



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 7, 2012

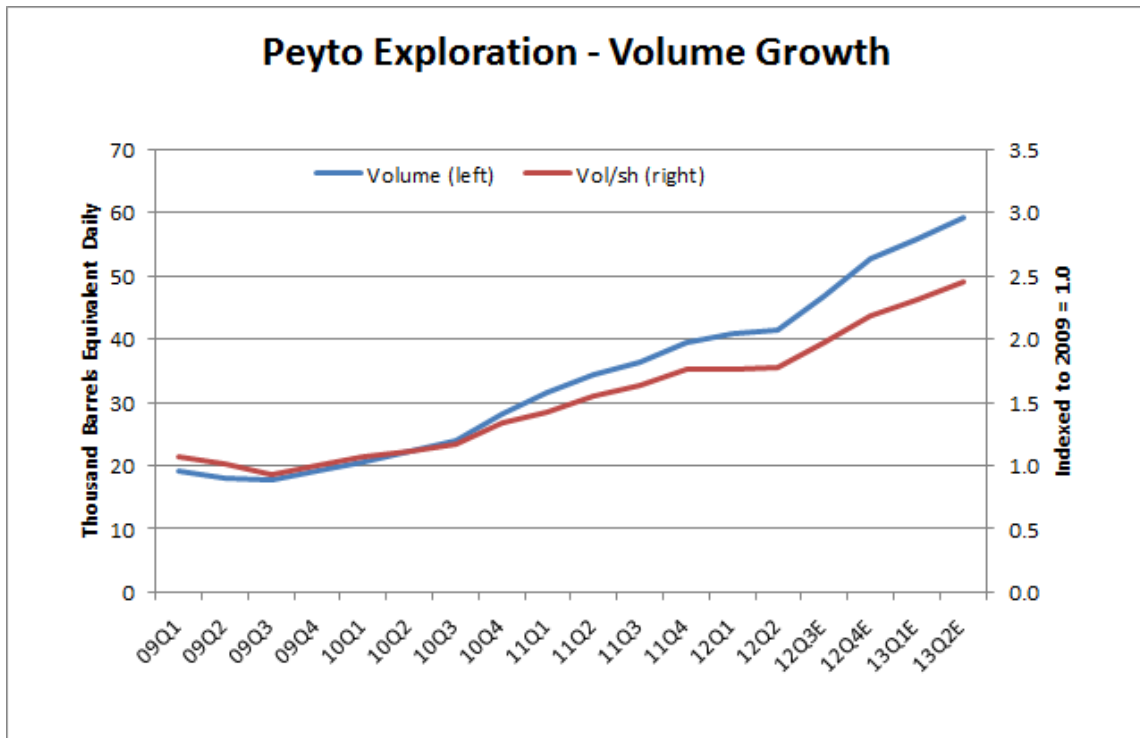
Peyto Exploration and Development Corp. (PEYUF) Canada Deep Basin Fracker

| | | | |
|--|--------|---|-------|
| <i>Symbol</i> | PEYUF | <i>Ebitda Next Twelve Months ending 6/30/13 (US\$m)</i> | 338 |
| <i>Rating</i> | | <i>North American Natural Gas/Ebitda (%)</i> | 61 |
| <i>Price (US\$/sh)</i> | 21.22 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 9/6/12 | <i>Adjusted Reserves/Production NTM</i> | 9.7 |
| <i>Shares (mm)</i> | 143 | <i>EV/Ebitda</i> | 10.8 |
| <i>Market Capitalization (US\$m)</i> | 3,040 | <i>PV/Ebitda</i> | 12.0 |
| <i>Debt (US\$m)</i> | 620 | <i>Undeveloped Reserves (%)</i> | 30 |
| <i>Enterprise Value (EV) (US\$m)</i> | 3,660 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 21.63 |
| <i>Present Value (PV) (US\$m)</i> | 4,060 | <i>Present Value Proven Reserves(US\$/boe)</i> | 21.22 |
| <i>Net Present Value (US\$/sh)</i> | 24 | <i>Oil and Gas Ebitda Margin (%)</i> | 86 |
| <i>Debt/Present Value</i> | 0.15 | <i>Earnings Next Twelve Months (US\$/sh)</i> | 0.76 |
| <i>McDep Ratio - EV/PV</i> | 0.90 | <i>Price/Earnings Next Twelve Months</i> | 28 |
| <i>Dividend Yield (%/year)</i> | 3.5 | <i>Indicated Annual Dividend (US\$/sh)</i> | 0.73 |
| Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas. | | | |
| Reported results may vary widely from estimates. Estimated present value per unit revised only infrequently. | | | |
| Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu. | | | |
| For historical analysis of Peyto since 2009 see www.mcdep.com/5pey.htm | | | |

Summary and Recommendation

Step growth from early adaptation of new fracking technology to Canada's Deep Basin is priced attractively at a McDep Ratio of 0.90 in the stock of **Peyto Exploration and Development Corp. (PEYUF)**. Volume is on track to triple from 20 thousand barrels equivalent daily to 60 in four years (see chart Volume Growth on page 2). Moreover, the growth is accretive as measured by a 2.5-fold gain in volume per share. Cash flow (Ebitda) and reserves expand with production to justify estimated Net Present Value (NPV) of \$24 a share compared to current stock price of \$21 (see table Functional Cash Flow and Present Value on page 2). Low cost operations, a rising share of oil production and systematic hedging have kept new drilling profitable despite low natural gas price (see table Next Twelve Months Operating and Financial Results on page 3). Unique among high growth stocks, Peyto pays a dividend that yields 3.5% on current stock price (see Table ISC-1 on page 4). The company's financial position also remains strong with a 0.15 ratio of debt to present value that is near lowest among peers (see Table ISC-2 on page 5). Demonstrating a positive valuation impact, the recently completed acquisition of smaller competitor Open Range helps lower unlevered cash flow multiple (EV/Ebitda) to 10.8 times (see Table ISC-3 on page 6). Finally, stock price is in the strongest uptrend as measured by the 1.07 ratio of Enterprise Value to 200-day average (see Table ISC-4 on page 7).

Kurt H. Wulff, CFA



| Peyto Exploration and Development Corp. | | | | | |
|---|-------------------|-----------------|---------------|-----------------|-------|
| Functional Cash Flow and Present Value | | | | | |
| | <i>NTM Ebitda</i> | <i>Adjusted</i> | <i>PV/</i> | <i>Present</i> | |
| | <i>(US\$mm)</i> | <i>R/P</i> | <i>Ebitda</i> | <i>Value</i> | |
| | | | | <i>(US\$mm)</i> | |
| North American Natural Gas | 205 | 9.4 | 15.1 | 3,100 | 76% |
| Oil | 133 | 11.7 | 7.2 | 960 | 24% |
| | 338 | 9.7 | 12.0 | 4,060 | 100% |
| Debt (US\$mm) | | | | | 620 |
| Net Present Value (US\$mm) | | | | | 3,440 |
| Shares (mm) | | | | | 143 |
| Net Present Value - Standard Estimate (US\$/sh) | | | | | 24 |
| NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh) | | | | | 26 |



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| Peyto Exploration and Development Corp. | | | | | | | | | |
|--|---------|--------------|---------|---------|---------|----------|--------------|---------|--------------------------|
| Next Twelve Months Operating and Financial Estimates | | | | | | | | | |
| (Canadian dollars) | | | | | | | | | |
| | Q2 | Year | Q1 | Q2 | Q3E | Q4E | Year | Q2E | Next Twelve Months |
| | 6/30/11 | 2011 | 3/31/12 | 6/30/12 | 9/30/12 | 12/31/12 | 2012E | 6/30/13 | 6/30/13 |
| Volume | | | | | | | | | |
| Natural gas (bcf) | 16.7 | 69.3 | 20.1 | 20.1 | 22.8 | 25.5 | 88.6 | 27.8 | 102.4 |
| Natural Gas (mmcf/d) | 184 | 190 | 221 | 221 | 248 | 277 | 242 | 306 | 281 |
| Days | 91 | 365 | 91 | 91 | 92 | 92 | 366 | 91 | 365 |
| Oil (mmb) | 0.3 | 1.4 | 0.4 | 0.4 | 0.5 | 0.6 | 1.9 | 0.7 | 2.5 |
| Oil (mbd) | 3.81 | 3.9 | 4.10 | 4.48 | 5.35 | 6.34 | 5.1 | 8.23 | 6.8 |
| Total gas & oil (bcf) | 18.8 | 77.7 | 22.3 | 22.6 | 25.8 | 29.0 | 99.7 | 32.3 | 117.2 |
| Total gas & oil (mbd) | 34.4 | 35.5 | 40.9 | 41.3 | 46.7 | 52.6 | 45.4 | 59.2 | 53.5 |
| Price | | | | | | | | | |
| Natural gas (\$/mcf) | | | | | | | | | |
| Henry Hub (US\$/mmbtu) | 4.32 | 4.04 | 2.73 | 2.21 | 2.81 | 2.89 | 2.66 | 3.33 | 3.08 |
| Currency (US\$/C\$) | 1.03 | 1.01 | 1.00 | 0.99 | 1.02 | 1.02 | 1.01 | 1.02 | 1.02 |
| Henry Hub (C\$/mmbtu) | 4.18 | 3.99 | 2.73 | 2.24 | 2.76 | 2.84 | 2.64 | 3.27 | 3.03 |
| Company (C\$/mcf) | 4.03 | 3.93 | 2.67 | 1.98 | 2.45 | 2.52 | 2.41 | 2.90 | 2.69 |
| Oil (\$/bbl) | | | | | | | | | |
| WTI Cushing (US\$) | 102.55 | 95.12 | 102.93 | 93.32 | 92.57 | 95.99 | 96.20 | 97.03 | 95.66 |
| WTI Cushing (C\$/bbl) | 99.21 | 93.92 | 103.04 | 94.25 | 91.02 | 94.38 | 95.57 | 95.41 | 94.06 |
| Company (C\$/bbl) | 84.06 | 81.67 | 84.83 | 71.27 | 68.82 | 71.37 | 73.38 | 73.26 | 71.93 |
| Total gas & oil (\$/mcf) | 5.13 | 4.46 | 3.82 | 3.05 | 3.48 | 3.65 | 3.07 | 4.19 | 3.29 |
| Revenue (\$mm) | | | | | | | | | |
| Natural Gas | 67.4 | 272 | 53.7 | 39.8 | 55.9 | 64.3 | 214 | 80.6 | 276 |
| Oil | 29.1 | 115 | 31.7 | 29.1 | 33.9 | 41.6 | 136 | 54.9 | 178 |
| Royalties | (12.0) | (41) | (8.8) | (6.1) | (13.5) | (15.9) | (44) | (20.3) | (68) |
| Total | 84.5 | 346 | 76.5 | 62.8 | 76.3 | 90.0 | 306 | 115.2 | 386 |
| Expense | 9.6 | 42 | 9.9 | 10.8 | 10.5 | 12.5 | 44 | 15.9 | 53 |
| Ebitda (\$mm) | 74.9 | 304 | 66.6 | 52.0 | 65.7 | 77.6 | 262 | 99.3 | 332 |
| Deprec., Deplet., & Amort. | 30.9 | 131 | 40.0 | 39.1 | 43.8 | 49.3 | 172 | 55.0 | 199 |
| Hedging and other | (4.6) | (16) | (13.7) | (16.6) | (10.0) | (10.0) | (50) | (5.0) | (30) |
| Ebit | 48.7 | 190 | 40.4 | 29.5 | 31.9 | 38.2 | 140 | 49.3 | 163 |
| Interest | 4.5 | 22 | 5.1 | 5.4 | 5.7 | 5.7 | 22 | 5.7 | 23 |
| Ebt | 44.2 | 168 | 35.3 | 24.1 | 26.2 | 32.5 | 118 | 43.6 | 140 |
| Income Tax | 10.9 | 40 | 9.0 | 6.1 | 6.3 | 7.8 | 29 | 10.5 | 34 |
| Net Income (\$mm) | 33.3 | 128 | 26.3 | 18.0 | 19.9 | 24.7 | 89 | 33.1 | 107 |
| Shares (millions) | 133.1 | 133 | 138.3 | 138.5 | 141 | 144 | 140 | 144 | 143 |
| Per share (\$) | 0.25 | 0.96 | 0.19 | 0.13 | 0.14 | 0.17 | 0.63 | 0.23 | 0.74 |
| Ebitda Margin - O&G | 89% | 88% | 87% | 83% | 86% | 86% | 86% | 86% | 86% |
| Tax Rate | 25% | 24% | 26% | 25% | 24% | 24% | 25% | 24% | 24% |



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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 | 6-Sep | Market | Cap | Value | Nat | Oil | Ebitda | NTM | Yield | McDep | |
| CB (see below) | 2012 | | | (\$mm) | Gas | | NTM | (\$/un) | (%) | Ratio | |
| Small Cap Independent Producers | | | | | | | | | | | |
| PDC Energy | PDCE | | 30.36 | 1.75 | 1,650 | 54 | 46 | 10.3 | - | - | 1.01 |
| Range Resources | RRC | B | 65.84 | 1.30 | 13,700 | 74 | 26 | 16.3 | 0.16 | 0.2 | 0.95 |
| Continental Resources (32%) | CLR | | 75.04 | 1.20 | 5,170 | 25 | 75 | 8.1 | - | - | 0.95 |
| Peyto Exploration and Developmen | PEYUF | | 21.22 | 1.20 | 3,660 | 76 | 24 | 10.8 | 0.73 | 3.5 | 0.90 |
| Halcón Resources | HK | | 8.06 | 1.32 | 3,080 | 12 | 88 | 9.3 | - | - | 0.85 |
| Birchcliff Energy Ltd. | BIREF | CB | 6.85 | 1.51 | 1,500 | 62 | 38 | 10.0 | - | - | 0.67 |
| Berry Petroleum Company | BRY | | 36.86 | 1.80 | 3,640 | 13 | 87 | 5.3 | - | - | 0.67 |
| Denbury Resources Inc. | DNR | | 15.80 | 1.51 | 9,320 | 6 | 94 | 5.6 | - | - | 0.66 |
| Whiting Petroleum Corporation | WLL | CB | 47.39 | 1.34 | 7,560 | 8 | 92 | 4.9 | - | - | 0.61 |
| Cimarex Energy Company | XEC | CB | 59.00 | 1.24 | 6,340 | 45 | 55 | 5.5 | 0.48 | 0.8 | 0.59 |
| <i>Total or Median</i> | | | | | 55,600 | | | 8.7 | | | 0.76 |
| Top Line Cash Payers | | | | | | | | | | | |
| Freehold Royalties Ltd. | FRHLF | | 19.61 | 1.04 | 1,320 | 16 | 84 | | 1.69 | 8.6 | 0.94 |
| Dorchester Minerals, L.P. | DMLP | CB | 22.01 | 1.00 | 680 | 57 | 43 | | 1.88 | 8.5 | 0.81 |
| Sabine Royalty Trust | SBR | | 52.27 | 1.00 | 760 | 55 | 45 | | 3.81 | 7.3 | 0.80 |
| Cross Timbers Royalty Trust | CRT | | 33.30 | 1.00 | 200 | 70 | 30 | | 2.41 | 7.2 | 0.76 |
| Permian Basin RT | PBT | | 14.86 | 1.00 | 690 | 37 | 63 | | 1.28 | 8.6 | 0.74 |
| <i>Total or Median</i> | | | | | 3,700 | | | | | 8.5 | 0.80 |
| Bottom Line Cash Payers | | | | | | | | | | | |
| Linn Energy, LLC | LINE | | 39.70 | 1.77 | 13,900 | 40 | 60 | 13.4 | 2.90 | 7.3 | 1.16 |
| Vanguard Natural Resources, LLC | VNR | | 28.52 | 1.69 | 2,520 | 23 | 77 | 10.7 | 2.40 | 8.4 | 1.08 |
| Legacy Reserves L.P. | LGCY | | 27.38 | 1.33 | 1,730 | 24 | 76 | 8.7 | 2.24 | 8.2 | 0.93 |
| Enduro Royalty Trust (40%) | NDRO | | 18.60 | 1.00 | 250 | 39 | 61 | 8.0 | 1.71 | 9.2 | 0.89 |
| Enerplus Corporation | ERF | CB | 15.86 | 1.59 | 4,900 | 30 | 70 | 6.6 | 1.36 | 8.6 | 0.83 |
| San Juan Basin Royalty Trust | SJT | CB | 14.10 | 1.00 | 660 | 100 | - | 11.9 | 0.70 | 5.0 | 0.67 |
| Mesa RoyaltyTrust | MTR | | 23.35 | 1.00 | 44 | 75 | 25 | 8.7 | 2.18 | 9.4 | 0.59 |
| Hugoton RoyaltyTrust | HGT | | 6.15 | 1.00 | 250 | 88 | 13 | 6.4 | 0.15 | 2.4 | 0.44 |
| <i>Total or Median</i> | | | | | 24,300 | | | 8.7 | | 8.3 | 0.86 |
| Composite | | | | | | | | | | | |
| <i>Enterprise Value Weighting</i> | | | | | 83,500 | 37 | 63 | | | | 0.82 |
| <i>Equal Weighting</i> | | | | | | 45 | 55 | | | | 0.80 |
| <i>Equal Weighted Buys</i> | | | | | | 48 | 52 | | | | 0.73 |

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 June 30, 2013. Enterprise Value = Market Cap and Debt.



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| McDep Income and Small Cap Energy Portfolio | | | | | | | | |
|--|----------------|----|----------------|---------------|---------------|----------------|----------------|-------------|
| Net Present Value and McDep Ratio | | | | | | | | |
| | | | | | | | | |
| | | | <i>Price</i> | | | <i>Net</i> | | |
| | | | <i>(\$/sh)</i> | | <i>Market</i> | <i>Present</i> | <i>Debt/</i> | |
| | <i>Symbol/</i> | | <i>6-Sep</i> | <i>Shares</i> | <i>Cap</i> | <i>Value</i> | <i>Present</i> | |
| | <i>Rating</i> | | <i>2012</i> | <i>(mm)</i> | <i>(\$mm)</i> | <i>(\$/un)</i> | <i>Value</i> | |
| | | | | | | | <i>McDep</i> | |
| | | | | | | | <i>Ratio</i> | |
| Small Cap Independent Producers | | | | | | | | |
| PDC Energy | PDCE | | 30.36 | 31.0 | 940 | 30.00 | 0.43 | 1.01 |
| Range Resources | RRC | B | 65.84 | 160.0 | 10,530 | 70.00 | 0.22 | 0.95 |
| Continental Resources (32%) | CLR | | 75.04 | 57.6 | 4,320 | 80.00 | 0.16 | 0.95 |
| Peyto Exploration and Development Cor | PEYUF | | 21.22 | 143.4 | 3,040 | 24.00 | 0.15 | 0.90 |
| Halcón Resources | HK | | 8.06 | 290.0 | 2,340 | 10.00 | 0.20 | 0.85 |
| Birchcliff Energy Ltd. | BIREF | CB | 6.85 | 145.0 | 990 | 12.00 | 0.23 | 0.67 |
| Berry Petroleum Company | BRY | | 36.86 | 54.7 | 2,020 | 70.00 | 0.30 | 0.67 |
| Denbury Resources Inc. | DNR | | 15.80 | 391.0 | 6,180 | 28.00 | 0.22 | 0.66 |
| Whiting Petroleum Corporation | WLL | CB | 47.39 | 119.0 | 5,640 | 88.00 | 0.16 | 0.61 |
| Cimarex Energy Company | XEC | CB | 59.00 | 86.4 | 5,100 | 110.00 | 0.12 | 0.59 |
| <i>Total or Median</i> | | | | | <i>41,100</i> | | <i>0.21</i> | <i>0.76</i> |
| Top Line Cash Payers | | | | | | | | |
| Freehold Royalties Ltd. | FRHLF | | 19.61 | 64.7 | 1,270 | 21.00 | 0.04 | 0.94 |
| Dorchester Minerals, L.P. | DMLP | CB | 22.01 | 30.7 | 680 | 27.00 | - | 0.81 |
| Sabine Royalty Trust | SBR | | 52.27 | 14.6 | 760 | 65.00 | - | 0.80 |
| Cross Timbers Royalty Trust | CRT | | 33.30 | 6.0 | 200 | 44.00 | - | 0.76 |
| Permian Basin RT | PBT | | 14.86 | 46.6 | 690 | 20.00 | - | 0.74 |
| <i>Total or Median</i> | | | | | <i>3,600</i> | | | <i>0.80</i> |
| Bottom Line Cash Payers | | | | | | | | |
| Linn Energy, LLC | LINE | | 39.70 | 198.0 | 7,860 | 30.00 | 0.50 | 1.16 |
| Vanguard Natural Resources, LLC | VNR | | 28.52 | 52.2 | 1,490 | 25.00 | 0.44 | 1.08 |
| Legacy Reserves L.P. | LGCY | | 27.38 | 47.5 | 1,300 | 30.00 | 0.23 | 0.93 |
| Enduro Royalty Trust (40%) | NDRO | | 18.60 | 13.2 | 250 | 21.00 | - | 0.89 |
| Enerplus Corporation | ERF | CB | 15.86 | 196.0 | 3,110 | 21.00 | 0.31 | 0.83 |
| San Juan Basin Royalty Trust | SJT | CB | 14.10 | 46.6 | 660 | 21.00 | - | 0.67 |
| Mesa RoyaltyTrust | MTR | | 23.35 | 1.9 | 44 | 40.00 | - | 0.59 |
| Hugoton RoyaltyTrust | HGT | | 6.15 | 40.0 | 250 | 14.00 | - | 0.44 |
| <i>Total or Median</i> | | | | | <i>14,960</i> | | | <i>0.86</i> |
| 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

| | | | <i>Price</i> | <i>Revenue</i> | <i>Dist/</i> | <i>Adjstd</i> | | |
|---|----------------|----|----------------|----------------|---------------|----------------|---------------|-------------|
| | <i>Symbol/</i> | | <i>(\$/sh)</i> | <i>Royalty</i> | <i>Equity</i> | <i>Resrvs/</i> | <i>PV/</i> | |
| | <i>Rating</i> | | <i>6-Sep</i> | <i>(%)</i> | <i>Ebitda</i> | <i>Prod</i> | <i>Ebitda</i> | |
| | | | <i>2012</i> | | | <i>NTM</i> | <i>NTM</i> | |
| | | | | | | | <i>EV/</i> | |
| | | | | | | | <i>Ebitda</i> | |
| | | | | | | | <i>NTM</i> | |
| Small Cap Independent Producers | | | | | | | | |
| Range Resources | RRC | B | 65.84 | | - | 15.1 | 17.1 | 16.3 |
| Peyto Exploration and Development Corp | PEYUF | | 21.22 | | 0.37 | 9.7 | 12.0 | 10.8 |
| PDC Energy | PDCE | | 30.36 | | - | 8.9 | 10.2 | 10.3 |
| Birchcliff Energy Ltd. | BIREF | CB | 6.85 | | - | 22.0 | 15.1 | 10.0 |
| Halcón Resources | HK | | 8.06 | | - | 7.2 | 11.0 | 9.3 |
| Continental Resources (32%) | CLR | | 75.04 | | - | 10.7 | 8.6 | 8.1 |
| Denbury Resources Inc. | DNR | | 15.80 | | - | 13.2 | 8.5 | 5.6 |
| Cimarex Energy Company | XEC | CB | 59.00 | | - | 7.9 | 9.2 | 5.5 |
| Berry Petroleum Company | BRY | | 36.86 | | - | 11.8 | 7.9 | 5.3 |
| Whiting Petroleum Corporation | WLL | CB | 47.39 | | - | 9.5 | 8.1 | 4.9 |
| | <i>Median</i> | | | | | <i>10.2</i> | <i>9.7</i> | <i>8.7</i> |
| Top Line Cash Payers | | | | | | | | |
| Sabine Royalty Trust | SBR | | 52.27 | 100 | 1.00 | 7.1 | 17.1 | 13.7 |
| Cross Timbers Royalty Trust | CRT | | 33.30 | 78 | 0.96 | 17.8 | 17.6 | 13.3 |
| Dorchester Minerals, L.P. | DMLP | CB | 22.01 | 77 | 0.98 | 6.4 | 14.1 | 11.5 |
| Freehold Royalties Ltd. | FRHLF | | 19.61 | 71 | 0.96 | 5.5 | 11.8 | 11.1 |
| Permian Basin RT | PBT | | 14.86 | 47 | 0.82 | 9.7 | 12.9 | 9.6 |
| | <i>Median</i> | | | | | <i>7.1</i> | <i>14.1</i> | <i>11.5</i> |
| Bottom Line Cash Payers | | | | | | | | |
| Linn Energy, LLC | LINE | | 39.70 | | 1.12 | 15.1 | 11.6 | 13.4 |
| San Juan Basin Royalty Trust | SJT | CB | 14.10 | | 0.59 | 8.8 | 17.7 | 11.9 |
| Vanguard Natural Resources, LLC | VNR | | 28.52 | | 0.95 | 14.0 | 9.9 | 10.7 |
| Legacy Reserves L.P. | LGCY | | 27.38 | | 0.70 | 11.4 | 9.3 | 8.7 |
| Mesa RoyaltyTrust | MTR | | 23.35 | | 0.80 | 7.5 | 14.7 | 8.7 |
| Enduro Royalty Trust (40%) | NDRO | | 18.60 | | 0.73 | 7.2 | 9.0 | 8.0 |
| Enerplus Corporation | ERF | CB | 15.86 | | 0.52 | 6.3 | 8.0 | 6.6 |
| Hugoton RoyaltyTrust | HGT | | 6.15 | | 0.15 | 13.4 | 14.6 | 6.4 |
| | <i>Median</i> | | | | | <i>10.1</i> | <i>10.7</i> | <i>8.7</i> |
| 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 June 30, 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 | | 6-Sep 2012 | 52Wk High | 52Wk Low | 50 Day Avg. | 200 Day Avg. | McDep Ratio |
| Small Cap Independent Producers | | | | | | | | |
| Peyto Exploration and Development C | PEYUF | | 21.22 | 0.85 | 1.35 | 1.03 | 1.07 | 0.90 |
| Range Resources | RRC | B | 65.84 | 0.88 | 1.19 | 1.03 | 1.05 | 0.95 |
| PDC Energy | PDCE | | 30.36 | 0.84 | 1.40 | 1.09 | 0.99 | 1.01 |
| Continental Resources (32%) | CLR | | 75.04 | 0.80 | 1.57 | 1.06 | 0.99 | 0.95 |
| Whiting Petroleum Corporation | WLL | CB | 47.39 | 0.79 | 1.41 | 1.09 | 0.99 | 0.61 |
| Denbury Resources Inc. | DNR | | 15.80 | 0.81 | 1.31 | 1.03 | 0.96 | 0.66 |
| Cimarex Energy Company | XEC | CB | 59.00 | 0.72 | 1.21 | 1.03 | 0.95 | 0.59 |
| Berry Petroleum Company | BRY | | 36.86 | 0.77 | 1.11 | 0.98 | 0.92 | 0.67 |
| Birchcliff Energy Ltd. | BIREF | CB | 6.85 | 0.54 | 1.22 | 1.04 | 0.82 | 0.67 |
| Halcón Resources | HK | | 8.06 | 0.67 | | 1.00 | | 0.85 |
| | <i>Median</i> | | | <i>0.80</i> | <i>1.31</i> | <i>1.03</i> | <i>0.99</i> | <i>0.76</i> |
| Top Line Cash Payers | | | | | | | | |
| Freehold Royalties Ltd. | FRHLF | | 19.61 | 0.93 | 1.41 | 1.04 | 1.03 | 0.94 |
| Dorchester Minerals, L.P. | DMLP | CB | 22.01 | 0.83 | 1.11 | 0.99 | 0.96 | 0.81 |
| Sabine Royalty Trust | SBR | | 52.27 | 0.77 | 1.15 | 0.98 | 0.90 | 0.80 |
| Cross Timbers Royalty Trust | CRT | | 33.30 | 0.65 | 1.05 | 0.89 | 0.80 | 0.76 |
| Permian Basin RT | PBT | | 14.86 | 0.64 | 1.02 | 0.83 | 0.75 | 0.74 |
| | <i>Median</i> | | | <i>0.77</i> | <i>1.11</i> | <i>0.98</i> | <i>0.90</i> | <i>0.80</i> |
| Bottom Line Cash Payers | | | | | | | | |
| Linn Energy, LLC | LINE | | 39.70 | 0.98 | 1.14 | 1.01 | 1.03 | 1.16 |
| Vanguard Natural Resources, LLC | VNR | | 28.52 | 0.98 | 1.16 | 1.01 | 1.03 | 1.08 |
| Legacy Reserves L.P. | LGCY | | 27.38 | 0.91 | 1.13 | 1.02 | 1.00 | 0.93 |
| Enerplus Corporation | ERF | CB | 15.86 | 0.66 | 1.22 | 1.07 | 0.88 | 0.83 |
| San Juan Basin Royalty Trust | SJT | CB | 14.10 | 0.56 | 1.17 | 0.92 | 0.78 | 0.67 |
| Mesa RoyaltyTrust | MTR | | 23.35 | 0.51 | 1.03 | 0.81 | 0.66 | 0.59 |
| Hugoton RoyaltyTrust | HGT | | 6.15 | 0.27 | 1.08 | 0.85 | 0.49 | 0.44 |
| | <i>Median</i> | | | <i>0.66</i> | <i>1.14</i> | <i>1.01</i> | <i>0.88</i> | <i>0.83</i> |

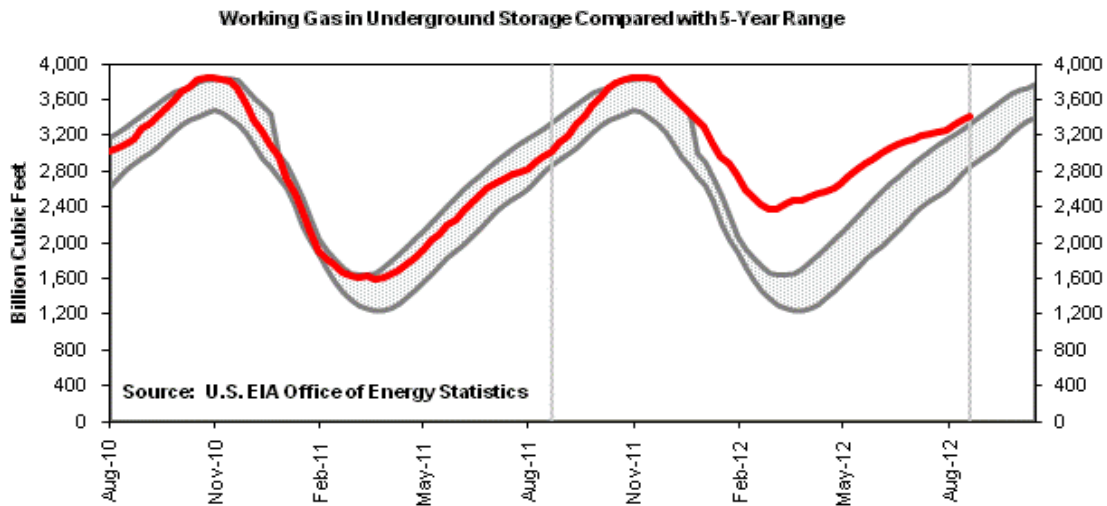
CB=Contrarian Buy, Stock Price apparently in downtrend compared to 200-day average.



Income and Small Cap Weekly

Analysis of Oil & Gas Stocks

September 7, 2012



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