



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

April 21, 2011

Enerplus Corporation (ERF) Bakken and Marcellus with 7% a Year Income

Symbol	ERF	Ebitda Next Twelve Months ending 3/31/12 (US\$mm)	910
Rating	Buy	North American Natural Gas/Ebitda (%)	28
Price (US\$/sh)	31.19	Natural Gas and Oil Production/Ebitda (%)	100
Pricing Date	4/21/11	Adjusted Reserves/Production NTM	8.2
Shares (mm)	178	EV/Ebitda	7.5
Market Capitalization (US\$mm)	5,550	PV/Ebitda	8.6
Debt (US\$mm)	1,260	Probable Reserves (%)	28
Enterprise Value (EV) (US\$mm)	6,810	Natural Gas and Oil Ebitda (US\$/boe)	38.30
Present Value (PV) (US\$mm)	7,850	Present Value Proven and Probable Reserves(US\$/boe)	32.00
Net Present Value (US\$/share)	37	Oil and Gas Ebitda Margin (%)	68
Debt/Present Value	0.16	Earnings Next Twelve Months (US\$/sh)	0.66
McDep Ratio - EV/PV	0.87	Price/Earnings Next Twelve Months	47
Dividend Yield (%/year)	7.3	Indicated Annual Dividend (US\$/sh)	2.27

Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

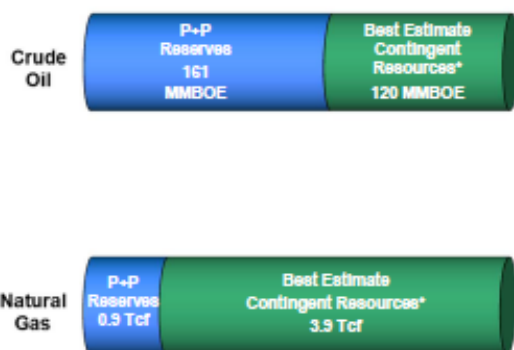
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$8 a million btu.

Summary and Recommendation

We initiate a buy recommendation of the shares of **Enerplus Corporation (ERF)** for high income yield and exciting resource opportunity in the Bakken oil shale and Marcellus natural gas shale. That Enerplus as a former Canadian Income Trust would reemerge successfully as an income and growth stock with a strong U.S. operating presence is testimony to the capable leadership of long-time chief executive Gordon Kerr. Prized rights to develop Native American lands on the Fort Berthold reservation are in the heart of the North Dakota Bakken trend. Drilling promises to add some 60 million barrels of future production, or 37%, to current proven and probable oil reserves (see copy of slide on page 2). The company operates on its own behalf under the supervision of U.S. head and former Shell engineer, Dana Johnson. Fellow former Shell engineer Rob Symonds heads Canadian operations which seek to apply new technology to unlock another 60 million barrels in some of Canada's great old oil fields. In natural gas, the company's additional future production potential in Pennsylvania is several times current proven and probable reserves. Nor is much of the upside reflected in estimated Net Present Value of \$37 a share tied primarily to reserves already booked (see tables Functional Cash Flow and Present Value on page 2 and Next Twelve Months Operating and Financial Estimates on page 3). ERF's unlevered cash flow multiple (EV/Ebitda) of 7.4 times, the lowest of income-paying peers, is corroborated by its low McDep Ratio (see Tables 1-4 on pages 4-7). Stimulating upside and low valuation are a good combination for a prospective future winning investment.

Kurt H. Wulff, CFA

Added Meaningful Upside Potential



- Marcellus, North Dakota Bakken and waterflood contingent resource is 3.5x current P+P reserves
- Significant future opportunity captured in best estimates of contingent resources:
 - ND Bakken: 60 MMBOE
 - Waterflood: 60 MMBOE
 - Marcellus: 3.9 Tcf
- We also believe there is further potential in our Bakken, Waterflood and Deep Basin lands

* See disclaimer for disclosure on Contingent Resources. Reserves are at December 31, 2010.

enerPLUS 6

Enerplus Corporation					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	260	6.7	10.4	2,700	34%
Oil	650	10.3	7.9	5,160	66%
	910	8.2	8.6	7,860	100%
Debt (US\$mm)					1,260
Net Present Value (US\$mm)					6,600
Shares (mm)					178
Net Present Value - Standard Estimate (US\$/sh)					37
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					41



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Enerplus Corporation										
Next Twelve Months Operating and Financial Estimates										
	Q1		Year	Q2E		Q3E		Q4E	Year	Next Twelve Months
	3/31/10	12/31/10	2010	3/31/11	6/30/11	9/30/11	12/31/11	2011E	3/31/12	
Volume										
Natural Gas (mmcf)	299	274	289	264	271	271	288	273	279	
Oil (mbd)	35	34	35.0	33	34	34	36	34.3	35.0	
Total (mb)	7.63	7.37	30.36	6.94	7.19	7.27	7.73	29.13	29.83	
Total (mbd)	84.7	80.1	83.2	77.1	79.0	79.0	84.0	79.8	81.5	
Price										
Henry Hub (\$/mmbtu)	5.32	3.80	4.40	4.11	4.42	4.59	4.83	4.49	4.60	
Currency (US\$/C\$)	0.96	0.99	0.97	1.01	1.05	1.05	1.05	1.04	1.05	
Henry Hub (C\$/mmbtu)	5.53	3.85	4.53	4.05	4.21	4.37	4.60	4.31	4.38	
Differential (\$/mmbtu)	0.43	0.22	0.47	0.23	0.24	0.25	0.26	0.24	0.24	
Company (\$/mcf)	5.10	3.63	4.05	3.82	3.97	4.12	4.34	4.07	4.13	
WTI Cushing (\$/bbl)	78.67	85.10	79.43	93.67	103.94	105.25	105.79	102.16	104.95	
WTI Cushing (C\$/bbl)	81.82	86.13	81.79	92.33	98.99	100.23	100.75	98.12	99.95	
Differential	9.80	15.47	13.35	16.59	16.16	16.37	16.45	16.33	16.31	
Company (\$/bbl)	72.02	70.66	68.43	75.74	82.83	83.87	84.30	81.79	83.64	
Total (\$/bbl)	47.66	42.78	42.89	45.61	49.16	50.13	51.06	49.06	50.07	
Revenue (C\$m)										
Natural Gas	137	92	427	91	98	103	115	406	422	
Oil	226	224	875	226	256	262	280	1,023	1,071	
Royalty	(65)	(45)	(223)	(45)	(50)	(52)	(56)	(204)	(213)	
Total	298	270	1,079	271	303	312	338	1,225	1,280	
Expense										
Operating	76	60	290							
Other	20	23	79							
Total	96	83	369	87	97	100	108	392	410	
Ebitda										
Deprec., Deplet., & Amort.	159	155	645	147	153	154	164	619	634	
Other Non Cash	(44)	48	(23)					-	-	
Ebit										
Interest	7	(16)	88	37	53	58	66	214	237	
Ebt										
Income Tax	-	(30)	(85)	7	13	15	17	53	60	
Net Income (\$mm)										
Per Share (\$)	0.45	(0.01)	0.71	0.08	0.14	0.15	0.18	0.55	0.63	
Shares (millions)										
Distributions (\$mm)	178	178	178	178	178	178	178	178	178	
Per Share (\$)	0.54	0.54	2.16	0.54	0.54	0.54	0.54	2.16	2.16	
Ebitda Margin										
Tax rate	68%	69%	66%	68%	68%	68%	68%	68%	68%	
	0%	94%		35%	35%	35%	35%		35%	



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Table ISC-1											
McDep Income and Small Cap Energy Portfolio											
Debt, Segments, Cash Flow, Income and McDep Ratio											
			Price		Enterprise	PV(%)		EV/	Dist.	Dist.	
Symbol/Rating		(US\$/sh)	EV/	Value	Nat	Oil	Ebitda	NTM	Yield	McDep	
CB (see below)		21-Apr	Market	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio	
		2011	Cap								
Small Cap Independent Producers											
Petrohawk Energy Corporation	HK	B	27.19	1.41	11,610	87	13	11.7	-	-	1.09
Denbury Resources Inc.	DNR		22.86	1.37	12,600	12	88	8.5	-	-	1.03
Berry Petroleum Company	BRY		52.36	1.47	4,060	24	76	8.8	0.30	0.6	0.97
Range Resources	RRC	B	54.21	1.28	10,890	72	28	14.9	0.16	0.3	0.92
Cimarex Energy Company	XEC	B	109.12	1.07	10,010	45	55	7.1	0.30	0.3	0.91
Peyto Exploration and Development	PEYUF		20.92	1.16	3,050	76	24	12.6	0.75	3.6	0.89
Birchcliff Energy Ltd.	BIREF	B	13.07	1.22	2,020	62	38	11.1	-	-	0.85
Whiting Petroleum Corporation	WLL	B	72.32	1.14	9,790	11	89	6.9	-	-	0.82
Ultra Petroleum	UPL		47.65	1.20	8,820	92	8	11.1	-	-	0.82
<i>Total or Median</i>					72,900			11.1		-	0.91
Top Line Cash Payers											
Sabine Royalty Trust	SBR		68.25	1.00	1,000	38	62		4.64	6.8	1.16
Freehold Royalties Ltd.	FRHLF		23.81	1.06	1,480	20	80		1.75	7.4	1.08
Permian Basin RT	PBT		22.43	1.00	1,050	31	69		1.79	8.0	1.02
Cross Timbers Royalty Trust	CRT		45.72	1.00	270	75	25		3.03	6.6	1.01
Dorchester Minerals, L.P.	DMLP	B	28.68	1.00	880	61	39		1.85	6.5	0.96
<i>Total or Median</i>					4,700					6.8	1.02
Bottom Line Cash Payers											
Linn Energy, LLC	LINE		38.94	1.43	8,230	36	64	15.3	2.64	6.8	1.25
Legacy Reserves L.P.	LGCY		33.08	1.32	1,870	15	85	11.5	2.10	6.3	1.13
Vanguard Natural Resources, LLC	VNR		32.56	1.59	1,670	28	72	12.8	2.24	6.9	1.12
Hugoton Royalty Trust	HGT	B	24.13	1.00	970	89	11	15.2	1.36	5.6	1.10
Encore Energy Partners, L.P.	ENP		24.26	1.22	1,340	18	82	9.9	1.80	7.4	1.04
San Juan Basin Royalty Trust	SJT		25.90	1.00	1,210	100	-	14.6	1.50	5.8	1.04
Pengrowth Energy Corporation	PGH		13.79	1.34	5,500	28	72	7.9	0.86	6.3	0.99
Mesa Royalty Trust	MTR		48.73	1.00	91	75	25	11.5	3.56	7.3	0.92
Enerplus Corporation	ERF	B	31.19	1.22	6,800	34	66	7.6	2.22	7.1	0.87
<i>Total or Median</i>					27,700			11.5		6.8	1.04
Composite											
<i>Enterprise Value Weighting</i>					105,200	47	53				0.96
<i>Equal Weighting</i>						49	51				1.00
<i>Equal Weighted Buys</i>						70	30				0.98

CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses.
 Present Value (PV) presumes long-term prices of \$100 a barrel for oil and \$8 a million btu for natural gas.
 Dist. = Income distribution. NTM = Next Twelve Months Ended March 31, 2012. Enterprise Value = Market Cap and Debt.



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Table ISC-2

McDep Income and Small Cap Energy Portfolio Net Present Value and McDep Ratio

			Price (\$/sh)	Shares	Market Cap (\$mm)	Net Present Value (\$/un)	Debt/ Present Value	McDep Ratio
	Symbol/ Rating		21-Apr 2011	(mm)				
Small Cap Independent Producers								
Petrohawk Energy Corporation	HK	B	27.19	302.0	8,210	24.00	0.32	1.09
Denbury Resources Inc.	DNR		22.86	402.0	9,190	22.00	0.28	1.03
Berry Petroleum Company	BRY		52.36	52.8	2,760	55.00	0.31	0.97
Range Resources	RRC	B	54.21	157.0	8,510	60.00	0.20	0.92
Cimarex Energy Company	XEC	B	109.12	85.8	9,360	120.00	0.06	0.91
Peyto Exploration and Development Cor	PEYUF		20.92	125.7	2,630	24.00	0.12	0.89
Birchcliff Energy Ltd.	BIREF	B	13.07	126.0	1,650	16.00	0.15	0.85
Whiting Petroleum Corporation	WLL	B	72.32	119.0	8,610	90.00	0.10	0.82
Ultra Petroleum	UPL		47.65	154.0	7,340	60.00	0.14	0.82
	<i>Total or Median</i>				58,260		0.15	0.91
Top Line Cash Payers								
Sabine Royalty Trust	SBR		68.25	14.6	1,000	59.00	-	1.16
Freehold Royalties Ltd.	FRHLF		23.81	58.4	1,390	22.00	0.06	1.08
Permian Basin RT	PBT		22.43	46.6	1,050	22.00	-	1.02
Cross Timbers Royalty Trust	CRT		45.72	6.0	270	45.00	-	1.01
Dorchester Minerals, L.P.	DMLP	B	28.68	30.7	880	30.00	-	0.96
	<i>Total or Median</i>				4,590			1.02
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		38.94	148.3	5,780	28.00	0.37	1.25
Legacy Reserves L.P.	LGCY		33.08	43.0	1,420	28.00	0.27	1.13
Vanguard Natural Resources, LLC	VNR		32.56	32.4	1,060	27.00	0.41	1.12
Hugoton RoyaltyTrust	HGT	B	24.13	40.0	970	22.00	-	1.10
Encore Energy Partners, L.P.	ENP		24.26	45.0	1,090	23.00	0.19	1.04
San Juan Basin Royalty Trust	SJT		25.90	46.6	1,210	25.00	-	1.04
Pengrowth Energy Corporation	PGH		13.79	299.0	4,120	14.00	0.25	0.99
Mesa RoyaltyTrust	MTR		48.73	1.9	91	53.00	-	0.92
Enerplus Corporation	ERF	B	31.19	178.0	5,550	37.00	0.16	0.87
	<i>Total or Median</i>				21,290			1.04

B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.

McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses

Present Value presumes long-term prices of \$100 a barrel for oil and \$8 a million btu for natural gas.



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Table ISC-3									
McDep Income and Small Cap Energy Portfolio									
Value Multiples - Rank by EV/Ebitda									
			Price (\$/sh)	Revenue	Dist/ Equity	Adjstd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	
	Symbol/ Rating		21-Apr 2011	Royalty (%)	Ebitda	NTM	NTM	NTM	
Small Cap Independent Producers									
Range Resources	RRC	B	54.21		-	16.5	16.1	14.9	
Peyto Exploration and Development Corp	PEYUF		20.92		0.44	19.7	14.2	12.6	
Petrohawk Energy Corporation	HK	B	27.19		-	8.2	10.8	11.7	
Ultra Petroleum	UPL		47.65		-	27.1	13.5	11.1	
Birchcliff Energy Ltd.	BIREF	B	13.07		-	20.2	13.1	11.1	
Berry Petroleum Company	BRY		52.36		-	11.9	9.1	8.8	
Denbury Resources Inc.	DNR		22.86		-	13.1	8.3	8.5	
Cimarex Energy Company	XEC	B	109.12		-	7.3	7.8	7.1	
Whiting Petroleum Corporation	WLL	B	72.32		-	9.6	8.4	6.9	
<i>Median</i>							<i>13.1</i>	<i>10.8</i>	<i>11.1</i>
Top Line Cash Payers									
Sabine Royalty Trust	SBR		68.25	100	1.00	7.7	12.7	14.7	
Cross Timbers Royalty Trust	CRT		45.72	80	0.97	13.7	14.4	14.6	
Dorchester Minerals, L.P.	DMLP	B	28.68	77	0.87	7.6	14.0	13.4	
Permian Basin RT	PBT		22.43	32	0.96	13.2	11.8	12.0	
Freehold Royalties Ltd.	FRHLF		23.81	71	0.79	8.1	9.9	10.7	
<i>Median</i>							<i>8.1</i>	<i>12.7</i>	<i>13.4</i>
Bottom Line Cash Payers									
Linn Energy, LLC	LINE		38.94		1.16	19.0	12.3	15.3	
Hugoton RoyaltyTrust	HGT	B	24.13		0.86	13.3	13.9	15.2	
San Juan Basin Royalty Trust	SJT		25.90		0.85	9.1	14.1	14.6	
Vanguard Natural Resources, LLC	VNR		32.56		0.95	13.1	11.4	12.8	
Legacy Reserves L.P.	LGCY		33.08		0.76	13.2	10.2	11.5	
Mesa RoyaltyTrust	MTR		48.73		0.84	8.8	12.4	11.5	
Encore Energy Partners, L.P.	ENP		24.26		0.74	13.0	9.5	9.9	
Pengrowth Energy Corporation	PGH		13.79		0.49	9.0	8.0	7.9	
Enerplus Corporation	ERF	B	31.19		0.52	8.4	8.7	7.6	
<i>Median</i>							<i>13.0</i>	<i>11.4</i>	<i>11.5</i>
B=Buy; CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.									
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation									
and amortization; NTM = Next Twelve Months Ended March 31, 2012; P/E = Stock Price to									
Earnings; PV = Present Value of oil and gas and other businesses									
Top Line Cash Payers defined as those having Revenue Royalty (see fifth column from right).									



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Table ISC-4									
Oil and Gas Income and Small Cap Stocks									
Rank by Enterprise Value to 200 Day Average									
			Price (\$/sh)	Enterprise Value/					
	Symbol/ Rating		21-Apr 2011	52Wk High	52Wk Low	50 Day Avg.	200 Day Avg.	McDep Ratio	
Small Cap Independent Producers									
	Petrohawk Energy Corporation	HK	B	27.19	1.00	1.53	1.14	1.28	1.09
	Whiting Petroleum Corporation	WLL	B	72.32	0.96	1.81	1.06	1.26	0.82
	Birchcliff Energy Ltd.	BIREF	B	13.07	1.00	1.51	1.07	1.23	0.85
	Cimarex Energy Company	XEC	B	109.12	0.93	1.76	0.98	1.23	0.91
	Berry Petroleum Company	BRY		52.36	0.99	1.57	1.05	1.21	0.97
	Peyto Exploration and Development C	PEYUF		20.92	0.97	1.69	1.04	1.18	0.89
	Range Resources	RRC	B	54.21	0.93	1.46	1.02	1.18	0.92
	Denbury Resources Inc.	DNR		22.86	0.91	1.39	0.99	1.15	1.03
	Ultra Petroleum	UPL		47.65	0.90	1.23	1.02	1.05	0.82
	<i>Median</i>				<i>0.96</i>	<i>1.53</i>	<i>1.04</i>	<i>1.21</i>	<i>0.91</i>
Top Line Cash Payers									
	Freehold Royalties Ltd.	FRHLF		23.81	0.98	1.58	1.04	1.22	1.08
	Sabine Royalty Trust	SBR		68.25	0.99	1.60	1.09	1.19	1.16
	Cross Timbers Royalty Trust	CRT		45.72	0.94	1.47	0.99	1.13	1.01
	Permian Basin RT	PBT		22.43	0.94	1.56	1.05	1.08	1.02
	Dorchester Minerals, L.P.	DMLP	B	28.68	0.95	1.21	1.03	1.07	0.96
	<i>Median</i>				<i>0.95</i>	<i>1.56</i>	<i>1.04</i>	<i>1.13</i>	<i>1.02</i>
Bottom Line Cash Payers									
	Hugoton RoyaltyTrust	HGT	B	24.13	0.98	1.43	1.07	1.16	1.10
	Legacy Reserves L.P.	LGCY		33.08	1.00	1.54	1.05	1.15	1.13
	Encore Energy Partners, L.P.	ENP		24.26	1.00	1.99	1.04	1.13	1.04
	Pengrowth Energy Corporation	PGH		13.79	0.96	2.07	1.03	1.11	0.99
	Vanguard Natural Resources, LLC	VNR		32.56	0.98	1.43	1.02	1.10	1.12
	Enerplus Corporation	ERF	B	31.19	0.95	1.84	0.99	1.09	0.87
	Linn Energy, LLC	LINE		38.94	0.98	1.90	1.00	1.08	1.25
	San Juan Basin Royalty Trust	SJT		25.90	0.91	1.25	1.01	1.05	1.04
	Mesa RoyaltyTrust	MTR		48.73	0.90	1.20	1.02	1.03	0.92
	<i>Median</i>				<i>0.98</i>	<i>1.54</i>	<i>1.02</i>	<i>1.10</i>	<i>1.04</i>

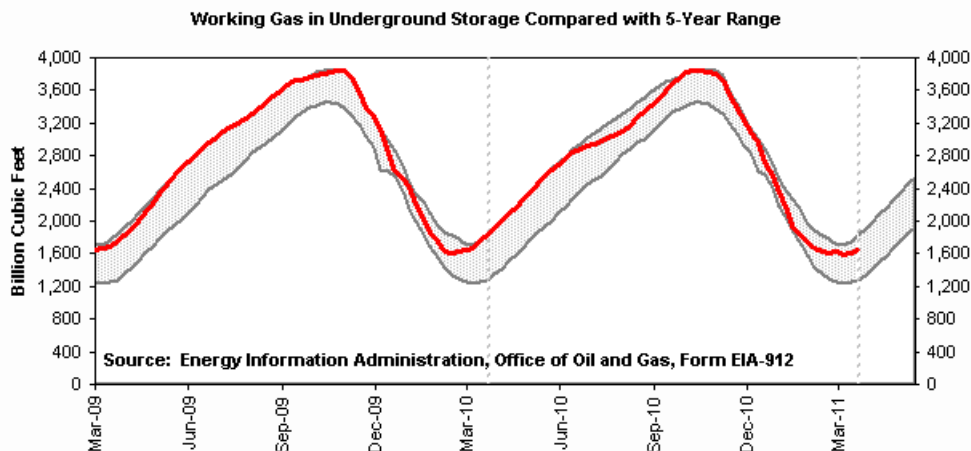
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