71.89	8.4	7.8	6.1	11	0.6
Anadarko Petroleum Corp.	APC	B	62.72	9.9	6.5	5.4	13	1.1
Occidental Petroleum Corp.	OXY	B	73.47	11.6	5.9	5.0	9	1.4
Devon Energy Corporation	DVN	B	100.07	9.5	6.7	5.0	10	0.6
Median				9.9	6.6	6.3	12	1.0
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	40.05	10.3	6.5	5.5	10	0.7
Encore Acquisition Company	EAC	B	36.39	14.1	7.0	5.1	10	-
Cimarex Energy Company	XEC	B	51.50	7.6	5.0	3.6	7	0.3
Energy Partners Ltd.	EPL		10.43	7.4	4.9	3.3		-
Median				9.0	5.8	4.3	10	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	57.46		7.8	16.1	30	6.4
Kinder Morgan Management, LLC	KMR	S	54.55		7.8	15.5	28	6.7
San Juan Basin Royalty Trust	SJT	B	39.20	10.4	10.4	10.2	12	8.1
Canadian Oil Sands Trust	COSWF	B	42.26	24.0	9.6	9.1	11	7.9
Hugoton Royalty Trust	HGT	B	28.67	13.1	9.2	7.7	10	9.6
Pengrowth Energy Trust	PGH		18.91	7.4	5.8	5.8	12	14.4
Enerplus Resources Fund	ERF		42.34	9.7	6.6	5.5	8	12.0
Penn West Energy Trust	PWE	B	27.51	7.3	6.3	5.1	13	14.9
Median				10.1	7.8	8.4	12	8.9
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								

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A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 11, 2008



McDep Energy Portfolio										
Composite of Buy Recommendations										
						North	Rest			
		Price				Amer.	of World			
		(US\$/sh)	Portfolio Weight		U.S.	Natural	Natural	Oil	Down-	
		10-Mar	Equity	EV	HQ	Gas	Gas	Prod'n	stream	McDep
	Symbol	2008	(%)	(%)	(%)	(%)	(%)	(%)	(%)	Ratio
Mega Cap										
Exxon Mobil Corporation	XOM	82.46	3.5	3.2		0.2	0.4	1.8	0.7	0.82
BP plc	BP	64.51	2.9	3.2	3.2	0.3	0.3	2.1	0.5	0.81
Total S.A.	TOT	73.65	3.2	3.2	3.2		1.0	1.6	0.6	0.77
Chevron Corporation	CVX	84.73	3.3	3.2		0.1	0.2	2.2	0.7	0.75
Gazprom	OGZPY	50.00	9.7	9.6	9.6		7.5	2.1		0.73
Royal Dutch Shell plc	RDS-A	69.03	3.2	3.2	3.2	0.1	0.4	1.7	1.0	0.70
ConocoPhillips	COP	77.35	5.6	6.4		1.0	0.5	3.5	1.4	0.69
Total or Median			31	32						0.75
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	54.80	1.4	1.3	1.3	0.1		1.0	0.2	1.13
Suncor Energy	SU	104.06	1.4	1.3	1.3	0.0		1.2	0.1	0.86
StatoilHydro ASA	STO	29.15	1.5	1.6	1.6		0.5	1.1	-	0.76
PetroChina Company Ltd (14	PTR	131.94	1.8	1.6	1.6	-	0.1	1.4	0.1	0.71
Petro-Canada	PCZ	46.25	1.2	1.3	1.3	0.1	0.0	0.9	0.2	0.70
Lukoil Oil Company	LUKOY	71.10	7.2	6.4	6.4			4.7	1.7	0.54
Total or Median			14	13						0.73
Independent Natural Gas and Oil - Large Cap										
Encana Corporation	ECA	76.05	3.6	3.8	3.8	2.7		0.9	0.3	1.01
EOG Resources	EOG	114.56	5.3	4.8		3.4	0.3	1.1		1.00
XTO Energy Inc.	XTO	58.83	4.6	4.8		3.7		1.1		0.89
Occidental Petroleum Corp.	OXY	73.47	3.5	3.2		0.4	0.0	2.5	0.3	0.86
Anadarko Petroleum Corp.	APC	62.72	3.6	4.8		2.5		2.2	0.1	0.84
Canadian Natural Resources	CNQ	71.89	1.4	1.6	1.6	0.4		1.2		0.78
Devon Energy Corporation	DVN	100.07	6.3	6.4		3.4		3.0		0.76
Total or Median			28	29						0.86
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	40.05	1.4	1.6		0.4		1.2		0.85
Encore Acquisition Company	EAC	36.39	2.3	3.2		0.5		2.7		0.72
Cimarex Energy Company	XEC	51.50	3.3	3.2		2.1		1.1		0.71
Total or Median			7	8						0.72
Income										
San Juan Basin Royalty Trust	SJT	39.20	7.5	6.4		6.4				0.98
Canadian Oil Sands Trust	COSWF	42.26	5.7	5.1	5.1	(0.5)		5.6		0.94
Hugoton Royalty Trust	HGT	28.67	3.8	3.2		3.2				0.85
Penn West Energy Trust	PWE	27.51	2.1	2.6	2.6	0.7		1.9		0.80
Total or Median			19	17						0.89
Portfolio Composite										
			100	100	46	31	11	50	8	0.78
Canada					17					
Russia					16					
Europe					11					
China					2					
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

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Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
7-Mar	LUKOY	Lukoil Oil Company	Anticipate Easing of Export Tax
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
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
11-Nov	* PBR	Petrobras	Energy Mega Cap

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11-Mar	Weekly	Buy Major Oil Mega Caps
4-Mar	Weekly	Natural Gas Breakout
26-Feb	* Weekly	12-Year Natural Gas Futures Debut
19-Feb	* Weekly	Momentum Bargains

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

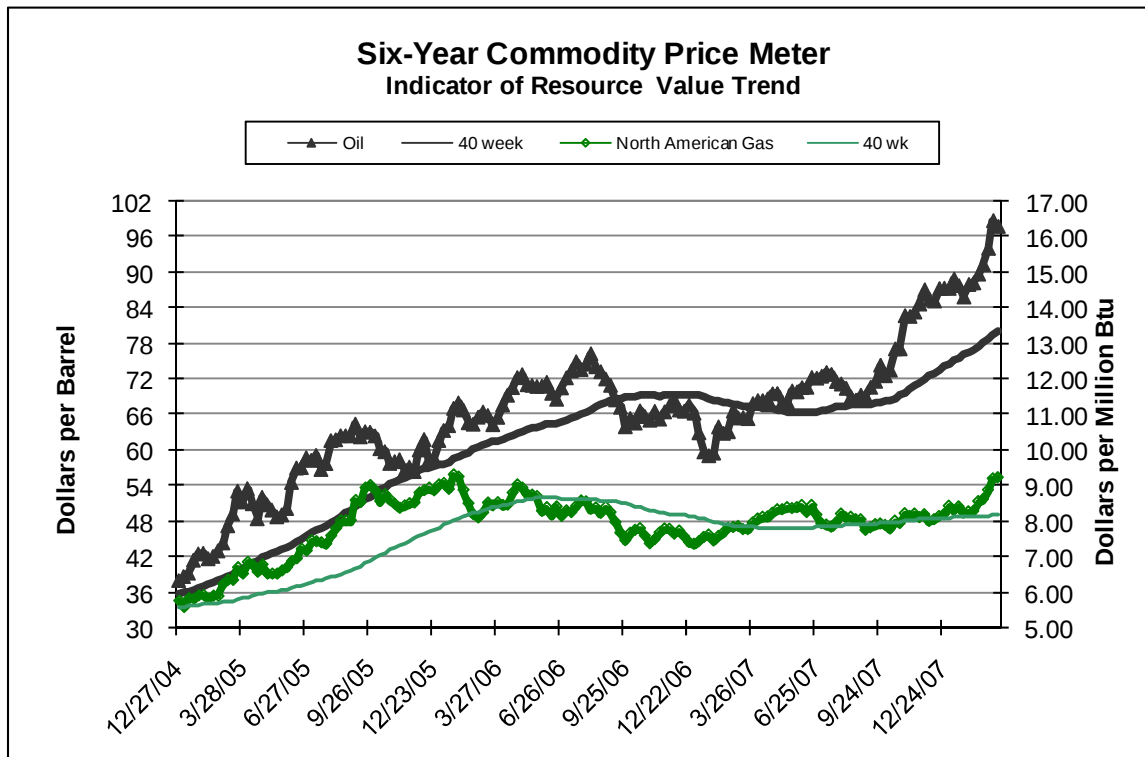
7-Mar	Weekly	Oil Price Points
29-Feb	Weekly	Trading Opportunities
22-Feb	* Penn West Energy Trust	Acquisitions Expand Cash Flow in 2008
15-Feb	* Weekly	Surprising Signs of Strength in Energy Price

* Archived on www.mcdep.com

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

March 11, 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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