

### Proved R/P as Predictor of Sale Price

Why does one property trade for \$3,000 per net Mcfe/d and another for \$16,000 per net Mcfe/d? Using statistical analysis, Energy Spectrum Advisors has identified a positive correlation between Proved R/P and dollar paid per daily unit of production. Currently, this correlation is particularly strong for majority-oil transactions.

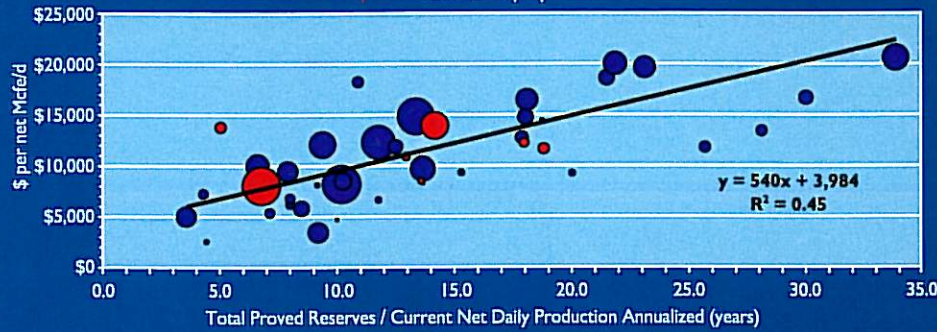
R is defined as Total Proved Reserves. P is defined as Current Net Daily Production Annualized. As indicated in the data table, most reserves information is taken from buyers' press releases.

For example, using the gas chart and formula below, one can see that a majority-gas transaction with an R/P of 15 years would trade on average for \$12,096 per net Mcfe/d.

R<sup>2</sup> is the statistical measure of how well a regression line approximates real data points. An R<sup>2</sup> of 1.0 indicates a perfect fit. As shown in the graphs below, the oil coefficient was better than the gas coefficient for the trailing twelve months. From quarter to quarter, the coefficient is affected by a variety of factors, including premiums paid for non-producing reserve categories and changes in commodity price assumptions.

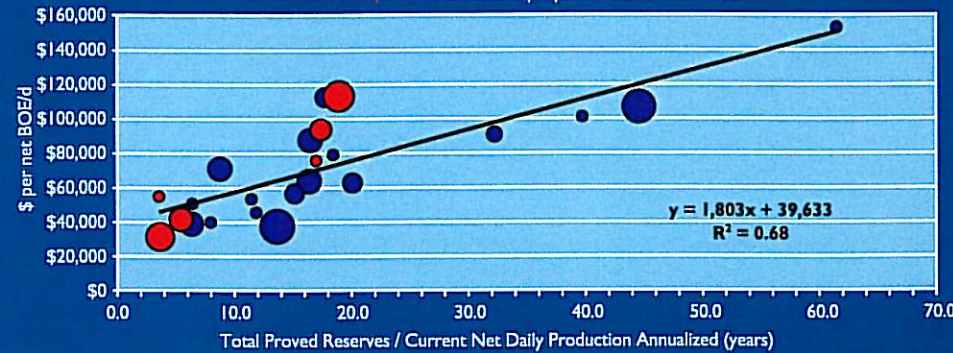
#### Net Production Rate Multiple (\$ per Mcfe/d) vs. Proved R/P ONLY R/P LESS THAN 70 YEARS

All property sales (\$10 MM - \$1B) announced in the last 12 months  
Red indicates last quarter. Point size is proportionate to Total Price.



#### Net Production Rate Multiple (\$ per BOE/d) vs. R/P ratio ONLY R/P LESS THAN 70 YEARS

All property sales (\$10 MM - \$1B) announced in the last 12 months  
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### ENERGY SPECTRUM ADVISORS INC.

- Focused on upstream
- Investment banking services include sales, financings & monetizations
- Staff of ten energy professionals includes three engineers

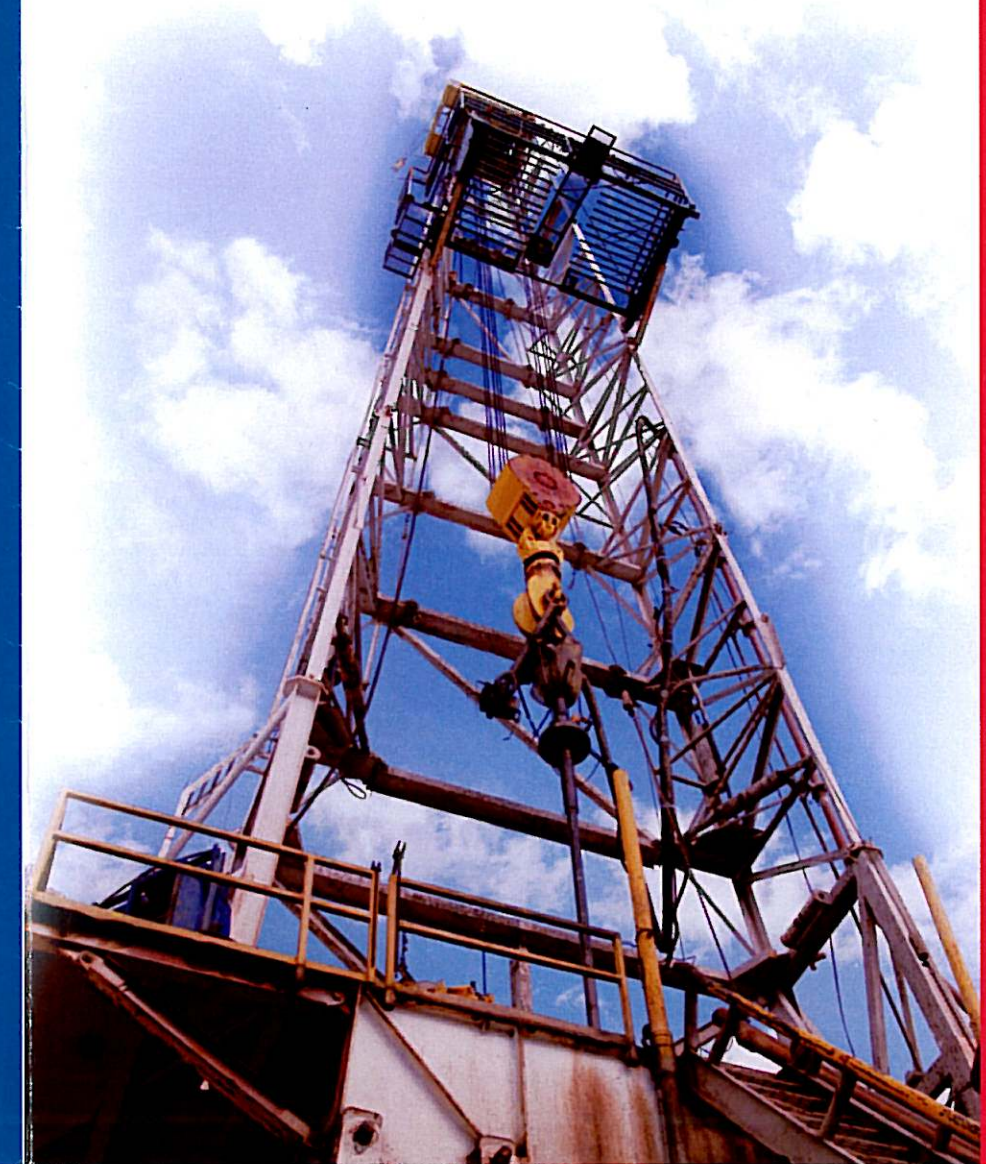
### Energy Spectrum's Recent Closed Advisory Transactions

<b>Rubicon Energy Partners, LLC</b> Mezzanine Debt and Equity Financing <b>\$35,000,000</b> July 2006 Exclusive Financial Advisor	 Sale of properties <b>\$30,000,000</b> July 2006 Exclusive Divestiture Agent	 Sale of Permian Basin Properties May 2006 Exclusive Divestiture Agent	 Sale of Barnett Shale assets May 2006 Exclusive Divestiture Agent	 Senior Subordinated Notes <b>\$50,000,000</b> May 2006 Exclusive Financial Advisor
 <b>HUX OIL CORP.</b> BALDWIN & BALDWIN OIL CO. Mr. Gene Lightman, Jr. Sale of Kansas assets April 2006 Exclusive Divestiture Agent	 Sale of properties March 2006 Exclusive Divestiture Agent	 Sale of Barnett Shale properties March 2006 Exclusive Divestiture Agent	 Monetization of certain Kansas production March 2006 Exclusive Financial Advisor	 Sale of mineral & royalty interests February 2006 Exclusive Divestiture Agent
 Sale of East Texas properties January 2006 Exclusive Divestiture Agent	 Sale of North Texas properties November 2005 Exclusive Divestiture Agent	 VPP monetization of California producing reserves <b>\$40,000,000</b> November 2005 Exclusive Financial Advisor	Sale of mineral & royalty interests for a private royalty company <b>\$91,000,000</b> November 2005 Exclusive Divestiture Agent	 Sale of Louisiana and New Mexico properties November 2005 Exclusive Divestiture Agent



ENERGY SPECTRUM

## U.S. Upstream M&A Activity Report



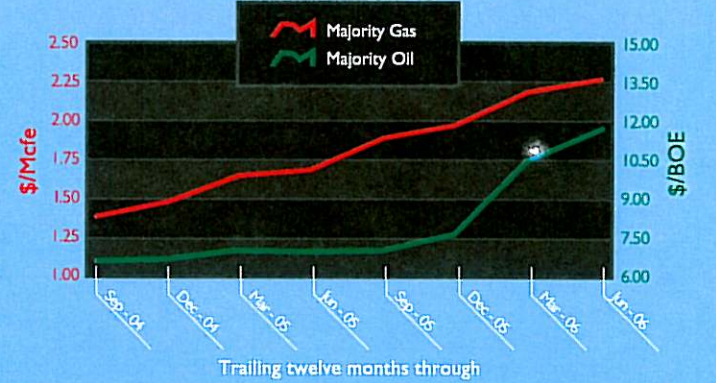
Announced	Date	Buyer	Seller	Total Price* (\$/WT)	Reserves Price (\$/WT)	Proved Reserves (MMBOE)	Value* (\$/BOE)	Production (MMBOE/d)	Net (\$/BOE/d)	Value* (\$/BOE/d)	Region	% Oil	Source	Proved R/P
	6/26/06	PrimeWest Energy	Camwest Inc.	\$300	\$300	20	\$14.71	3.2	\$93,750	RM (Williston)	94%	Buyer PR	17.5	
	6/22/06	Foodhills Resources, Inc.	TARH E&P Holdings, LP.	\$62	\$62	5	\$12.16	0.8	\$75,610	STX	>50%	Buyer PR	17.0	
	6/6/06	Lime Rock Resources	undisclosed	\$28	\$28	2	\$16.47	NA	NA	PER	>50%	Buyer PR		
	5/16/06	Coldren Resources LP	Noble Energy Inc.	\$625	\$625	27	\$23.15	20.0	\$31,250	GOM	>50%	Buyer PR	3.7	
	5/15/06	Gulf Coast Oil Corp.	Mantl Resources, Inc.	\$33	\$33	1	\$42.09	0.6	\$55,000	STX	95%	Buyer PR	3.6	
	5/1/06	Cano Petroleum, Inc.	undisclosed	\$24	\$23	7	\$3.25	0.4	\$56,875	MC	>50%	Buyer PR	47.9	
	4/21/06	Mitsui & Co. Ltd.	Pogo Producing Co.	\$500	\$500	24	\$20.83	12	\$41,667	GOM	67%	Seller PR	5.5	
	4/17/06	Pogo Producing Co.	Latigo Petroleum, Inc.	\$750	\$750	46	\$16.30	7	\$113,122	PER	51%	Buyer PR	19.0	
	4/13/06	Kinder Morgan Energy Partners LP	Journey Acquisition I LP	\$115	\$115	NA	NA	1	\$135,294	PER	>50%	Buyer PR		
	3/31/06	Venoco, Inc.	TexCal Energy, LLC	\$456	\$456	31	\$14.52	5.2	\$87,692	CA (Sacramento)	>50%	Buyer PR	16.5	
	2/22/06	Energy XOG Gulf Coast, Inc.	Martin Energy, LLC	\$421	\$421	25	\$16.71	10.8	\$38,991	GOM, GC	64%	Buyer PR	6.4	
	1/26/06	Platinum Energy Resources, Inc.	Tandem Energy Holdings, Inc.	\$102	\$102	9	\$11.47	NA	NA	NM, TX	64%	Buyer PR		
	12/29/05	undisclosed	Cimerex Energy Co.	\$61	\$61	11	\$5.55	NA	NA	PER	>50%	Buyer PR		
	12/12/05	Warren Resources Inc.	Global Oil Prod. LLC / Wilmington Mgmt, LLC	\$23	\$23	20	\$1.16	0.3	\$68,047	CA	100%	Buyer PR	160.5	
	11/30/05	Occidental Petroleum Corp.	undisclosed	\$144	\$144	NA	NA	4.0	\$36,000	PER	>50%	Buyer PR		
	11/30/05	Cano Petroleum, Inc.	WVO Energy	\$55	\$50	35	\$1.45	0.8	\$62,469	MC	55%	Buyer PR	118.2	
	11/23/05	Energen Resources Corp.	EnerVest Management Partners Ltd.	\$168	\$168	22	\$7.71	1.9	\$90,811	PER	91%	Buyer PR	32.3	
	11/22/05	Derbury Resources Inc.	undisclosed	\$248	\$248	14	\$17.34	2.2	\$112,727	MS, AL	>50%	Buyer PR	17.8	
	10/31/05	various	Kerr-McGee Corp.	\$510	\$510	48	\$10.63	8.0	\$63,750	RM, MC, GC	>50%	Seller PR	16.4	
	10/17/05	Parallel Petroleum Corp.	undisclosed	\$45	\$45	6	\$6.95	0.4	\$101,136	PER	95%	Buyer PR	39.9	
	10/13/05	Apache Corp.	Amerada-Hess Corp.	\$269	\$269	32	\$8.54	4.3	\$62,777	PER	77%	Buyer PR	20.1	
	10/6/05	Amadeus Energy Ltd.	White Eagle Resources Corp.	\$59	\$59	5	\$11.70	0.7	\$79,054	MC	99%	Buyer PR	18.5	
	9/21/05	Enerplus Resources Fund	Sleeping Giant LLC	\$87	\$87	4	\$21.65	1.7	\$50,941	RM (Balden)	92%	Buyer PR	6.4	
	9/19/05	Swift Energy Co.	undisclosed	\$25	\$25	4	\$6.81	0.2	\$153,125	GC	90%	Buyer PR	61.6	
		<b>Per BOE</b>	<b>Median</b>				<b>\$11.58</b>		<b>\$63,750</b>					
			<b>Simple Average</b>				<b>\$12.56</b>		<b>\$73,078</b>					

\*Total Price may include and Value may exclude consideration for non-E&P assets, such as gathering & processing assets and working capital. Includes all oil transactions from \$10 million to \$1 billion.

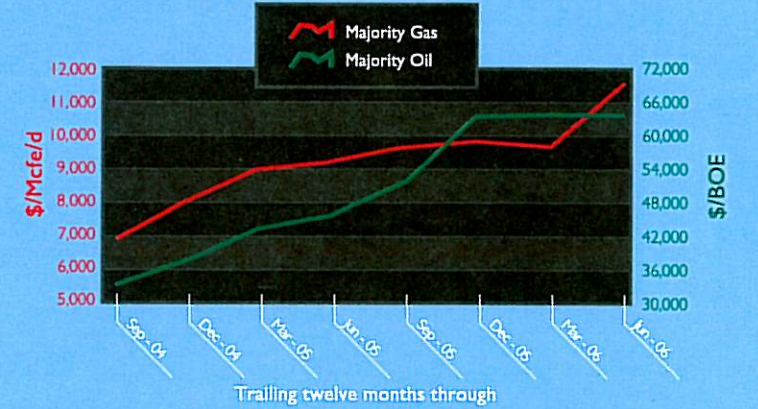
Announced	Date	Buyer	Seller	Total Price* (\$/WT)	Reserves Price (\$/WT)	Proved Reserves (BOE)	Value* (\$/Mcf)	Production (MMcfe/d)	Net (\$/Mcf/d)	Value* (\$/Mcf/d)	Region	% Gas	Source	Proved R/P
	7/11/06	EXCO Resources, Inc.	undisclosed	\$52	\$52	28	\$1.85	4.3	\$12,163	ETX	99%	Buyer PR	18.03	
	6/21/06	Apache Corporation	BP America Inc.	\$845	\$845	265	\$3.19	106.9	\$7,905	GOM	>50%	Buyer PR	6.79	
	6/5/06	Chesapeake Energy Corp.	Four Sevens Oil Co. Ltd	\$845	\$790	160	\$4.94	30.0	\$26,333	Barnett	>50%	Buyer PR	14.61	
	6/1/06	XTO Energy Inc.	Peak Energy Resources Inc.	\$105	\$105	64	\$1.64	NA	NA	Barnett	>50%	Buyer PR		
	5/16/06	Lime Rock Resources	undisclosed	\$21	\$21	9	\$2.39	NA	NA	ETX	>50%	Buyer PR		
	5/12/06	Penn Virginia Corp.	Crow Creek Holding Corp.	\$72	\$72	43	\$1.67	6.2	\$11,532	MC	85%	Buyer PR	18.87	
	5/11/06	Range Resources Corp.	Stroud Energy Inc.	\$456	\$456	171	\$2.67	33.0	\$13,818	Barnett, ETX, STX, MC	>50%	Buyer PR	14.20	
	5/2/06	Whittier Energy Corp.	various	\$32	\$32	19	\$1.69	3.8	\$8,395	STX	>50%	Buyer PR	13.63	
	5/1/06	undisclosed	Contango Oil & Gas Co.	\$14	\$14	2	\$5.87	NA	NA	GC	>50%	Seller PR		
	5/1/06	Fidelity Exploration & Production Co.	undisclosed	\$89	\$89	51	\$1.74	NA	NA	RM (Big Horn)	55%	Buyer PR		
	4/28/06	Exco Resources Inc.	undisclosed	\$115	\$115	162	\$0.71	5	\$23,000	APP	96%	Buyer PR	88.77	
	4/26/06	Superior Energy Services Inc.	Explore Offshore LLC	\$50	\$50	16	\$3.10	2	\$31,438	GOM	85%	Buyer PR	27.74	
	4/19/06	Unit Corp.	undisclosed	\$32	\$32	14	\$2.28	3.0	\$10,800	MC, PER	>50%	Buyer PR	12.97	
	4/14/06	Bill Barrett Corp.	CH4 Corp.	\$82	\$82	11	\$7.45	6.0	\$13,667	RM (Powder)	>50%	Buyer PR	5.02	
	4/10/06	Meric Energy Co.	The Houston Exploration Co.	\$590	\$590	186	\$3.17	NA	NA	GOM	>50%	Seller PR		
	4/6/06	EXCO Resources Inc.	undisclosed	\$86	\$86	33	\$2.60	NA	NA	PER	>50%	Buyer PR		
	3/29/06	KCS Energy, Inc.	undisclosed	\$26	\$26	11	\$2.34	NA	NA	NLA	>50%	Buyer PR		
	2/28/06	Meric Energy Co.	The Houston Exploration Co.	\$220	\$220	59	\$3.76	45.0	\$4,889	GOM	>50%	Seller PR	3.6	
	2/23/06	Peoples Energy Corp.	undisclosed	\$139	\$139	59	\$2.36	7.5	\$18,533	ETX, NLA, MS	95%	Buyer PR	21.6	
	2/10/06	Forest Oil Corp.	United States Exploration, Inc.	\$411	\$411	248	\$1.66	20.0	\$20,550	CO	55%	Buyer PR	34.0	
	2/9/06	Northstar GOM, LLC	Chalkar Energy Partners / various	\$255	\$255	110	\$2.32	13.0	\$19,615	ETX	90%	Buyer PR	23.1	
	2/7/06	XTO Energy Inc.	Petrohawk Energy Corp.	\$300	\$300	26	\$2.02	10.0	\$5,250	GOM	70%	Seller PR	7.1	
	1/27/06	Berry Petroleum Co.	Total E&P USA, Inc.	\$159	\$159	120	\$2.50	15.0	\$20,000	ETX, MS	95%	Buyer PR	21.9	
	1/17/06	Cadence Resources Corp.	O.I.L. Energy Corp.	\$28	\$28	26	\$6.12	1.0	\$159,000	RM (Piceance)	100%	Buyer PR	71.2	
	1/17/06	Chesapeake Energy Corp.	various	\$796	\$796	22	\$1.25	3.0	\$9,167	APP (Antrim)	100%	Buyer PR	20.0	
	12/31/05	NGAS Resources, Inc.	Dart Energy Corp.	\$11	\$11	7	\$3.02	54.0	\$14,741	Barnett, STX, PER, MC, ETX	91%	Buyer PR	13.4	
	12/21/05	KCS Energy, Inc.	undisclosed	\$25	\$25	12	\$2.00	NA	\$8,143	MC (Arkoma)	100%	Buyer PR	13.7	
	12/15/05	Petrohawk Energy Corp.	Winwell Resources Inc./Nemours Energy	\$262	\$262	106	\$2.47	16.0	\$16,356	NLA	>50%	Buyer PR	18.1	
	12/8/05	Enterra Energy Trust	undisclosed	\$246	\$246	76	\$3.24	26.3	\$9,353	MC	98%	Buyer PR	7.9	
	11/16/05	Texas American Resources Co.	undisclosed	\$70	\$70	56	\$1.24	6.0	\$11,667	RM (D-J Basin)	82%	Buyer PR	25.8	
	11/15/05	Burlington Resources Inc.	undisclosed	\$400	\$400	NA	NA	47.0	\$8,511	ETX	100%	Buyer PR		
	11/8/05	Delta Petroleum Corp.	Castle Energy Corp.	\$11	\$11	8	\$1.25	2.3	\$4,565	APP	100%	Buyer PR	10.0	
	11/4/05	ATP Oil & Gas Corp.	undisclosed	\$40	\$40	NA	NA	25.0	\$1,600	GOM	>50%	Buyer PR		
	10/27/05	Linn Energy LLC	Exploration Partners, LLC	\$115	\$115	54	\$2.14	NA	NA	APP	100%	Buyer PR		
	10/7/05	Unit Petroleum Corp.	undisclosed	\$82	\$82	43	\$1.94	6.5	\$12,677	MC	85%	Buyer PR	17.9	
	9/27/05	Edge Petroleum Corp.	Cinco Energy Co. / Pearl Energy Partners, Ltd.	\$63	\$63	14	\$3.77	8.9	\$7,079	STX	>50%	Buyer PR	4.3	
	9/23/05	Mahalo Energy Ltd.	undisclosed	\$29	\$29	NA	NA	3.0	\$9,667	MC (Arkoma)	>50%	Buyer PR		
	9/19/05	EXCO Resources Inc.	ONEOK, Inc.	\$635	\$635	223	\$2.84	51.9	\$12,231	MC	89%	Seller PR	11.8	
	9/1/05	Woodside Petroleum Ltd.	Gryphon Exploration Co.	\$297	\$297	73	\$4.10	30.0	\$9,897	GOM	88%	Buyer PR	6.6	
	8/30/05	undisclosed	Clayton Williams Energy Inc.	\$21	\$21	14	\$1.51	3.2	\$6,498	GOM	83%	Seller PR	11.8	
	8/22/05	Encore Acquisition Co.	Crusader Energy Corp.	\$123	\$123	48	\$2.56	10.5	\$11,714	MC, RM	65%	Buyer PR	12.5	
	8/10/05	Vintage Petroleum, Inc.	various	\$67	\$67	52	\$1.29	5.1	\$13,294	MC, PER, GC	65%	Buyer PR	28.2	
	8/4/05	Chesapeake Energy Corp.	various	\$410	\$395	113	\$3.50	33.0	\$11,970	Barnett, PER, ETX	>50%	Buyer PR	9.4	
		<b>Per Mcfe</b>	<b>Median</b>				<b>\$2.26</b>		<b>\$11,532</b>					
			<b>Simple Average</b>				<b>\$2.51</b>		<b>\$16,574</b>					

\*Total Price may include and Value may exclude consideration for non-E&P assets, such as gathering & processing assets and working capital. Includes all gas transactions from \$10 million to \$1 billion.

\$ per Proved Mcfe (6:1)



\$ per Proved Mcfe/d (6:1)



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