

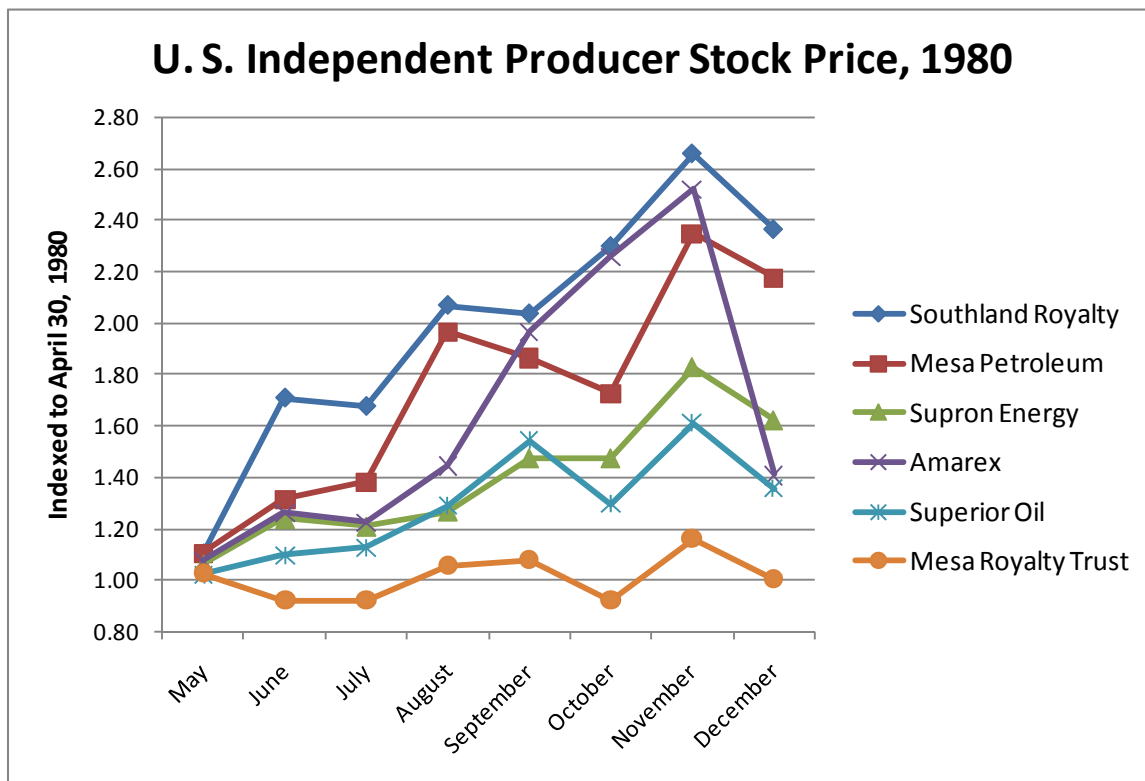


Déjà vu 1980

Summary and Recommendation

Instinctively we sense a potential two-thirds gain in stock price for our oil and gas buy recommendations by November 2008. It actually happened at a similar time 28 years ago when our twenty buy recommendations gained a median 68% from April 30, 1980 through November 30, 1980 (see charts). Like today, most of those stocks were already in a steep uptrend after having scored handsome gains. Like today, 1980 was an election year, oil price was advancing strongly, Iran was the U.S. Government's nemesis and inflation was raging. Unlike today, the U.S. Federal Reserve Bank was raising interest rates that ultimately drove the stock market and oil stocks to the low of August 1982, in the second year of a new president's term. We believe the historical parallel justifies maintaining and possible increasing commitments to our buy recommendations while keeping a wary eye out for signs of a peak should steep increases actually occur. Finally, good news for energy in 1980 was also good news for stocks as the S&P 400 Industrials advanced 34% during May through November.

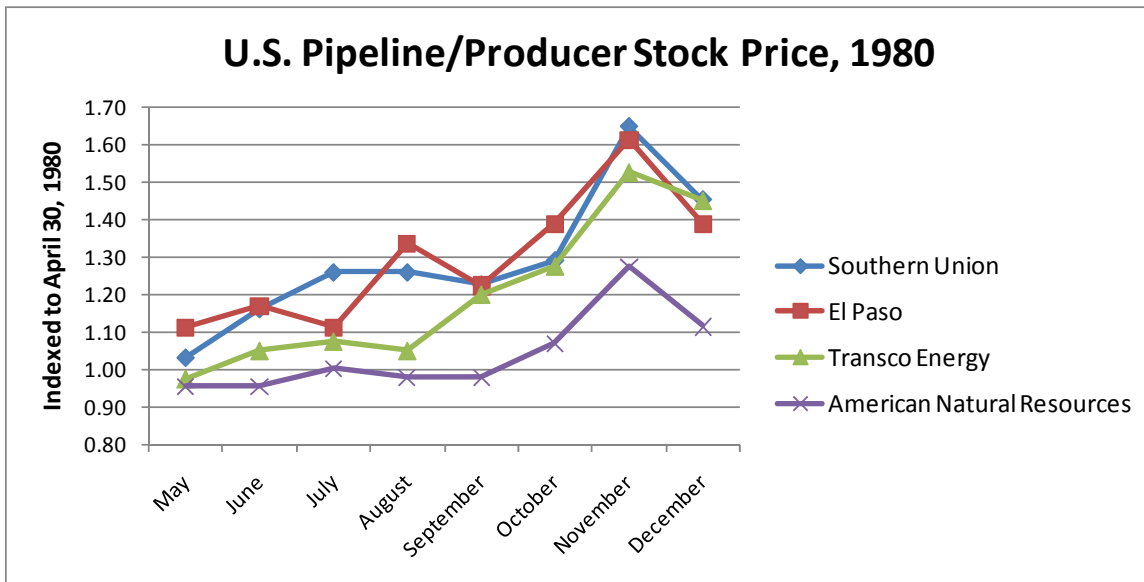
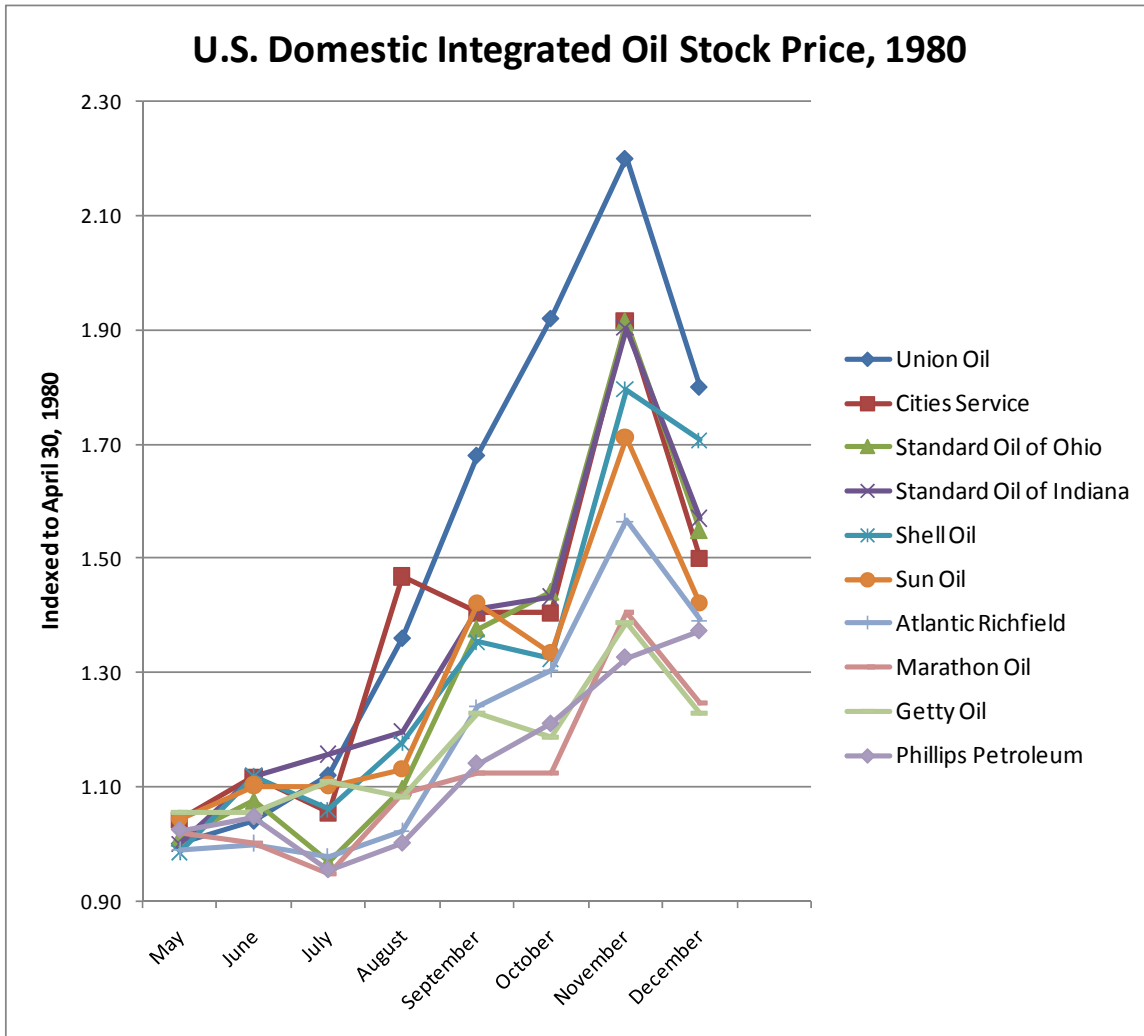
Kurt H. Wulff, CFA



Source: DLJ Oil and Gas Valuation

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio
 May 6, 2008



Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

May 6, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		5-May	Shares	Cap	Value	Present	
	Rating		2008	(mm)	(US\$m)	(US\$/sh)	Value	
							McDep	
							Ratio	
Mega Cap								
Petrobras	PBR		126.54	2,194	277,570	122.00	0.12	1.03
BP plc	BP	B	72.47	3,146	228,000	84.00	0.19	0.89
Exxon Mobil Corporation	XOM	B	89.51	5,362	480,000	102.00	0.05	0.88
Total S.A.	TOT	B	84.10	2,266	191,000	100.00	0.13	0.86
Chevron Corporation	CVX	B	95.62	2,206	211,000	117.00	0.09	0.83
Royal Dutch Shell plc	RDS-A	B	80.43	3,106	250,000	104.00	0.12	0.80
Gazprom (50%)	OGZPY	B	53.15	2,940	156,300	72.00	0.10	0.77
ConocoPhillips	COP	B	87.18	1,582	138,000	124.00	0.19	0.76
<i>Total or Median</i>					1,932,000		0.12	0.85
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	55.51	272	15,090	48.00	0.07	1.15
Suncor Energy	SU	B	114.99	473	54,390	122.00	0.09	0.95
StatoilHydro ASA (29%)	STO	B	37.07	927	34,370	41.00	0.16	0.92
PetroChina Company Ltd (14%)	PTR	B	156.27	256	40,040	190.00	0.05	0.83
Marathon Oil Corporation	MRO	H	51.66	717	37,040	68.00	0.19	0.80
Petro-Canada	PCZ	B	51.79	488	25,270	72.00	0.12	0.75
Lukoil Oil Company	LUKOY	B	90.65	828	75,000	134.00	0.02	0.68
<i>Total or Median</i>					281,000		0.09	0.83
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	175.25	152	26,690	140.00	-	1.25
EOG Resources	EOG	B	132.54	250	33,100	115.00	0.06	1.14
Encana Corporation	ECA	B	80.95	753	61,000	75.00	0.23	1.06
XTO Energy Inc.	XTO	B	63.60	504	32,050	68.00	0.17	0.95
Chesapeake Energy Corporation	CHK		54.74	476	26,060	62.00	0.30	0.92
Canadian Natural Resources	CNQ	B	86.97	540	47,000	99.00	0.20	0.90
Anadarko Petroleum Corp.	APC	B	68.14	470	32,000	82.00	0.31	0.88
Occidental Petroleum Corp.	OXY	B	85.84	828	71,100	100.00	0.05	0.87
Devon Energy Corporation	DVN	B	114.52	449	51,400	139.00	0.13	0.85
<i>Total or Median</i>					380,000		0.17	0.92
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	52.76	45	2,390	50.00	0.25	1.04
Birchcliff Energy Ltd. (US\$)	BIR.TO		10.71	88	940	12.00	0.13	0.90
Encore Acquisition Company	EAC	B	47.61	54	2,590	60.00	0.29	0.85
Cimarex Energy Company	XEC	B	63.37	84	5,340	76.00	0.10	0.85
Energy Partners Ltd.	EPL		12.73	32	400	25.00	0.43	0.72
<i>Total or Median</i>					11,700		0.25	0.85
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	59.63	188	11,220	17.00	0.57	2.08
Kinder Morgan Management, LLC	KMR	S	56.36	65	3,660	17.00	0.57	2.00
Pengrowth Energy Trust	PGH		20.02	247	4,940	19.00	0.27	1.04
Canadian Oil Sands Trust	COSWF	B	43.91	479	21,030	45.00	0.05	0.98
San Juan Basin Royalty Trust	SJT	B	38.59	47	1,800	40.00	-	0.97
Enerplus Resources Fund	ERF		46.67	153	7,140	52.00	0.16	0.91
Hugoton Royalty Trust	HGT	B	29.97	40	1,200	34.00	-	0.88
Penn West Energy Trust	PWE	B	30.87	373	11,500	37.00	0.23	0.87
<i>Total or Median</i>					62,500		0.19	0.97
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

May 6, 2008



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		5-May 2008	Prod NTM	Ebitda NTM	Ebitda NTM	P/E NTM	NTM (%)
Mega Cap								
Petrobras	PBR		126.54	9.5	7.7	7.9	13	1.3
Gazprom (50%)	OGZPY	B	53.15	24.6	9.9	7.6	12	0.8
Exxon Mobil Corporation	XOM	B	89.51	12.2	6.0	5.3	9	1.8
BP plc	BP	B	72.47	9.9	5.5	4.9	8	4.5
Chevron Corporation	CVX	B	95.62	9.4	5.6	4.7	8	2.7
Total S.A.	TOT	B	84.10	8.9	5.3	4.6	8	3.5
Royal Dutch Shell plc	RDS-A	B	80.43	7.5	5.2	4.2	7	4.0
ConocoPhillips	COP	B	87.18	10.7	5.4	4.1	6	2.2
	<i>Median</i>			9.7	5.6	4.8	8	2.4
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	55.51	13.9	6.8	7.8	13	0.6
Suncor Energy	SU	B	114.99	22.2	7.5	7.1	12	0.3
PetroChina Company Ltd (14%)	PTR	B	156.27	14.4	6.2	5.2	10	3.3
StatoilHydro ASA (29%)	STO	B	37.07	7.7	5.4	4.9	10	4.5
Marathon Oil Corporation	MRO	H	51.66	8.3	5.5	4.4	8	1.9
Lukoil Oil Company	LUKOY	B	90.65	18.7	5.7	3.9	6	1.8
Petro-Canada	PCZ	B	51.79	6.5	4.1	3.1	6	1.0
	<i>Median</i>			13.9	5.7	4.9	10	1.8
Independent Natural Gas and Oil - Large Cap								
EOG Resources	EOG	B	132.54	10.0	5.7	6.5	14	0.4
CNOOC Limited (34%)	CEO	H	175.25	9.2	5.0	6.2	11	2.2
Canadian Natural Resources	CNQ	B	86.97	8.4	6.7	6.1	10	0.5
XTO Energy Inc.	XTO	B	63.60	12.2	6.3	6.0	13	0.8
Chesapeake Energy Corporation	CHK		54.74	11.0	6.4	5.9	10	0.5
Encana Corporation	ECA	B	80.95	8.7	5.1	5.4	11	2.0
Occidental Petroleum Corp.	OXY	B	85.84	11.6	5.8	5.0	9	1.5
Anadarko Petroleum Corp.	APC	B	68.14	9.9	5.6	5.0	10	1.1
Devon Energy Corporation	DVN	B	114.52	9.5	5.7	4.8	9	0.5
	<i>Median</i>			9.9	5.7	5.9	10	0.8
Independent Natural Gas and Oil - Small Cap								
Birchcliff Energy Ltd. (US\$)	BIR.TO		10.71	7.4	7.7	7.0	37	-
Berry Petroleum Company	BRY	B	52.76	10.3	5.8	6.1	11	0.6
Encore Acquisition Company	EAC	B	47.61	14.2	6.1	5.2	10	-
Cimarex Energy Company	XEC	B	63.37	7.6	4.3	3.7	7	0.3
Energy Partners Ltd.	EPL		12.73	7.4	4.0	2.9	-	-
	<i>Median</i>			7.6	5.8	5.2	10	-
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	59.63		7.4	15.3	23	6.2
Kinder Morgan Management, LLC	KMR	S	56.36		7.4	14.7	22	6.5
Canadian Oil Sands Trust	COSWF	B	43.91	23.2	8.1	8.0	9	8.9
San Juan Basin Royalty Trust	SJT	B	38.59	10.8	8.1	7.8	9	10.6
Hugoton Royalty Trust	HGT	B	29.97	13.2	7.2	6.4	9	11.1
Pengrowth Energy Trust	PGH		20.02	8.7	5.6	5.8	10	13.2
Enerplus Resources Fund	ERF		46.67	9.6	6.3	5.7	8	10.6
Penn West Energy Trust	PWE	B	30.87	7.3	5.4	4.7	11	13.0
	<i>Median</i>			10.2	7.3	7.1	10	10.6
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
May 6, 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	5-May 2008	(%)	(%)	HQ	Gas	Gas	Prod'n	stream	McDep
					(%)	(%)	(%)	(%)	(%)	Ratio
Mega Cap										
BP plc	BP	72.47	2.9	3.2	3.2	0.3	0.3	2.1	0.5	0.89
Exxon Mobil Corporation	XOM	89.51	3.5	3.2		0.3	0.4	1.8	0.8	0.88
Total S.A.	TOT	84.10	3.2	3.2	3.2		1.0	1.6	0.6	0.86
Chevron Corporation	CVX	95.62	3.3	3.2		0.2	0.2	2.2	0.7	0.83
Royal Dutch Shell plc	RDS-A	80.43	3.2	3.2	3.2	0.1	0.5	1.6	1.0	0.80
Gazprom	OGZPY	53.15	9.6	9.6	9.6		7.5	2.1		0.77
ConocoPhillips	COP	87.18	5.6	6.4		1.0	0.4	3.6	1.4	0.76
<i>Total or Median</i>				31	32					0.83
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	55.51	1.4	1.3	1.3	0.1		1.0	0.2	1.15
Suncor Energy	SU	114.99	1.3	1.3	1.3	0.0		1.2	0.1	0.95
StatoilHydro ASA	STO	37.07	1.5	1.6	1.6		0.5	1.1	-	0.92
PetroChina Company Ltd (14	PTR	156.27	1.8	1.6	1.6	-	0.1	1.2	0.2	0.83
Petro-Canada	PCZ	51.79	1.2	1.3	1.3	0.1	0.0	0.9	0.2	0.75
Lukoil Oil Company	LUKOY	90.65	7.2	6.4	6.4			4.7	1.7	0.68
<i>Total or Median</i>				14	13					0.88
Independent Natural Gas and Oil - Large Cap										
EOG Resources	EOG	132.54	5.3	4.8		3.4	0.3	1.1		1.14
Encana Corporation	ECA	80.95	3.5	3.8	3.8	2.7		0.8	0.3	1.06
XTO Energy Inc.	XTO	63.60	4.6	4.8		3.6		1.2		0.95
Canadian Natural Resources	CNQ	86.97	1.4	1.6	1.6	0.4		1.2		0.90
Anadarko Petroleum Corp.	APC	68.14	3.6	4.8		2.5		2.2	0.1	0.88
Occidental Petroleum Corp.	OXY	85.84	3.5	3.2		0.4	0.0	2.5	0.2	0.87
Devon Energy Corporation	DVN	114.52	6.3	6.4		3.4		3.0		0.85
<i>Total or Median</i>				28	29					0.90
Independent Natural Gas and Oil - Small Cap										
Berry Petroleum Company	BRY	52.76	1.4	1.6		0.4		1.2		1.04
Encore Acquisition Company	EAC	47.61	2.5	3.2		0.5		2.7		0.85
Cimarex Energy Company	XEC	63.37	3.3	3.2		2.1		1.1		0.85
<i>Total or Median</i>				7	8					0.85
Income										
Canadian Oil Sands Trust	COSWF	43.91	5.6	5.1	5.1	(0.5)		5.6		0.98
San Juan Basin Royalty Trust	SJT	38.59	7.4	6.4		6.4				0.97
Hugoton Royalty Trust	HGT	29.97	3.7	3.2		3.2				0.88
Penn West Energy Trust	PWE	30.87	2.2	2.6	2.6	0.7		1.9		0.87
<i>Total or Median</i>				19	17					0.92
Portfolio Composite										
			100	100	46	31	11	50	8	0.87
	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
May 6, 2008



Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
2-May	CVX	Chevron Corporation	Refining Penalty
2-May	EOG	EOG Resources Inc.	Stock Outperforms
1-May	IMO	Imperial Oil Limited	ExxonMobil's Undeveloped Opportunities
1-May	MRO	Marathon Oil Corporation	Hangover from Last Year's Refining Boom
1-May	XOM	Exxon Mobil Corporation	World's Safest Investment
29-Apr	BP	BP p.l.c.	Getting Back on Track
29-Apr	BRY	Berry Petroleum	Earnings Fit with Oil Price
29-Apr	PCZ	Petro-Canada	Low McDep Ratio
29-Apr	RDSA	Royal Dutch Shell plc	Non U.S. Energy MegaCap
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
14-Feb	* EAC	Encore Acquisition	Low-Priced Stock Market Oil
13-Feb	* TOT	Total S.A.	Stock Market Value with Oil Price Momentum
6-Feb	* DVN	Devon Energy Corporation	Reserves Grow with Production
5-Feb	* APC	Anadarko Petroleum Corporation	Rising Natural Gas Volume

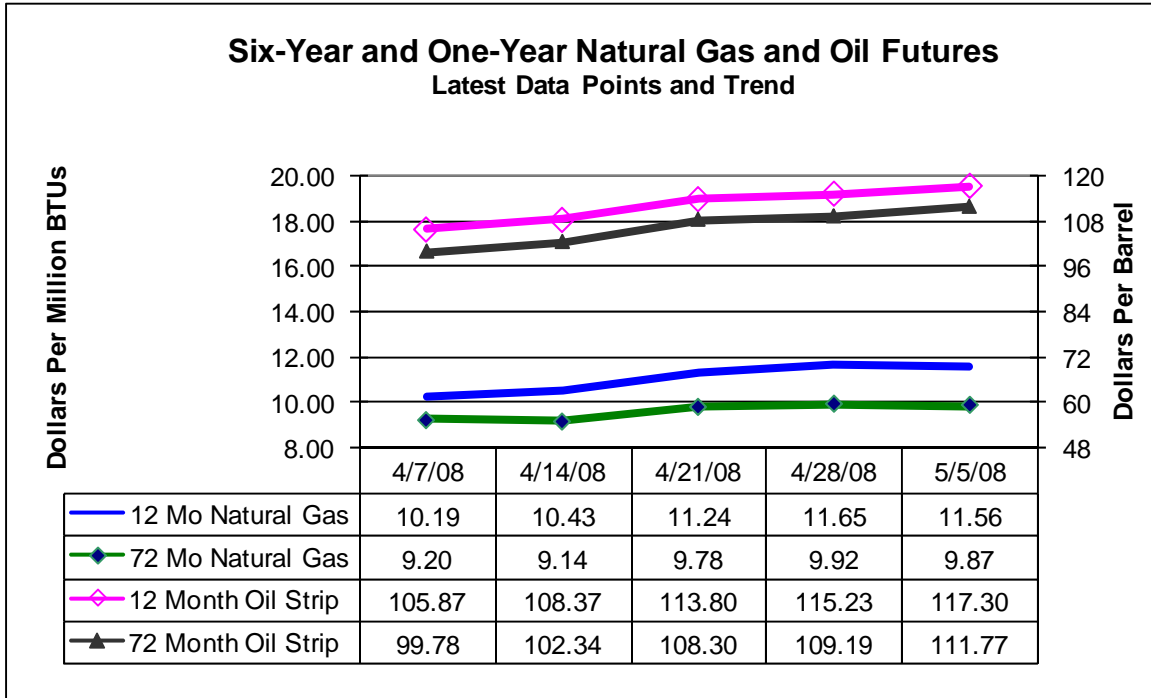
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5-May		Weekly	Déjà vu 1980
29-Apr		Weekly	New High for Global Oil Supply
22-Apr	*	Weekly	Sold Out
15-Apr	*	Weekly	BioFuel and Oil Price

Oil and Gas Income Stocks

2-May		Weekly	Trust Distributions Rising
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

* 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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