



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

March 30, 2012

Independents Delivering Growth

Summary and Recommendation

Eight Small Cap Independent Producers in our research coverage are growing oil and gas production for the North American market at a median rate near 12% a year (see chart [Volume](#) on page 2). We like the prospects for all eight stocks and maintain official buys on four. Our estimates of the Present Value of future production for six of the stocks range from 0.9 to 1.1 times a statistical approximation that depends on cash flow (NTM Ebitda) and life of proven reserves (Adjusted R/P) (see table on page 2). PV of Buy-recommended **Range Resources (RRC)** is modestly higher to recognize some of the upside in its Marcellus Shale, the resource it was first in the industry to commercialize. PV of Buy-recommended **Birchcliff Energy (BIREF)** is 1.6 times the approximation derived from proven reserves to recognize its upside in the Alberta Montney detailed by its independent engineer. The McDep Ratio indicates that the market prices Enterprise Value at a group median of 0.72 time Present Value (see [Table ISC-1](#) and [Table ISC-2](#) on page 3 and 4). If we adjusted Present Value for RRC and BIREF to equal the statistical approximation that depends only on proven reserves, the McDep Ratios would increase to 0.96 from 0.85 and to 0.83 from 0.52 respectively. In other words, investors get the extra upside in RRC and BIREF for little cost. Yet, the upside in BIREF that might have been realized in the sale process the company conducted, disappeared from stock price as the company announced on March 29 that the offers it received were not accepted.

Oilier stocks like Buy recommendations **Cimarex (XEC)** and **Whiting Petroleum (WLL)** have the appearance of lower risk judging from lower cash flow multiples (see [Table ISC-3](#) on page 5). Instead, investors may be taking account of a future narrowing of the unusually steep discount in natural gas price compared to oil. We think that oil producers are priced in the stock market at less than our long-term oil price assumption of \$100 a barrel which in turn is less than the spot price of the global marker, Brent, near \$120. Natural gas producers also appear to be priced in the stock market at less than our long-term natural gas price assumption of \$6 a million btu, but not as low as the spot price in North America at little more than \$2. On a heating equivalent basis, the global oil spot price is ten times the North American natural gas price.

Oilier stocks also have more positive momentum measured by market price above the 200-day average (see [Table ISC-4](#) on page 6). For natural gas independents, stock price below the 200-day average may signal contrarian appeal, hence we give them the CB designation. Among other factors, the lack of winter weather has distorted normal price patterns. Natural gas seems sure to be in strong demand in the future and a vital contributor to economic growth. Finally, latest results and projections detail more of the sources of growth for each of the eight stocks (see tables [NTM Operating and Financial Estimates](#) on pages 7 to 14).

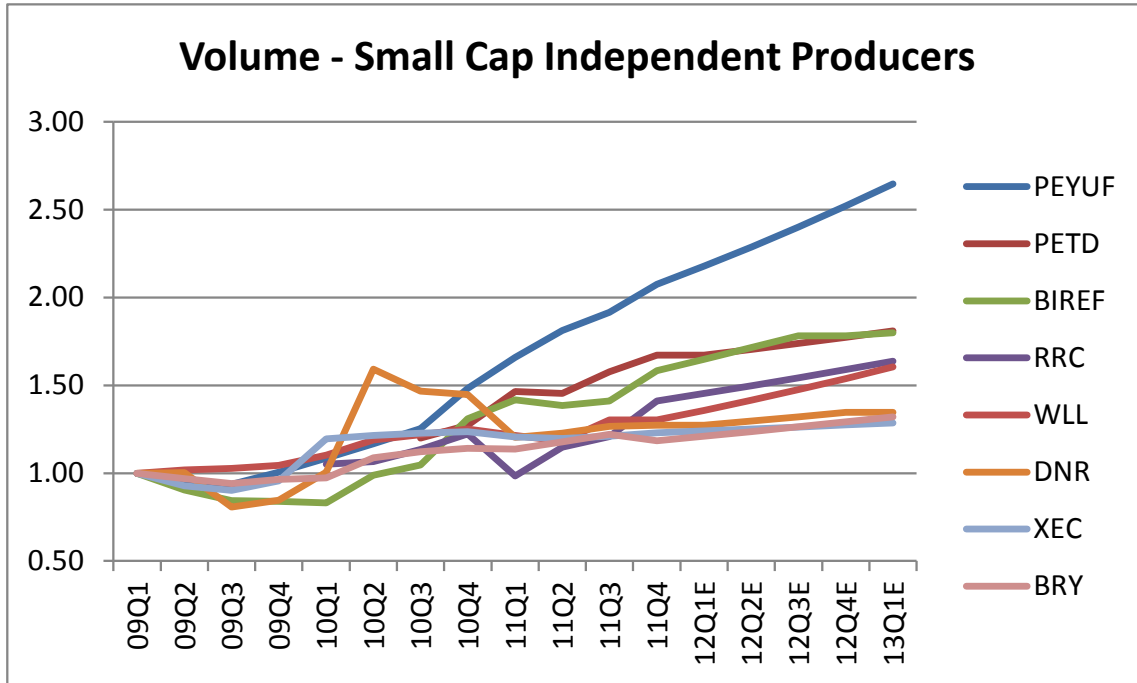
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McDep Present Value (PV) Compared to Statistical Approximation (Pve)																
		Natural Gas				Oil				Total						
		NTM Ebitd	Adjusted PV/	Value		NTM Ebitd	Adjusted PV/	Value		NTM Ebitd	Adjusted PV/	Value				
		(US\$m)	R/P	Ebitd (US\$m)	PV/Pve	(US\$m)	R/P	Ebitd (US\$m)	PV/Pve	(US\$m)	R/P	Ebitd (US\$m)	PV/Pve			
Birchcliff Energy Ltd.	BIREF	57	12.9	28.4	1620	1.59	107	9.9	10.3	1100	1.62	164	12.3	16.6	2720	1.60
Range Resources	RRC	440	14.9	22.1	9700	1.13	472	14.2	8.5	4000	1.13	911	14.7	15.0	13700	1.13
Cimarex Energy Company	XEC	270	9.0	15.6	4200	1.07	1048	7.2	5.9	6210	1.05	1318	8.2	7.9	10410	1.06
Denbury Resources Inc.	DNR	20	39.6	39.8	800	0.99	1764	12.5	7.4	12970	1.04	1784	14.1	7.7	13770	1.04
Whiting Petroleum Corporation	WLL	68	9.9	14.8	1000	0.97	1772	9.8	6.4	11330	1.01	1839	9.8	6.7	12330	1.01
Berry Petroleum Company	BRY	40	17.0	20.0	800	0.94	701	10.4	6.5	4550	1.00	741	11.8	7.2	5350	0.99
PDC Energy	PETD	42	14.4	18.3	770	0.96	142	4.2	4.6	650	0.95	184	8.1	7.7	1420	0.95
Peyto Exploration and Development C	PEYUF	197	9.7	14.0	2760	0.93	121	16.6	7.7	930	0.94	318		11.6	3690	0.93
Total (\$billions)					22					42					63	



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Table ISC-1											
McDep Income and Small Cap Energy Portfolio											
Debt, Segments, Cash Flow, Income and McDep Ratio											
		Price									
Symbol/Rating		(US\$/sh)	EV/	Enterprise	PV(%)		EV/	Dist.	Dist.		
B = Buy	29-Mar	Market	Value	Nat	Oil	Ebitda	NTM	Yield	McDep		
CB (see below)	2012	Cap	(\$mm)	Gas		NTM	(\$/un)	(%)	Ratio		
Small Cap Independent Producers											
PDC Energy	PETD	37.24	1.55	1,360	54	46	7.4	-	-	0.96	
Range Resources	RRC CB	56.96	1.27	11,610	71	29	12.7	0.16	0.3	0.85	
Berry Petroleum Company	BRY	47.27	1.58	4,100	15	85	5.5	0.32	0.7	0.77	
Peyto Exploration and Developmen	PEYUF	16.83	1.21	2,730	75	25	8.6	0.72	4.3	0.74	
Denbury Resources Inc.	DNR	18.19	1.39	9,920	6	94	5.6	-	-	0.72	
Cimarex Energy Company	XEC B	75.08	1.14	7,380	40	60	5.6	0.36	0.5	0.71	
Whiting Petroleum Corporation	WLL B	54.25	1.29	8,320	8	92	4.5	-	-	0.67	
Birchcliff Energy Ltd.	BIREF CB	7.06	1.36	1,410	60	40	8.6	-	-	0.52	
<i>Total or Median</i>				46,800			6.5			0.73	
Top Line Cash Payers											
Permian Basin RT	PBT	22.91	1.00	1,070	37	63		1.52	6.6	1.15	
Freehold Royalties Ltd.	FRHLF	19.81	1.04	1,330	16	84		1.69	8.5	0.95	
Cross Timbers Royalty Trust	CRT	41.40	1.00	250	70	30		2.72	6.6	0.94	
Sabine Royalty Trust	SBR	60.13	1.00	880	55	45		4.00	6.7	0.93	
Dorchester Minerals, L.P.	DMLP B	24.93	1.00	770	57	43		2.11	8.5	0.92	
<i>Total or Median</i>				4,300					6.7	0.94	
Bottom Line Cash Payers											
Linn Energy, LLC	LINE	37.89	1.77	11,710	40	60	10.1	2.76	7.3	1.13	
Vanguard Natural Resources, LLC	VNR	27.57	1.46	2,090	20	80	9.3	2.35	8.5	1.07	
Enduro Royalty Trust (40%)	NDRO	21.25	1.00	280	45	55	7.3	1.83	8.6	1.01	
Legacy Reserves L.P.	LGCY	28.89	1.35	1,850	18	82	8.3	2.20	7.6	0.97	
San Juan Basin Royalty Trust	SJT CB	19.80	1.00	920	100	-	15.9	0.85	4.3	0.94	
Hugoton RoyaltyTrust	HGT	14.81	1.00	590	87	13	17.4	0.71	4.8	0.87	
Mesa RoyaltyTrust	MTR	38.80	1.00	72	75	25	10.1	3.40	8.8	0.80	
Enerplus Corporation	ERF CB	22.46	1.33	5,800	18	82	6.4	2.17	9.7	0.72	
<i>Total or Median</i>				23,300			9.7		8.1	0.96	
Composite											
<i>Enterprise Value Weighting</i>				74,400	36	64					0.81
<i>Equal Weighting</i>					46	54					0.87
<i>Equal Weighted Buys</i>					41	59					0.75

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 \$6 a million btu for natural gas.

Dist. = Income distribution. NTM = Next Twelve Months Ended March 31, 2013. 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		29-Mar 2012	(mm)				
Small Cap Independent Producers								
PDC Energy	PETD		37.24	23.6	880	40.00	0.34	0.96
Range Resources	RRC	CB	56.96	160.0	9,110	70.00	0.18	0.85
Berry Petroleum Company	BRY		47.27	55.0	2,600	70.00	0.28	0.77
Peyto Exploration and Development Cor	PEYUF		16.83	133.9	2,250	24.00	0.13	0.74
Denbury Resources Inc.	DNR		18.19	393.0	7,150	28.00	0.20	0.72
Cimarex Energy Company	XEC	B	75.08	86.2	6,470	110.00	0.09	0.71
Whiting Petroleum Corporation	WLL	B	54.25	119.0	6,460	88.00	0.15	0.67
Birchcliff Energy Ltd.	BIREF	CB	7.06	147.0	1,040	16.00	0.14	0.52
<i>Total or Median</i>					35,960		0.17	0.73
Top Line Cash Payers								
Permian Basin RT	PBT		22.91	46.6	1,070	20.00	-	1.15
Freehold Royalties Ltd.	FRHLF		19.81	64.8	1,280	21.00	0.03	0.95
Cross Timbers Royalty Trust	CRT		41.40	6.0	250	44.00	-	0.94
Sabine Royalty Trust	SBR		60.13	14.6	880	65.00	-	0.93
Dorchester Minerals, L.P.	DMLP	B	24.93	30.7	770	27.00	-	0.92
<i>Total or Median</i>					4,250			0.94
Bottom Line Cash Payers								
Linn Energy, LLC	LINE		37.89	175.0	6,630	30.00	0.49	1.13
Vanguard Natural Resources, LLC	VNR		27.57	52.0	1,430	25.00	0.34	1.07
Enduro Royalty Trust (40%)	NDRO		21.25	13.2	280	21.00	-	1.01
Legacy Reserves L.P.	LGCY		28.89	47.5	1,370	30.00	0.25	0.97
San Juan Basin Royalty Trust	SJT	CB	19.80	46.6	920	21.00	-	0.94
Hugoton Royalty Trust	HGT		14.81	40.0	590	17.00	-	0.87
Mesa Royalty Trust	MTR		38.80	1.9	72	48.00	-	0.80
Enerplus Corporation	ERF	CB	22.46	196.0	4,400	34.00	0.18	0.72
<i>Total or Median</i>					15,690			0.96
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 \$6 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		29-Mar 2012	Royalty (%)	Ebitda	NTM	NTM	NTM
Small Cap Independent Producers								
Range Resources	RRC	CB	56.96		-	14.7	15.0	12.7
Birchcliff Energy Ltd.	BIREF	CB	7.06		-	23.7	16.7	8.6
Peyto Exploration and Development Corp	PEYUF		16.83		0.35	14.9	11.6	8.6
PDC Energy	PETD		37.24		-	8.1	7.8	7.4
Cimarex Energy Company	XEC	B	75.08		-	8.2	7.9	5.6
Denbury Resources Inc.	DNR		18.19		-	14.1	7.7	5.6
Berry Petroleum Company	BRY		47.27		-	11.8	7.2	5.5
Whiting Petroleum Corporation	WLL	B	54.25		-	9.8	6.7	4.5
	<i>Median</i>					13.0	7.8	6.5
Top Line Cash Payers								
Sabine Royalty Trust	SBR		60.13	100	1.00	8.2	16.2	15.0
Cross Timbers Royalty Trust	CRT		41.40	78	0.96	16.3	15.6	14.7
Permian Basin RT	PBT		22.91	32	0.92	9.7	12.1	13.9
Dorchester Minerals, L.P.	DMLP	B	24.93	77	1.00	6.1	12.8	11.8
Freehold Royalties Ltd.	FRHLF		19.81	71	0.71	6.8	8.8	8.4
	<i>Median</i>					8.2	12.8	13.9
Bottom Line Cash Payers								
Hugoton Royalty Trust	HGT		14.81		0.84	13.6	20.0	17.4
San Juan Basin Royalty Trust	SJT	CB	19.80		0.68	8.8	16.9	15.9
Mesa Royalty Trust	MTR		38.80		0.89	7.7	12.5	10.1
Linn Energy, LLC	LINE		37.89		0.82	14.7	8.9	10.1
Vanguard Natural Resources, LLC	VNR		27.57		0.82	14.0	8.7	9.3
Legacy Reserves L.P.	LGCY		28.89		0.63	11.9	8.5	8.3
Enduro Royalty Trust (40%)	NDRO		21.25		0.63	5.3	7.2	7.3
Enerplus Corporation	ERF	CB	22.46		0.57	6.5	8.9	6.4
	<i>Median</i>					10.3	8.9	9.7
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, 2013; 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		29-Mar 2012	52Wk High	52Wk Low	50 Day Avg.	200 Day Avg.	McDep Ratio
Small Cap Independent Producers								
	PETD		37.24	0.83	1.62	1.04	1.13	0.96
	WLL	B	54.25	0.76	1.57	0.99	1.07	0.67
	XEC	B	75.08	0.67	1.40	1.02	1.06	0.71
	DNR		18.19	0.76	1.46	0.96	1.05	0.72
	BRY		47.27	0.84	1.29	0.96	1.01	0.77
	RRC	CB	56.96	0.78	1.10	0.94	0.93	0.85
	PEYUF		16.83	0.69	1.01	0.93	0.82	0.74
	BIREF	CB	7.06	0.53	1.05	0.68	0.62	0.52
	<i>Median</i>			<i>0.76</i>	<i>1.34</i>	<i>0.96</i>	<i>1.03</i>	<i>0.73</i>
Top Line Cash Payers								
	PBT		22.91	0.98	1.27	1.06	1.09	1.15
	FRHLF		19.81	0.82	1.43	0.97	1.03	0.95
	DMLP	B	24.93	0.83	1.20	1.06	1.03	0.92
	SBR		60.13	0.85	1.27	0.96	0.95	0.93
	CRT		41.40	0.81	1.09	0.90	0.90	0.94
	<i>Median</i>			<i>0.83</i>	<i>1.27</i>	<i>0.97</i>	<i>1.03</i>	<i>0.94</i>
Bottom Line Cash Payers								
	LGCY		28.89	0.89	1.21	0.99	1.02	0.97
	LINE		37.89	0.95	1.11	1.01	1.01	1.13
	VNR		27.57	0.87	1.17	0.99	1.00	1.07
	MTR		38.80	0.77	1.06	0.93	0.89	0.80
	ERF	CB	22.46	0.74	1.03	0.96	0.88	0.72
	SJT	CB	19.80	0.71	1.14	1.05	0.88	0.94
	HGT		14.81	0.60	1.07	0.98	0.75	0.87
	<i>Median</i>			<i>0.77</i>	<i>1.11</i>	<i>0.99</i>	<i>0.89</i>	<i>0.94</i>

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



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Berry Petroleum Company										
Next Twelve Months Operating and Financial Estimates										
	Q1		Year	Q2E		Q3E		Year	Next Twelve Months	
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13	
Volume										
Natural Gas (mmcf)	71	61	65	61	61	61	61	61	61	
Days	90	92	365	91	91	92	366	90	365	
Oil (mb)	2,034	2,364	9,038	2,409	2,481	2,584	10,135	2,681	10,407	
Oil (mbd)	22.6	25.7	24.8	26.5	27.3	28.1	27.7	29.8	28.5	
Total (mb)	3,092	3,296	13,022	3,330	3,403	3,515	13,841	3,593	14,104	
Total (mbd)	34.4	35.8	35.7	36.6	37.4	38.2	37.8	39.9	38.6	
Price										
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83	
Differential (\$/mmbtu)	(0.11)	0.04	(0.05)	(0.03)	(0.03)	(0.03)	(0.03)	(0.04)	(0.03)	
Company (\$/mcf)	4.22	3.51	4.09	2.76	2.36	2.64	2.69	3.47	2.87	
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30	
Differential	8.75	(1.12)	2.76	2.99	3.11	3.15	3.03	3.08	3.11	
Company	85.35	95.18	92.35	100.07	104.15	105.19	103.84	105.69	105.19	
Total (\$/bbl)	64.82	74.23	71.61	76.97	79.77	81.51	80.36	84.16	82.13	
Revenue (\$mm)										
Natural Gas	27	20	98	15	13	15	60	19	64	
Oil	174	225	835	241	258	272	1,052	283	1,095	
Total	200	245	933	256	271	287	1,112	302	1,158	
Expense										
Lease operating	65	69	272	74	78	83	320	87	334	
General and administrative	16	15	62	18	20	21	80	22	83	
Total	81	84	334	92	98	103	400	109	417	
Ebitda	120	161	599	164	174	183	712	194	741	
Exploration	-	-	-	-	-	-	-	-	-	
Deprec., Deplet., & Amort.	53	55	215	55	55	55	220	55	220	
Other, incl hedge	17	21	84	21	21	21	85	21	85	
Ebit	50	84	300	88	97	107	406	117	436	
Interest	16	20	74	20	20	20	80	20	80	
Ebt	34	64	226	68	77	87	326	97	356	
Income Tax	12	23	79	24	27	30	114	34	125	
Net Income (\$mm)	22	42	147	44	50	57	212	63	231	
Per Share (\$)	0.41	0.76	2.69	0.80	0.91	1.03	3.86	1.15	4.21	
Shares (millions)	54	55	55	55	55	55	55	55	55	
Ebitda Margin	60%	66%	64%	64%	64%	64%	64%	64%	64%	
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	



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Birchcliff Energy Ltd.									
Next Twelve Months Operating and Financial Estimates									
(Canadian Dollars)									
									<i>Next</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	<i>Next</i>
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>Twelve</i>
									<i>Months</i>
									<i>3/31/13</i>
Volume (before royalty)									
Natural Gas (mmcf)	81	90	82	95	100	105	101	105	104
Days	90	92	365	91	91	92	366	90	365
Oil (mmb)	0.39	0.44	1.62	0.44	0.44	0.44	1.76	0.45	1.77
Oil (mbd)	4.3	4.8	4.5	4.8	4.8	4.8	4.8	5.0	4.8
Total (mboed)	17.7	19.8	18.1	20.6	21.5	22.3	21.7	22.5	22.1
Price									
Henry Hub (US\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83
Currency (US\$/C\$)	1.01	0.98	1.01	1.00	1.00	1.00	1.00	1.00	1.00
Henry Hub (C\$/mmbtu)	4.05	3.63	3.99	2.72	2.32	2.60	2.65	3.41	2.83
Differential (C\$/mmbtu)	0.03	0.23	0.14	0.17	0.15	0.17	0.17	0.22	0.18
Company (C\$/mcf)	4.02	3.40	3.86	2.55	2.17	2.43	2.49	3.20	2.65
WTI Cushing (US\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30
WTI Cushing (C\$/bbl)	92.75	96.20	93.92	102.74	106.93	108.01	106.54	108.44	107.96
Differential (C\$/bbl)	6.30	0.79	2.25	0.84	0.88	0.88	0.86	0.89	0.88
Company (C\$/bbl)	86.45	95.41	91.67	101.90	106.05	107.12	105.67	107.55	107.08
Total (\$/bbl)	39.27	38.57	39.95	35.44	33.84	34.51	35.02	38.82	35.87
Revenue (\$mm)									
Natural Gas	29	28	116	22	20	23	92	30	100
Oil	34	42	149	45	46	47	186	48	190
Royalties	(6)	(7)	(29)	(7)	(7)	(8)	(30)	(9)	(32)
Total	57	63	235	59	59	63	247	70	258
Expense	20	28	87	22	22	23	91	26	95
Ebitda (\$mm)	37	35	148	37	37	40	156	44	163
Deprec., Deplet., & Amort.	16	22	72	19	19	19	76	19	76
Other non-cash	3	2	6				-	-	-
Interest	6	5	20	5	5	5	18	5	18
Ebt	13	6	50	14	14	16	62	21	69
Income tax	4	2	15	4	4	5	19	6	21
Net Income (\$mm)	9	4	35	10	10	11	43	14	48
Per share (\$)	0.07	0.03	0.27	0.07	0.06	0.08	0.30	0.10	0.33
Shares (millions)	130	132	131	132	147	147	143	147	147
Ebitda margin (after royalty)	66%	55%	63%	63%	63%	63%	63%	63%	63%
Tax rate	30%	37%	30%	30%	30%	30%	30%	30%	30%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

March 30, 2012

Cimarex Energy Company									
Next Twelve Months Operating and Financial Performance									
	Q1	Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13
Volume									
Natural Gas (mmcf)	328	334	329	334	334	334	334	334	334
Days	90	92	365	91	91	92	366	90	365
Oil (mmb)	3.9	4.1	16.0	4.1	4.2	4.3	17.1	4.4	17.4
Oil (mbd)	43.7	44.5	43.9	45.4	46.3	47.2	46.8	49.1	47.7
Total (mmcf)	590	601	592	607	612	618	615	629	620
Price									
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83
Company (\$/mcf)	4.45	3.90	4.41	3.00	2.56	2.86	2.92	3.76	3.11
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30
Company (\$/bbl)	71.86	72.60	73.27	79.55	82.79	83.62	82.53	83.96	83.60
Total (\$/bbl)	46.77	45.25	47.27	45.63	45.96	47.66	47.21	51.34	48.62
Revenue (\$mm)									
Natural Gas	131	120	530	91	78	88	358	113	380
Oil	283	297	1,173	329	349	363	1,413	371	1,456
Total	414	417	1,703	420	427	451	1,771	484	1,835
Expense									
Operating	71	82	308						
Production taxes	34	28	127						
General and administrative	14	11	45						
Expense	119	121	480	118	120	127	499	137	517
Ebitda	295	296	1,223	301	306	324	1,271	348	1,318
Deprec., Deplet., & Amor	87	114	402	114	114	114	456	114	456
Other Non Cash	6	2	11				-		-
Ebit	201	180	810	187	192	210	815	234	862
Interest	-	-	-	-	-	-	-	-	-
Ebt	201	180	810	187	192	210	815	234	862
Income Tax	70	63	283	66	67	74	285	82	302
Net Income (\$mm)	131	117	526	122	125	137	530	152	560
Per Share (\$)	1.52	1.36	6.11	1.41	1.45	1.58	6.15	1.76	6.50
Shares (millions)	86	86	86	86	86	86	86	86	86
Ebitda Margin	71%	71%	72%	72%	72%	72%	72%	72%	72%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

March 30, 2012

Denbury Resources Inc.										
Next Twelve Months Operating and Financial Estimates										
	Q1		Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13	
Volume										
Natural Gas (bcf)	2.8	2.4	10.8	2.4	2.4	2.4	9.5	2.3	9.5	
Natural Gas (mmcf)	31	26	30	26	26	26	26	26	26	
Days	90	92	365	91	91	92	366	90	365	
Oil (mmb)	5.3	5.8	22	5.7	5.8	6.0	24	6.0	24	
Oil (mbd)	59	63	61	63	64	65	65	67	66	
Total (mb)	5.7	6.2	24	6.1	6.2	6.4	25	6.4	26	
Total (mbd)	64	67	66	67	68	70	69	71	70	
Price										
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83	
Differential (\$/mmbtu)	(0.70)	(0.57)	(0.74)	(0.44)	(0.37)	(0.42)	(0.43)	(0.55)	(0.45)	
Company (\$/mcf)	4.81	4.12	4.79	3.17	2.70	3.02	3.09	3.97	3.29	
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30	
Differential	0.43	(9.02)	(4.91)	(5.32)	(5.54)	(5.60)	(5.58)	(5.62)	(5.60)	
Company (\$/bbl)	93.67	103.08	100.03	108.38	112.80	113.94	112.44	114.39	113.90	
Total (\$/bbl)	88.43	98.03	94.68	102.62	106.69	107.99	106.56	108.87	108.08	
Revenue (\$mm)										
Natural Gas	13	10	52	7	6	7	29	9	31	
Oil	493	597	2,218	620	659	686	2,668	687	2,734	
Total	507	606	2,269	628	665	693	2,697	696	2,766	
Expense										
Lease operating	127	128	521							-
Production taxes	33	39	148							-
General and administrative	44	28	132							-
Total	204	195	801	223	236	246	957	247	982	
Ebitda	303	411	1,468	405	429	447	1,740	449	1,784	
Deprec., Deplet., & Amort.	94	110	409	110	110	110	440	110	440	
Other	1	(7)	4							-
Ebit	208	308	1,055	295	319	337	1,300	339	1,344	
Interest	49	36	165	36	36	36	144	36	144	
Ebt	159	272	890	259	283	301	1,156	303	1,200	
Income Tax	56	95	312	91	99	105	404	106	420	
Net Income (\$mm)	103	177	579	168	184	196	751	197	780	
Per Share (\$)	0.26	0.45	1.45	0.43	0.47	0.50	1.91	0.50	1.98	
Shares (millions)	397	393	399	393	393	393	393	393	393	
Ebitda Margin	60%	68%	65%	65%	65%	65%	65%	65%	65%	
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

March 30, 2012

Petroleum Development Corporation (Doing Business as PDC Energy)									
Next Twelve Months Operating and Financial Estimates									
	Q1	Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	Twelve
									Months
									3/31/13
Volume									
Natural Gas (mmcf)	86	87	84	87	89	91	90	95	92
Days	90	92	365	91	91	92	366	90	365
Oil (mb)	532	787	2,661	778	794	819	3,226	833	3,281
Oil (mbd)	5.9	8.6	7.3	8.6	8.7	8.9	8.8	9.3	9.0
Total (mb)	1,823	2,127	7,785	2,104	2,146	2,213	8,720	2,252	8,868
Total (mbd)	20.3	23.1	21.3	23.1	23.6	24.1	23.8	25.0	24.3
			46.7				52.3		
Price									
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83
Differential	1.03	0.58	0.77	0.45	0.38	0.43	0.43	0.56	0.46
Company (\$/mcf)	3.08	2.97	3.27	2.28	1.95	2.18	2.23	2.87	2.38
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30
Differential	19.75	22.67	21.99	24.84	25.85	26.11	25.72	26.22	26.09
Company	74.35	71.39	73.12	78.22	81.41	82.23	81.15	82.55	82.20
Total (\$/bbl)	34.78	37.64	37.91	37.57	37.49	38.66	38.45	41.38	39.40
Revenue (\$mm)									
Natural Gas	24	24	101	18	16	18	73	24	80
Oil	40	56	195	61	65	67	262	69	270
Total	63	80	295	79	80	86	335	93	349
Expense									
Lease operating	21	20	76						-
General and administrative	14	14	62						-
Total	35	34	138	37	38	40	158	44	165
Ebitda	29	46	157	42	42	45	177	49	184
Exploration	2	2	8	3	3	3	12	3	12
Deprec., Deplet., & Amort.	32	36	135	36	36	36	143	36	143
Other, incl hedge	19	8	(3)	(6)	(6)	(6)	(24)	(6)	(24)
Ebit	(25)	0	17	9	10	12	46	16	53
Interest	9	9	37	9	9	9	38	10	39
Ebt	(34)	(9)	(20)	(1)	0	3	7	6	14
Income Tax	(14)	(3)	(10)	(0)	0	1	3	2	5
Net Income (\$mm)	(20)	(6)	(10)	(0)	0	2	5	4	9
Per Share (\$)	(0.85)	(0.25)	(0.43)	(0.01)	0.01	0.08	0.21	0.17	0.39
Shares (millions)	23.4	23.6	23.0	23.6	23.6	23.6	23.6	23.6	23.6
Ebitda Margin	45%	57%	53%	53%	53%	53%	53%	53%	53%
Tax rate	41%	35%	50%	35%	35%	35%	35%	35%	35%



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

March 30, 2012

Peyto Exploration and Development Corp.									
Next Twelve Months Operating and Financial Estimates									
(Canadian dollars)									
									<i>Next</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	<i>Twelve</i>
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>Months</i>
									<i>3/31/13</i>
Volume									
Natural gas (bcf)	15.0	19.6	69.3	20.4	21.4	22.7	88.2	24.5	92.3
Natural Gas (mmcf)	167	213	190	224	235	247	241	272	253
Days	90	92	365	91	91	92	366	90	365
Oil (mmb)	0.3	0.4	1.4	0.4	0.4	0.4	1.6	0.5	1.7
Oil (mbd)	3.75	3.95	3.9	4.15	4.35	4.57	4.5	5.04	4.7
Total gas & oil (bcf)	17.0	21.8	77.7	22.6	23.7	25.2	98.0	27.2	102.6
Total gas & oil (mbd)	31.5	39.5	35.5	41.4	43.5	45.7	44.6	50.3	46.9
Price									
Natural gas (\$/mcf)									
Henry Hub (US\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83
Currency (US\$/C\$)	1.01	0.98	1.01	1.00	1.00	1.00	1.00	1.00	1.00
Henry Hub (C\$/mmbtu)	4.05	3.63	3.99	2.72	2.32	2.60	2.65	3.41	2.83
Company (C\$/mcf)	4.05	3.70	3.93	2.72	2.32	2.60	2.66	3.41	2.85
Oil (\$/bbl)									
WTI Cushing (US\$)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30
WTI Cushing (C\$/bbl)	92.75	96.20	93.92	102.74	106.93	108.01	106.54	108.44	107.96
Company (C\$/bbl)	76.19	88.04	81.67	89.34	92.98	93.92	92.74	94.40	93.93
Total gas & oil (\$/mcf)	5.08	4.80	4.46	3.94	3.64	3.90	3.35	4.65	3.51
Revenue (\$mm)									
Natural Gas	60.8	72.5	272	55.4	49.6	58.9	235	83.5	263
Oil	25.7	32.0	115	33.7	36.8	39.5	152	42.8	161
Royalties	(9.9)	(9.9)	(41)	(13.4)	(13.0)	(14.8)	(58)	(19.0)	(64)
Total	76.5	94.6	346	75.7	73.5	83.7	328	107.4	360
Expense	8.8	13.1	42	9.1	8.8	10.0	39	12.9	43
Ebitda (\$mm)	67.7	81.5	304	66.6	64.7	73.6	289	94.5	317
Deprec., Deplet., & Amort.	29.3	39.6	131	39.6	39.6	39.6	158	39.6	158
Hedging and other	(8.3)	2.7	(16)	(13.5)	(14.8)	(13.9)	(55)	(11.3)	(53)
Ebit	46.7	39.2	190	40.6	39.8	47.9	186	66.2	211
Interest	4.6	7.6	22	7.6	7.6	7.6	30	7.6	30
Ebt	42.1	31.6	168	33.0	32.2	40.3	155	58.6	181
Income Tax	10.3	6.2	40	7.9	7.7	9.7	37	14.1	43
Net Income (\$mm)	31.8	25.4	128	25.1	24.5	30.6	118	44.6	137
Shares (millions)	132.7	133.9	133	133.9	133.9	133.9	134	133.9	134
Per share (\$)	0.24	0.19	0.96	0.19	0.18	0.23	0.88	0.33	1.03
Ebitda Margin - O&G	89%	86%	88%	88%	88%	88%	88%	88%	88%
Tax Rate	24%	20%	24%	24%	24%	24%	24%	24%	24%
Dividend (\$mm)	24	24	96	24	24	24	96	24	96
Per share (\$)	0.18	0.18	0.72	0.18	0.18	0.18	0.72	0.18	0.72



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Range Resources Corporation										
Next Twelve Months Operating and Financial Estimates										
	Q1		Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13	
Volume										
Natural Gas (mmcf/d)	331	491	405	506	521	537	529	569	545	
Days	90	92	365	91	91	92	366	90	365	
Oil (mmb)	1.6	2.1	7	2.1	2.2	2.2	9	2.3	9	
Oil (mbd)	17.4	22.3	20.2	23.0	23.7	24.4	24.0	25.9	24.7	
Total (mmcf/d)	436	625	526	644	663	683	673	724	693	
Price										
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83	
Differential (\$/mmbtu)	0.01	(0.11)	(0.11)	(0.08)	(0.07)	(0.08)	(0.09)	(0.11)	(0.10)	
Company (\$/mcf)	4.10	3.66	4.15	2.81	2.40	2.69	2.75	3.53	2.93	
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30	
Differential	37.29	33.86	36.27	37.10	38.61	39.00	38.42	39.16	38.97	
Company (\$/bbl)	56.81	60.20	58.85	65.96	68.65	69.34	68.45	69.62	69.32	
Total (\$/bbl)	32.33	30.15	32.74	27.40	26.02	27.51	27.62	31.56	28.68	
Revenue (\$mm)										
Natural Gas	122	165	614	130	114	133	532	181	583	
Oil	89	124	434	138	148	155	602	162	626	
Total	211	289	1,048	267	262	288	1,134	343	1,210	
Expense										
Lease operating	29	25	114						-	
Production taxes	7	6	28						-	
General and administrative	27	33	113						-	
Total	63	64	255	66	65	71	280	85	298	
Ebitda	148	225	793	201	197	217	854	258	911	
Exploration	27	24	100	24	24	24	96	24	96	
Deprec., Deplet., & Amort.	72	97	341	97	97	97	388	97	388	
Other	(29)	(12)	(42)	(23)	(26)	(13)	(60)	15	(23)	
Ebit	78	116	394	104	102	109	430	123	450	
Interest	25	35	125	35	35	35	140	35	140	
Ebt	53	81	269	69	67	74	290	88	310	
Income Tax	19	28	94	24	23	26	102	31	108	
Net Income (\$mm)	35	53	175	45	44	48	189	57	201	
Per Share (\$)	0.22	0.33	1.10	0.28	0.27	0.30	1.18	0.36	1.26	
Shares (millions)	158	160	159	160	160	160	160	160	160	
Ebitda Margin	70%	78%	76%	75%	75%	75%	75%	75%	75%	
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	



Income and Small Cap Weekly

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March 30, 2012

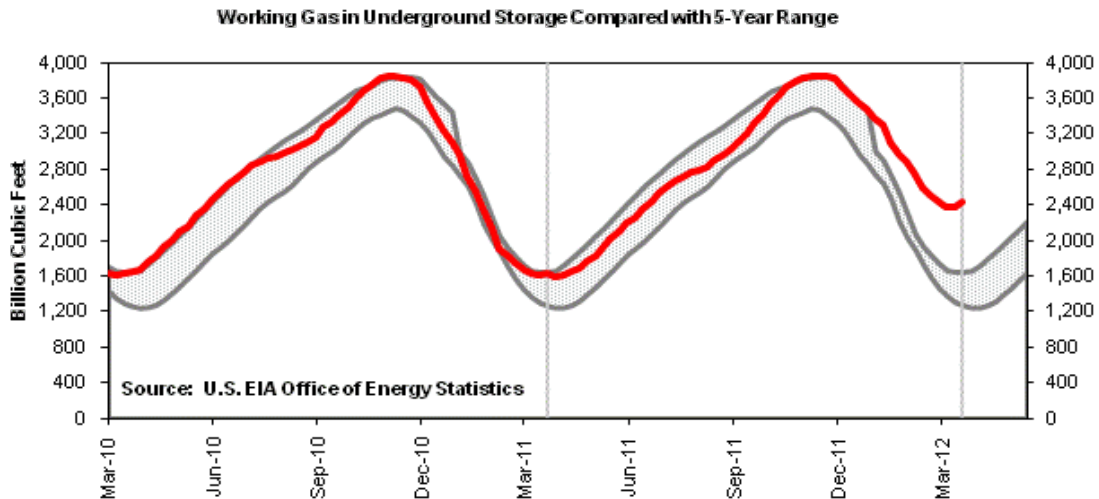
Whiting Petroleum Corporation										
Next Twelve Months Operating and Financial Estimates										
	Q1		Q4	Year	Q1E	Q2E	Q3E	Year	Q1E	Next Twelve Months
	3/31/11	12/31/11	2011	3/31/12	6/30/12	9/30/12	2012E	3/31/13	3/31/13	
Volume										
Natural Gas (mmcf)	78	69	72	69	69	69	69	69	69	
Days	90	92	365	91	91	92	366	90	365	
Oil (mmb)	4.8	5.5	20	5.7	5.9	6.3	25	6.8	26	
Oil (mbd)	53	59	56	62	65	69	67	76	70	
Total (mb)	5.9	6.5	24.8	6.7	7.0	7.4	28.7	7.8	30	
Total (mbd)	66	71	68	74	77	80	79	87	82	
Price										
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.33	2.61	2.66	3.43	2.83	
Differential (\$/mmbtu)	(0.89)	(1.17)	(0.88)	(0.90)	(0.77)	(0.86)	(0.88)	(1.13)	(0.93)	
Company (\$/mcf)	5.00	4.72	4.92	3.63	3.10	3.46	3.54	4.55	3.77	
WTI Cushing (\$/bbl)	94.10	94.06	95.12	103.06	107.26	108.34	106.87	108.77	108.30	
Differential	12.26	9.20	10.20	13.50	11.00	11.11	11.53	13.50	11.70	
Company (\$/bbl)	81.84	84.86	84.92	89.56	96.26	97.23	95.34	95.27	96.60	
Total (\$/bbl)	71.65	75.67	75.07	78.98	84.63	86.25	84.49	86.30	86.20	
Revenue (\$mm)										
Natural Gas	35	30	130	23	19	22	89	28	95	
Oil	390	462	1,731	507	572	613	2,339	648	2,481	
Total	425	492	1,861	530	592	635	2,429	677	2,576	
Expense										
Lease operating	72	83	307							
Production taxes	32	39	140							
General and administrative	18	23	85							
Total	122	145	532	151	169	182	694	193	736	
Ebitda	303	347	1,329	378	422	454	1,734	483	1,839	
Exploration	22	23	84	23	23	23	92	23	92	
Deprec., Deplet., & Amort.	108	127	468	127	127	127	508	127	508	
Other	7	(12)	9				-		-	
Ebit	166	209	767	228	272	304	1,134	333	1,239	
Interest	14	17	62	17	17	17	68	17	68	
Ebt	152	192	705	211	255	287	1,066	316	1,171	
Income Tax	53	67	247	74	89	100	373	111	410	
Net Income (\$mm)	99	125	459	137	166	186	693	206	761	
Per Share (\$)	0.84	1.05	3.86	1.15	1.40	1.57	5.83	1.73	6.40	
Shares (millions)	118	119	119	119	119	119	119	119	119	
Ebitda Margin	71%	71%	71%	71%	71%	71%	71%	71%	71%	
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	



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