

If Investors Could Write the Rules . . .

Presentation by John M. White
4th Annual Ryder Scott Reserves Conference
May 9, 2008

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- *Analysts Know The Price of Everything
and the Value of Nothing*

Source: John E. Olson, Houston Energy Partners

One Analyst's Performance Review

- *“Works Well When Under Constant Supervision and Cornered Like a Rat in a Trap.”*
- *“A Gross Ignoramus --- 144 Times Worse Than an Ordinary Ignoramus.”*
- *“He Brings A lot of Joy Whenever He Leaves The Room.”*
- *“If He Were Any More Stupid, He'd Have to Be Watered Twice A Week.”*
- *“The Wheel is Turning, But The Hamster is Dead.”*

Source: John E. Olson, Houston Energy Partners

Valuation Gamesmanship

- Earnings
 - Adjusted Earnings

 - Cash Flow (CFFO)
 - Adjusted Cash Flow
 - Debt Adjusted Cash Flow

 - Free CFFO Yield
 - Growth-Adjusted Free CFFO Yield

 - Break-up Values = Sum of Parts
 - Proved Net Asset Value
 - Prospective Net Asset Values
 - Pre-tax Asset Values
 - Theoretical Fair Value
- EBITDA
 - Open EBITDA
 - Adjusted EBITDA
 - Enterprise Value
 - Plain
 - Prior Year Reserve Values
 - Mid-cycle EV/EBITDA
 - Tax Adjusted Distributable CFFO
 - Capital Asset Pricing Model (CAPM)
 - Discounted Cash Flow
 - Adjusted Risk Premiums

 - DCF-Based NAV: Five Years to Blow-down

Institutional Investor Questionnaire

Investors were asked to rank in order of preference:

- Disclose probable reserves volumes
- Disclose PV10 of proved reserves based on average oil and gas prices during the period
- Disclose PV10 based on sensitivity pricing (i.e., +/- average prices)
- Disclose concentration of reserves (i.e., top 5 fields)
- Require a Management Discussion and Analysis section explaining the changes in the reserve position for the period

Respondent Profile

1. Not a scientific survey
2. Selected primarily due to Experience and Knowledge of the E&P Sector
3. Strong Involvement in Independent US E&P Companies
4. Assets under Management ranging from \$100 million to over \$5 billion
5. Split Evenly (50%-50%) between Money Managers (Long only) and Hedge Funds

Institutional Investor Questionnaire Results

- 1. Disclose probable reserves volumes
- 2. Disclose PV10 based on sensitivity pricing
(i.e., +/- average prices)
- 3. Disclose concentration of reserves
(i.e., top 5 fields)
- 3. Require a Management Discussion and
Analysis section
- 4. Disclose PV10 of total proved based on
average oil and gas prices

- *Results based on weighted ranking of order of
preferences*

TIE

Probable Reserve Estimates and Equity Valuation

Company	Symbol	EV / Proved Reserves (in \$/Mcfe)
Encore Acquisition	EAC	2.62
Whiting Petroleum	WLL	2.74
Swift Energy Co.	SFY	2.76
Anadarko Petroleum Corp	APC	3.12
Noble Energy, Inc.	NBL	3.12
St. Mary Land & Exploration	SM	3.21
Apache Corp.	APA	3.41
Median		3.12

Enterprise Value (EV) per reserves in \$/Mcfe

Source: Company Reports, Thomson Financial, Bloomberg

Probable Reserve Estimates and Equity Valuation (cont'd)

Company	Symbol	EV / Proved Reserves (in \$/Mcf)
EOG Resources	EOG	4.48
Ultra Petroleum Corp.	UPL	4.51
Quicksilver Resources	KWK	4.75
Range Resources	RRC	5.17
Petrohawk Energy	HK	6.06
Carrizo Oil & Gas, Inc.	CRZO	6.22
Southwestern Energy	SWN	11.16
Median		5.17

Enterprise Value (EV) per reserves in \$/Mcf

Source: Company Reports, Thomson Financial, Bloomberg

Company	Symbol	Non-Proved Disclosure
Encore Acquisition Co.	EAC	Locations
		Net Acres per Share (resource plays)
<p><i>Source: Corporate presentation dated March 13, 2008</i></p>		

Company	Symbol	Non-Proved Disclosure
Whiting Petroleum	WLL	Slide on proved, probable, possible, and PV10 by category
<i>Source: Corporate presentation dated April 1, 2008</i>		

Company	Symbol	Non-Proved Disclosure
Noble Energy	NBL	Total Unrisked Net Potential Resources
<i>Source: Corporate presentation dated April 10, 2008</i>		

Company	Symbol	Non-Proved Disclosure
St. Mary Land & Exploration	SM	2,792 BCFE of Total 3P
3P and Locations by Selected Play		
<i>Source: Corporate presentation dated April 8, 2008</i>		

Company	Symbol	Non-Proved Disclosure
Apache Corp	APA	Total Unrisked Potential by Major Exploration Programs
<i>Source: Corporate presentation dated April 8, 2008</i>		

Company	Symbol	Non-Proved Disclosure
EOG Resources	EOG	Potential Reserve Ranges by Major Play
<i>Source: Corporate presentation dated May 1, 2008</i>		

Company	Symbol	Non-Proved Disclosure
Ultra Petroleum Corp	UPL	Drilling locations
		Proved + Near Proved
		OGIP and Recoverable
<p style="text-align: center;"><i>Source: Corporate presentation dated April 9, 2008</i></p>		

Company	Symbol	Non-Proved Disclosure
Quicksilver Resources	KWK	3P reserves on Bar Chart with Sensitivity Gas Pricing
<p style="text-align: center;"><i>Source: Corporate presentation dated April 7, 2008</i></p>		

Company	Symbol	Non-Proved Disclosure
Range Resources	RRC	Total Net Unrisked Reserve Potential
		Total Net Unrisked Reserve Potential by Major Play area
<p><i>Source: Corporate presentation dated April 10, 2008</i></p>		

Company	Symbol	Non-Proved Disclosure
Petrohawk Energy	HK	Total Non-Proved Resource Potential
		Combined Probable / Possible Reserves
		Risky Potential by Major Plays
<p style="text-align: center;"><i>Source: Corporate presentation dated April 8, 2008</i></p>		

Company	Symbol	Non-Proved Disclosure
Carrizo Oil & Gas, Inc.	CRZO	Total probable reserves
		Pie chart on 2P and 3P by region
<i>Source: Corporate presentation dated April 9, 2008</i>		

Company	Symbol	Non-Proved Disclosure
Southwestern Energy	SWN	Fayetteville typecurves
<p style="text-align: center;"><i>Source: Corporate presentation dated April 7, 2008</i></p>		

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