

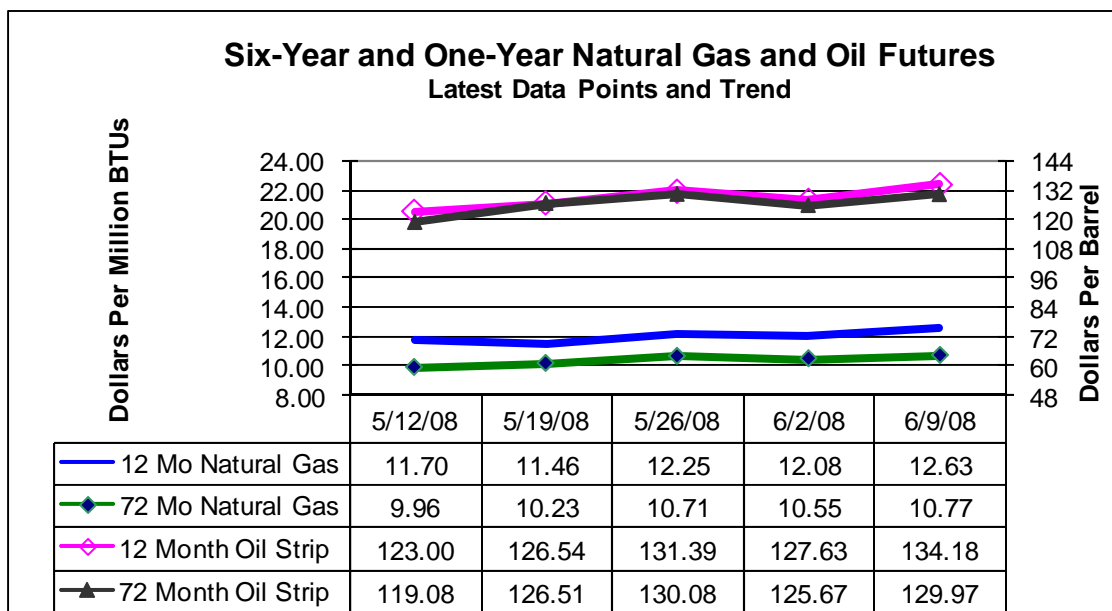


NASDAQ 5000, Oil 500

Summary and Recommendation

Current oil futures price of \$130 for the next six years looks sustainable in a long-term context in the vein of our vision of \$150 a barrel in 2010. At some point, oil price may peak at some ridiculous level, as we know in hindsight that the NASDAQ Composite stock price index peaked above 5000 in early 2000 only to trade at half that level today. Regardless, stock prices reflect oil price much lower. McDep Ratios, currently set up so that a ratio of 1.00 presumes a long-term oil price of \$100, offer perspective. Pure upstream producers may be priced for oil at \$86 a barrel judging from a McDep Ratio of 0.86 for the median of 20 large cap producers, small cap producers and income producers. Integrated producers with upstream and downstream operations may be priced for oil at \$73 a barrel judging from a McDep Ratio of 0.73 for the median of both the mega cap and the large cap groups (see table, page 2, Rank by McDep Ratio). Rather than agonize about oil price, thoughtful investors ought to buy the lowest McDep recommendations up to suggested weightings not only by company, but also by functional concentration on natural gas and oil, industry sub group, and geographic/political domicile (see table, page 4, Composite of Buy Recommendations). Buys outside the U.S. that look timely include **PetroChina (PTR)**, **Gazprom (OGZPY)** and **StatoilHydro(STO)**.

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

June 10, 2008



Oil and Gas Producers - Rank by McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/		9-Jun	Shares	Cap	Value	Present	McDep
	Rating		2008	(mm)	(US\$m)	(US\$/sh)	Value	Ratio
Mega Cap								
Petrobras	PBR		69.00	4,387	302,700	75.00	0.10	0.93
Chevron Corporation	CVX	B	101.20	2,206	223,000	135.00	0.08	0.77
Exxon Mobil Corporation	XOM	B	89.07	5,362	478,000	118.00	0.05	0.77
Royal Dutch Shell plc	RDS-A	B	84.48	3,106	262,000	120.00	0.10	0.73
BP plc	BP	B	70.60	3,146	222,000	104.00	0.16	0.73
Total S.A.	TOT	B	85.70	2,254	193,000	125.00	0.10	0.72
ConocoPhillips	COP	B	95.24	1,582	151,000	150.00	0.17	0.70
Gazprom (50%)	OGZPY	B	57.90	2,940	170,200	88.00	0.09	0.69
<i>Total or Median</i>					2,002,000		0.10	0.73
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	59.64	272	16,210	65.00	0.05	0.92
Suncor Energy	SU	B	68.44	946	64,740	75.00	0.08	0.92
StatoilHydro ASA (29%)	STO	B	38.66	928	35,880	52.00	0.12	0.77
Marathon Oil Corporation	MRO	H	50.62	717	36,290	75.00	0.18	0.73
Petro-Canada	PCZ	B	57.95	488	28,280	90.00	0.10	0.68
PetroChina Company Ltd (14%)	PTR	B	134.60	256	34,480	220.00	0.04	0.63
Lukoil Oil Company	LUKOY	B	104.50	826	86,000	170.00	0.01	0.62
<i>Total or Median</i>					302,000		0.08	0.73
Independent Natural Gas and Oil - Large Cap								
CNOOC Limited (34%)	CEO	H	172.21	152	26,220	180.00	-	0.96
Encana Corporation	ECA	B	93.67	753	70,500	100.00	0.18	0.95
EOG Resources	EOG	B	131.89	250	33,000	140.00	0.05	0.95
Canadian Natural Resources	CNQ	B	103.48	540	55,900	124.00	0.17	0.86
Anadarko Petroleum Corp.	APC	B	79.50	470	37,400	100.00	0.27	0.85
Chesapeake Energy Corporation	CHK		60.08	493	29,620	80.00	0.28	0.82
XTO Energy Inc.	XTO	B	67.72	504	34,130	88.00	0.15	0.80
Occidental Petroleum Corp.	OXY	B	93.56	828	77,500	120.00	0.05	0.79
Devon Energy Corporation	DVN	B	119.25	449	53,500	170.00	0.10	0.73
<i>Total or Median</i>					418,000		0.15	0.85
Independent Natural Gas and Oil - Small Cap								
Encore Acquisition Company	EAC	B	74.91	54	4,040	75.00	0.25	1.00
Birchcliff Energy Ltd. (US\$)	BIR.TO		13.65	112	1,530	14.00	0.09	0.98
Berry Petroleum Company	BRY	B	56.34	45	2,550	65.00	0.20	0.89
Cimarex Energy Company	XEC	B	72.57	85	6,180	100.00	0.07	0.74
Energy Partners Ltd.	EPL		15.82	32	500	30.00	0.35	0.69
<i>Total or Median</i>					14,800		0.20	0.89
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.95	189	11,150	17.00	0.57	2.07
Kinder Morgan Management, LLC	KMR	S	55.95	65	3,640	17.00	0.57	1.99
San Juan Basin Royalty Trust	SJT	B	43.54	47	2,030	48.00	-	0.91
Pengrowth Energy Trust	PGH		20.42	247	5,040	24.00	0.25	0.89
Canadian Oil Sands Trust	COSWF	B	49.59	479	23,750	57.00	0.04	0.88
Hugoton Royalty Trust	HGT	B	34.03	40	1,360	42.00	-	0.81
Penn West Energy Trust	PWE	B	33.29	367	12,210	45.00	0.23	0.80
Enerplus Resources Fund	ERF		46.94	153	7,180	63.00	0.14	0.78
<i>Total or Median</i>					66,400		0.19	0.88
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								
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$14 a million btu.								

Meter Reader

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June 10, 2008



Oil and Gas Producers - Rank by EV/Ebitda								
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda NTM	EV/ Ebitda NTM	P/E NTM	Divd or Distrib NTM (%)
	Symbol/ Rating		9-Jun 2008	Prod NTM	Ebitda NTM	Ebitda NTM	P/E NTM	NTM (%)
Mega Cap								
Gazprom (50%)	OGZPY	B	57.90	24.6	12.0	8.2	13	0.8
Petrobras	PBR		69.00	10.4	8.3	7.7	13	1.2
Exxon Mobil Corporation	XOM	B	89.07	12.2	6.4	4.9	8	1.8
Chevron Corporation	CVX	B	101.20	9.4	5.8	4.4	7	2.6
Total S.A.	TOT	B	85.70	9.0	6.2	4.4	7	3.8
BP plc	BP	B	70.60	9.9	5.9	4.3	7	4.6
Royal Dutch Shell plc	RDS-A	B	84.48	7.5	5.5	4.0	7	3.8
ConocoPhillips	COP	B	95.24	10.7	5.8	4.0	6	2.0
	<i>Median</i>			10.2	6.0	4.4	7	2.3
Producer/Refiners - Large Cap								
Imperial Oil Limited (30%)	IMO	B	59.64	13.9	8.0	7.4	12	0.6
Suncor Energy	SU	B	68.44	21.2	7.7	7.0	11	0.6
StatoilHydro ASA (29%)	STO	B	38.66	7.7	5.8	4.5	8	4.3
Marathon Oil Corporation	MRO	H	50.62	8.3	5.5	4.0	7	1.9
PetroChina Company Ltd (14%)	PTR	B	134.60	14.4	6.4	4.0	7	3.9
Lukoil Oil Company	LUKOY	B	104.50	18.4	6.3	3.9	6	1.5
Petro-Canada	PCZ	B	57.95	6.5	4.5	3.0	5	0.9
	<i>Median</i>			13.9	6.3	4.0	7	1.5
Independent Natural Gas and Oil - Large Cap								
Canadian Natural Resources	CNQ	B	103.48	8.7	7.0	6.0	11	0.4
Chesapeake Energy Corporation	CHK		60.08	11.5	7.3	6.0	9	0.4
EOG Resources	EOG	B	131.89	10.0	6.1	5.8	11	0.4
XTO Energy Inc.	XTO	B	67.72	12.2	7.0	5.7	13	0.7
Encana Corporation	ECA	B	93.67	8.7	5.7	5.4	10	1.7
CNOOC Limited (34%)	CEO	H	172.21	9.2	5.6	5.4	9	2.2
Occidental Petroleum Corp.	OXY	B	93.56	11.6	6.2	4.9	9	1.4
Anadarko Petroleum Corp.	APC	B	79.50	9.5	5.4	4.6	9	0.9
Devon Energy Corporation	DVN	B	119.25	9.4	6.1	4.5	8	0.5
	<i>Median</i>			9.5	6.1	5.4	9	0.7
Independent Natural Gas and Oil - Small Cap								
Birchcliff Energy Ltd. (US\$)	BIR.TO		13.65	7.0	8.0	7.8	23	-
Encore Acquisition Company	EAC	B	74.91	13.9	6.4	6.4	11	-
Berry Petroleum Company	BRY	B	56.34	10.3	6.2	5.5	9	0.5
Cimarex Energy Company	XEC	B	72.57	7.5	4.8	3.6	7	0.2
Energy Partners Ltd.	EPL		15.82	7.3	3.4	2.3		-
	<i>Median</i>			7.5	6.2	5.5	10	-
Income								
Kinder Morgan Energy Partners, L.P.	KMP	S	58.95		7.4	15.3	23	6.2
Kinder Morgan Management, LLC	KMR	S	55.95		7.4	14.7	22	6.6
San Juan Basin Royalty Trust	SJT	B	43.54	10.4	8.1	7.4	9	11.1
Canadian Oil Sands Trust	COSWF	B	49.59	22.0	8.0	7.0	8	12.5
Hugoton Royalty Trust	HGT	B	34.03	13.1	7.6	6.2	9	11.3
Pengrowth Energy Trust	PGH		20.42	8.9	5.7	5.1	39	12.9
Enerplus Resources Fund	ERF		46.94	9.6	6.0	4.7	7	10.5
Penn West Energy Trust	PWE	B	33.29	7.3	5.2	4.2	8	12.0
	<i>Median</i>			10.0	7.4	6.6	9	11.2
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2009; P/E = Stock Price to								
Earnings; PV = Present Value of oil and gas and other businesses								

Meter Reader

A Weekly Analysis of Energy Stocks Using the McDep Ratio

June 10, 2008



McDep Energy Portfolio										
Composite of Buy Recommendations										
						North	Rest			
		Price	Portfolio Weight		Non-	Amer.	of World			
		(US\$/sh)	Equity	EV	U.S.	Natural	Natural	Oil	Down-	
	Symbol	2008	(%)	(%)	HQ	Gas	Gas	Prod'n	stream	McDep
						(%)	(%)	(%)	(%)	Ratio
Mega Cap										
Chevron Corporation	CVX	101.20	3.3	3.2		0.2	0.2	2.3	0.5	0.77
Exxon Mobil Corporation	XOM	89.07	3.4	3.2		0.2	0.5	1.8	0.6	0.77
Royal Dutch Shell plc	RDS-A	84.48	3.2	3.2	3.2	0.1	0.5	1.7	0.8	0.73
BP plc	BP	70.60	2.9	3.2	3.2	0.3	0.3	2.2	0.4	0.73
Total S.A.	TOT	85.70	3.2	3.2	3.2		0.5	2.2	0.5	0.72
ConocoPhillips	COP	95.24	5.6	6.4		0.9	0.4	3.8	1.2	0.70
Gazprom	OGZPY	57.90	9.6	9.6	9.6		7.6	2.0		0.69
<i>Total or Median</i>				31	32					0.73
Producer/Refiners - Large Cap										
Imperial Oil Limited	IMO	59.64	1.4	1.3	1.3	0.1		1.0	0.2	0.92
Suncor Energy	SU	68.44	1.3	1.3	1.3	0.0		1.2	0.1	0.92
StatoilHydro ASA	STO	38.66	1.5	1.6	1.6		0.5	1.1	-	0.77
Petro-Canada	PCZ	57.95	1.3	1.3	1.3	0.1	0.0	0.9	0.2	0.68
PetroChina Company Ltd (14	PTR	134.60	1.7	1.6	1.6	-	0.1	1.3	0.2	0.63
Lukoil Oil Company	LUKOY	104.50	7.2	6.4	6.4			4.6	1.8	0.62
<i>Total or Median</i>				14	13					0.73
Independent Natural Gas and Oil - Large Cap										
Encana Corporation	ECA	93.67	3.6	3.8	3.8	2.8		0.8	0.2	0.95
EOG Resources	EOG	131.89	5.2	4.8		3.4	0.3	1.2		0.95
Canadian Natural Resources	CNQ	103.48	1.5	1.6	1.6	0.4		1.2		0.86
Anadarko Petroleum Corp.	APC	79.50	3.8	4.8		2.5		2.2	0.1	0.85
XTO Energy Inc.	XTO	67.72	4.5	4.8		3.6		1.2		0.80
Occidental Petroleum Corp.	OXY	93.56	3.4	3.2		0.4	0.0	2.6	0.2	0.79
Devon Energy Corporation	DVN	119.25	6.3	6.4		3.4		3.0		0.73
<i>Total or Median</i>				28	29					0.85
Independent Natural Gas and Oil - Small Cap										
Encore Acquisition Company	EAC	74.91	2.7	3.2		0.5		2.7		1.00
Berry Petroleum Company	BRY	56.34	1.4	1.6		0.4		1.2		0.89
Cimarex Energy Company	XEC	72.57	3.3	3.2		2.0		1.2		0.74
<i>Total or Median</i>				8	8					0.89
Income										
San Juan Basin Royalty Trust	SJT	43.54	7.3	6.4		6.4				0.91
Canadian Oil Sands Trust	COSWF	49.59	5.6	5.1	5.1	(0.5)		5.6		0.88
Hugoton Royalty Trust	HGT	34.03	3.7	3.2		3.2				0.81
Penn West Energy Trust	PWE	33.29	2.1	2.6	2.6	0.7		1.8		0.80
<i>Total or Median</i>				19	17					0.84
Portfolio Composite										
			100	100	46	31	11	51	7	0.78
Canada					17					
Russia					16					
Europe					11					
China					2					
Note: Percentages in the Portfolio Weight - EV column correspond to unlevered positions ranging from triple at 9.6% to four-tenths at 1.3%.										

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Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
6-Jun	COSWF	Canadian Oil Sands Trust	Raise Distribution Estimate 50% (Income Weekly)
4-Jun	LUKOY	Lukoil Oil Company	Raise Net Present Value to \$170 a Share
29-May	XTO	XTO Energy Inc.	Low McDep Ratio Natural Gas
27-May	* EAC	Encore Acquisition Company	Bullish Encore (Meter Reader)
22-May	PBR	Petrobras	Raise Net Present Value to \$75 a Share
13-May	PWE	Penn West Energy Trust	Raise Net Present Value to \$45 a Share
13-May	STO	StatoilHydro ASA	Raise Net Present Value to \$52 a Share
13-May	* ECA	EnCana Corporation	Splits Natural Gas and Oil Sands (Meter Reader)
9-May	* CNQ	Canadian Natural Resources	Raise Net Present Value to \$124 a Share
8-May	* EAC	Encore Acquisition Company	\$120 a Barrel Excitement
7-May	* DVN	Devon Energy Corporation	Resources Three Times Reserves
7-May	* TOT	Total S.A.	Euro Oil Leader
6-May	* XEC	Cimarex Energy Company	Raise Net Present Value to \$85 a Share
6-May	* APC	Anadarko Petroleum Corporation	Positives Outweigh Negatives
2-May	* CVX	Chevron Corporation	Refining Penalty
2-May	* EOG	EOG Resources Inc.	Stock Outperforms
1-May	* IMO	Imperial Oil Limited	ExxonMobil's Undeveloped Opportunities
1-May	* MRO	Marathon Oil Corporation	Hangover from Last Year's Refining Boom
1-May	* XOM	Exxon Mobil Corporation	World's Safest Investment
29-Apr	* BP	BP p.l.c.	Getting Back on Track
29-Apr	* BRY	Berry Petroleum	Earnings Fit with Oil Price
29-Apr	* PCZ	Petro-Canada	Low McDep Ratio
29-Apr	* RDSA	Royal Dutch Shell plc	Non U.S. Energy MegaCap
28-Apr	* PTR	PetroChina Company Limited	Winter Sacrifice
28-Apr	* CEO	CNOOC Ltd	Raise Net Present Value to \$140 a Share
25-Apr	* SJT	San Juan Basin Royalty Trust	Better News Ahead (Income Weekly)
24-Apr	* COP	ConocoPhillips	Timely Investment Choice
24-Apr	* OXY	Occidental Petroleum Corporation	Raise Net Present Value to \$100 a Share
24-Apr	* SU	Suncor Energy	Booming Oil
22-Apr	* ECA	EnCana Corporation	Largest North American Natural Gas Producer
18-Apr	* HGT	Hugoton Royalty Trust	Simpson Sustainability (Income Weekly)
16-Apr	* KMP	Kinder Morgan	Mounting Oil Losses
18-Feb	* OGZPY	Gazprom	60-Day Bargain, 200-Day Momentum

Meter Reader

10-Jun	Weekly	NASDAQ 5000, Oil 500
3-Jun	Weekly	Summer Crack
27-May	* Weekly	Bullish Encore
20-May	* Weekly	Scenario 1978-1980-1982

Oil and Gas Income Stocks

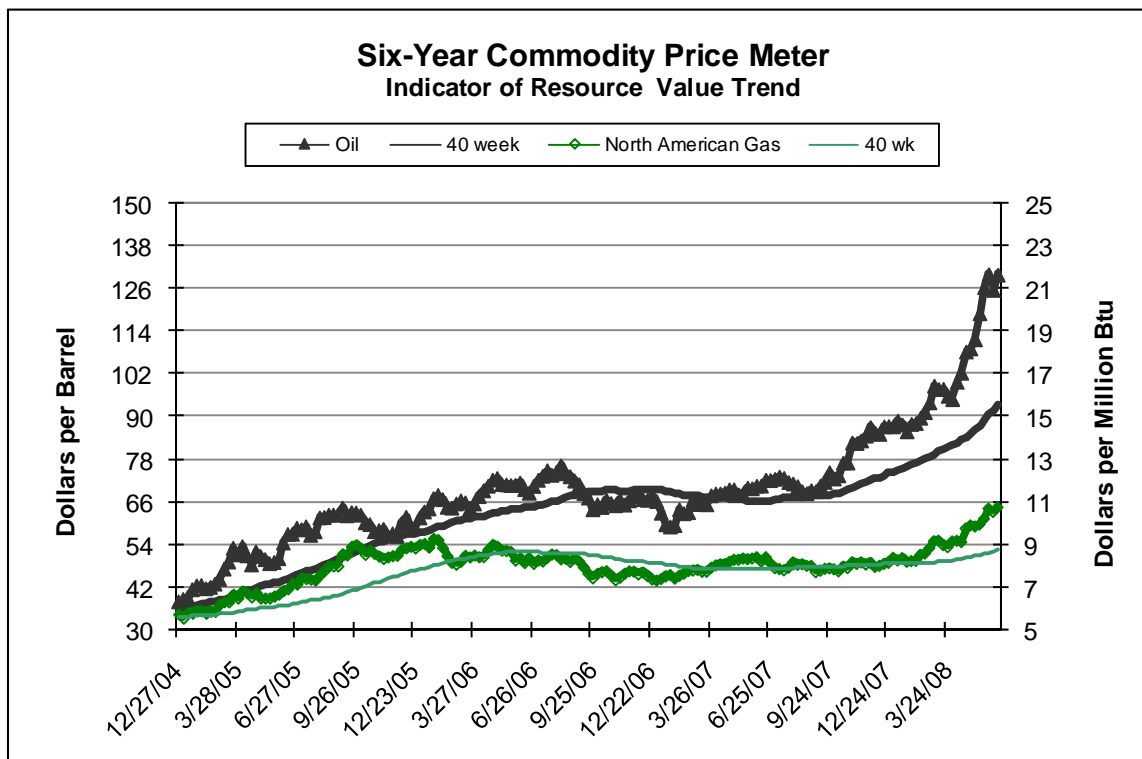
6-Jun	Weekly	Canadian Oil Sands Trust - Raise Estimate 50%
30-May	Weekly	Portfolio Builders
23-May	* Weekly	Stocks Lag Oil Price
16-May	* Weekly	Volume Decline Modest

* Archived on www.mcdep.com

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Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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