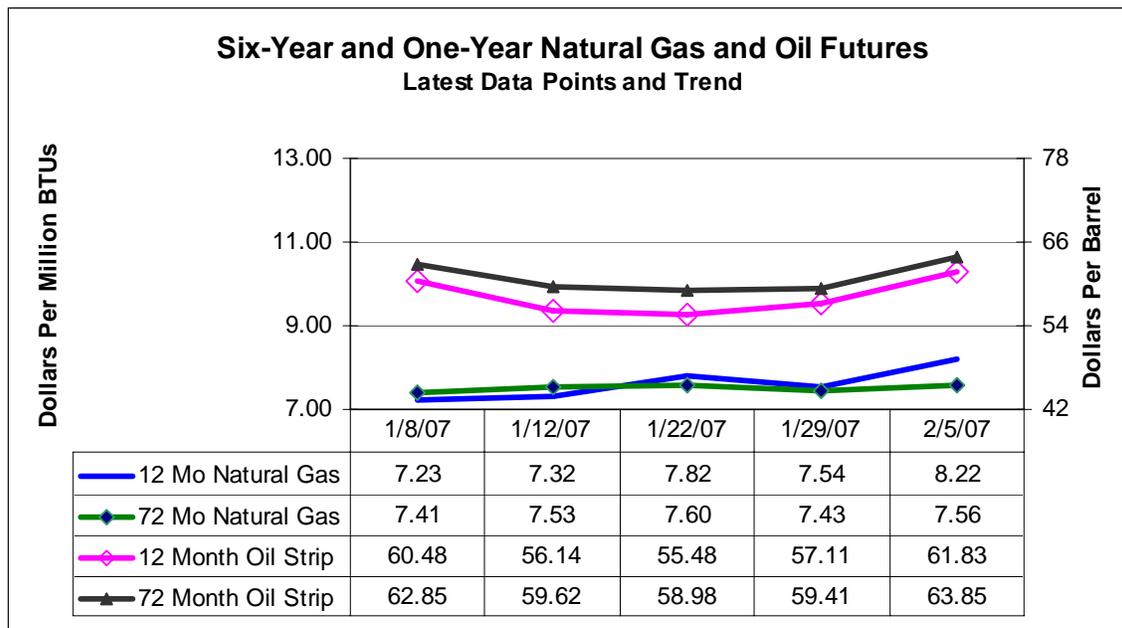


Organization of Natural Gas Exporting Countries

Summary and Recommendation

Expectations of higher price for natural gas following the potential formation of a natural gas OPEC, as speculated in the press from time to time, may be right for the wrong reasons. Oil price has gone up since the Organization of Petroleum Exporting Countries was formed more than 40 years ago, but less because of the organization than because of demand and supply factors as we have observed. Natural gas globally seems deeply under priced on a unit of energy basis without any consideration for its superior environmental characteristics. Russia, the largest natural gas producing country, sells its clean resource for a fourth the price that Saudi Arabia, the largest oil producing country, sells its medium dirty resource (see **Gazprom**, World's Greatest Energy Company, December 22, 2006). Such a gap is likely to narrow whether or not we have a natural gas producer organization. Gazprom (OGZPY) has a triple unlevered weight, the largest for any stock, in the illustrative McDep Energy Portfolio (see table Portfolio Composite).

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.

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

	Symbol/ Rating		Price (US\$/sh) 5-Feb 2007	Shares (mm)	Market Cap (US\$m)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
Mega Cap								
Exxon Mobil Corporation	XOM	B	75.67	5,816	440,000	82.40	0.04	0.92
Total S.A.	TOT	B	68.67	2,302	158,000	80.00	0.14	0.88
Royal Dutch Shell plc	RDS-A	B	68.39	3,171	217,000	84.00	0.14	0.84
BP plc	BP	B	63.79	3,303	211,000	80.00	0.16	0.83
Chevron Corporation	CVX	B	73.78	2,206	163,000	92.00	0.09	0.82
Gazprom (50%)	OGZPY	B	43.82	2,850	124,900	56.00	0.06	0.80
ConocoPhillips	COP	B	67.04	1,672	112,000	100.00	0.20	0.74
<i>Total or Median</i>					<i>1,426,000</i>		<i>0.14</i>	<i>0.83</i>
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.03	133	14,130	33.00	0.76	1.53
Norsk Hydro ASA	NHY	B	32.31	1,236	39,940	31.00	0.15	1.04
Imperial Oil Limited (30%)	IMO	H	35.55	289	10,270	37.00	0.07	0.96
PetroChina Company Ltd (10%)	PTR	B	124.03	179	22,200	140.00	0.04	0.89
Petro-Canada	PCZ	B	39.49	498	19,670	49.00	0.19	0.84
Marathon Oil Corporation	MRO	B	90.19	352	31,750	110.00	0.12	0.84
Suncor Energy	SU	B	74.08	461	34,160	95.00	0.07	0.79
Lukoil Oil Company	LUKOY	B	83.20	835	69,000	110.00	0.02	0.76
<i>Total or Median</i>					<i>241,000</i>		<i>0.10</i>	<i>0.87</i>
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	B	84.78	140	11,850	98.00	-	0.86
XTO Energy Inc.	XTO	B	50.16	371	18,610	60.00	0.14	0.86
Encana Corporation	ECA	B	48.82	824	40,200	65.00	0.12	0.78
EOG Resources	EOG	B	67.95	247	16,800	92.00	0.05	0.75
Anadarko Petroleum Corp.	APC	B	42.95	463	19,900	75.00	0.42	0.75
Occidental Petroleum Corp.	OXY	B	46.66	853	39,800	69.00	0.09	0.70
Devon Energy Corporation	DVN	B	70.37	447	31,500	115.00	0.13	0.66
<i>Total or Median</i>					<i>179,000</i>		<i>0.12</i>	<i>0.75</i>
Independent Natural Gas and Oil - Small Cap								
Energy Partners Ltd.	EPL	B	21.25	41	860	31.00	0.25	0.76
Berry Petroleum Company	BRY	B	30.52	45	1,360	44.00	0.22	0.76
Cimarex Energy Company	XEC	B	37.19	84	3,140	68.00	0.08	0.59
Encore Acquisition Company	EAC	B	25.78	54	1,390	54.00	0.19	0.58
<i>Total or Median</i>					<i>6,800</i>		<i>0.21</i>	<i>0.67</i>
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	50.68	171	8,640	15.00	0.54	2.10
Kinder Morgan Management, LLC	KMR	S	50.28	62	3,100	15.00	0.54	2.09
Enerplus Resources Fund	ERF		44.33	123	5,460	47.00	0.11	0.95
Pengrowth Energy Trust	PGH		16.86	241	4,060	20.00	0.26	0.88
San Juan Basin Royalty Trust	SJT	B	33.11	47	1,540	40.00	-	0.83
Penn West Energy Trust	PWE	B	30.11	239	7,200	39.00	0.13	0.80
Hugoton Royalty Trust	HGT	B	25.36	40	1,010	34.00	-	0.74
Canadian Oil Sands Trust	COSWF	B	24.17	479	11,580	35.00	0.08	0.71
<i>Total or Median</i>					<i>42,600</i>		<i>0.12</i>	<i>0.85</i>

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

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.

Oil and Gas Producers

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

	Symbol/ Rating		Price (US\$/sh) 5-Feb 2007	Adjustd Resrvs/ Prod NTM	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
Mega Cap								
Gazprom (50%)	OGZPY	B	43.82	24.0	8.9	7.1	11	0.2
Exxon Mobil Corporation	XOM	B	75.67	11.5	6.8	6.3	11	1.7
Total S.A.	TOT	B	68.67	9.7	6.9	6.1	11	3.1
BP plc	BP	B	63.79	9.7	6.8	5.7	9	3.7
Chevron Corporation	CVX	B	73.78	10.9	6.5	5.3	10	2.8
Royal Dutch Shell plc	RDS-A	B	68.39	7.4	5.7	4.8	9	4.2
ConocoPhillips	COP	B	67.04	10.9	6.3	4.6	8	2.1
		<i>Median</i>		10.9	6.8	5.7	10	2.8
Producer/Refiners - Large Cap								
Kinder Morgan, Inc.	KMI	S	106.03		8.9	13.6	21	3.3
Suncor Energy	SU	B	74.08	18.3	13.3	10.6	20	0.4
Imperial Oil Limited (30%)	IMO	H	35.55	11.6	9.3	9.0	16	0.8
PetroChina Company Ltd (10%)	PTR	B	124.03	15.2	6.6	5.9	12	4.0
Lukoil Oil Company	LUKOY	B	83.20	18.1	7.5	5.7	10	1.5
Norsk Hydro ASA	NHY	B	32.31	8.1	5.2	5.4	12	2.2
Marathon Oil Corporation	MRO	B	90.19	8.3	6.2	5.2	9	1.5
Petro-Canada	PCZ	B	39.49	6.5	6.0	5.0	9	1.1
		<i>Median</i>		11.6	7.1	5.8	12	1.5
Independent Natural Gas and Oil - Large Cap								
XTO Energy Inc.	XTO	B	50.16	12.5	8.0	6.9	11	0.7
Anadarko Petroleum Corp.	APC	B	42.95	11.5	8.0	6.0	8	1.7
EOG Resources	EOG	B	67.95	9.7	7.9	5.9	15	0.5
CNOOC Limited (34%)	CEO	B	84.78	10.6	6.7	5.8	11	3.3
Encana Corporation	ECA	B	48.82	8.7	7.4	5.8	12	0.8
Occidental Petroleum Corp.	OXY	B	46.66	11.9	8.0	5.6	12	1.9
Devon Energy Corporation	DVN	B	70.37	8.2	7.1	4.7	9	0.6
		<i>Median</i>		10.6	7.9	5.8	11	0.8
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	30.52	10.1	8.9	6.7	11	1.0
Encore Acquisition Company	EAC	B	25.78	15.5	10.0	5.8	16	-
Cimarex Energy Company	XEC	B	37.19	7.8	6.8	4.0	10	0.4
Energy Partners Ltd.	EPL	B	21.25	5.0	5.0	3.8	-	-
		<i>Median</i>		9.0	7.8	4.9	11	0.2
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	50.68		7.7	16.2	37	6.6
Kinder Morgan Management, LLC	KMR	S	50.28		7.7	16.1	37	6.6
Canadian Oil Sands Trust	COSWF	B	24.17	23.3	14.4	10.3	15	6.3
San Juan Basin Royalty Trust	SJT	B	33.11	9.3	10.4	8.6	10	9.5
Hugoton Royalty Trust	HGT	B	25.36	13.7	10.6	7.9	13	7.9
Enerplus Resources Fund	ERF		44.33	9.5	8.0	7.6	18	9.7
Penn West Energy Trust	PWE	B	30.11	8.1	8.9	7.1	13	11.5
Pengrowth Energy Trust	PGH		16.86	7.1	7.2	6.4	11	15.1
		<i>Median</i>		9.4	8.5	8.2	14	8.7

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2007; 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.

**Oil and Gas Producers
Portfolio Composite of Buy Recommendations**

Symbol	Price (US\$/sh) 5-Feb 2007	Portfolio Weight		Non- U.S. HQ (%)	North Amer. Natural Gas (%)	Rest of World Natural Gas (%)	Oil Prod'n (%)	Down- stream (%)	McDep Ratio	
		Equity (%)	EV (%)							
Mega Cap										
Exxon Mobil Corporation	XOM	75.67	3.2	2.9		0.2	0.5	1.3	0.9	0.92
Total S.A.	TOT	68.67	2.8	2.9	2.9		0.9	1.2	0.8	0.88
Royal Dutch Shell plc	RDS-A	68.39	2.8	2.9	2.9	0.1	0.5	1.1	1.1	0.84
BP plc	BP	63.79	1.3	1.4	1.4	0.1	0.2	0.7	0.4	0.83
Chevron Corporation	CVX	73.78	5.9	5.7		0.4	0.4	3.4	1.5	0.82
Gazprom	OGZPY	43.82	9.2	8.6	8.6		6.8	1.8		0.80
ConocoPhillips	COP	67.04	4.8	5.7		1.0	0.4	2.9	1.4	0.74
Producer/Refiners - Large Cap										
Norsk Hydro ASA	NHY	32.31	2.8	2.9	2.9		0.7	1.1	1.1	1.04
PetroChina Company Ltd.	PTR	124.03	3.2	2.9	2.9		0.2	2.4	0.2	0.89
Petro-Canada	PCZ	39.49	1.3	1.4	1.4	0.2	0.0	0.9	0.2	0.84
Marathon Oil Corporation	MRO	90.19	1.4	1.4		0.1	0.1	0.5	0.6	0.84
Suncor Energy	SU	74.08	1.5	1.4	1.4	0.1		1.3	0.1	0.79
Lukoil Oil Company	LUKOY	83.20	6.5	5.7	5.7			4.3	1.4	0.76
Independent Natural Gas and Oil - Large Cap										
CNOOC Limited	CEO	84.78	3.3	2.9	2.9		0.3	2.6		0.86
XTO Energy Inc.	XTO	50.16	2.8	2.9		2.0		0.8		0.86
Encana Corporation	ECA	48.82	5.6	5.7	5.7	4.1		1.2	0.4	0.78
EOG Resources	EOG	67.95	6.2	5.7		4.3	0.4	1.0		0.75
Anadarko Petroleum Corp.	APC	42.95	1.5	2.9		1.6		1.2	0.1	0.75
Occidental Petroleum Corp	OXY	46.66	2.9	2.9		0.4	0.0	2.1	0.3	0.70
Devon Energy Corporation	DVN	70.37	5.3	5.7		3.1		2.6		0.66
Independent Natural Gas and Oil - Small Cap										
Energy Partners Ltd.	EPL	21.25	1.1	1.4		0.8		0.7		0.76
Berry Petroleum Company	BRY	30.52	1.2	1.4		0.2		1.2		0.76
Cimarex Energy Company	XEC	37.19	2.8	2.9		2.0		0.9		0.59
Encore Acquisition Compæ	EAC	25.78	2.2	2.9		0.7		2.1		0.58
Income										
San Juan Basin Royalty Tr	SJT	33.11	6.6	5.7		5.7				0.83
Penn West Energy Trust	PWE	30.11	4.2	4.3	4.3	1.3		3.0		0.80
Hugoton Royalty Trust	HGT	25.36	1.7	1.4		1.4				0.74
Canadian Oil Sands Trust	COSWF	24.17	5.9	5.7	5.7			5.7		0.71
Portfolio Composite			100	100	49	30	12	48	11	0.77

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.

Index of Recent Research**Stock Ideas**

<u>Date</u>	<u>Symbol</u>	<u>Stock</u>	<u>Theme</u>
5-Feb	CVX	Chevron Corporation	Momentum despite Chavez
2-Feb	MRO	Marathon Oil Corporation	Emphasis on Refining
2-Feb	IMO	Imperial Oil Limited	Near Present Value
1-Feb	EOG	EOG Resources Inc.	Reserves Up Ten Percent in 2006
1-Feb	XOM	Exxon Mobil Corporation	Raise Present Value to a Half Trillion Dollars
1-Feb	RDSA	Royal Dutch Shell plc	Reserves and Earnings Ahead
30-Jan	COSWF	Canadian Oil Sands Trust	Record Quarterly Volume
26-Jan	SU	Suncor Energy Inc.	Next Milestone 2008
26-Jan	OXY	Occidental Petroleum Corporation	Stock Cheaper than Oil
26-Jan	PCZ	Petro-Canada	Volume Growth around the Corner
24-Jan	COP	ConocoPhillips	Buying Itself
18-Jan	KMx	Kinder Morgan	Good Bye KMI
18-Jan	EAC	Encore Acquisition Company	Creating MLP for Income Investors
16-Jan	PTR	PetroChina Company Limited	Fourth Largest Oil and Gas Company
16-Jan	BP	BP p.l.c.	New Leader Designated
16-Jan	* COP	ConocoPhillips	Weather Deal
12-Jan	* LUKOY	Lukoil Oil Company	Downside Oil Price Protection
10-Jan	* ECA	EnCana Corporation	Buy on the News
5-Jan	* HGT	Hugoton Royalty Trust	New Buy for Natural Gas Income
28-Dec	* XTO	XTO Energy Inc.	Raise NPV to \$60 a Share
22-Dec	* OGZPY	Gazprom	World's Greatest Energy Company
19-Dec	* NHY	Norsk Hydro ASA	Happy Holidеals!
28-Nov	* CEO	CNOOC Ltd	U.S./China Dollar Devaluation Accelerates
20-Nov	* EPL	Energy Partners, Ltd.	Hostile Bidder Withdraws
17-Nov	* SJT	San Juan Basin Royalty Trust	Dip/Rebound and New Shale Potential
14-Nov	* PWE	Penn West Energy Trust	Canada's Dastardly Deed
9-Nov	* BRY	Berry Petroleum	Election Winner
9-Nov	* TOT	Total S.A.	Steady High Return
7-Nov	* APC	Anadarko Petroleum Corporation	Hedging and Deleveraging
7-Nov	* XEC	Cimarex Energy Company	Steady Operations
7-Nov	* EPL	Energy Partners, Ltd.	Buyers Looking
6-Nov	* BRY	Berry Petroleum	Raise NPV to \$44 a Share on Election Eve
2-Nov	* DVN	Devon Energy Corporation	Deep Gulf Explorer

Meter Reader - A Weekly Analysis

6-Feb		Organization of Natural Gas Exporting Countries
30-Jan	*	Cantarell over the Cliff
23-Jan	*	Clues from Price Patterns
16-Jan	*	Minimal Spare Oil Capacity

Natural Gas and Oil Royalty Trusts - A Weekly Analysis

2-Feb		Adios El Nino
26-Jan		Shell Canada Bid Raised
19-Jan	*	Cap and Trade
11-Jan	*	Convergence 2007

* 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.