

## Meter Reader

*A Weekly Analysis of Energy Stocks Using the McDep Ratio*

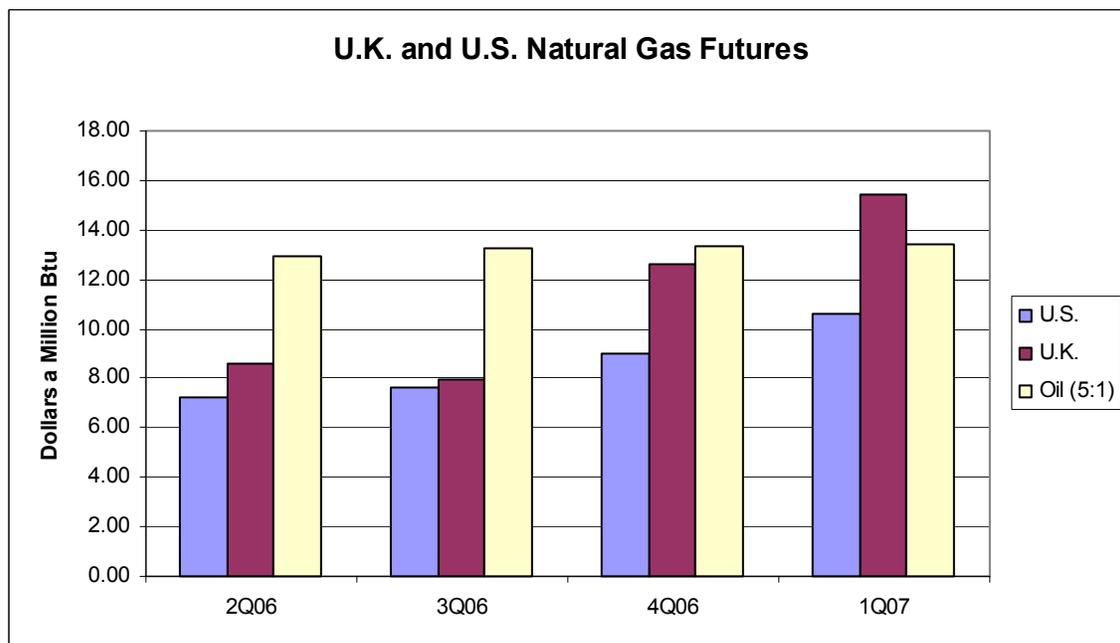
March 14, 2006

# Record U.K. Natural Gas Price

## Summary and Recommendation

Record natural gas price in the U.K. symbolizes the apparent opportunity in buy recommendations **Gazprom (OGZPF)**, **Devon Energy (DVN)**, **Anadarko (APC)** and hold-rated **San Juan Basin Royalty Trust (SJT)** among producers in our research coverage. Bloomberg reports that the within-day price for natural gas at the National Balancing Point rose as high as 255 pence per therm, or about \$44 a million btu. A record daily price carries over to one-year futures in the U.K. that are more than \$11 a million btu compared to about \$8.62 in the U.S. Cold weather in Europe has stimulated demand at a time of supply difficulties. Ultimately global prices are linked by trade in liquefied natural gas. Contrasting warm weather in the U.S. has contributed to natural gas trading at the low end of a normal range with oil in North America. By implication, natural gas stocks also may be trading at the low end of a range compared to oil. Meanwhile, oil appears to be continuing its march to our vision of \$150 a barrel in 2010.

Kurt H. Wulff, CFA

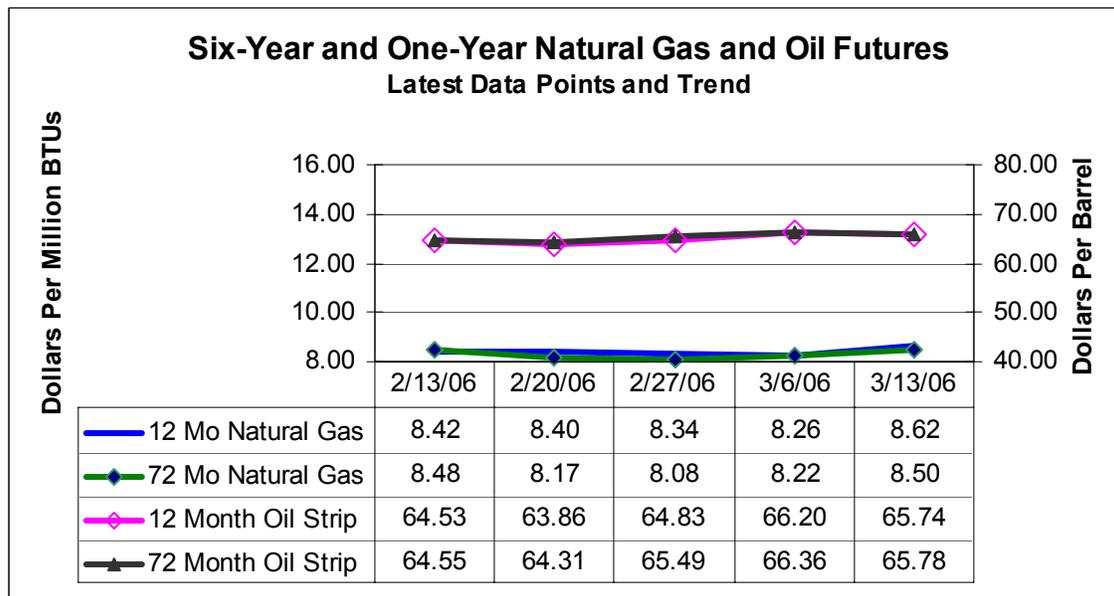
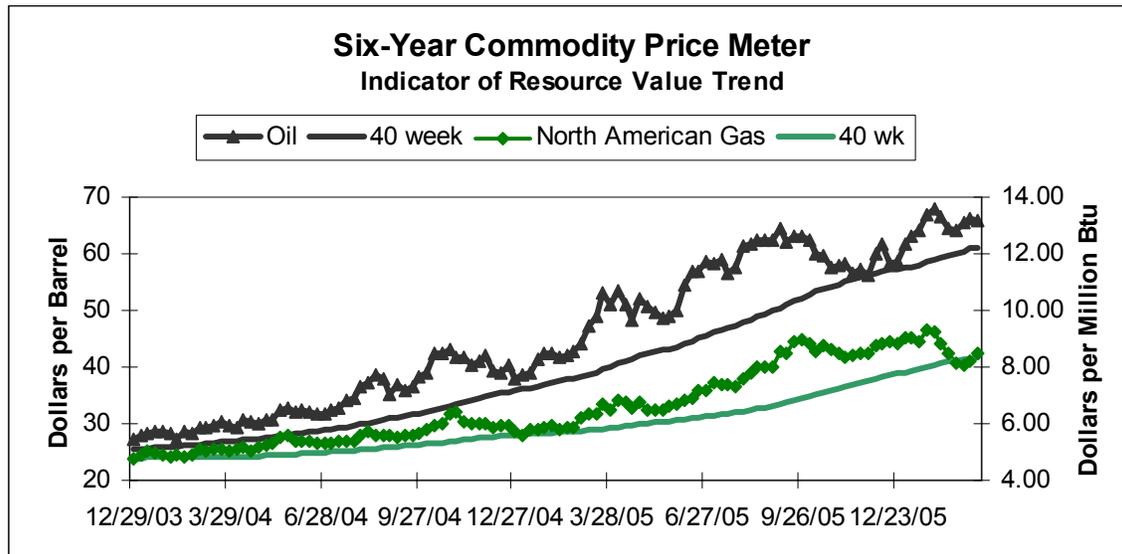


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#### Oil and Gas Producers Rank by McDep Ratio: Market Cap and Debt to Present Value

	Symbol/ Rating		Price (\$/sh) 13-Mar 2006	Shares (mm)	Market Cap (\$mm)	Net Present Value (\$/sh)	Debt/ Present Value	McDep Ratio
<b>Mega Cap</b>								
BP plc	BP	B	67.59	3,465	234,000	77.00	0.15	0.90
Total S.A.	TOT	B	127.11	1,173	149,000	160.00	0.12	0.82
Exxon Mobil Corporation	XOM	B	59.64	6,211	370,000	74.00	0.04	0.81
Royal Dutch Shell plc	RDS-A	B	61.73	3,293	203,000	80.00	0.11	0.80
ConocoPhillips	COP	B	60.16	1,693	102,000	95.00	0.22	0.71
Chevron Corporation	CVX	B	55.18	2,236	123,000	85.00	0.11	0.69
<i>Total or Median</i>					<i>1,181,000</i>		<i>0.12</i>	<i>0.81</i>
<b>Producer/Refiners - Large Cap and Mid Cap</b>								
Kinder Morgan, Inc.	KMI	S2	91.71	139	12,780	33.00	0.74	1.46
Imperial Oil Limited (30%)	IMO	B	99.28	101	10,010	90.00	0.10	1.09
Petro-Canada	PCZ	B	45.68	523	23,890	42.00	0.19	1.07
Suncor Energy	SU	B	74.88	461	34,530	75.00	0.10	1.00
Marathon Oil Corporation	MRO	B	71.08	367	26,120	75.00	0.20	0.96
Norsk Hydro ASA	NHY	B	119.95	251	30,050	130.00	0.16	0.93
PetroChina Company Ltd (10%)	PTR	B	96.41	176	16,950	120.00	0.01	0.81
Lukoil Oil Company	LUKOY	B	77.20	830	64,000	100.00	0.01	0.77
Gazprom (50%)	OGZPF	B	85.60	1,133	97,000	140.00	0.02	0.62
<i>Total or Median</i>					<i>315,000</i>		<i>0.10</i>	<i>0.96</i>
<b>Independent Natural Gas and Oil - Large Cap and Mid Cap</b>								
CNOOC Limited (29%)	CEO	B	79.94	119	9,530	84.00	0.00	0.95
Encana Corporation	ECA	B	44.18	873	38,500	51.00	0.18	0.89
XTO Energy Inc.	XTO	B	40.91	372	15,220	52.00	0.16	0.82
Occidental Petroleum Corp.	OXY	B	92.25	432	39,900	120.00	0.12	0.80
Burlington Resources	BR	B	89.48	378	33,900	115.00	-	0.78
Devon Energy Corporation	DVN	B	59.13	451	26,700	94.00	0.12	0.67
Anadarko Petroleum Corp.	APC	B	97.45	234	22,800	160.00	0.10	0.65
<i>Total or Median</i>					<i>187,000</i>		<i>0.12</i>	<i>0.80</i>
<b>Independent Natural Gas and Oil - Small Cap</b>								
Berry Petroleum Company	BRY	B	67.63	23	1,520	65.00	0.11	1.04
Energy Partners Ltd.	EPL	B	21.64	41	890	32.00	0.20	0.74
Encore Acquisition Company	EAC	B	29.75	50	1,480	50.00	0.24	0.69
Cimarex Energy Company	XEC	B	40.92	85	3,480	64.00	0.08	0.67
<i>Total or Median</i>					<i>7,400</i>		<i>0.15</i>	<i>0.72</i>
<b>Income</b>								
Kinder Morgan Energy Partners, L.P.	KMP	S3	47.53	165	7,830	15.00	0.55	1.98
Kinder Morgan Management, LLC	KMR	S3	43.82	58	2,520	15.00	0.55	1.87
Pengrowth Energy Trust	PGH		22.77	160	3,640	18.00	0.16	1.22
Enerplus Resources Fund	ERF		49.80	114	5,690	42.00	0.15	1.16
Penn West Energy Trust	PWTFF	B	35.96	165	5,940	33.00	0.12	1.08
Canadian Oil Sands Trust (US\$)	COSWF	B	135.14	93	12,620	136.00	0.11	0.99
San Juan Basin Royalty Trust	SJT	H	39.08	47	1,820	40.00	-	0.98
<i>Total or Median</i>					<i>40,100</i>		<i>0.15</i>	<i>1.16</i>

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

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

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#### Oil and Gas Producers

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

	Symbol/ Rating		Price (\$/sh) 13-Mar 2006	Adjstd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
<b>Mega Cap</b>								
BP plc	BP	B	67.59	9.6	6.5	5.9	10	3.3
Exxon Mobil Corporation	XOM	B	59.64	11.7	6.3	5.2	9	2.1
Total S.A.	TOT	B	127.11	9.3	6.1	5.0	8	3.1
Royal Dutch Shell plc	RDS-A	B	61.73	7.4	5.5	4.4	8	3.6
ConocoPhillips	COP	B	60.16	12.1	6.0	4.3	6	2.4
Chevron Corporation	CVX	B	55.18	10.7	5.5	3.8	6	3.3
	<i>Median</i>			10.2	6.1	4.7	8	3.2
<b>Producer/Refiners - Large Cap and Mid Cap</b>								
Kinder Morgan, Inc.	KMI	S2	91.71		8.2	12.0	18	3.8
Suncor Energy	SU	B	74.88	17.7	7.8	7.8	16	0.3
Imperial Oil Limited (30%)	IMO	B	99.28	9.3	6.3	6.9	12	0.8
Gazprom (50%)	OGZPF	B	85.60	20.0	9.6	6.0	10	0.5
Petro-Canada	PCZ	B	45.68	6.0	5.4	5.8	10	0.8
Marathon Oil Corporation	MRO	B	71.08	7.8	4.8	4.6	8	1.9
Lukoil Oil Company	LUKOY	B	77.20	19.7	5.8	4.5	7	1.3
Norsk Hydro ASA	NHY	B	119.95	7.8	4.8	4.4	13	2.8
PetroChina Company Ltd (10%)	PTR	B	96.41	11.6	5.3	4.2	8	3.9
	<i>Median</i>			10.4	5.8	5.8	10	1.3
<b>Independent Natural Gas and Oil - Large Cap and Mid Cap</b>								
XTO Energy Inc.	XTO	B	40.91	12.4	8.0	6.5	12	0.5
Encana Corporation	ECA	B	44.18	8.7	6.0	5.3	11	0.7
CNOOC Limited (29%)	CEO	B	79.94	9.0	5.2	4.9	9	2.9
Occidental Petroleum Corp.	OXY	B	92.25	10.2	6.2	4.9	9	1.6
Anadarko Petroleum Corp.	APC	B	97.45	12.7	7.3	4.7	9	0.7
Devon Energy Corporation	DVN	B	59.13	8.6	6.0	4.0	8	0.8
Burlington Resources	BR	B	89.48	-	-	-	-	-
	<i>Median</i>			9.0	6.0	4.9	9	0.7
<b>Independent Natural Gas and Oil - Small Cap</b>								
Berry Petroleum Company	BRY	B	67.63	10.6	5.7	5.9	16	0.9
Encore Acquisition Company	EAC	B	29.75	14.8	8.0	5.5	12	-
Cimarex Energy Company	XEC	B	40.92	7.2	5.5	3.7	8	0.4
Energy Partners Ltd.	EPL	B	21.64	5.2	4.5	3.4	25	-
	<i>Median</i>			8.9	5.6	4.6	14	0.2
<b>Income</b>								
Kinder Morgan Energy Partners, L.P.	KMP	S3	47.53		7.9	15.7	23	6.7
Kinder Morgan Management, LLC	KMR	S3	43.82		7.9	14.8	22	7.3
San Juan Basin Royalty Trust	SJT		39.08	12.2	11.1	10.8	12	8.2
Canadian Oil Sands Trust (US\$)	COSWF	B	135.14	20.0	10.1	10.1	13	2.6
Enerplus Resources Fund	ERF		49.80	9.4	6.3	7.3	13	8.8
Pengrowth Energy Trust	PGH		22.77	7.2	5.8	7.1	11	11.4
Penn West Energy Trust	PWTFF	B	35.96	7.7	6.5	7.0	11	9.8
	<i>Median</i>			9.4	7.9	10.1	13	8.2

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2007; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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#### Oil and Gas Producers Home Country and Business Segments

	Symbol/ Rating	Non- U.S. Domicile	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	Total Present Value (US\$mm)	
<b>Mega Cap</b>								
Exxon Mobil Corporation	XOM	B	8	27	35	30	481,000	
BP plc	BP	B	UK	9	12	43	315,000	
Royal Dutch Shell plc	RDS-A	B	UK	3	19	32	295,000	
Total S.A.	TOT	B	France	-	28	37	214,000	
Chevron Corporation	CVX	B		6	10	58	214,000	
ConocoPhillips	COP	B		16	10	47	207,000	
		<i>Total or Median</i>		7	15	40	33	1,726,000
<b>Producer/Refiners - Large Cap and Mid Cap</b>								
Gazprom	OGZPF	B	Russia		100		325,000	
PetroChina Company Ltd.	PTR	B	China	-	9	71	20	213,000
Lukoil Oil Company	LUKOY	B	Russia	-	-	75	25	83,600
Norsk Hydro ASA	NHY	B	Norway	-	30	37	34	38,700
Suncor Energy	SU	B	Canada	4	-	89	7	38,300
Marathon Oil Corporation	MRO	B		11	11	36	42	34,600
Imperial Oil Limited	IMO	B	Canada	12	-	64	24	33,400
Petro-Canada	PCZ	B	Canada	23	4	53	20	27,200
		<i>Median</i>		4	7	64	24	794,000
<b>Independent Natural Gas and Oil - Large Cap and Mid Cap</b>								
Occidental Petroleum Corp.	OXY	B		14	2	74	11	59,000
Encana Corporation	ECA	B	Canada	81	-	19	-	54,000
Devon Energy Corporation	DVN	B		64	-	36	-	48,100
Anadarko Petroleum Corp.	APC	B		60	-	40	-	41,700
CNOOC Limited	CEO	B	China	-	12	88	-	34,600
XTO Energy Inc.	XTO	B		83	-	17	-	23,000
Burlington Resources	BR	B						
		<i>Median</i>		62	-	38	-	260,000
<b>Independent Natural Gas and Oil - Small Cap</b>								
Cimarex Energy Company	XEC	B		73	-	27	-	5,900
Encore Acquisition Company	EAC	B		24	-	76	-	3,280
Berry Petroleum Company	BRY	B		15	-	85	-	1,940
Energy Partners Ltd.	EPL	B		55	-	45	-	1,630
		<i>Median</i>		40	-	60	-	12,750
<b>Income</b>								
Canadian Oil Sands Trust (US\$)	COSWF	B	Canada	-	-	100	-	14,300
Penn West Energy Trust	PWTFF	B	Canada	37	-	63	-	6,200
Enerplus Resources Fund	ERF		Canada	55	-	45	-	5,610
Pengrowth Energy Trust	PGH		Canada	46	-	54	-	3,460
San Juan Basin Royalty Trust	SJT			100	-	-	-	1,860
		<i>Median</i>		46	-	54	-	31,400

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#### Index of Recent Research

##### Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
10-Mar	COP	ConocoPhillips	Longest Life Mega Cap
9-Mar	XOM	Exxon Mobil Corporation	Stronger than the Government
8-Mar	CVX	Chevron Corporation	Momentum Break
28-Feb	PWTF	Penn West Energy Trust	Drilling and CO2 Upside
27-Feb	XTO	XTO Energy Inc.	Raise NPV to \$52 a Share
24-Feb	EPL	Energy Partners, Ltd.	Lower NPV to \$32 a Share
23-Feb	BRY	Berry Petroleum	Growth Record
21-Feb	EAC	Encore Acquisition Company	Steady Progress
16-Feb	TOT	Total S.A.	Challenges of Growth
16-Feb	ECA	EnCana Corporation	Buying Opportunity
16-Feb	XEC	Cimarex Energy Company	Eyed by Icahn
14-Feb	NHY	Norsk Hydro ASA	Natural Gas Price Advance
9-Feb	XTO	XTO Energy Inc.	Natural Gas Growth
9-Feb	PTR	PetroChina Company Limited	Commodity Price Catch Up Potential
8-Feb	* OXY	Occidental Petroleum Corporation	Longer Life Independent
8-Feb	* BP	BP p.l.c.	Temporary Setbacks
7-Feb	* APC	Anadarko Petroleum Corporation	Raise NPV to \$160 a Share
6-Feb	* TOT	Total S.A.	LNG Leader
6-Feb	* SJT	San Juan Basin Royalty Trust	New Operator
3-Feb	* RDSA	Royal Dutch Shell plc	Lower NPV to \$80 a Share
3-Feb	* IMO	Imperial Oil Limited	Raise NPV to \$90 a Share
2-Feb	* DVN	Devon Energy Corporation	Raise NPV to \$94 a Share
31-Jan	* OGZPF	Gazprom	Raise Net Present Value to \$140 a Share
27-Jan	* MRO	Marathon Oil Corporation	Raise Net Present Value to \$75 a Share
27-Jan	* SU	Suncor Energy Inc.	Raise Net Present Value to \$75 a Share
27-Jan	* PCZ	Petro-Canada	Favorable Relative Recognition
27-Jan	* BR	Burlington Resources, Inc.	Riding with ConocoPhillips
26-Jan	* COSWF	Canadian Oil Sands Trust	Volume Affirmed
19-Jan	* KMx	Kinder Morgan	Fading Returns, Rising Risk
17-Jan	* LUKOY	Lukoil Oil Company	Raise Net Present Value to \$100 a Share
1-Nov	* CEO	CNOOC Ltd	Low Price for Natural Gas

##### Meter Reader - A Weekly Analysis

14-Mar		Record U.K. Natural Gas Price
7-Mar	*	Inventory Myopia
28-Feb	*	McDep Ratio Differentiates in 2005
21-Feb	*	Alternative Energy

##### Natural Gas and Oil Royalty Trusts - A Weekly Analysis

10-Mar		Inventory Investment
3-Mar	*	Canadian Action
24-Feb	*	COS Trust Proposes 5:1 Split
17-Feb	*	Fundamental, Momentum and Contrary

##### Industry Ideas

15-Feb		Presentation Slides	Russian Natural Gas, Canadian Tar Sands
26-Dec	*	Interview by Sandra Ward in Barron's	Bullish and Fully Fueled

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