BREAKING OUT OF THE PACK:
UPSTREAM COMPANIES TO WATCH

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A supplement to

Oil and Gas Investor

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HIGHER VISIBILITY

Higher visibility, in the lingo of equity analysts, usually makes for better stock price appreciation—and in this case, we mean more than visibility of better production and earnings to come in 2007. We also mean being visible to investors' eyes.

By virtue of being more visible, and by offering production growth, these companies are breaking out of the pack of the dozens of companies vying for attention.

Each year we are pleased to introduce you to several small-cap and medium-sized exploration and production companies that are worth a closer look. True, these names may be known to you. But after building their asset portfolios in the past two or three years, they are poised to boost their oil and gas production this year and beyond. They represent intriguing investment opportunities.

We start with our traditional interview with three equity analysts who provide their opinions on the industry as a whole, and we learn which E&P companies they favored at press time, and why.

We follow with snapshot profiles on the companies that in the past year either went public or graduated from the OTC or Nasdaq to the larger, more liquid American and the New York stock exchanges. In every case, they are now much more visible as their trading volumes increase, more analysts cover them, and their chief executives speak more often at investor forums.

Finally, we summarize a report from Coker & Palmer Investment Securities that compares the growth trajectories of four E&P companies, based on their acreage positions in key plays, their drilling plans, estimated reserves per well and their projected production to 2010.

All in all, you will find several investment ideas to chew on.

—Leslie Haines, Editor-in-chief

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READY TO SPAWN UPSTREAM

Three top upstream analysts believe many small-cap E&P stocks are poised for strong market gains in 2007.

INTERVIEWS BY BRIAN A. TOAL, Senior Financial Editor

Most E&P analysts will tell you they're bullish about the outlook for commodity prices in 2007, particularly for natural gas.

"The fundamentals look good for the upstream sector," says one market seer.

With only a modest 1% growth in natural gas supply in the rapidly maturing Lower 48, a likely decline in natural gas imports from Canada and an expected 3% year-over-year growth in gas demand in the U.S., we're likely to see in 2007 sustained gas prices in the range of $7 to $8 per thousand cubic feet.

That's good news for the stocks of small-cap E&P companies—those with market caps under $2 billion. Why? Since those companies are typically starting from a smaller production and reserve base than their larger-cap brethren, they're more leveraged to percent gains in output, asset base, earning and cash flow and hence, stock-price appreciation.

But the annual dilemma for investors is where to turn upstream to find those minnows whose stocks are likely to make a big splash as the year wears on and gas supply/demand fundamentals tighten further.

To find out which small-cap E&P stocks are prepared to spawn upstream in 2007—in terms of making major market strides— Oil and Gas Investor *recently visited with three top analysts focused on the smaller fish in the oil-patch pond.*

They are Eric Hagen, principal and senior E&P analyst for First Albany Capital in Denver; Irene Haas, principal and E&P analyst for Canaccord Adams in Houston; and Michael Scialla, vice president, equity research and senior E&P analyst for A.G. Edwards & Sons in Denver.

Investor Eric, what is your top small-cap pick?

Hagen Bill Barrett Corp., a Denver producer operating throughout the Rockies. It has notable production and reserve growth coming from its West Tavaputs play in Utah's Uinta Basin, the Williams Fork play in Colorado's Piceance Basin and the Big George coalbed-methane (CBM) play in Wyoming's Powder River Basin.

Eric Hagen of First Albany Capital

We believe the stock is significantly undervalued given the company's growth in earnings and cash flow, which is being driven by very strong production growth. Recently, BBG has been trading at 5.6 times estimated 2007 cash flow versus a peer-group multiple of 6.7.

Investor What does its production profile look like?

Hagen We're projecting Bill Barrett to have grown production 32% in 2006, to 50 billion cubic feet equivalent (Bcfe) from 40 Bcfe the prior year, and to grow output another 16% in 2007, to 60.5 Bcfe, which we think is a conservative estimate.

In addition, this producer has even more significant production and reserve value in its exploration acreage throughout the Rockies, for which the market is giving it no credit. This includes its increasing exposure to the Big George coals where it has about 250 Bcfe of unbooked reserve upside.

Besides this, the company will be drilling three company-maker prospects in 2007: the Montana Overthrust play; the Yellow Jacket fractured-shale play in the Paradox Basin, which straddles Utah and Colorado; and a basin-centered gas play in Wyoming's Big Horn Basin. All these plays have 500 Bcfe to multi-Tcfe [trillion cubic feet equivalent] gas-reserve potential. Success on any one of them could substantially change the outlook for the producer.

Investor Your second-favorite small-cap producer?

Hagen Berry Petroleum, a Bakersfield, California-based operator. It has moved beyond its core, heavy-oil, legacy assets in Kern County's Midway-Sunset Field, to a 35,000-net-acre position in the Uinta Basin and a 9,000-net-acre position in the Piceance Basin.

Investor So this is a story of diversification?

Hagen That's part of the value story. The company has stated that it wants to achieve a balanced oil and gas production and reserve mix. Currently, two-thirds of its 80% oil production is heavy-oil output from California; the other third is from the Uinta Basin.

But this is also a growth story. Berry's Piceance holdings are in the high-end part of the basin where we're seeing estimated ultimate recoverable [EUR] gas reserves of 1.5- to 2 Bcfe per well, with all-in drilling and completion costs per well of around $2.2 million.

Overall, we see the company's production growing from 9.4 million barrels of oil equivalent [BOE] at year-

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Elk Resources, Inc. Senior Debt **$ 55,000,000** *Private Placement*	Pacific Energy Resources, Ltd has raised of Common Equity **$ 65,000,000** *Private Placement*	Pacific Energy Resources, Ltd Senior Credit Facility **$ 100,000,000** *Private Placement*	Odyssea Marine, Inc. has acquired the assets of AMT Marine *Financial Advisor*	Grant Geophysical has been acquired by Geokinetics Inc. **$ 125,000,000** *Financial Advisor*

PetroEdge Resources Partners, LLC Equity Capital has been committed by investors **$ 25,000,000** *Private Placement*	CrossPoint Energy, LLC has sold 5,000,000 units at $ 3.00 per unit **$ 15,000,000** *Private Placement*	Pacific Energy Resources, Ltd Secured Term Note with Equity Participation Interests **$ 21,500,000** *Private Placement*	Alpine Drilling Program, L.P. Equity Capital has been committed by Limited Partners **$ 20,000,000** *Private Placement*	Panda Ethanol, Inc. has sold 14,982,659 Shares of Common Stock **$ 90,045,781** *Private Placement*	SDX Resources, Inc. has sold an interest in the Company 's New Mexico Assets to Lime Rock Resources *Financial Advisor*
Hall-Houston Exploration Partners LLC, Fund II Equity Capital has been committed by Limited Partners **$150,000,000** *Private Placement*	Total Compression has sold an interest in the Partnership for **$ 6,050,000** *Private Placement*	GeoPetro Resources Company has sold 5,215,900 common shares Price $ 3.50 **$ 18,255,650** *Private Placement*	Texhoma Energy, Inc. Secured Term Note with Equity Participant Interests **$ 8,750,000** *Private Placement*	Admiral Bay Resources Senior Secured Revolving Line of Credit **$ 40,000,000** *Private Placement*	Forrest Drilling LLC has obtained Senior Secured Debt **$ 15,000,000** *Private Placement*
Forrest Drilling LLC has raised Common Equity **$ 6,150,000** Convertible Preferred Equity **$ 30,000,000** *Private Placement*	Petro Resources Corporation has sold 3,486,000 Shares of Common Stock **$ 8,715,000** *Private Placement*	Horizon Offshore, Inc. Senior Secured Notes **$ 77,400,000** *Private Placement*	MPI Energy Partners, LP Equity Capital has been Committed by Limited Partners **$ 30,000,000** *Private Placement*	Keystone Petroleum, LP Equity Capital has been committed by Limited Partners **$ 16,700,000** *Private Placement*	Admiral Bay Resources has sold 14,961,000 Shares of Common Stock **$ 10,024,243** *Private Placement*

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end 2006 to 10.6 million BOE in 2007 as reserves move up from 146 million equivalent barrels to 158 million.

As Berry shifts toward greater natural gas production, it should begin to see its operating costs decrease, given that heavy oil has very high operating costs. Thus, Berry's full-cycle cost structure should begin improving as well.

Investor How undervalued is Berry?

Hagen Recently, its stock has been trading at an EV [enterprise value] /Mcfe [thousand cubic feet equivalent] of reserves in the ground of $2.40; comparatively, its peer group trades at an EV/Mcfe value of $3.10.

Investor Irene, what's your top small-cap pick for 2007?

Haas Warren Resources, based in New York. Currently, most of the company's operations are in the Wilmington Field in the Long Beach area of the Los Angeles Basin where it produces oil from a waterflood project in the Wilmington Townlot Unit.This activity will remain the driver of Warren's earnings and cash flow for 2007.

However, the company, which at year-end 2005 had proved reserves of 326.8 Bcfe, also has a 50% partnership interest with Anadarko in the Atlantic Rim CBM project in Wyoming's Washakie Basin. There it has about 800 net drilling locations with reserve estimates of 1 billion cubic feet per well. Once the environmental impact statement is finalized in early 2007, development can commence, and Warren will have the potential to double or triple its proved reserves.

Right now, it has a very clean balance sheet, so it has plenty of debt capacity to execute its development plans in both the L.A. Basin and the Atlantic Rim CBM project, the latter of which will begin making a meaningful contribution in 2008.

Since it will eventually become a gassy company, we expect production to rise from 3.68 Bcfe in 2006 to 5.56 Bcfe in 2007, to 14.6 billion in 2008. What I like about Warren's two core assets is that they're bite-sized, that is, they would be easily digestible by larger producers.

Investor Michael, your top small-cap E&P stock pick?

Michael Scialla of A.G. Edwards & Sons

Scialla We like Delta Petroleum. This Denver-based producer operates mainly throughout the Rockies—in the Piceance, Paradox and Wind River basins—and to a lesser extent onshore the Gulf Coast.

This company is experiencing some nice growth from low-risk development-drilling projects, particularly in the Piceance and in Newton County, Texas. In 2006, despite selling some assets, it was able to grow production 15% or 16.4 Bcfe. Meanwhile, reserves rose 29% to about 345 Bcfe.

The real investment thesis about this company centers on the fact that Delta has exceptional exploration upside in three high-potential plays, each capable of being company-makers. These are the Columbia River Basin play in eastern Washington State where Delta has 464,000 net acres, the Hingeline play in central Utah where it holds more than 100,000 net acres and the Paradox Basin in southeastern Utah near Colorado where it has 75,000 net acres.

Investor Define what you mean by 'company-maker' potential.

Scialla In the case of the Columbia River Basin, the net unrisked reserve potential of this play could be greater than 5 Tcfe, net to Delta. That's 20 times the company's year-end 2005 proved reserves of 269 Bcfe.

Meanwhile, the company's net unrisked reserve potential in the Paradox Basin is 200- to 300 Bcfe; and in the Hingeline, an oil play, there's several hundred million barrels of reserve potential.

Investor So Delta is a story of potentially explosive growth through exploration.

Scialla That's really the reason to own the stock. Delta has more exploration upside than any company we follow.

Investor Irene, any Rockies producers you like?

Haas One clearly is Denver-based Kodiak Oil & Gas. The company is active in both the Montana and North Dakota parts of the Williston Basin, which provides nice cash flow. But the big growth exploration project for Kodiak is within the Vermillion Basin, in the southwestern corner of Wyoming and the northwestern part of Colorado.

While the key player there is Questar Corp., which has drilled a number of successful deep wells in the

The real investment thesis about this company centers on the fact that Delta has exceptional exploration upside in three high-potential plays, each capable of being company-makers.

Michael Scialla,
A.G. Edwards & Sons

13,000-foot Baxter Shale play, Kodiak has 29,700 net acres in the northwestern edge of this play. Reserves per well range from 2- to 4 Bcfe, and we believe the whole concept of this pressured shale will be proved in 2007. I can easily make the case that at least 20% of Kodiak's acreage is close enough to the play's core to be prospective.

Although drilling in the area is currently being conducted on 40-acre spacing, there's a lot of potential for downspacing within the Baxter play, and that's key. If Kodiak is successful in its eight- to 10-well drilling program in the play, we believe its production could jump from 580 million cubic feet equivalent for 2006 to about 1.8 Bcfe in 2007 and to 4.4 Bcfe in 2008.

Hagen The reason one would buy Kodiak's stock is because its acreage position is an analog to the holdings of Questar, which has already drilled 12 wells in the play and given investors a good idea of Baxter's upside reserve potential. And, since Kodiak is a much smaller operator, it's getting much more leverage to the upside of this play, even though its current production is relatively small.

Our $8.20 price target for the stock projects a $7 long-term gas price and that 25% of the company's Vermillion acreage is prospective. Right now, the market is giving Kodiak credit for only 12% of that acreage being prospective.

Investor Michael, any other Rockies producer you like?

Scialla Denver-based Teton Energy. Its biggest position is in the Piceance Basin where it has a 25% interest in 6,300 gross acres, alongside Berry Petroleum and Delta Petroleum.

Our view is that this is an under-followed and undervalued story. Although the stock has recently traded around $5, we believe the value of its Piceance acreage alone is worth $6.50. That means an investor is getting not only an already undervalued asset, but also the company's other assets for free. Those other assets include a 25% interest in 266,000 gross acres near the Nebraska/Colorado border of the Denver-Julesburg Basin where its partner, Noble Energy, has drilled 17 successful wells in the shallow Niobrara gas play. Teton also has a 25% interest in 90,000 gross acres in the Williston Basin, in the North Dakota portion of the Bakken play.

For 2007, we're looking for 300% production growth, to 2.9 Bcfe, up from 620 million in 2006, while proved reserves could climb to 83 Bcfe from 43 Bcfe—all this largely from low-risk, development drilling in the Piceance.

So, this is a story of exceptional growth at a discounted valuation. Recently, Teton has been trading at about 53% of our estimated net asset value [NAV] for the company versus a peer-group average NAV of 121%.

Company	Avg. 2006/ 2007 EPS Estimates ($)	Avg. 2006/ 2007 CFPS Estimates ($)	Recent Price ($) 12/19/06	Avg. Target 12-Month Price ($)
Berry Petroleum (NYSE: BRY)	2.74/2.08	6.26/5.07	31.54	44
Bill Barrett Corp. (NYSE: BBG)	1.07/1.26	5.34/6.06	29.11	41
Delta Petroleum (Nasdaq: DPTR)	(0.34)/(0.38)	1.21/1.71	24.56	36
Endeavour Int'l. (Amex: END)	(0.24)/0.14	0.28/0.91	2.30	5
GMX Resources (Nasdaq: GMXR)	0.61/1.51	1.62/3.76	39.72	61
Kodiak Oil & Gas (Amex: KOG)	(0.02)/0.03	0.03/0.08	4.30	7.10
NGAS Resources (Nasdaq: NGAS)	0.07/0.16	0.58/0.78	6.95	12
Teton Energy (Amex: TEC)	(0.38)/(0.29)	(0.29)/0.27	4.95	10
Warren Resources (Nasdaq: WRES)	0.12/0.77	0.26/1.13	12.12	24

These stocks are among those cited as favorites for 2007 by upstream analysts.

Investor Irene, any other small-cap favorites?

Haas Houston-based Endeavour International, a producer focused exclusively on the U.K. and Norwegian sectors of the North Sea. Since 2005, it has acquired an interest in more than 10 million acres and a drilling inventory of more than 40 prospects.

Although it got off to a rough start in 2005, drilling four dry holes in the U.K. sector of the North Sea, it drilled two successful wells the following year.

Then in late 2006, the company bought $400 million worth of North Sea assets from Talisman Energy. This purchase provides Endeavour a stable base of about 10,000 barrels per day of output for 2007 and 2008. Importantly, the production will generate quite a bit of cash flow that will allow the company to finance its future exploration and development programs, as well as to pay down debt.

We're looking for the company's cash flow to move up from $31 million in 2006 to $141 million in 2007, $150 million in 2008 and about $199 million in 2009. Endeavour's earnings, meanwhile, should grow from breakeven in 2006 to $15 million this year, $50 million in 2008 and $67 million in 2009.

GMX Resources ia a story of hyper-growth in the East Texas Cotton Valley unconventional-gas play where the company has close to 18,000 net acres.

Eric Hagen,
First Albany Capital

One important aspect of Endeavour's story that the market isn't really appreciating at this point is the quality of its exploration team on both sides of the Atlantic. Bill Transier, the ex-chief financial officer of Ocean Energy, and John Seitz, the ex-chief executive officer of Anadarko, founded the company.

As we see it, this is both a growth and value story, that is, at $2 per share, an investor is getting a lot of growth potential at a reasonable price.

Investor Eric, what other small caps do you like?

Hagen GMX Resources, based in Oklahoma City. This is a story of hyper-growth in the East Texas Cotton Valley unconventional-gas play where the company has close to 18,000 net acres. The play has benefited hugely from slickwater fracs and multi-stage completions.

As a result, well performance there, in terms of EUR reserves per well, has risen from 800 milion equivalent to 1.4 Bcfe.

Investor What about GMX's specific growth in the play?

Hagen Its production has risen from 1.2 Bcfe in 2004 to 2.2 Bcfe in 2005, and we're projecting 4.4 Bcfe for 2006 and 10 Bcfe for 2007. This is, in part, due to that the company has gone from two rigs in the play to a projected seven for 2007.

What's also going to be a big factor for GMX in the play is horizontal drilling. The company and its partners have several horizontals planned for first-quarter 2007. With this technology and average gas prices of $6, one is looking at a 20% rate of return per well.

Investor Is this a reasonably priced stock?

Hagen Some small operators like GMX might look expensive on a cash-flow basis, but when one factors in reserve and production growth going out two to three years, the current valuations look not only reasonable, but also attractive.

Investor Any other favorites?

Hagen NGAS Resources, an operator in the Big Sandy Field in the eastern Kentucky portion of the Appalachian Basin where it has 200,000 net acres, most of which are undeveloped.

This is more of a value story based on comparable M&A transactions and NAV. For instance, the stock is trading at only 80 cents per Mcfe based on proved and probable reserves—and we're giving the company credit for 300 Bcfe of unbooked reserves out of potentially 500 Bcfe in the Appalachian Basin.

If one looks at NGAS as an acquisition comparable, that is, to what producers like Chesapeake Energy Corp. would pay on a blended basis of proved and probable reserves in this basin, that value equates to $1.10 per Mcfe. In short, the company is trading at a 20% discount to what someone would pay for it in an M&A transaction.

We see this producer's production growing from 1.8 Bcfe in 2005 to 2.8 Bcfe in 2006, and moving up another 50% in 2007 based on drilling in the Big Sandy where both Chesapeake and Equitable Resources are active.

We also believe the company is interested in pursuing horizontal drilling in the region. The reason: a typical Devonian Shale well in this basin produces 150,000 to 200,000 cubic feet of gas per day. If an operator can drill a horizontal well that produces 2 million cubic feet per day, as Cabot Oil & Gas recently did, that's a 10-fold improvement in output. •

**Note: Analysts' comments are as of mid-December 2006.*

E&P TERMS: GLOSSARY

SPEAKING E&P

These are definitions of some of the key terms used in oil and gas companies' investor presentations.

M is the Roman numeral for a *thousand*. So, production of 67 Mcf of gas per day is 67,000 cubic feet.

MM represents a *million* in the Roman-numeral system, so production of 67 MMcf of gas per day is 67 million cubic feet.

B represents a *billion*, thus production of 67 Bcf of gas per day is 67 billion cubic feet.

T represents a *trillion*, so proved reserves of 2 Tcf of gas are 2 trillion cubic feet of gas.

Bbl represents a *barrel*. Production of 80 Mbbl of oil per day is 80,000 barrels.

Cf represents *cubic feet* and is usually the measurement of natural gas.

Cfe represents *cubic feet of gas equivalent*. It is usually the measurement of the mathematical combination of natural gas and oil or gas liquids. The conversion is usually 10,000 or 6,000 cubic feet of gas per one barrel of oil or gas liquids. (The ratio usually reflects the recent market value of 1 Mcf of gas in comparison with 1 barrel of oil or gas liquids.) Thus, 10 MMcfe is 10 million cubic feet of gas equivalent. If the true mixture is 50% natural gas and 50% liquids (oil or gas) and the mathematical rate is 10:1, then 10 MMcfe consists of 5 MMcf of gas and 500 barrels of oil or gas liquids.

BOE is *barrels of oil equivalent*. It is usually the measurement of a mathematical combination of natural gas and oil or gas liquids. The conversion is usually 10,000 or 6,000 cubic feet of gas per one barrel of oil or gas liquids. Thus, 10 MMBOE is 10 million barrels of oil equivalent. If the true mixture is 50% natural gas and 50% liquids (oil or gas) and the conversion rate is 10:1, then 10 MMBOE consists of 500 Bcf of gas and 5 million barrels of oil or gas liquids.

Cf/d is *cubic feet of gas per day*. Another abbreviation of this is cfpd.

Bbl/d is *barrels of oil per day or barrels of gas liquids per day.* Another abbreviation is bpd.

NGLs are *natural gas liquids* and these are usually measured in barrels rather than in cubic feet.

Btu is a *British thermal unit* and is a measurement of stored energy, primarily used to describe the heat content of natural gas. •

HUNTING GROUND

Meet four E&P firms positioned for growth that have commanded new attention by listing on the American Stock Exchange.

BY GARY CLOUSER, Contributing Editor

Thanks to high commodity prices in 2005 and 2006 that led to greater investor interest in the oil and gas industry, the stocks of many well-known, large-cap E&P companies have surged during the past two years. But beyond the household names such as Apache, Devon Energy and XTO Energy, where do investors find less well-known names that may represent good values?

Hundreds of small- and midcap E&P companies are vying for investor attention. How should investors narrow their search?

Many of the less visible names have been fine-tuning their asset portfolios, raising capital and preparing for growth. Some have grown dramatically already—enough to justify graduating to a listing on the American Stock Exchange. The Amex, meanwhile, has been aggressively recruiting in this industry sector as well.

The Amex has added 20 oil and gas companies to its listings since January 2003, and as of November 30, 2006, had 49 such listings.

Illustrating the variety of investment opportunities that populate the E&P sector on Amex, include these four companies: Aurora Oil & Gas, Evolution Petroleum, BPI Energy and Transmeridian Exploration. Aurora is focused on shale plays in Michigan, Indiana and Kentucky. Evolution uses technical advances in enhanced oil recovery, stimulation and completions to get additional production from mature fields. BPI's focus is coalbed-methane (CBM) production in the Illinois Basin. Transmeridian's activity is in Kazakhstan.

AURORA OIL & GAS

Previously known as Cadence Resources, Traverse City, Michigan-based Aurora Oil & Gas began trading on the Amex in May 2006 as AOG.

William Deneau
President
Aurora Oil & Gas

The Amex listing was a milestone for the company, says William Deneau, president. "We believe the exchange listing will provide the company and its shareholders a number of benefits, such as increased visibility in the financial community, greater liquidity of our stock and a larger potential investor base that includes those who cannot invest in non-exchange-listed securities. This facilitates recognition by the broader market and creates growth opportunities for our company and our investors," he says.

Aurora is focused on unconventional natural gas exploration, acquisition, development and production with its main operations in the Michigan Antrim Shale, and the New Albany Shale of Indiana and western Kentucky.

For third-quarter 2006, revenue increased 173% to $5.6 million from $1.9 million during the same period a year earlier, and production was 686 million cubic feet equivalent of gas, averaging 7.4 million equivalent per day.

For the 18 months ending December 31, 2007, the company expects to increase its proven reserve base from 103 billion cubic feet (Bcf) to about 285 Bcf with a capital budget of at least $136 million to drill or participate in more than 300 net wells (more than 500 gross wells).

Guidance during the third-quarter conference call indicated daily production would average about 8 million cubic feet in the final quarter of 2006. (Results had not been reported at press time.)

Aurora plans to build on "two compelling shale plays at different stages of development." These are the Antrim, which is in the development stage, and the New Albany play, which is as an early-stage development project. Company estimates show that its Antrim acreage consists of 1,260 locations with 630 Bcf equivalent (Bcfe) of net potential, from which 228 net wells will be drilled in the 18 months ending December 31, 2007, at an estimated drilling and completion cost of $74 million.

"We believe that our position in the New Albany Shale is the largest of any operator in that play," Deneau says.

To date, Aurora operates eight wells in the play and will perform resource assessments in several other locations. Aurora projects 0.9 to 1.3 Bcf of proven reserves per well.

Deneau says the New Albany has shown encouraging results from the first 14 producing wells, validating its assumptions about the shale. Company estimates show that its New Albany acreage consists of 1,405 locations with 1.5 trillion cubic feet equivalent of net potential, from which 52 net wells will be drilled in the 18 months ending December 31, 2007, for an estimated drilling and completion cost of $44.5 million.

As of September 2006, acreage estimates were: Antrim Shale, 133,405 net acres; New Albany Shale, 458,916 net acres; and other, 41,029.

In July 2006, Aurora purchased an oil-service company, Bach Enterprises, a second-generation, family-owned business, which Aurora cites as an industry leader in the development of oilfield technologies, including low-pressure carbon dioxide (CO_2) removal, electric componentized compression, tankless water disposal and water-evacuated

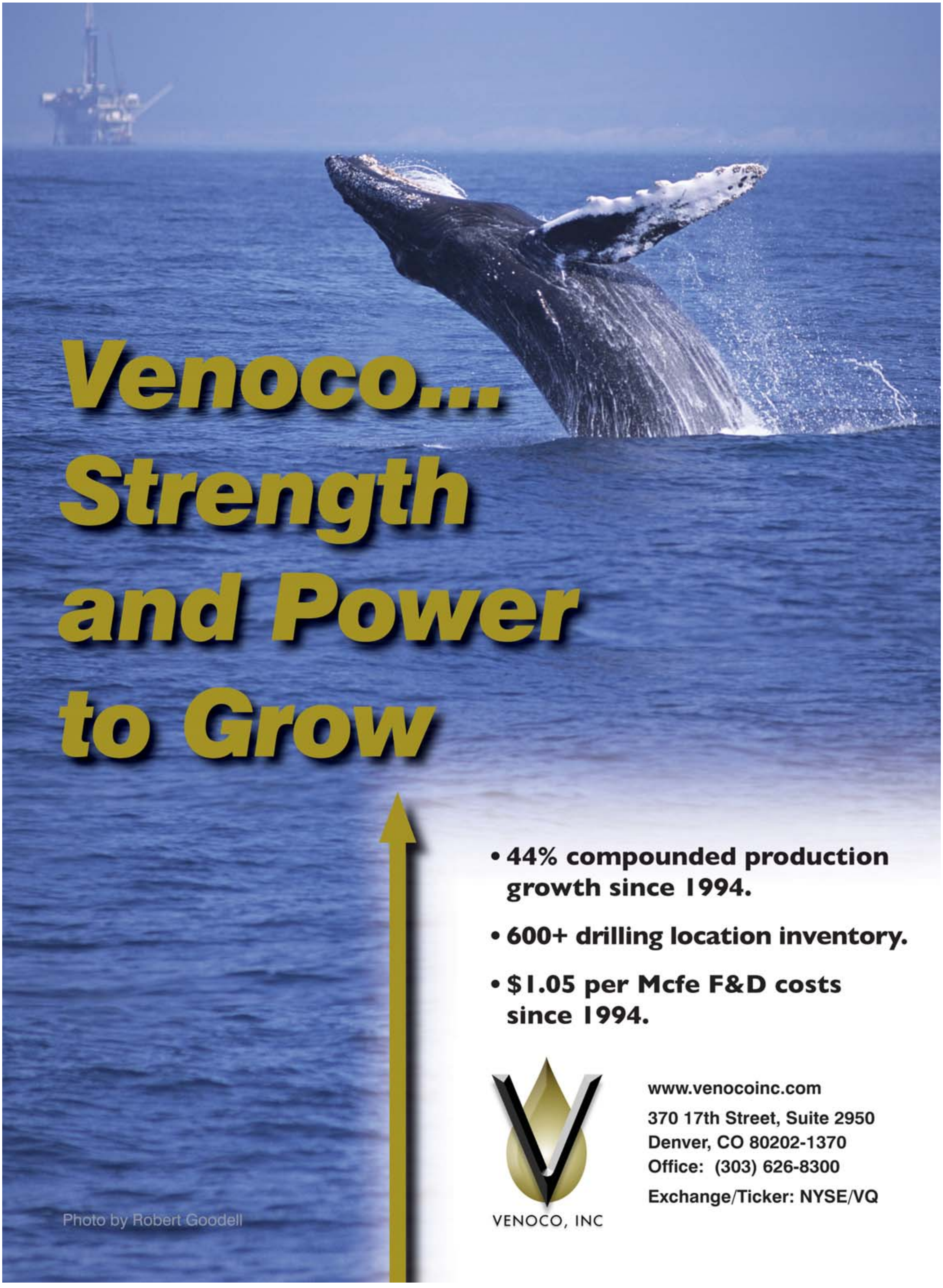
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Photo by Robert Goodell

sump inflow systems—all of which have been used by Aurora to increase efficiencies and reduce production costs.

"This strategic acquisition of Bach Enterprises ensures our ability to do business without interruption in our drilling and production programs. We have had a long-standing relationship with the Bach family, and they have played a large part in the technological innovations we have made in our production processes. Being able to guarantee access to services is critical to our ability to execute the business play," Deneau says.

EVOLUTION PETROLEUM CORP.

Formerly known as Natural Gas Systems Inc., this Houston company began trading on the Amex in July 2006 as EPM. It focuses on acquiring and developing bypassed oil and gas utilizing modern technology. A new CO_2-flood project in Louisiana holds its greatest potential.

"We look for oil and gas fields that were discovered, developed and matured prior to the current level of technology and commodity prices," says Bob Herlin, co-founder and chief executive. He formed the company in 2003 with Cagan McAfee Capital Partners, a merchant bank based in Cupertino, California.

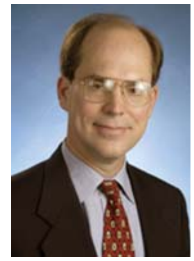
"We are particularly interested in opportunities that have been neglected by industry due to perceived notions of low margins. These opportunities generally don't have the high upside potential of exploration, but also don't have the related higher risks associated with dry holes," he says.

Evolution pursues three initiatives: enhanced oil recovery for using miscible and immiscible gas flooding, technology-based redevelopment of old oil and gas fields, and unconventional gas reservoir development using modern stimulation/completion technologies.

"We look for opportunities to employ technologies where we have particular expertise such as horizontal drilling, innovative completions and our proprietary artificial lift process," Herlin says.

As of June 30, 2006, the company listed its proved reserves as 465,000 barrels of oil equivalent (BOE) and probable reserves of between 11.5- and 16 million BOE.

Its largest project to date is in the 13,636-acre Delhi Field in northeastern Louisiana. Evolution acquired Delhi for $2.8 million in 2003 and implemented a $2.7-million program of recompletions, re-entries and offset drilling to substantially increase production.


Bob Herlin, CEO Evolution Petroleum Corp.

In June 2006, the company sold a farm-out of its working interest in the field to Denbury Resources Co. for $50 million in cash and Denbury's financial commitment to complete, at its sole cost, a CO_2 EOR project in the Holt Bryant Unit within the field. Evolution retained a 7.4% royalty interest and a 25% back-in working interest (20% net revenue interest) in the unit plus a 25% working interest in certain depths outside the unit.

With the Holt Bryant Unit having already produced about 190 million barrels of oil from reservoirs between 2,900 and 3,400 feet through primary and secondary recovery methods, the Delhi CO_2 EOR project is believed to have probable gross oil reserves of up to 16% of the estimated 400 million barrels of original oil in place, Herlin says. "That potential recovery gives rise to Evolution's estimate of 11.5- to

Symbol	Company Name	Price ($)	Market Value ($MM)	Symbol	Company Name	Price ($)	Market Value ($MM)
AEZ	American Oil & Gas Inc.	7.18	292.0	ABP	Abraxas Petroleum Corp.	3.97	180.2
AOG	Aurora Oil & Gas Corp.	3.30	340.1	AE	Adams Resources & Energy Inc.	29.69	127.8
SNG	Canadian Superior Energy Inc.	2.13	261.0	AEN	Austral Pacific Energy Ltd.	1.86	34.1
CNR	CanArgo Energy Corp.	1.25	296.8	BRN	Barnwell Industries Inc.	22.99	183.8
KAZ	BMB Munai Inc.	5.08	230.1	BPG	BPI Energy Holdings Inc.	0.55	42.5
LNG	Cheniere Energy Inc.	31.50	1,695.2	CFW	Cano Petroleum Inc.	4.94	109.6
MCF	Contango Oil & Gas Co.	23.58	348.7	CKX	CKX Lands Inc.	13.50	28.1
END	Endeavor International Corp.	2.26	185.6	DNE	Dune Energy Inc.	2.48	152.0
GSX	Gasco Energy Inc.	3.25	228.4	ENY	EnerNorth Industries Inc.	0.68	3.2
GST	Gastar Exploration Ltd.	2.22	394.6	EPM	Evolution Petroleum Corp.	2.29	66.4
GEL	Genesis Energy LP	19.80	270.7	FPP	FieldPoint Petroleum Corp.	2.28	19.5
GGR	GeoGlobal Resources Inc.	8.427	528.3	GAX	Galaxy Energy Corp.	0.25	19.9
GW	Grey Wolf Inc.	6.50	1,200.0	HEC	Harken Energy Corp.	0.55	124.6
IMO	Imperial Oil Ltd.	38.50	38,435.4	HGO	Houston American Energy Corp.	7.15	162.2
IOC	InterOil Corp.	27.69	891.9	MCX	MC Shipping Inc.	10.31	97.1
JDO	JED Oil Inc.	3.16	48.8	MXC	Mexco Energy Corp.	6.76	12.2
KOG	Kodiak Oil & Gas Corp.	4.20	314.5	PHX	Panhandle Royalty Co.	18.61	157.7
MWE	MarkWest Energy Partners LP	58.00	322.4	PRC	Petro Resources Corp.	2.77	53.3
MWP	MarkWest Hydrocarbon Inc.	44.40	916.0	PRB	PRB Energy Inc.	3.95	29.1
RTK	Rentech Inc.	3.95	502.6	PYR	PYR Energy Corp.	0.99	38.4
TGA	TransGlobe Energy Corp.	5.10	304.6	PDO	Pyramid Oil Co.	4.30	16.4
TMY	Transmeridian Exploration Inc.	3.61	319.3	SCU	Storm Cat Energy Corp.	1.40	106.6
UPL	Ultra Petroleum Corp.	52.75	8,202.9	TGC	Tengasco Inc.	0.85	52.5
WLB	Westmoreland Coal Co.	22.00	198.1	TEC	Teton Energy Corp.	4.99	64.4
WHT	Westside Energy Corp.	1.72	27.1	TIV	Tri Valley Corp.	9.41	191.4

These 49 companies are energy listings on the Amex, including 20 new ones since January 2003.

16 million BOE of probable reserves net to our royalty interest and after-payout working interest."

Denbury will install and operate the CO_2 flood. It is the dominant operator of CO_2 oil recovery projects along the Gulf Coast, with numerous projects under way in nearby oil fields in Mississippi that use its proven reserves of naturally occurring CO_2 found in northwest Mississippi, about 90 miles east of Delhi Field.

"As of September 30, 2006, following the sale of the farm-out, we had a minimum of $28 million in after-tax cash resources, proved reserves in our Tullos Field area and no debt," Herlin says. "We are using our cash resources to seed development projects in all three of our initiatives and have already begun leasing activity."

Evolution's farm-out of Delhi accelerated the transition of the company's focus to new development projects in Louisiana, Texas and Oklahoma. One example is in Tullos Field, where Evolution acquired a 100% working interest in more than 150 producing and 90 nonproducing oil wells in shallow Wilcox production in north-central Louisiana.

Evolution is working to boost oil production by installing new water-disposal capacity, returning wells to production and deploying a new completion method that, if successfully applied, could enable recovery of substantial volumes of bypassed oil. Other projects in the leasing or planning stage include horizontal drilling in existing fields in Texas and an unconventional gas development play.

"We are expanding our operating team to exploit active development projects and expect to be drilling again in the third calendar quarter of 2007," Herlin says. "Revenues from our current projects, when implemented, should fill in nicely over the next few years while the Delhi CO_2 flood is being installed. We believe that the Delhi project will start first CO_2 injection in 2008, with initial production response expected shortly thereafter."

BPI ENERGY

BPI Energy Holdings Inc. of Solon, Ohio, owns an operating subsidiary, BPI Energy, that focuses on CBM production from the Illinois Basin. It began trading on Amex as BPG in December 2005.

It has the largest position of any operating company pursuing coalbed methane in the Illinois Basin—an area covering 60,000 square miles in Illinois, southwestern Indiana and northwestern Kentucky, it reports. BPI controls about 500,000 acres and has three pilot projects in various stages there.

"The Illinois Basin is about 10 times the size of the San Juan Basin and is the largest undeveloped CBM opportunity outside of the Rockies," says president and CEO James Azlein. He has 20 years of experience in project development and management and has headed BPI since 2001.

For many industry observers, the company jumped onto the radar screen in May 2006 when James

AMEX LIKES ENERGY

The American Stock Exchange is the leading exchange for oil and gas companies, says John McGonegal, senior vice president, Amex Equities Group. Oil and gas companies make up 82% of the exchange's energy listings and 94% of their market cap. The number of energy company listings accounts for 12% of the Amex's total for all industries and 38.8% of the market value of all Amex-traded companies.

McGonegal as well as Bruce Poignant, who has been assigned to the oil and gas sector, frequent industry conferences and seminars as they seek to tell their story and entice still more companies to join the exchange. They are frequent visitors to the oil patch.

"Most publicly traded companies do not have multibillion-dollar market caps, multi-million shares traded daily and constant investment banking activity. For those firms, the Amex can fill a niche and partner with them to build value for both management and shareholders," McGonegal says. "Amex is the only exchange that trades equities, options and derivatives in the same marketplace. Our equities business guarantees all listed companies a fair and orderly market and communicates their story to the investment community."

Five of the 25 largest Amex-listed companies are in the energy sector: Imperial Oil, with a market cap of $38.4 billion; Ultra Petroleum, $8.2 billion; Cheniere Energy, $1.6 billion; Grey Wolf Inc., $1.2 billion; and MarkWest Energy Partners, $916 million.

The typical profile for an oil and gas company traded on Amex is: average share price, $13.08; average market cap, $1.5 billion; and average daily volume, 295,241 shares. "Small cap" is typically defined by investors as companies with a market cap below $2 billion. •

Craddock, who had served as chief engineer for Burlington Resources Inc., joined BPI as senior vice president and chief of operations. Burlington was a CBM leader before being acquired by ConocoPhillips.

Now, BPI plans to drill between 58 and 123 wells during the fiscal year that ends July 31, 2007, for an estimated capex ranging from $12- to $30 million.

"The company is pursuing additional acreage in the basin and is contemplating joint ventures that could serve as a catalyst," Azlein says.

For the three months ending October 31, 2006, (first-quarter fiscal 2007), BPI reported gas sales of 51.5 million cubic feet, up from 19.8 million in the same quarter a year earlier. All production comes from the company's Southern Illinois Basin pilot project, but during the October quarter, BPI also tied in 10 new wells in its Northern Illinois Basin pilot. These CBM wells will take some time to dewater before they begin to produce natural gas.

Proved reserves, as of July 2006, were up 43% to 14.7 Bcf from a year earlier. Probable reserves were 3.2 Bcf and possible reserves, 749.4 Bcf.

BPI is small and still building: its fiscal first-quarter revenues rose 40% to $210,000.

TRANSMERIDIAN EXPLORATION

Most E&P companies traded on the Amex are active in the U.S., but Transmeridian Exploration Inc. is a notable exception that gives investors the option to invest in an international play.

The Houston E&P company acquires and develops oil reserves in the Caspian Sea region of the former Soviet Union. It primarily targets fields with proved or probable reserves and significant upside reserve potential in Kazakhstan and southern Russia, but it is pursuing additional projects in the Caspian Sea region.

Transmeridian began trading on the Amex in March 2005 as TMY and on the Frankfurt Stock Exchange as TRJ. Earl McNiel, vice president and chief financial officer, says the company was first listed on the Frankfurt exchange to accommodate some early investors, who were based in Germany. "We listed on the Amex in order to improve liquidity in the stock, raise our profile and enhance access to capital. We believe we have seen positive progress in each of these areas," he says.

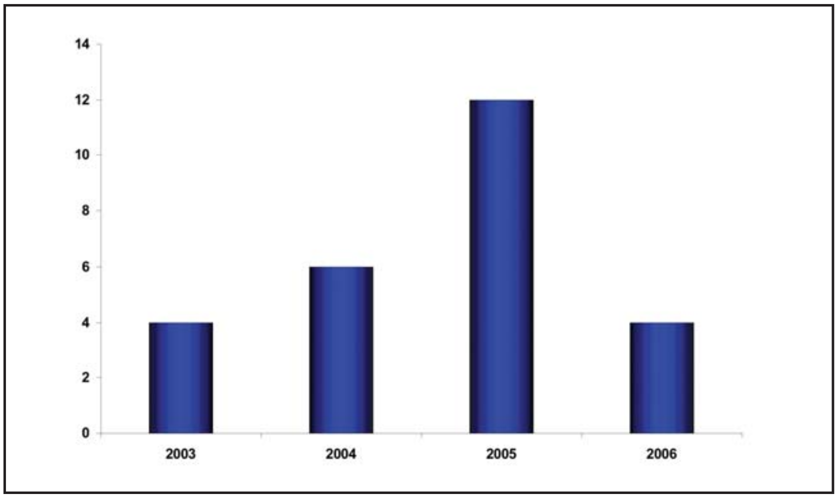
Why the Caspian Sea focus? That region holds 4% to 5% of the world's total oil reserves and is largely undeveloped or underdeveloped, says Lorrie Olivier, chief executive. The play also features favorable economics relative to global peers as the full-cycle costs in the region average less than $5 per barrel. The region has a favorable tax and regulatory environment, and transportation alternatives are expanding as existing and proposed pipelines continue to expand off-take point options, he adds.

Lorrie Olivier
CEO
Transmeridian Exploration

Transmeridian targets medium-size fields with low initial entry costs, identified reserves, significant upside reserve potential and a quick payback period of two to three years, which offer the likelihood of lower-than-average international finding costs.

"We acquire and develop overlooked/underdeveloped assets by targeting fields too small for international majors and too large and/or technically complicated for local players," Olivier says.

Transmeridian's current production is 4,100 barrels of oil a day. Olivier says the company expects to dramatically increase that volume. Its primary oil and gas property is the South Alibek Field, in which the company holds a 100% interest through a subsidiary in Kazakhstan. The company has a license covering 14,000 acres and has drilled 13 wells to date. Estimates of proved



New energy listings on the Amex during the past four years.

reserves are 73 million BOE, but the estimate of proved plus probable exceeds 200 million.

The company expects to increase the number of producing wells from eight to 18 by the end of first-quarter 2007.

"We have some wells that produce over 1,000 barrels of oil per day and others that produce 200 per day. However, with all the work we have done, we have gained a much greater understanding of our reservoirs," Olivier says.

Transmeridian believes it can more efficiently extract the oil and maximize return to shareholders by using lateral completions and high-angle deviated wells. Olivier says this is a commonly used technique in carbonates and highly fractured formations throughout the world, including the Austin Chalk, Williston Basin, North Sea and the Middle East.

The company plans to complete all five of the wells it is currently drilling, as well as two existing wells it is recompleting, as horizontal or lateral wells.

Olivier founded the company in 2000 after heading the Kazakhstan and Caspian Sea region operations for American International Petroleum Corp. from 1991 to 2000. With 30-plus years of industry experience, Olivier applies what he learned from employers. "From Shell, I learned that you can never apply enough technology. With Occidental Petroleum, I learned the importance of cash flow. With the small companies, I learned the value of a good story," he says. •

MEET AND GREET

Here's a quick snapshot of some of the energy companies that took a ticker on the New York Stock Exchange in 2006.

BY KELLY GILLELAND, Contributing Editor

Launching a successful IPO or listing on the New York Stock Exchange might not guarantee fame and fortune, but it's certainly a step in that direction. Last year saw more than a dozen E&P-related firms take that giant leap to join the Big Board. The increased trading volumes make these energy names open to more attention from different kinds of investors.

"You can trade on Nasdaq or on the Amex, but you know you've reached the peak when you make it to the New York Stock Exchange," says Arena Resources president and chief executive Tim Rochford. Last August when Tulsa-based Arena graduated from the Amex to the NYSE, it saw a "considerable improvement in liquidity."

"Our daily volume picked up significantly, probably by about 25% to 35%," he says. "Needless to say, we are very pleased."

Arena is not alone. Houston-based Complete Production Services went public on the NYSE last April with the largest oilfield services IPO, says company chief financial officer Mike Mayer. "It was definitely the highlight of our year."

Oil prices may be down 11% since the beginning of 2007 and the direction of gas prices is dicey, but these newcomers to the NYSE are all fast-growing companies.

Despite the sometimes millions of dollars and countless hours spent fulfilling regulatory requirements, the lure of the public offering is stronger than ever. In 2006, nearly 200 companies from all industries raised almost $43 billion in IPOs, the highest amount since 2000. In the E&P sector, some predict 2007 will bring the highest number of IPOs to date, as the smaller companies continue to gain momentum.

As the oldest and largest stock exchange, the NYSE boasts it is "the most liquid and cost-efficient marketplace in the world." The prestige of an NYSE listing is "viewed as the Holy Grail," says one industry insider. "Listing on the other exchanges is difficult enough, and most small independents don't have the time, money or patience to attempt [to list on the NYSE]. But that doesn't mean it doesn't cross their minds."

What follows is a snapshot of those E&P-related companies that made the grade last year, obtaining that coveted NYSE listing. Each merits further investigation for potential investment.

ARENA RESOURCES INC.

Tulsa-based Arena Resources is primarily active in the Midcontinent in Kansas, Oklahoma, Texas and New Mexico. Founded in 2000, its portfolio of proved reserves is about 82% oil.

"From mid-2004 to the end of fourth-quarter 2006, we have focused on acquisition of some great assets with upside opportunity," Rochford says. "2006 was a very good year for us. We doubled our production for the second year in a row, and added substantial reserves to the bottom line."

In December 2006, Arena made its latest acquisition, of three leases in Texas' Permian Basin, to add 4.7 million barrels of oil equivalent (BOE) of proved reserves for $6.1 million. This increased the overall 2006 budget to $93 million. Production in 2006 doubled over 2005 levels.

Arena has identified at least 90 new drilling locations on 20-acre spacing on the new purchase alone.

"We now have a multi-year drilling inventory," Rochford says, "and have the ability at present, even without further acquisitions, to grow the company organically for many years to come."

ATLAS PIPELINE HOLDINGS LP

This holding company owns interests in the general partner of Atlas Pipeline Partners LP, which went public in 2000. It is in the transmission, gathering and processing of natural gas in the Midcontinent and Appalachian regions. Based in Moon Township, Pennsylvania, the partnership owns and operates about 1,900 miles of active intrastate gas-gathering pipeline, a 565-mile interstate gas pipeline, two gas-processing plants and a treating facility where gas and impurities are removed.

Last October, the partnership declared its initial quarterly cash distribution for the third quarter of $0.17 per common limited partner unit, representing a pro-rated cash distribution of $0.24 per common unit for the period from July 26, 2006, the date of the

"Our daily volume picked up significantly, probably by about 25% to 35%. Needless to say, we are very pleased."

Tim Rochford,
President and Chief Executive Officer, Arena Resources

partnership's IPO, through September 30, 2006. The $3.6-million distribution was paid in November to common unit-holders.

BRISTOW GROUP INC.

As the first civil helicopter company to work in the oil and gas industry and one of the largest helicopter firms in the world, Bristow Group (formerly Offshore Logistics Inc.) has earned an international reputation for response speed and high-quality service. Its brand names, Air Logistics and Bristow Helicopters, are familiar sights in 22 countries. The company provides transportation, maintenance, search and rescue, and other types of related services to the oil industry and other business sectors.

The Bristow Group also offers offshore platform production management services including staffing and on-site management of offshore facilities through its subsidiary, Grasso Production Management.

As of September 2006, the Houston company had $794 million in equity, $261 million of debt, $268 million in cash on hand and undrawn borrowing capacity (in the form of a revolving line of credit) of $100 million. Plans include expanding its transportation fleet and evaluating acquisition opportunities that strategically fit the company's business model.

CNX GAS CORP.

CNX Gas Corp. is an independent gas exploration, development, production and gathering company operating in the Appalachian Basin. The Pittsburgh-based company believes it is the second-largest gas producer in the Appalachian Basin, with 2006 production expected to be 55.7 billion cubic feet, a 15% increase over 2005. Proved reserves as of December 31, 2005, were 1.13 trillion cubic feet (Tcf). A recently completed study identified net unproved reserves of 2.03 Tcf. More than 90% of the net unproved reserves are economic at gas prices of about $5 per thousand cubic feet or less. The company has access to 2.44 million gross acres, of which 640,000 remain unevaluated.

Nicholas J. DeIuliis, President and CEO CNX Gas

The company has set 2007 capex at $312 million, up 84% from 2006.

"We continue to expect at least 15% annual growth in organic production for 2007 and beyond," says president and CEO Nicholas DeIuliis.

The company's goal is annual output of more than 100 billion cubic feet (Bcf) by 2010.

"Achieving this would mean CNX Gas would have more than doubled its 2005 production of 48.4 Bcf in five years, without having made an acquisition," DeIuliis says.

CNX's listing process on the NYSE

was a little different from most companies because it sold its shares months earlier as part of a 144A offering.

"The highlight, as a new company, was to create our own identity and establish our reputation with the E&P industry," DeIuliis says. "While there are still investors who have not heard of us, we've encountered fewer of them as the year has progressed. For those who know us, I believe we're seen as one of the premier midcap resource plays in the U.S."

(Photo courtesy of Complete Production Services Inc.)

COMPLETE PRODUCTION SERVICES INC.

Formerly known as Integrated Production Services Inc., Complete Production is one of North America's leading oilfield service providers, offering all-inclusive field support, equipment and production optimization. The company focuses primarily onshore the U.S., but is also active in Canada, Mexico and Southeast Asia.

"We take a two-fold approach toward growing our company in a meaningful way," says senior vice president and CFO Mike Mayer. "One, we continually invest in new capital in equipment to expand our capabilities, and two, we are always looking for acquisition opportunities to expand our geographical reach."

The company is no stranger to acquisitions, making 15 such purchases last year alone. Its latest purchase, Pumpco Services, provides pressure pumping in the Barnett Shale play of north Texas, as well as stimulation and cementing services. Pumpco was purchased last November for $157.5 million in cash and about a million Complete common shares. Complete also assumed about $30 million in outstanding debt.

"We evaluate acquisition candidates as they come up," Mayer says. "We have great opportunities for future gowth."

Complete took a big step toward enhancing its capital structure in 2006, with a $650-million public debt offering.

"We have rapidly grown our business in the past," Mayer adds, "and we will continue to grow through organic means as well as strategic acquisitions."

CONSTELLATION ENERGY PARTNERS LLC

A rising star on the coalbed methane (CBM) scene, Constellation was formed by parent Constellation Energy Group Inc. primarily to take advantage of opportunities in the prolific Black Warrior Basin of Alabama.

The company's chief financial officer, Angela Minas, explains, "Our primary business objectives are to generate stable cash flows, allowing us to make quarterly distributions to our unit holders and, over time, to increase the amount of future quarterly distributions."

The company intends to spread its focus to include oil and gas properties as well as related midstream assets, and plans "accretive acquisitions of E&P properties characterized by a high percentage of proved producing reserves with long-lived, stable production and step-out opportunities," she says.

(Photo courtesy of Constellation Energy Partners LLC)

CEP is listed on the NYSE Arca and is enthusiastic about what the future holds.

"In 2007, we are committed to maintaining a stable cash flow to ensure we meet our quarterly distribution targets for our investors," Minas says. "We believe that the combination of our experience in operating unconventional resources and the low-risk, low-cost drilling profile of the Black Warrior Basin will enable us to achieve that goal."

ENERGY TRANSFER EQUITY LP

Energy Transfer Equity (ETE) of Dallas owns the general partner of Energy Transfer Partners (ETP) and about 62.5 million ETP limited partner units. ETP and ETE have a combined enterprise value approaching $20 billion.

Although ETP has been publicly traded since the mid-1990s, ETE joined the NYSE last year. In December, ETE announced a $0.11-per-unit increase in the annual cash distribution paid on the partnership's outstanding limited partner units, to $1.36 annually.

The two companies own and operate a diversified portfolio of energy assets, including gas transportation and storage operations, intrastate gas-gathering and transportation pipelines, gas treating and processing assets in Texas and Louisiana, and three gas storage facilities in Texas.

EXCO RESOURCES INC.

Dallas-based Exco Resources is another active player onshore, focusing its E&P efforts across Appalachia, East Texas, the Midcontinent, Permian Basin and the Rockies. As of year-end 2005, its proved reserves were about 445 Bcf equivalent (Bcfe) of which 91% was gas.

Exco has made a few significant acquisitions during the past two years, including Winchester Energy Co. Ltd. in 2006. It boasts assets that include a multi-year inventory of development drilling and exploitation projects.

Exco's most recent transaction includes the sale of oil and gas properties in Wattenberg Field in the Denver-Julesburg Basin in Colorado. This sale was concluded in early January 2007 for nearly $132 million.

HELIX ENERGY SOLUTIONS GROUP INC. and CAL DIVE INTERNATIONAL

Based in Houston, Helix joined the NYSE in July 2006. It specializes in the exploitation of marginal fields, including exploration of unproven fields where it employs its services on its own oil and gas properties as well as providing services to the open market. The company is a leading marine contractor and operates offshore oil and gas properties as well as production facilities.

In July 2006, it moved solidly into the E&P industry when it acquired Remington Oil and Gas Corp. for $1.4 billion, gaining 280 Bcfe of proved reserves in the Gulf of Mexico.

"Our main strategic objective is to achieve long-term sustainable earnings growth, linked to a superior return on capital," Helix president and CEO Martin Ferron says. "Based on the market opportunities open to us, we have crafted a capital allocation plan that could generate at least 25% earnings growth in each of the next three years. For 2007, in particular, we reallocated capital between our contracting services and oil and gas business units to take advantage of recently announced marine asset investment opportunities, while achieving a more measured, lower risk, growth in our oil and gas production."

It subsequently launched an IPO of its subsidiary, Cal Dive International Inc., late last year. Cal Dive provides manned diving and related support services, pipelay and pipe burial services to the offshore industry. It also owns and operates the largest dive-support vessel fleet, diving corps and array of diving equipment in the world.

KAYNE ANDERSON ENERGY DEVELOPMENT CO.

This Houston-based investment company invests primarily in energy companies not publicly traded. Kayne's stated investment objective is "to generate current income and capital appreciation primarily through equity and debt investments."

The company's operations are externally managed and advised by Kayne Anderson Fund Advisors LLC. It intends to invest 80% of its assets in securities of energy companies, which include upstream, midstream and other energy companies.

MARINER ENERGY INC.

Houston-based Mariner Energy is fast progressing into the E&P big leagues in the Gulf of Mexico. The company is active in shelf and deepwater plays, as well as in West Texas' long-lived Spraberry oil trend.

After its acquisition of Forest Oil's Gulf of Mexico properties last year, essentially doubling the company's size, Mariner says it holds 644 Bcfe of proved reserves, about 68% gas. It drilled 28 offshore wells last year and brought three deepwater fields online.

The company has more than 800,000 net leased acres offshore.

Mariner sold its 20% working interested in Garden Banks Block 244, Gulf of Mexico, to Petrobras America late last year, resulting in a pre-tax gain of about $22 million. The transaction took about $21 million of projected required developmental spending off Mariner's bottom line. As a result, Mariner's projected capital spending for 2006 dropped from up to $545 million down to between $504- and $524 million.

PENN VIRGINIA GP HOLDINGS LP

Penn Virginia GP Holdings owns three types of equity interests in Penn Virginia Resource Partners (PVR), which is principally in management of coal properties, and gas gathering and processing, since the acquisition of a gas midstream business from Cantera Gas Resources in March 2005.

						INFORMATION AS OF JANUARY 11, 2007			
	Symbol	Industry	Issue Type	Listing Date (2006)	Previously Traded	P/E Ratio	EPS	Market Cap ($ billion)	Shares Outstanding
Arena Resources Inc.	ARD	Exploration and Production	Common Stock	Aug 31	Amex	24.47	1.54	0.57	14,659,000
Atlas Pipeline Holdings LP	AHD	Pipelines	Common Stock	Jul 21		0	0	0.50	21,100,000
Bristow Group Inc.	BRS	Oil Equipment and Services	Structured Product	Sep 19		0	0	0.20	4,000,000
CNX Gas Corp.	CXG	Exploration and Production	Common Stock	Jan 19		23.74	1.03	3.74	150,864,000
Complete Production Services Inc.	CPX	Oil Equipment and Services	Common Stock	Apr 21		14.43	0	1.31	70,659,000
Constellation Energy Partners LLC	CEP	Exploration and Production	Common Stock	Nov 15		0	0	0.27	11,094,000
Energy Transfer Equity LP	ETE	Pipelines	Common Stock	Feb 3		160.53	0.19	3.78	124,361,000
EXCO Resources Inc.	XCO	Exploration and Production	Common Stock	Feb 9		0	0	1.59	104,098,000
Helix Energy Solutions Group Inc.	HLX	Oil Equipment and Services	Common Stock	Jul 18		9.84	2.92	2.62	93,357,000
Kayne Anderson Energy Development Co.	KED	E&P Investment	Closed End Fund	Sep 21		0	0	0.24	10,000,000
Magellan Midstream Holdings LP	MGG	Pipelines	Common Stock	Feb 10		0	0	1.47	62,647,000
Mariner Energy Inc.	ME	Exploration and Production	Common Stock	Feb 21		15.01	1.21	1.59	86,365,000
Penn Virginia GP Holdings LP	PVG	Coal and coalbed methane/midstream	Unit	Dec 5		0	0	0.78	38,425,000
Vaalco Energy Inc.	EGY	Exploration and Production	Common Stock	Oct 12	Amex	9.22	0.69	0.37	58,743,000
Venoco Inc.	VQ	Exploration and Production	Common Stock	Nov 17		0	0	0.66	42,693,000

Source: www.nyse.com

Several producers, service companies and other energy businesses found a home for their tickets on the NYSE in 2006.

VAALCO ENERGY INC.

Vaalco has chosen West Africa and the Texas Gulf Coast as its main focus with a stated strategy of increasing reserves and production "through a program that balances lower risk acquisitions and exploratory drilling on our domestic acreage with high potential international prospects."

It has operated the Etame Block offshore Gabon for several years and has made a number of discoveries. As production there ramps up, its first-half 2006 earnings per share rose 75% over the prior year. It has also been awarded an onshore block in Gabon. Vaalco president Russell Scheirman says the company is evaluating the onshore acreage for possible drilling by the end of the year.

The Houston-based company joined the NYSE in October 2006 after trading on the Amex for several years.

"We are excited to join the ranks of some of the world's best-known companies," says chairman and CEO Robert Gerry.

Vaalco is expanding to other countries. Its latest transaction includes a production-sharing agreement for Block 05/06 offshore Angola, where the company holds a 40% share and operatorship of 1.4 million acres. Vaalco is also awaiting word on the outcome of the latest North Sea bid round where it hopes to gain five blocks. Awards are expected in the first quarter 2007.

VENOCO INC.

Bill Schneider
President
Venoco Inc.

California Dreaming is the theme at Denver-based Venoco, where the company has a primary focus of acquiring interests in, and exploring for and developing, oil and gas onshore and offshore California. The company also has properties in Texas that it obtained through the purchase of TexCal Energy LP for $456 million in the spring of 2006.

"We increased production (in Hastings Field) almost 40% since the acquisition in April and signed an agreement with Denbury Resources that we believe will lead to the CO_2 flooding of the field," Venoco president Bill Schneider says.

The company also drilled 62 wells last year in the Sacramento Basin.

"Our focus in 2007 will be very similar to 2006," he says, "but activity levels should be higher, and we hope we can leverage this to increase efficiency."

Venoco plans to drill approximately 120 wells in the Sacramento Basin and five to 10 in coastal California and Texas. It has a $200-million budget for capital expenditures for 2007. •

SMALL-CAP SELECTIVITY

These analysts foresee production growth for these four E&P companies.

BY MICHAEL BODINO, BRIAN CORALES and MICHAEL GLICK, Coker & Palmer Investment Securities

Many small-cap E&P companies exhibit strong growth in production as their plays get drilled and more fully developed. We have chosen to focus on four such companies, to evaluate, compare and contrast their acreage positions and drilling plans. We have profiled their production, reserves and capital expenditures (capex). As project economics evolve or new projects impact these companies, adjustments are made to our roll-forward models.

The companies we studied are Carrizo Oil & Gas (CRZO), Parallel Petroleum (PLLL), PetroQuest Energy (PQ) and Gulf of Mexico operator ATP Oil & Gas (ATPG). Although the latter is an offshore company only, our process allows us to effectively compare it with the other three, which are solely onshore resource players.

RESERVES DRIVE NAV

Statistically speaking, evaluation and comparison of four small-cap North American companies including CRZO, PLLL, PQ and ATPG can prove to be enlightening. Instead of simply relying on the ultimate resource potential based solely on acreage holdings and reserve potential, we have modeled each company through 2010 to determine how quickly each company could prove up its resource potential.

Although ATPG is not an onshore "resource company" like the other companies, one can still model production, capex and reserves from its inventory of large projects.

The biggest deficiencies of our methodology include estimating proved undeveloped (PUD) bookings and valuing additional potential from other projects in the pipeline. Further, our process allows us to focus on whether a company's balance sheet and technical staff support the program development and acceleration.

The biggest trump card continues to be long-term commodity prices, although each model can be run on myriad price decks. While we believe the mid-cap E&P companies should trade at a plus-or-minus 15% internal rate of return (IRR), our small-cap E&P price targets are all based on a 20% IRR from the 2010 proved net asset value (NAV), predicated on $7 Nymex Henry Hub and $50 crude oil prices (West Texas Intermediate).

Long-term investors could see 20%-plus return in the small-cap stocks due to liquidity and capital, among other factors. We think that PetroQuest and Carrizo offer the highest rate of return (ROR) to investors, although Parallel and ATP should have tremendous production growth going forward.

PetroQuest has been valued in the market as a Gulf of Mexico company and does not discount any future drilling success from its repeatable onshore plays in the Arkoma Basin and East Texas, especially in light of horizontal drilling potential in these areas. Carrizo's leverage to the Fort Worth Barnett Shale play not only gives the company growth potential for years to come, but also makes it a prime takeover candidate. Additionally, it holds 225,000 acres in other shale plays, including the West Texas Barnett, Floyd, Fayetteville and New Albany shales, for which we give the company no future reserve value.

SUMMARY RESULTS

The valuation metrics of these four E&P companies are similar when comparing the implied IRR of today's stock price versus our estimated 2010 net asset values, including ATPG, which may be perceived to not fit the mold of a resource company, but receives similar ROR valuations.

Last fall, PetroQuest and Carrizo traded at a discount to ATPG and PLLL, primarily because these companies have more years of drilling inventory left to develop.

We have also treated PQ the most conservatively by only booking 0.25 PUD for each proved developed producing location (PDP) drilled in its acreage plays and running its production basically flat in the Gulf Coast region.

For the other three companies, we are assuming reserves will continue to be booked at a rate of 0.5 PUD for each PDP. We apply these rules to maintain a three-year drilling inventory for each company, although we admit our estimates could prove to be conservative or aggressive. Further, financial metrics are driven by production, which is conservatively estimated as a function of drilling capex.

Clearly, some of these companies have additional upside beyond the roll-forwards we have mentioned here. In their key development areas, there is ample upside beyond 2010 as well as upside in other project areas.

Although we modeled several project areas, here we discuss the most important and predictable projects for each company.

We have tried to be consistent with our estimates on a per-company basis regarding PUD percentages; however, we do recognize that variations in the number of PUD locations booked and amount of prospective acreage are the primary variables relating to upside remaining beyond 2010.

In other words, it is less a question of "if," but more a question of "when," much of these reserves get booked. This is a primary reason we believe a discounted cash flow methodology is a better valuation tool, albeit more challenging than just attributing value to acreage or reserve potential.

ATP OIL & GAS

While all four companies have greater than 35% production compound annual growth rate, Houston-based ATP's production growth is estimated to be the highest because of its large offshore projects coming online in the next couple of years.

ATP has continued to acquire inventory with logged pay and should bring these projects to production over the next few years. The company should average greater than 300 million cubic feet per day of production during 2009 and 2010, although it could reach these levels earlier.

Any acceleration or better-than-anticipated recoveries of reserves would be positive for its production and NAV. Additional acquisitions are to be expected, which would add to its current inventory of 1.1 trillion cubic feet of gas.

In 2006, ATP was to produce 53.7 billion cubic feet equivalent (Bcfe) from its base Gulf of Mexico properties already producing, plus five other fields in the Gulf and in the North Sea. We model that output growing to 93.9 Bcfe in 2007 as additional production comes on stream in both areas. For 2008, we model 98.7 Bcfe of production; for 2009, we model 131.6 Bcfe, and by 2010, we see 113.6 Bcfe.

CARRIZO OIL & GAS

We modeled Houston-based Carrizo's drilling schedule in the Fort Worth Barnett Shale through the end of the decade. It has three net rigs drilling and additional interests in non-operated rigs drilling. Our estimates forecast the drilling of one horizontal well per rig per month, or 12 wells per rig each year. Additionally, we assume that Carrizo averages five net rigs in 2007 (including non-operated) and adds a rig each year from 2008 to 2010 such that it would average eight rigs.

Assuming the acceleration of drilling activity stated here, Carrizo should add significant production and reserves in the next four to five years.

We are using industry standards for reserve bookings in the Barnett Shale, adding 2 Bcfe per horizontal well completed, or 1.5 Bcfe net to Carrizo. We are forecasting 0.5 PUD locations for each PDP well going forward, largely because of the lack of contiguity in Carrizo's acreage position. This could provide additional upside for Carrizo as our PUD additions could prove to be conservative. Carrizo's PUD percentage remains relatively low, and any increase in PUDs could create additional upside to the company's NAV.

We model that in 2006, Carrizo will have booked 99 Bcfe of PDP reserves from the Barnett Shale play alone (about double its 2005 reported number). By 2010, however, we model the company having some 457 Bcfe of PDP and another 293 Bcfe of PUDs.

Carrizo also has an additional 225,000 net acres in other shale plays, including 120,000 net acres in the Floyd Shale in Alabama alone. We give the company no reserve value for this acreage but with success, could give the company additional future value.

PARALLEL PETROLEUM

This Midland, Texas, company also indicates growth in production in the future. Based on our drilling schedule roll-forward in the Wolfcamp play in West Texas through 2010 and our assumptions of 55,000 net acres, the company has 344 net well locations it can drill at a cost of $2 million per well. We model one PUD well per PDP well, and 1.5 Bcfe of net reserves per well.

Parallel's production growth began to accelerate significantly in 2006 and continues. We are estimating Parallel will operate three rigs in 2007 and four rigs thereafter. It could thus book 459 Bcfe of proved reserves by the end of 2010, net of production, versus about 56 Bcfe in 2006. Should the Wolfcamp play continue to see increasing success, Parallel could increase its NAV by accelerating the development of the play.

PETROQUEST ENERGY

We analyzed PetroQuest's East Texas operations in terms of PDP, PUD and total reserve additions during the next five years. We based our assumptions on the fact that the Lafayette, Louisiana, company has 25,100 net acres and 314 net drilling locations, which it can drill at a cost of $2 million per well. We modeled only one PUD location for every four PDP wells and 1 Bcfe of net reserves per well.

With 25,100 net acres and 80-acre spacing, PetroQuest would have about 314 locations to develop. Based on these assumptions, the company could have about 180 Bcfe of reserves in East Texas by 2010 versus 40 Bcfe in 2005. Better reserve recoveries, possible 40-acre downspacing and horizontal drilling could add upside to our estimates. Our assumptions are based strictly on vertical drilling to develop the acreage. •

Michael Bodino, Brian Corales and Michael Glick are energy analysts in the New Orleans office of Coker & Palmer Investment Securities, headquartered in Jackson, Mississippi. This is adapted from their report.

Company	Production 2005A	Production 2010E	Reserves 2005A	Reserves 2010E
Carrizo Oil & Gas	9.6	48.0	150.6	887.6
ATP Oil & Gas	19.9	112.0	527.5	679.9
Parallel Petroleum	9.1	46.7	152.4	895.1
PetroQuest Energy	16.1	76.5	131.0	473.3

Source: Coker & Palmer

Company comparison in billion cubic feet equivalent. Production and reserves are to grow exponentially for these four companies.

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It is estimated that 80% of the incremental gas reserves that must be developed to meet projected U.S. demand during the next 20 years will come from unconventional-resource plays.

Hart Energy Publishing's Developing Unconventional Gas is the only conference designed to supply operators and the service industry with the latest insight on unconventional gas-play economics, and the technologies being employed to successfully develop these reserves. **From Alabama's Floyd Shale, to the Barnett and Woodford shales, to Z-Pinnate technology, learn from the industry experts.**

Topics to be discussed include:

- Profitable Growth: Unconventional-Gas Economics
- Return on Investment: Which Unconventional-Gas Business Models Sell at the Petroleum Club and on Wall Street
- Unconventional-Gas Growth by Drillbit and by Checkbook
- Success Stories: Coalbed Methane & Tight Gas
- Technology: Driving Costs Down & Total Recoverable Resources Up
- The Simu-Frac: Surfacing More Shale Gas Today
- Success Stories: Shale Gas in the Barnett, Fayetteville and Woodford
- Alabama's Floyd Shale: Outlook for an Emerging Play
- Moving Gas to Market: Midstream Challenges for Unconventional Gas

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UPSTREAM STOCKS TO WATCH

Company	Market Cap ($MM)	Debt/Equity	Price/Book	Net Profit Margin (Most Recent Quarter)	Price/Free Cash Flow (Most Recent Quarter)
St. Mary Land & Exploration Co.	1,900	0.242	2.763	29.04	-29.858
Forest Oil Corp.	1,870	0.779	1.327	37.929	-109.021
Petrohawk Energy Corp.	1,840	0.738	0.971	26.805	3.218
Exco Resources Inc.	1,640	0.735	1.399	84.515	-32.978
Whiting Petroleum Corp.	1,610	0.818	1.391	23.848	-23.604
Mariner Energy Inc.	1,590	0.485	1.252	19.106	-34.673
San Juan Basin Royalty Trust	1,440	NA	64.833	101.001	NA
Houston Exploration Co.	1,420	0.378	1.479	25.89	-8.501
Linn Energy LLC	1,320	4.174	5.525	213.415	42.658
Swift Energy Co.	1,300	0.48	1.719	29.308	-65.948
Baytex Energy Trust	1,290	0.752	3.182	34.648	79.314
Penn Virginia Corp.	1,270	1.351	3.369	12.158	-17.967
Berry Petroleum Co.	1,260	0.817	3.133	24.366	66.629
Comstock Resources Inc.	1,250	0.707	1.908	13.181	-29.157
Bill Barrett Corp.	1,210	0.251	1.638	19.826	-23.152
Encore Acquisition Co.	1,210	0.746	1.525	23.712	-74.624
Spirit Finance Corp.	1,200	1.789	1.334	30.551	33.705
Delta Petroleum Corp.	1,150	0.759	2.637	-14.411	-20.401
Compton Petroleum Corp.	1,120	1.054	1.751	31.857	-20.434
Advantage Energy Income Fund	1,100	0.459	1.06	1.19	79.03
Hugoton Royalty Trust	952.400	NA	5.761	99.752	NA
Bois d'Arc Energy Inc.	938.130	0.222	1.865	17.291	-17.648
Rosetta Resources Inc.	931.910	0.295	1.139	16.745	-49.225
Stone Energy Corp.	918.990	0.788	0.902	11.984	-4.614
Goodrich Petroleum Corp.	888.050	0.612	3.962	27.793	-12.678
Energy Partners Ltd.	844.880	0.761	1.983	-23.483	-10.442
Interoil Corp.	803.010	2.19	6.967	-6.847	-12.63
Eagle Rock Energy Partners LP	792.830	1.27	2.536	9.357	NA
Delek US Holdings Inc.	788.790	0.773	2.129	2.861	12.616
Permian Basin Royalty Trust	717.770	NA	481.25	99.185	NA
Carrizo Oil & Gas Inc.	711.540	0.799	3.42	23.366	-12.225
Venoco Inc.	645.940	24.509	17.8	21.028	-35.815
Apco Argentina Inc.	641.080	NA	4.429	76.19	76.372
Parallel Petroleum Corp.	638.780	0.859	3.733	37.287	-15.474
Dorchester Minerals LP	623.830	NA	3.609	61.502	54.926
Petroleum Development Corp.	623.240	0.232	1.736	313.907	-1.737
Hiland Holdings GP LP	621.350	3.29	15.22	-0.042	NA
Warren Resources Inc.	619.670	0.008	2.099	24.213	-74.51
PetroQuest Energy Inc.	594.290	0.974	3.171	11.88	-42.385
Sabine Royalty Trust	568.590	NA	114.706	97.269	NA
Arena Resources Inc.	557.030	0.004	4.88	44.011	-30.492
MarkWest Hydrocarbon Inc.	535.750	10.566	11.802	5.451	52.642
Rentech Inc.	531.030	0.755	6.926	-31.561	168.139
Breitburn Energy Partners LP	516.430	0.204	2.091	89.842	NA
Legacy Reserves LP	514.820	0.714	2.496	79.941	-80.025
Hiland Partners LP	491.920	0.783	2.873	6.527	113.351
GeoGlobal Resources Inc.	476.660	NA	10.843	NA	-116.499
Toreador Resources Corp.	418.080	0.641	3.11	20.352	NA
The Exploration Co.	395.640	0.001	3.121	29.604	-22.523
GMX Resources Inc.	394.130	0.091	3.024	33.747	-195.001
Vaalco Energy Inc.	387.700	0.043	3.33	53.003	263.385
McMoRan Exploration Co.	380.720	NA	NA	-30.767	-10.185
Harvest Natural Resources Inc.	380.570	0.213	1.504	NA	-7.529
Geomet Inc.	368.110	0.203	1.78	26.427	-7.352

Company	Market Cap ($MM)	Debt/Equity	Price/Book	Net Profit Margin (Most Recent Quarter)	Price/Free Cash Flow (Most Recent Quarter)
Enterra Energy Trust	364.400	0.858	1.075	5.802	27.74
Clayton Williams Energy Inc.	349.030	2.547	2.369	8.077	-7.812
Gastar Exploration Ltd.	327.920	1.272	4.483	-115.359	-19.299
ERHC Energy Inc.	316.360	0.001	8.98	NA	-87.26
Contango Oil & Gas Co.	313.160	0.161	5.033	-21.459	-14.354
North European Oil RT	313.030	NA	8515	95.465	NA
Aurora Oil & Gas Corp.	310.220	1.168	3.155	-37.379	-44.806
Kodiak Oil & Gas Corp.	305.130	NA	5.258	-37.41	-51.402
Edge Petroleum Corp.	285.280	0.657	1.874	-188.176	7.675
TransGlobe Energy Corp.	278.150	NA	2.847	39.726	-35.154
Constellation Energy Partners	277.910	NA	1.433	41.303	-49.604
Transmeridian Exploration Inc.	274.470	6.943	7.164	-183.559	-8.762
Cross Timbers RT	272.280	NA	13.591	99.483	NA
Brigham Exploration Co.	271.800	0.454	1.027	20.065	-7.644
Callon Petroleum Co.	268.680	0.731	0.97	21.458	-12.713
Meridian Resource Corp., The	265.640	0.253	0.839	-189.713	6.017
Endeavour International Corp.	260.470	1.384	3.091	226.94	-16.993
Energy Infrastructure Acqstn	258.610	0.023	1.857	NA	NA
CanArgo Energy Corp.	258.470	0.361	2.261	-273.575	-35.452
Sulphco Inc.	254.000	1.412	71.429	NA	20.697
Canadian Superior Energy Inc.	230.320	0.107	1.85	-59.672	-83.643
Gasco Energy Inc.	223.520	0.835	2.87	-14.538	-15.611
American Oil & Gas Inc.	217.080	NA	4.192	NA	-54.453
Tri-Valley Corp.	209.740	0.777	28.391	-198.368	-97.333
FX Energy Inc.	207.460	NA	5.614	-93.811	-61.994
Double Eagle Petroleum Co.	201.990	0.261	6.336	7.659	104.157
PrimeEnergy Corp.	193.490	1.5	3.67	26.736	156.959
Santa Fe Energy Trust	186.610	NA	46.426	91.814	NA
Dominion Resources Black Warrior	181.180	NA	5.724	96.644	NA
Barnwell Industries Inc.	167.550	0.232	3.311	18.902	-94.921
Cano Petroleum Inc.	166.710	NA	2.371	-4.251	-204.506
Eastern American Natural Gas	163.190	NA	6.294	77.06	NA
Panhandle Royalty Co.	155.480	0.065	3.169	10.629	-33208
Abraxas Petroleum Corp.	134.830	NA	NA	4.457	1249.84
NGAS Resources Inc.	134.790	1.001	1.8	0.915	-69.405
Dune Energy Inc.	111.110	1.4	3.61	-202.198	18.958
Credo Petroleum Corp.	110.970	NA	3.409	32.426	913.348
Harken Energy Corp.	110.970	NA	1.006	20.168	-69.16
EV Energy Partners LP	104.190	0.164	1.648	43.562	NA
Williams Coal Seam Gas RT	102.630	NA	11.678	93.897	NA
Mesa Royalty Trust	101.010	NA	12.307	99.356	NA
Far East Energy Corp.	99.010	NA	2.963	NA	-36.287
Bolt Technology Corp.	95.550	NA	3.15	20.018	86.758
Storm Cat Energy Corp.	82.840	0.437	1.317	-172.627	-2.458
Zion Oil & Gas Inc.	80.820	0.027	12.094	NA	68.862
Isramco Inc.	75.230	0.118	2.338	37.548	-76.377
Teton Energy Corp.	72.350	NA	2.202	-54.256	-7.961
National Energy Group Inc.	67.930	12.548	5.732	412.771	27.474
Torch Energy Royalty Trust	55.990	NA	2.771	83.871	NA
LL&E Royalty Trust	51.470	NA	19.781	56.676	NA
Petro Resources Corp.	51.360	0.002	4.336	NA	-7.4
Magellan Petroleum Corp.	51.050	NA	0.874	15.098	37.903
Infinity Energy Resources Inc.	49.820	10.45	8.85	-190.987	6.314
Marine Petroleum Trust	47.480	NA	15.806	113.442	50.295
Tel Offshore Trust	46.330	NA	812.5	NA	NA
Tengasco Inc.	46.010	0.116	1.935	23.155	189.751
Spindletop Oil & Gas Co.	39.880	0.192	5.198	20.297	82.478
BPI Energy Holdings Inc.	39.210	0.003	0.877	NA	-8.43
Austral Pacific Energy Ltd.	38.890	NA	1.636	101.913	-9.764
Hallador Petroleum Co.	36.500	0.849	1.345	-36.681	45.242
American Energy Group Ltd.	36.200	0	14.07	NA	-116.57
JED Oil Inc.	36.070	NA	NA	NA	2.082
PYR Energy Corp.	35.330	0.396	1.914	4.088	-45.526
Blue Dolphin Energy Co.	34.550	0.059	3.824	14.965	-270.824
Sky Petroleum Inc.	32.600	NA	1.062	NA	-27.68

Company	Market Cap ($MM)	Debt/Equity	Price/Book	Net Profit Margin (Most Recent Quarter)	Price/Free Cash Flow (Most Recent Quarter)
Delta Oil & Gas Inc.	32.000	NA	7.634	-114.507	-69.262
Westside Energy Corp.	31.550	0.615	1.323	-74.988	7.842
Basic Earth Science Systems Inc.	31.090	NA	3.088	37.827	89.759
Oakridge Energy Inc.	29.440	NA	3.881	-2.089	-87.676
Royale Energy Inc.	28.660	0.376	1.595	-16.566	31.712
CKX Lands Inc.	26.300	NA	2.791	55.795	58.166
Petrosearch Energy Corp.	25.510	0.297	1.677	-194.576	6.846
Tidelands Oil & Gas Corp.	23.670	2.051	4.746	NA	-6.919
Empire Energy Corp.	23.560	0.175	5.455	NA	-42.896
Maverick Oil and Gas Inc.	22.700	1.301	8.148	705.917	-3.491
Daleco Resources Corp.	22.650	0.087	1.382	-92.061	-61.47
GeoResources Inc.	22.070	0.002	1.947	21.088	-307.237
Continental Energy Corp.	21.130	NA	NA	NA	NA
Aspen Exploration Corp.	19.620	NA	1.856	25.61	-5.362
United Heritage Corp.	19.020	0.448	1.781	-196.35	299.075
Tidelands Royalty Trust B	18.850	NA	11.93	93.579	-154.189
Wescorp Energy Inc.	18.600	9.057	33.077	NA	10.458
PRB Energy Inc.	18.380	2.043	1.736	-160.838	-4.896
Siberian Energy Group Inc.	18.190	NA	NA	NA	-20.074
Ness Energy International Inc.	18.000	0.056	0.952	-151.807	178.249
Golden Patriot Corp.	16.410	NA	NA	NA	-89.69
United Fuel & Energy Corp.	15.570	2.526	0.727	0.843	-22.189
Petrol Oil and Gas Inc.	15.100	3.139	1.711	-76.592	-4.125
Empire Petroleum Corp.	14.020	0.266	10	NA	-8.804
Sonoran Energy Inc.	13.500	0.104	0.687	-177.372	68.122
Texas Vanguard Oil Co.	12.320	0.054	2.087	21.424	-136.938
Surge Global Energy Inc.	12.140	NA	1.076	NA	1.938
Falcon Natural Gas Corp.	11.900	NA	NA	NA	56.541
Pilgrim Petroleum Corp.	10.680	NA	NA	NA	NA
Mexco Energy Corp.	10.590	0.014	1.423	16.83	-92.994
Earth Search Sciences Inc.	8.940	NA	NA	NA	16.646
New Frontier Energy Inc.	8.260	0.622	2.099	NA	-9.912
EnDevCo Inc.	7.050	NA	NA	-133.337	4.323
Delek Resources Inc.	6.870	NA	NA	NA	4.078
Trans Energy Inc.	6.790	4.471	9.6	-189.217	-6.521
Superior Oil & Gas Co.	6.730	NA	NA	NA	-14.86
New Century Energy Corp.	6.160	NA	NA	-33.315	0.189
Beard Co.	5.650	NA	NA	-65.674	-3.419
Fellows Energy Ltd.	5.040	0.777	0.654	NA	9.076
Mesa Offshore Trust	5.040	NA	NA	0	NA
Silver Star Energy Inc.	4.810	NA	NA	-73.588	14.563
Miller Petroleum Inc.	4.170	345.025	NA	-67.477	-548.425
Aztec Oil & Gas Inc.	4.100	0.081	70	25872.1	-16.464
Australian Canadian Oil RT	3.180	0.217	3.934	NA	-39.564
National Healthcare Technology	1.770	NA	NA	NA	NA
PrimeWest Energy Trust	1.540	0.521	1.275	42.867	-5.665
BP Prudhoe Bay Royalty Trust	1.520	NA	165.698	99.539	NA
GSV Inc.	1.200	0.32	0.69	-31.382	13.192
Castleguard Energy Inc.	0.870	0.26	1.064	-48.709	81.677
Double Eagle Holdings Ltd.	0.290	NA	NA	NA	-6.548
Admiral Bay Resources	NA	NA	NA	NA	NA
Allied Resources Inc.	NA	NA	NA	26.056	NA
AMG Oil Ltd.	NA	NA	NA	NA	NA
ATP Oil & Gas Corp.	NA	1.296	NA	9.568	NA
Australian Oil & Gas Corp.	NA	1.159	NA	NA	NA
Avalon Oil and Gas Inc.	NA	0.032	NA	NA	NA
Avenue Group Inc.	NA	0.142	NA	-263.604	NA
Bayou City Exploration Inc.	NA	0.095	NA	NA	NA
BMB Munai Inc.	NA	NA	NA	25.301	NA
BPZ Energy Inc.	NA	0.001	NA	NA	NA
Calibre Energy Inc.	NA	NA	NA	NA	NA
China North East Petroleum	NA	0.898	NA	20.331	NA
Colorado Wyoming Reserve Co.	NA	NA	NA	NA	NA
Consolidated Oil & Gas Inc.	NA	12.011	NA	-81.84	NA
Crimson Exploration Inc.	NA	0.094	NA	46.472	NA

Company	Market Cap ($MM)	Debt/Equity	Price/Book	Net Profit Margin (Most Recent Quarter)	Price/Free Cash Flow (Most Recent Quarter)
Croff Enterprises Inc.	NA	NA	NA	66.681	NA
CrossPoint Energy Co.	NA	2.904	NA	-72.749	NA
Cygnus Oil & Gas Corp.	NA	2.006	NA	NA	NA
Discovery Oil Ltd.	NA	NA	NA	NA	NA
Energy XXI	NA	NA	NA	NA	NA
Epic Capital Group Inc.	NA	NA	NA	NA	NA
Evolution Petroleum Corp.	NA	NA	NA	-98.084	NA
Exxel Energy	NA	NA	NA	NA	NA
FEC Resources Inc.	NA	0.268	NA	NA	NA
Fieldpoint Petroleum Corp.	NA	NA	NA	35.675	NA
Foothills Resources Inc.	NA	NA	NA	NA	NA
Frontier Energy Corp.	NA	0.109	NA	NA	NA
Galaxy Energy Corp.	NA	1.906	NA	NA	NA
Geokinetics Inc.	NA	4.852	NA	-3.812	NA
Golden Chief Resources Inc.	NA	NA	NA	NA	NA
Gulf Coast Oil & Gas Inc	NA	NA	NA	NA	NA
Gulfport Energy Corp.	NA	0.25	NA	52.18	NA
Houston American Energy Corp.	NA	NA	NA	-0.225	NA
Ignis Petroleum Group Inc.	NA	NA	NA	NA	NA
Index Oil & Gas Inc.	NA	NA	NA	NA	NA
Lions Petroleum Inc.	NA	NA	NA	NA	NA
Lucas Energy Inc.	NA	1.04	NA	27.629	NA
Majestic Oil & Gas Inc.	NA	NA	NA	-91.099	NA
Monument Resources Inc.	NA	NA	NA	-98.411	NA
Morgan Creek Energy Corp.	NA	NA	NA	NA	NA
Mountains West Exploration Inc.	NA	NA	NA	NA	NA
Pangea Petroleum Corp.	NA	NA	NA	NA	NA
ParaFin Corp.	NA	0.036	NA	NA	NA
Patch International	NA	NA	NA	NA	NA
Patriot Investment Corp.	NA	NA	NA	NA	NA
PetroHunter Energy Corp.	NA	NA	NA	NA	NA
Platina Energy Group Inc.	NA	NA	NA	NA	NA
Platinum Energy	NA	NA	NA	NA	NA
Pluris Energy Group Inc.	NA	NA	NA	NA	NA
Pyramid Oil Co.	NA	0.01	NA	30.768	NA
Quest Oil Corp.	NA	0.087	NA	NA	NA
Quest Resource Corp.	NA	1.62	NA	-60.314	NA
Radial Energy Inc.	NA	0.315	NA	NA	NA
Ram Energy Resources Inc.	NA	NA	NA	23.185	NA
Rancher Energy Corp.	NA	NA	NA	NA	NA
Reserve Petroleum Co.	NA	NA	NA	61.589	NA
Rocky Mountain Minerals Inc.	NA	0.095	NA	NA	NA
Samson Oil & Gas Ltd.	NA	NA	NA	NA	NA
Saratoga Resources Inc.	NA	NA	NA	11.111	NA
Smarts Oil & Gas Inc.	NA	NA	NA	NA	NA
South Texas Oil Co.	NA	0.017	NA	-6.826	NA
Standard Energy Corp.	NA	0.507	NA	NA	NA
Star Energy Corp.	NA	2.226	NA	-37.586	NA
Sun River Energy Inc.	NA	0.639	NA	NA	NA
Sunrise Energy Resources Inc.	NA	NA	NA	-13.708	NA
Tatonka Oil & Gas Inc.	NA	NA	NA	NA	NA
Terax Energy Inc.	NA	0.482	NA	6440.94	NA
Tesco Corp.	NA	NA	NA	NA	NA
Torrent Energy Corp.	NA	NA	NA	NA	NA
True North Energy Corp.	NA	NA	NA	NA	NA
Universal Energy Corp.	NA	0.03	NA	NA	NA
Victory Energy Corp.	NA	NA	NA	NA	NA
Wentworth Energy Inc.	NA	NA	NA	NA	NA
Whittier Energy Corp.	NA	0.619	NA	15.459	NA
XTX Energy Inc.	NA	NA	NA	NA	NA
Upstream Service Companies					
Core Laboratories NV	1,920	0.563	10.086	15.381	81.296
Todco	1,890	0.039	3.967	22.905	29.58
Hanover Compressor Co.	1,890	1.464	1.939	2.953	-142.067
Universal Compression Holdings	1,810	0.985	1.932	10.108	-78.369

Company	Market Cap ($MM)	Debt/Equity	Price/Book	Net Profit Margin (Most Recent Quarter)	Price/Free Cash Flow (Most Recent Quarter)
Tetra Technologies Inc.	1,640	0.754	4.168	13.515	53.688
RPC Inc.	1,550	0.022	4.984	18.656	507.559
Hydril Co.	1,540	NA	4.56	16.764	24.771
Global Industries Ltd.	1,520	0.111	2.298	20.093	43.654
Lone Star Technologies Inc.	1,420	NA	1.919	4.939	-60.711
Oil States International Inc.	1,400	0.504	1.741	10.439	-339.653
Dril-Quip Inc.	1,390	0.009	3.283	19.88	71.829
Complete Production Services	1,300	0.761	1.923	12.495	156.821
W-H Energy Services Inc.	1,280	0.327	2.797	13.187	-692.396
Grey Wolf Inc.	1,250	0.556	2.524	22.767	36.428
Headwaters Inc.	1,050	0.743	1.299	10.157	27.749
Cal Dive International Inc.	1,010	NA	3.707	22.632	16.176
Parker Drilling Co.	888.340	0.788	2.092	12.698	-11.035
Basic Energy Services Inc.	884.930	0.777	2.354	14.046	58.918
Hercules Offshore Inc.	883.990	0.296	2.471	30.53	-232.369
Lufkin Industries Inc.	877.510	NA	2.828	10.953	54.347
Carbo Ceramics Inc.	872.710	NA	2.645	17.378	-43.023
InfraSource Services Inc.	860.230	0.214	2.619	3.914	NA
Atlas Energy Resources LLC	779.640	NA	NA	NA	NA
Griffon Corp.	767.690	0.527	1.863	3.819	-37.207
Gulfmark Offshore Inc.	694.360	0.584	1.684	52.554	-137.382
Ameron International Corp.	669.490	0.284	1.983	12.847	NA
Pioneer Drilling Co.	592.250	NA	1.536	21.967	-107.372
Seitel Inc.	562.090	7.701	22.911	30.233	60.604
Newpark Resources Inc.	560.740	0.606	1.538	-1.331	-186.518
Natco Group Inc.	525.410	0.026	3.3	7.114	61.141
Layne Christensen Co.	505.880	0.667	2.577	4.177	-95.516
Horizon Offshore Inc.	495.320	0.423	1.763	14.517	-34.687
Willbros Group Inc.	484.740	1.934	4.781	-17.615	-77.037
Trico Marine Services Inc.	472.310	0.058	1.649	26.437	22.309
Gulf Island Fabrication Inc.	464.060	NA	2.367	11.576	-54.485
Superior Well Services Inc.	452.240	0.087	3.928	13.931	253.8
Flow International Corp.	414.870	0.128	7.51	10.476	-34.029
Matrix Service Co.	392.350	0.163	4.025	4.853	638.88
Bronco Drilling Co. Inc.	349.160	0.199	1.081	21.807	-64.731
Universal Compression Partners	336.360	NA	0.254	33.581	NA
North American Energy Partners	292.960	2.707	10.425	-3.657	59.546
Union Drilling Inc.	274.690	0.24	1.739	14.095	-60.924
Dawson Geophysical Co.	240.400	NA	2.016	9.639	65.313
Natural Gas Services Group Inc.	160.020	0.196	1.623	13.8	-25.737
Boots & Coots International	133.510	1.027	4.018	11.908	72.127
TGC Industries Inc.	124.140	0.266	3.762	7.502	-52.355
Particle Drilling Technologies	118.570	0.054	24.78	NA	-52.513
Omni Energy Services Corp.	118.450	1.547	4.225	24.614	-13.87
Mitcham Industries Inc.	112.450	0.051	1.899	30.319	-30.328
Hyperdynamics Corp.	102.940	0.237	18.305	NA	57.091
Unicorp Inc.	33.270	0.015	7.347	-242.264	-14.77
EnerNorth Industries Inc.	1.500	0.182	0.483	NA	-1.919
Calumet Specialty Products	1.210	0.151	3.684	8.021	-25.637
Alon USA Energy Inc.	1.210	1.85	4.39	3.736	3.382
Giant Industries Inc.	1.070	0.57	2.21	3.777	-13.828
Atwood Oceanics Inc.	NA	0.139	NA	28.33	NA
Atlas America Inc.	NA	2.5	NA	-10.427	NA
Forster Tool & Supply Inc.	NA	0.322	NA	-227.399	NA
EGPI Firecreek Inc.	NA	NA	NA	NA	NA
Caspian Services Inc.	NA	0.068	NA	-15.566	NA
Blast Energy Services Inc.	NA	0.883	NA	NA	NA

Data as of 1-12-07. Source: Yahoo!, other

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