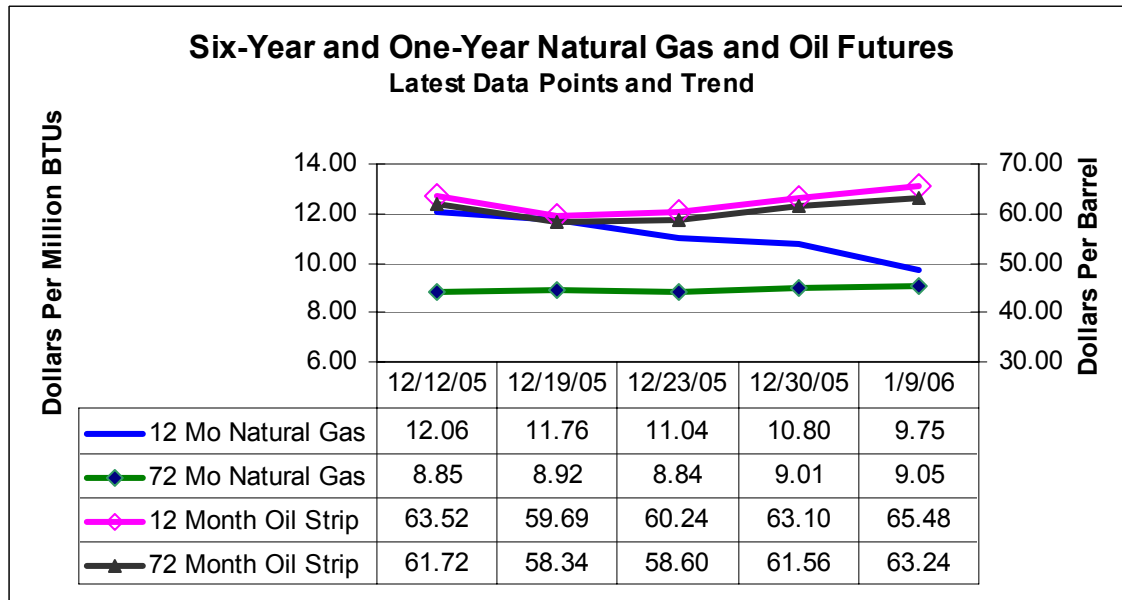


China and India Race for Resources

Summary and Recommendation

China beat India again in the race for energy resources with buy-recommended **CNOOC Limited (CEO)**'s \$2.3 billion purchase offshore Nigeria. Apparently an Indian company had bid more for the property, but was overruled by the Indian government. Still in the early stages of development, the project must overcome water depth of a thousand feet or more and the seller is a private company connected to a former military person, according to press reports. The operator, buy-recommended **Total (TOT)**, confers economic, technological, and political credibility. While the government of China, 71% owner of CEO, may understand the need to be competitive in buying oil reserves, it appears to be lagging in recognizing comparable value in natural gas. To underscore the latter point, six-year futures of natural gas settled at a new high of \$9.05 a million btu in our weekly series. Both CEO and buy-recommended **PetroChina (PTR)** have long-life natural gas production priced recently at less than a third of current six-year futures.

Kurt H. Wulff, CFA



Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 10, 2006

Oil and Gas Producers Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating		Price (\$/sh) 9-Jan 2006	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
BP plc	BP	B	68.11	3,501	239,000	77.00	0.11	0.90
Total S.A.	TOT	B	132.49	1,176	156,000	160.00	0.12	0.85
Exxon Mobil Corporation	XOM	B	59.40	6,303	374,000	74.00	0.04	0.81
Royal Dutch Shell plc	RDS-A	B	65.01	3,352	218,000	84.00	0.10	0.80
Chevron Corporation	CVX	B	58.95	2,256	133,000	85.00	0.13	0.73
ConocoPhillips	COP	B	60.88	1,693	103,000	95.00	0.22	0.72
<i>Total or Median</i>					1,223,000		0.12	0.80
Producer/Refiners - Large Cap and Mid Cap								
Kinder Morgan, Inc.	KMI	S2	95.74	135	12,960	33.00	0.71	1.55
Imperial Oil Limited (30%)	IMO	B	103.09	102	10,530	84.00	0.10	1.20
Marathon Oil Corporation	MRO	B	67.96	368	25,000	65.00	0.27	1.03
Petro-Canada	PCZ	B	41.37	525	21,740	42.00	0.19	0.99
Lukoil Oil Company	LUKOY	B	63.90	830	53,000	65.00	0.03	0.98
Suncor Energy	SU	B	65.79	461	30,340	68.00	0.11	0.97
Norsk Hydro ASA	NHY	B	109.90	251	27,570	130.00	0.17	0.87
PetroChina Company Ltd (10%)	PTR	B	87.50	176	15,380	120.00	0.01	0.73
Gazprom (50%)	OGZPF	B	83.00	1,013	84,100	120.00	0.03	0.70
<i>Total or Median</i>					281,000		0.11	0.98
Independent Natural Gas and Oil - Large Cap and Mid Cap								
XTO Energy Inc.	XTO	B	45.55	370	16,850	48.00	0.20	0.96
Encana Corporation	ECA	B	45.05	876	39,500	51.00	0.20	0.91
CNOOC Limited (29%)	CEO	B	70.91	119	8,460	84.00	0.00	0.84
Devon Energy Corporation	DVN	B	66.45	454	30,200	86.00	0.15	0.81
Occidental Petroleum Corp.	OXY	B	89.38	432	38,600	120.00	0.12	0.78
Burlington Resources	BR	B	88.05	381	33,500	115.00	-	0.76
Anadarko Petroleum Corp.	APC	B	99.57	238	23,700	140.00	0.12	0.75
<i>Total or Median</i>					191,000		0.12	0.81
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	65.10	23	1,460	65.00	0.11	1.00
Encore Acquisition Company	EAC	B	33.80	50	1,680	50.00	0.21	0.75
Cimarex Energy Company	XEC	B	45.19	85	3,840	64.00	0.11	0.74
Energy Partners Ltd.	EPL	B	24.43	41	1,000	38.00	0.19	0.71
<i>Total or Median</i>					8,000		0.15	0.74
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S3	50.42	160	8,070	15.00	0.55	2.06
Kinder Morgan Management, LLC	KMR	S3	46.40	57	2,630	15.00	0.55	1.94
Penn West Energy Trust	PWTFF	B	34.03	179	6,100	28.00	0.15	1.18
Pengrowth Energy Trust	PGH		23.93	159	3,800	20.00	0.16	1.16
Enerplus Resources Fund	ERF		48.81	110	5,370	42.00	0.14	1.14
San Juan Basin Royalty Trust	SJT		42.28	47	1,970	40.00	-	1.06
Canadian Oil Sands Trust (US\$)	COSWF	B	114.52	93	10,660	136.00	0.11	0.86
<i>Total or Median</i>					38,600		0.15	1.16

B = Buy, S2 = Short half unlevered position, S3 = Short quarter unlevered position

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

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 10, 2006

Oil and Gas Producers

Rank by EV/Ebitda: Enterprise Value to Earnings Before Interest, Tax, Deprec.

	Symbol/ Rating		Price (\$/sh) 9-Jan 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
BP plc	BP	B	68.11	9.4	6.1	5.5	9	3.1
Exxon Mobil Corporation	XOM	B	59.40	11.7	6.7	5.4	9	2.0
Total S.A.	TOT	B	132.49	9.2	6.1	5.2	9	2.8
Royal Dutch Shell plc	RDS-A	B	65.01	7.5	5.5	4.4	8	3.4
Chevron Corporation	CVX	B	58.95	9.6	5.7	4.2	7	3.1
ConocoPhillips	COP	B	60.88	11.0	5.4	3.9	6	2.0
		<i>Median</i>		9.5	5.9	4.8	8	2.9
Producer/Refiners - Large Cap and Mid Cap								
Kinder Morgan, Inc.	KMI	S2	95.74		8.5	13.1	20	3.1
Suncor Energy	SU	B	65.79	17.6	8.8	8.6	18	0.3
Imperial Oil Limited (30%)	IMO	B	103.09	11.5	7.0	8.4	14	0.8
Gazprom (50%)	OGZPF	B	83.00	20.0	11.0	7.7	13	0.5
Marathon Oil Corporation	MRO	B	67.96	7.4	5.1	5.2	8	1.9
Petro-Canada	PCZ	B	41.37	5.7	5.0	5.0	9	0.7
Norsk Hydro ASA	NHY	B	109.90	7.9	5.2	4.5	9	2.8
PetroChina Company Ltd (10%)	PTR	B	87.50	13.8	6.0	4.4	9	4.3
Lukoil Oil Company	LUKOY	B	63.90	19.8	4.5	4.4	7	1.5
		<i>Median</i>		12.7	6.0	5.2	9	1.5
Independent Natural Gas and Oil - Large Cap and Mid Cap								
XTO Energy Inc.	XTO	B	45.55	10.8	6.5	6.3	11	0.4
Encana Corporation	ECA	B	45.05	7.1	5.6	5.1	10	0.7
Anadarko Petroleum Corp.	APC	B	99.57	12.5	6.4	4.8	9	0.7
Occidental Petroleum Corp.	OXY	B	89.38	11.3	6.0	4.6	8	1.6
CNOOC Limited (29%)	CEO	B	70.91	9.2	5.1	4.3	8	3.3
Devon Energy Corporation	DVN	B	66.45	7.8	5.0	4.0	7	0.5
Burlington Resources	BR	B	88.05	-	-	-	-	-
		<i>Median</i>		9.2	5.6	4.6	8	0.7
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	65.10	10.1	5.4	5.4	10	1.0
Encore Acquisition Company	EAC	B	33.80	14.3	6.4	4.8	10	-
Cimarex Energy Company	XEC	B	45.19	7.4	4.8	3.6	7	-
Energy Partners Ltd.	EPL	B	24.43	5.7	4.3	3.1	9	-
		<i>Median</i>		8.8	5.1	4.2	10	-
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S3	50.42		7.9	16.3	23	6.3
Kinder Morgan Management, LLC	KMR	S3	46.40		7.9	15.4	21	6.8
San Juan Basin Royalty Trust	SJT		42.28	12.2	9.0	9.6	10	9.6
Canadian Oil Sands Trust (US\$)	COSWF	B	114.52	20.0	10.7	9.2	11	3.0
Pengrowth Energy Trust	PGH		23.93	7.6	5.4	6.3	9	10.8
Enerplus Resources Fund	ERF		48.81	8.6	5.5	6.2	9	8.9
Penn West Energy Trust	PWTFF	B	34.03	8.0	4.8	5.7	8	9.4
		<i>Median</i>		8.6	7.9	9.2	10	8.9

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2006; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating. 3

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 10, 2006

Oil and Gas Producers Home Country and Business Segments

Symbol/ Rating	Domicile	Non- U.S.	North		Oil Prod'n (%)	Down- stream (%)	Total Present Value (US\$m)	
			Natural Gas (%)	Rest of World Natural Gas (%)				
Mega Cap								
Exxon Mobil Corporation	XOM	B		10	19	38	33	487,000
Royal Dutch Shell plc	RDS-A	B	UK	4	19	33	45	313,000
BP plc	BP	B	UK	10	12	42	36	302,000
Chevron Corporation	CVX	B		9	9	52	29	221,000
Total S.A.	TOT	B	France	-	28	37	35	214,000
ConocoPhillips	COP	B		23	7	43	28	207,000
<i>Total or Median</i>				9	15	40	34	1,744,000
Producer/Refiners - Large Cap and Mid Cap								
Gazprom	OGZPF	B	Russia		100			251,000
PetroChina Company Ltd.	PTR	B	China	-	9	71	20	213,000
Lukoil Oil Company	LUKOY	B	Russia	-	-	62	38	55,700
Norsk Hydro ASA	NHY	B	Norway	-	29	38	33	39,500
Suncor Energy	SU	B	Canada	5	-	89	7	35,200
Marathon Oil Corporation	MRO	B		14	8	33	46	32,900
Imperial Oil Limited	IMO	B	Canada	13	-	62	25	31,800
Petro-Canada	PCZ	B	Canada	23	4	53	20	27,200
<i>Median</i>				5	6	62	25	686,000
Independent Natural Gas and Oil - Large Cap and Mid Cap								
Encana Corporation	ECA	B	Canada	83	-	17	-	55,600
Occidental Petroleum Corp.	OXY	B		14	1	75	11	59,000
Devon Energy Corporation	DVN	B		64	-	36	-	46,000
Anadarko Petroleum Corp.	APC	B		60	-	40	-	37,700
Burlington Resources	BR	B						
CNOOC Limited	CEO	B	China	-	12	88	-	34,600
XTO Energy Inc.	XTO	B		83	-	17	-	22,100
<i>Median</i>				62	-	38	-	255,000
Independent Natural Gas and Oil - Small Cap								
Cimarex Energy Company	XEC	B		71	-	29	-	6,080
Encore Acquisition Company	EAC	B		25	-	75	-	3,150
Berry Petroleum Company	BRY	B		15	-	85	-	1,950
Energy Partners Ltd.	EPL	B		54	-	46	-	1,930
<i>Median</i>				40	-	60	-	13,110
Income								
Canadian Oil Sands Trust (US\$)	COSWF	B	Canada	-	-	100	-	14,300
Penn West Energy Trust	PWTFF	B	Canada	42	-	58	-	5,900
Enerplus Resources Fund	ERF		Canada	58	-	42	-	5,350
Pengrowth Energy Trust	PGH		Canada	42	-	58	-	3,790
San Juan Basin Royalty Trust	SJT			100	-	-	-	1,860
<i>Median</i>				42	-	58	-	31,200

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating.

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

January 10, 2006

Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
9-Jan	NHY	Norsk Hydro ASA	Long Life Natural Gas
9-Jan	IMO	Imperial Oil Limited	High Return, Deliberate Pace
5-Jan	XTO	XTO Energy Inc.	Independent Natural Gas Producer
5-Jan	OXY	Occidental Petroleum Corporation	Independent Oil Producer
29-Dec	BR	Burlington Resources, Inc.	ConocoPhillips with Cash Back
29-Dec	COP	ConocoPhillips	Fresh Mega Cap
14-Dec	OGZPF	Gazprom	Natural Gas Price Accelerates
13-Dec	BR	Burlington Resources, Inc.	Buy Offer from ConocoPhillips
13-Dec	COP	ConocoPhillips	Offers to Buy Burlington Resources
1-Dec	* KMX	Kinder Morgan	Canada Deal Closed
28-Nov	* OGZPF	Gazprom	Raise Net Present Value to \$120 a Share
14-Nov	* PTR	PetroChina Company Limited	Diversify Political Risk
11-Nov	* EPL	Energy Partners, Ltd.	Denali Partners
11-Nov	* SJT	San Juan Basin Royalty Trust	Record Distributions Ahead
10-Nov	* PWTF	Penn West Energy Trust	Quality Income Stock
7-Nov	* TOT	Total S.A.	Global Clean Fuel Supplier
4-Nov	* BRY	Berry Petroleum	Expanding on Multiple Fronts
4-Nov	* XEC	Cimarex Energy Company	Doubling Done
3-Nov	* DVN	Devon Energy Corporation	No Hedges in 2006
1-Nov	* CEO	CNOOC Ltd	Low Price for Natural Gas
31-Oct	* APC	Anadarko Petroleum Corporation	Long Life for Free
31-Oct	* CVX	Chevron Corporation	Lower Net Present Value to \$85 a Share
28-Oct	* MRO	Marathon Oil Corporation	Downstream Gains
28-Oct	* PCZ	Petro-Canada	Oil Sands Producer
28-Oct	* RDSA	Royal Dutch Shell plc	Downstream Gains
28-Oct	* SU	Suncor Energy Inc.	Up and Running Again
28-Oct	* XOM	Exxon Mobil Corporation	Momentum Challenge
27-Oct	* EAC	Encore Acquisition Company	Long Life Oil Value
27-Oct	* ECA	EnCana Corporation	Natural Gas Leader
26-Oct	* BP	BP p.l.c.	Lower Net Present Value to \$77 a Share
26-Oct	* COSWF	Canadian Oil Sands Trust	Distribution Doubled and Unit Split Proposed
26-Sep	* LUKOY	Lukoil Oil Company	Adapting to New Russia

Meter Reader - A Weekly Analysis

10-Jan		China and India Race for Resources
3-Jan	*	Kiev Crisis
27-Dec	*	The New Mega Cap
20-Dec	*	Natural Gas Person of the Year: Vladimir Putin

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

6-Jan		Stop Thief!
30-Dec	*	2006 Return Guaranteed (Almost)
23-Dec	*	Record Distributions
16-Dec	*	Declaration Day

Industry Ideas

26-Dec	*	Interview by Sandra Ward in Barron's	Bullish and Fully Fueled
--------	---	--------------------------------------	--------------------------

* Archived on www.mcdep.com

Historical independent energy investment analysis by Kurt Wulff doing business as McDep Associates is posted at www.mcdep.com. Analyses are prepared from sources and data believed to be reliable, but no representation is made as to their accuracy or completeness. Mr. Wulff is not paid by covered companies. Neither he nor his spouse trade a subject stock within a week before or after a change in rating. 5