

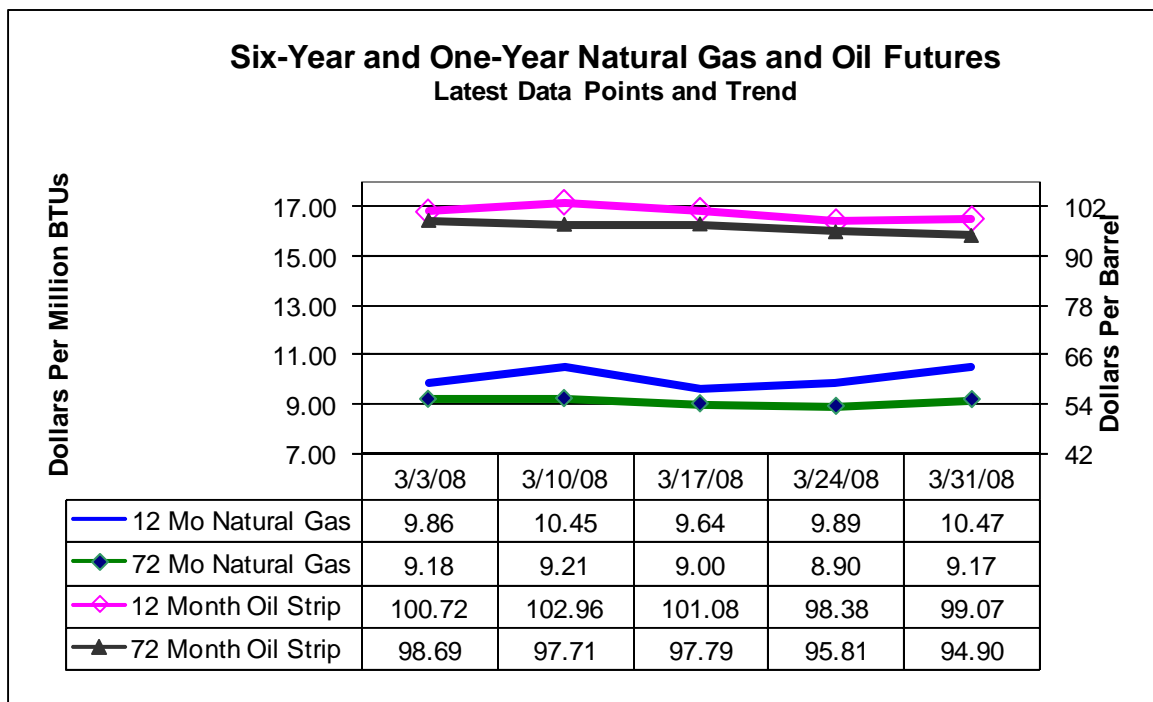


Producer Winners, Integrated Values

Summary and Recommendation

Oil and gas producers, including buy recommendations **Encana (ECA)** and **Berry Petroleum (BRY)**, are winning for investors with positive stock price momentum. The value of production is directly related to crude oil price and natural gas price, both of which are trending positively. On the six-year basis we like to use, the current quote for oil of \$95 is above the 40-week average of \$82 while the comparison for natural gas is \$9.17 and \$8.20 (see chart below, Six-Year Natural Gas and Oil Futures and chart on page 6, Six-Year Commodity Price Meter). Integrated producer/refiners, including buy recommendations **StatoilHydro (STO)** and **Petro-Canada (PCZ)**, have negative stock price momentum. While those stocks may require more patience, we believe the values are attractive as measured by low McDep Ratios. Because the concentration on refining is negligible in STO and about 15% in PCZ most of the concentration is still on production. Not quoted on a six-year basis, the refining margin for the next year in the futures market settled on March 31 near \$11.80 a barrel compared to \$11 in our current estimates of present value. Finally, on a seasonal basis, momentum may be turning positive for refining as we discussed last week.

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

April 1, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		31-Mar	Shares	Cap	Value	Present	McDep
	Rating		2008	(mm)	(US\$m)	(US\$/sh)	Value	Ratio
Mega Cap								
Petrobras	PBR		102.11	2,194	223,980	122.00	0.12	0.86
Exxon Mobil Corporation	XOM	B	84.58	5,454	461,000	102.00	0.05	0.84
Total S.A.	TOT	B	74.01	2,266	168,000	100.00	0.13	0.77
BP plc	BP	B	60.65	3,163	192,000	84.00	0.18	0.77
Chevron Corporation	CVX	B	85.36	2,206	188,000	117.00	0.09	0.76
Gazprom (50%)	OGZPY	B	51.00	2,940	149,900	72.00	0.10	0.74
Royal Dutch Shell plc	RDS-A	B	68.98	3,125	216,000	104.00	0.11	0.70
ConocoPhillips	COP	B	76.21	1,612	123,000	124.00	0.19	0.69
<i>Total or Median</i>					1,722,000		0.11	0.76
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	52.25	275	14,340	48.00	0.07	1.08
Suncor Energy	SU	B	96.22	473	45,510	122.00	0.08	0.80
StatoilHydro ASA (29%)	STO	B	29.87	927	27,690	41.00	0.16	0.77
Marathon Oil Corporation	MRO	H	45.60	713	32,510	68.00	0.19	0.73
PetroChina Company Ltd (14%)	PTR	B	125.31	256	32,100	190.00	0.05	0.68
Petro-Canada	PCZ	B	43.41	489	21,230	72.00	0.14	0.66
Lukoil Oil Company	LUKOY	B	85.50	826	71,000	134.00	0.02	0.65
<i>Total or Median</i>					244,000		0.08	0.73
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	146.79	149	21,910	125.00	-	1.17
EOG Resources	EOG	B	120.00	249	29,800	115.00	0.06	1.04
Encana Corporation	ECA	B	75.75	755	57,200	75.00	0.22	1.01
XTO Energy Inc.	XTO	B	61.86	491	30,340	68.00	0.17	0.93
Occidental Petroleum Corp.	OXY	B	73.17	833	61,000	86.00	0.06	0.86
Anadarko Petroleum Corp.	APC	B	63.03	470	29,600	82.00	0.31	0.84
Devon Energy Corporation	DVN	B	104.33	449	46,800	139.00	0.13	0.78
Canadian Natural Resources	CNQ	B	68.26	540	36,900	99.00	0.20	0.75
<i>Total or Median</i>					314,000		0.15	0.89
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	46.49	45	2,100	50.00	0.24	0.95
Encore Acquisition Company	EAC	B	40.28	54	2,190	60.00	0.29	0.76
Cimarex Energy Company	XEC	B	54.74	84	4,610	76.00	0.10	0.75
Energy Partners Ltd.	EPL		9.47	32	300	25.00	0.43	0.65
<i>Total or Median</i>					9,200		0.26	0.76
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	54.69	180	9,840	17.00	0.56	1.98
Kinder Morgan Management, LLC	KMR	S	50.97	64	3,260	17.00	0.56	1.88
Pengrowth Energy Trust	PGH		19.06	247	4,710	19.00	0.25	1.00
San Juan Basin Royalty Trust	SJT	B	37.23	47	1,740	40.00	-	0.93
Canadian Oil Sands Trust	COSWF	B	40.44	479	19,370	45.00	0.05	0.90
Enerplus Resources Fund	ERF		43.42	129	5,620	52.00	0.13	0.86
Penn West Energy Trust	PWE	B	27.98	373	10,430	37.00	0.23	0.81
Hugoton Royalty Trust	HGT	B	27.58	40	1,100	34.00	-	0.81
<i>Total or Median</i>					56,100		0.18	0.92
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

April 1, 2008



Oil and Gas Producers - Rank by EV/Ebitda								
			Price	Adjustd				Divd or
			(US\$/sh)	Resrvs/	PV/	EV/		Distrib
	Symbol/		31-Mar	Prod	Ebitda	Ebitda	P/E	NTM
	Rating		2008	NTM	NTM	NTM	NTM	(%)
Mega Cap								
Petrobras	PBR		102.11	9.5	8.7	7.5	13	1.7
Gazprom (50%)	OGZPY	B	51.00	24.6	10.0	7.4	12	0.8
Exxon Mobil Corporation	XOM	B	84.58	12.0	6.6	5.5	10	1.7
BP plc	BP	B	60.65	9.9	6.2	4.8	8	5.4
Chevron Corporation	CVX	B	85.36	9.6	6.2	4.7	8	2.7
Total S.A.	TOT	B	74.01	8.9	6.0	4.6	8	3.9
ConocoPhillips	COP	B	76.21	10.6	5.9	4.0	6	2.5
Royal Dutch Shell plc	RDS-A	B	68.98	7.5	5.7	4.0	7	4.6
	<i>Median</i>			9.8	6.2	4.7	8	2.6
Producer/Refiners - Large Cap								
Suncor Energy	SU	B	96.22	23.8	10.1	8.1	14	0.4
Imperial Oil Limited (30%)	IMO	B	52.25	12.9	7.1	7.7	13	0.7
PetroChina Company Ltd (14%)	PTR	B	125.31	15.3	7.8	5.3	11	4.1
StatoilHydro ASA (29%)	STO	B	29.87	7.7	6.1	4.7	10	5.4
Marathon Oil Corporation	MRO	H	45.60	8.8	6.0	4.4	7	2.1
Lukoil Oil Company	LUKOY	B	85.50	18.2	6.5	4.2	7	1.9
Petro-Canada	PCZ	B	43.41	6.9	5.5	3.6	7	1.2
	<i>Median</i>			12.9	6.5	4.7	10	1.9
Independent Natural Gas and Oil - Large Cap								
EOG Resources	EOG	B	120.00	10.5	7.0	7.3	16	0.4
XTO Energy Inc.	XTO	B	61.86	12.5	7.8	7.2	17	0.8
Encana Corporation	ECA	B	75.75	8.8	6.6	6.7	14	2.1
CNOOC Limited (34%)	CEO	H	146.79	9.3	5.2	6.0	11	2.6
Canadian Natural Resources	CNQ	B	68.26	8.4	8.0	6.0	11	0.6
Anadarko Petroleum Corp.	APC	B	63.03	9.9	6.7	5.6	13	1.1
Devon Energy Corporation	DVN	B	104.33	9.5	6.9	5.4	11	0.5
Occidental Petroleum Corp.	OXY	B	73.17	11.7	6.0	5.2	10	1.4
	<i>Median</i>			9.7	6.8	6.0	12	1.0
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	46.49	10.3	6.7	6.4	13	0.6
Encore Acquisition Company	EAC	B	40.28	14.2	7.3	5.6	12	-
Cimarex Energy Company	XEC	B	54.74	7.6	5.1	3.8	8	0.3
Energy Partners Ltd.	EPL		9.47	7.4	5.1	3.3		-
	<i>Median</i>			9.0	5.9	4.7	12	0.1
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	54.69		7.9	15.5	28	6.7
Kinder Morgan Management, LLC	KMR	S	50.97		7.9	14.8	27	7.2
San Juan Basin Royalty Trust	SJT	B	37.23	10.2	9.9	9.2	11	8.9
Canadian Oil Sands Trust	COSWF	B	40.44	23.1	9.5	8.6	10	8.6
Hugoton Royalty Trust	HGT	B	27.58	13.1	9.1	7.3	10	10.2
Pengrowth Energy Trust	PGH		19.06	7.5	5.9	5.9	12	13.8
Enerplus Resources Fund	ERF		43.42	9.7	6.7	5.7	8	11.3
Penn West Energy Trust	PWE	B	27.98	7.3	6.5	5.2	13	14.2
	<i>Median</i>			9.9	7.9	8.0	12	9.6
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								

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio
April 1, 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-	
		31-Mar			HQ	Gas	Gas	Prod'n	stream	McDep
	Symbol	2008	(%)	(%)	(%)	(%)	(%)	(%)	(%)	Ratio
Mega Cap										
Exxon Mobil Corporation	XOM	84.58	3.5	3.2		0.2	0.4	1.8	0.7	0.84
Total S.A.	TOT	74.01	3.1	3.2	3.2		1.0	1.6	0.6	0.77
BP plc	BP	60.65	2.9	3.2	3.2	0.3	0.3	2.1	0.5	0.77
Chevron Corporation	CVX	85.36	3.3	3.2		0.1	0.2	2.2	0.7	0.76
Gazprom	OGZPY	51.00	9.7	9.6	9.6		7.5	2.1		0.74
Royal Dutch Shell plc	RDS-A	68.98	3.2	3.2	3.2	0.1	0.5	1.7	1.0	0.70
ConocoPhillips	COP	76.21	5.5	6.4		1.0	0.5	3.6	1.4	0.69
<i>Total or Median</i>			<i>31</i>	<i>32</i>						<i>0.76</i>
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	52.25	1.4	1.3	1.3	0.1		1.0	0.2	1.08
Suncor Energy	SU	96.22	1.4	1.3	1.3	0.0		1.2	0.1	0.80
StatoilHydro ASA	STO	29.87	1.5	1.6	1.6		0.5	1.1	-	0.77
PetroChina Company Ltd (14	PTR	125.31	1.8	1.6	1.6	-	0.1	1.3	0.2	0.68
Petro-Canada	PCZ	43.41	1.2	1.3	1.3	0.1	0.0	0.9	0.2	0.66
Lukoil Oil Company	LUKOY	85.50	7.3	6.4	6.4			4.7	1.7	0.65
<i>Total or Median</i>			<i>14</i>	<i>13</i>						<i>0.72</i>
Independent Natural Gas and Oil - Large Cap										
EOG Resources	EOG	120.00	5.3	4.8		3.4	0.3	1.1		1.04
Encana Corporation	ECA	75.75	3.5	3.8	3.8	2.7		0.9	0.3	1.01
XTO Energy Inc.	XTO	61.86	4.6	4.8		3.7		1.1		0.93
Occidental Petroleum Corp.	OXY	73.17	3.5	3.2		0.4	0.0	2.5	0.3	0.86
Anadarko Petroleum Corp.	APC	63.03	3.6	4.8		2.5		2.2	0.1	0.84
Devon Energy Corporation	DVN	104.33	6.3	6.4		3.4		3.0		0.78
Canadian Natural Resources	CNQ	68.26	1.4	1.6	1.6	0.4		1.2		0.75
<i>Total or Median</i>			<i>28</i>	<i>29</i>						<i>0.86</i>
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	46.49	1.4	1.6		0.4		1.2		0.95
Encore Acquisition Company	EAC	40.28	2.4	3.2		0.5		2.7		0.76
Cimarex Energy Company	XEC	54.74	3.3	3.2		2.1		1.1		0.75
<i>Total or Median</i>			<i>7</i>	<i>8</i>						<i>0.76</i>
Income										
San Juan Basin Royalty Trust	SJT	37.23	7.5	6.4		6.4				0.93
Canadian Oil Sands Trust	COSWF	40.44	5.7	5.1	5.1	(0.5)		5.6		0.90
Penn West Energy Trust	PWE	27.98	2.2	2.6	2.6	0.7		1.9		0.81
Hugoton Royalty Trust	HGT	27.58	3.8	3.2		3.2				0.81
<i>Total or Median</i>			<i>19</i>	<i>17</i>						<i>0.86</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>0.80</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

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April 1, 2008



Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
27-Mar	CEO	CNOOC Ltd	Dividend Raised 15%
24-Mar	PBR	Petrobras	Oil Growth at a Reasonable Price
21-Mar	SJT	San Juan Basin Royalty Trust	SJT Timely (Income Weekly)
19-Mar	PTR	PetroChina Company Limited	\$300 a Share in Shanghai
14-Mar	* KMP	Kinder Morgan	General Partner Owner Reneges (Income Weekly)
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
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	* OXY	Occidental Petroleum Corporation	Crude is King
23-Jan	* COP	ConocoPhillips	Cool under Fire
22-Jan	* SU	Suncor Energy	Oil Sands for Taxable Investors
11-Jan	* HGT	Hugoton Royalty Trust	Insider Buying (Income Weekly)

Meter Reader

1-Apr	Weekly	Producer Winners, Integrated Values
25-Mar	Weekly	Downstream Spring
18-Mar	* Weekly	Upstream Trends Up
11-Mar	* Weekly	Buy Major Oil Mega Caps

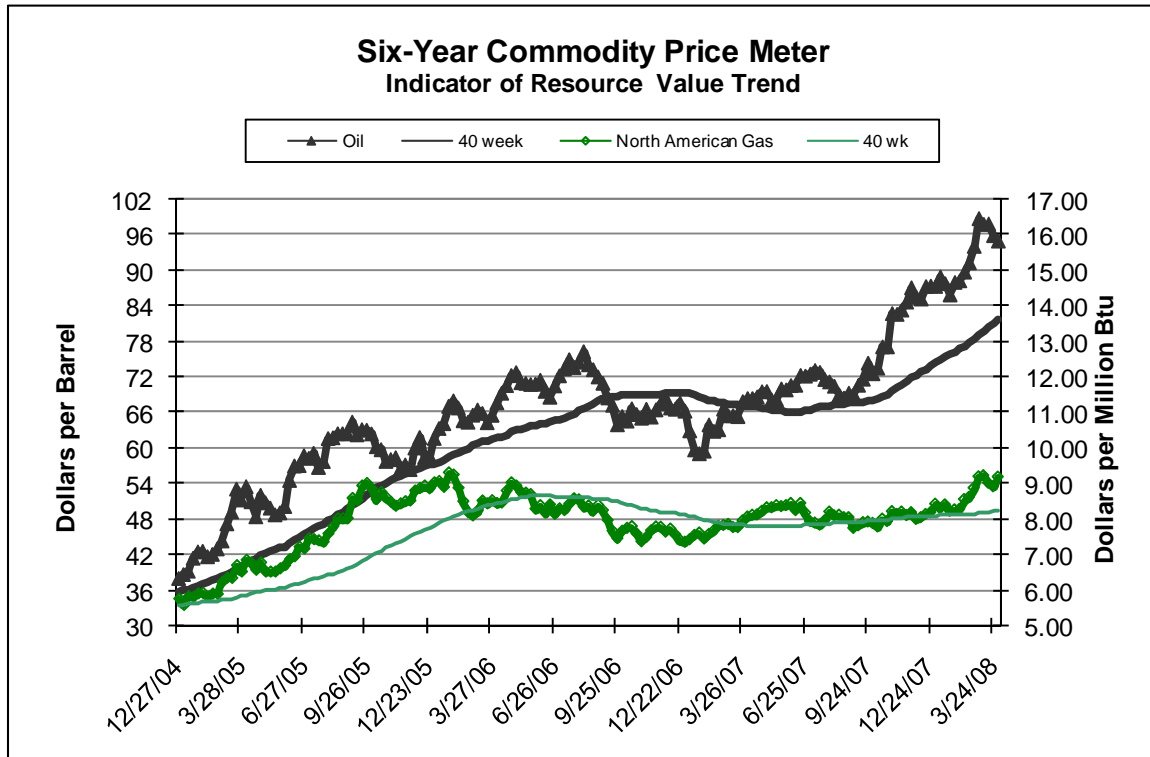
Oil and Gas Income Stocks

28-Mar	Weekly	Record Natural Gas for Power
21-Mar	Weekly	COSWF and SJT Timely
14-Mar	* Weekly	General Partner Owner Reneges
7-Mar	* Weekly	Oil Price Points

* Archived on www.mcdep.com

Meter Reader

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April 1, 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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