Courtney Smith & Co

Industry Overview: Energy E&P

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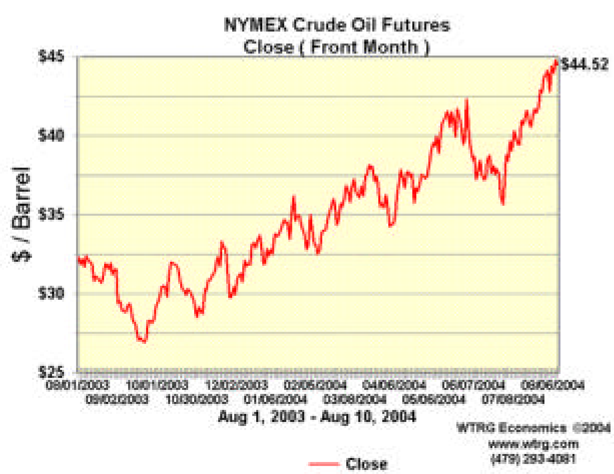
Courtney Smith & Co., Inc is an independent research and management firm based in New York. The Company produces research on global macro investments and on specific companies and investments. The Company manages money for high-net individuals and institutions.

The Outlook for E&P Companies

The underlying fundamentals remain bullish for the exploration and production (E&P) sector. Oil and gas prices remain high with oil at 20-year highs. Although we expect oil prices to moderate in the coming months, the absolute level will remain high thus driving high profits to companies.

In addition, high prices will create a boom in domestic oil company exploration. Old wells that were not economic at lower prices will now be very attractive. We look for junior companies to therefore outperform their more senior brethren.

Investors should also look at these companies as a potential hedge against higher inflation. Clearly, the skyrocketing price of oil is the key factor that drives a bullish outlook on energy.



Capital Expenditure in E&P

E&P investment has been reduced significantly over the last fifteen years due to environmental restrictions and technological progress. In the last 15 years, the E&P sector of the oil and gas industry has achieved substantial cost reductions, largely due to technical progress.

New drilling technologies have significantly reduced the per-barrel development cost. Implementing directional, horizontal, and multi-branch wells has increased the number of objectives that can be attained from a single site (such as an offshore platform) and the number of horizontal producers that can be exploited from a single well. These techniques have also helped enhance well productivity. Horizontal drilling has yielded a threefold increase, on average, in productivity. As a result, it has been possible to reduce the number of wells and enhance connecting infrastructure.

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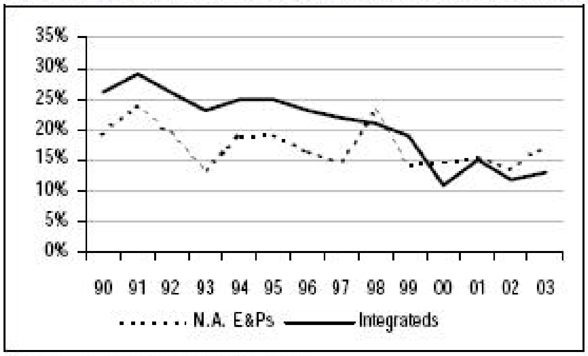
Exploration & Production Companies:

Exploration Expenditures as a Percentage of Total Costs Incurred



Source: Company reports and ML estimates

However, we anticipate a higher expenditure given the current high and profitable price of energy. On a global scale, E&P spending is expected to be up slightly, about 4%. Lehman Brothers has conducted an E&P spending survey that questioned 335 oil and gas companies about their plans. Total worldwide spending for 2004 is expected to be about US $114.3 billion.

Increasing political concerns over dependence on Middle East oil will likely cause a relaxation of current stifling regulations against drilling. We believe that Americans will be willing to risk miniscule environmental risks in remote parts of America to being held hostage by an unstable Middle East situation.

The declines in domestic exploration have, in our opinion, caused a significant shortfall in US production that has led to a pent-up demand for domestic exploration and production. We therefore expect domestic E&P companies to outperform other energy sectors.

Rising Demand For Energy

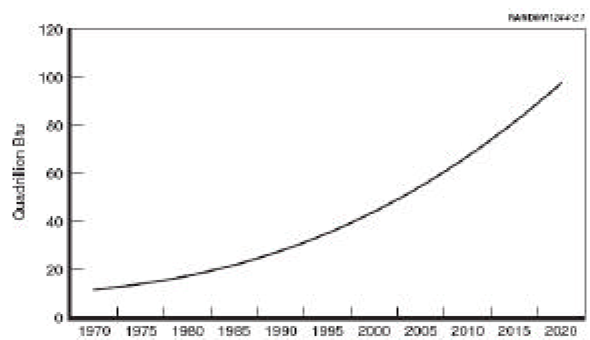
During the period 2000-2030, the demand for oil is expected to rise by 60%. Oil will remain the dominant energy source (38% of world consumption). The transport sector already accounts for nearly 50% of world oil demand today, and this trend should become more pronounced.

After the non-hydroelectric renewable energies, natural gas should post the fastest growth in consumption (close to 2.4% a year) in the world energy balance. Its contribution should consequently progress from 23 to 28%.

Regionally, the US will continue as the largest consumer of oil and natural gas with it's recovering economy. S&P projects that US real Gross Domestic Product (GDP) growth will accelerate from 3.1% in 2003 to 4.8% in 2004, boosting energy demand.

Of course, the headline cause of higher prices has been the phenomenal growth in demand from China. China is, in fact, suffering from a shortage of energy as domestic sources cannot keep up with the demand for an exploding economy. China's GDP rose at a rate of 9.1 percent in 2003. The GDP growth was a breakneck pace of 9.8% in the first quarter and 9.6% in the second quarter of 2004. As China's economy continues to grow, its demand for all sources of energy, notably oil and natural gas, will increase. As shown in the chart below, the increase in total primary energy consumption in China has picked up the pace. The total primary energy consumption is projected to reach 98.3 quadrillion Btu by 2020, which will approach the projected level of the United States.

As China continues to rely on imported fuel for its economic growth, this "China factor" has more bearing on oil prices than the "risk factor" coming from global tensions. Oil experts insist the price rises are driven primarily by demand growth – about half of which is coming from China.



SOURCE: *International Energy Outlook 1999*

The rising oil and natural gas prices driven by surging demand have a huge impact on E&P stock prices. Analysis by Charles LaPorta at S&P indicates that E&P stocks usually trade in tandem with oil and natural gas prices. The industry needs higher prices in order to justify an increase of production capacity. It will take a sustained period of time before additional capacity can quench the energy thirst, particularly for domestic energy.

Geopolitics Pumping Up Prices

National security is certainly a determinant on the prices. Worries about national security are bringing uncertainty and confusion to the market. Following the terrorist attacks on September 11, 2001, US crude prices briefly spiked a couple of dollars to close near $30 a barrel but came crashing down to the low $20s soon after along with financial markets.

However, US oil prices have been hitting new 21-year peaks consistently over the recent past near $45 a barrel after the United States raised its security alert to high for a possible al Qaeda attack on a top financial institution. US light crude hit the highest level reached since oil futures were launched on the New York Mercantile Exchange in 1983. Some analysts are calling for $50-60 oil in the near future. Ten year forward swaps are now at prices over $30, thus suggesting that oil prices could average over $30 for the next ten years.

The Iraq war and its aftermath is also driving the market. Oil prices have soared by almost 60% since the middle of last year when fears that there might be war with Iraq began to crystallize. The effect of potential instability in the Gulf area is obvious on the soaring oil prices. The market is concerned about the infrastructure under the threat of the insurgents.

Also adding to this turmoil is Russia's YUKOS which might cut exports from the world's second-biggest supplier. YUKOS is in a fight with the Russian government and has said it could collapse by mid-August because of a freeze on its bank accounts and assets over a $3.4 billion tax bill. We encourage readers to follow this story closely as it is having a near term effect on the price of oil.

In the current high price cycle for oil and natural gas, clearly there is more geopolitical risk for oil supply than in the recent past. And due to the supply uncertainty, the futures markets trade aggressively the perceived lack of supply.

E&P Mergers and Acquisitions

There has been a boom in oil and gas mergers and Acquisitions (M&A) activity in recent years in response to the market pressures and in an effort to benefit from substantial economics of scale.

The $81 billion merger between Exxon and Mobil, which formed the world's largest privately owned petroleum company (in terms of revenues), was approved by the FTC on December 1, 1999. In a related development, in April 2000, Duke Energy said that it had agreed to acquire Mobil's European natural gas trading and marketing business.

Another major oil industry merger/acquisition was announced in October 2000, this time between Chevron and Texaco. The deal received regulatory approval in early October 2001, and was approved by shareholders of the two companies on October 9, 2001, creating ChevronTexaco.

The recent boom in M&A activity has created a new generation of stronger, more aggressive US independents, while at the same time decimating the ranks of Canadian and UK independent oil and gas companies.

Particularly in North America, there is a growing trend towards split upstream operations between pure explorations companies – firms that find oil and gas thereby creating shareholder value – and production companies or royalty trusts whose purpose is to liquidate those reserve assets and return as much cash as possible to shareholders. Canada in particular has seen a large portion of its oil and gas M&A activity directed into royalty trusts. The expected increasing divestitures from the majors and from debt-laden independents (like Devon) will likely reinforce the growth of these trusts.

However, the recent acceleration in merger activity in the sector has seen increasing problems with high debt levels as the cycle turns, particularly the increased use of debt to finance acquisition. For example, after a string of aggressive acquisitions, US independent Devon will embark on a substantial divestiture program in an attempt to reduce its debt to manageable levels. Such activity is believed to have provided a reliable contrary indicator of prospective sector performance in the past.

Investing in E&P Companies

Investing in the E&P stocks is unlike investing in other industries, as there are a lot more to take into consideration than the numbers using traditional net present value and discounted cash flows approaches. Economic, political, and geological risks are often involved in valuing E&P stocks.

One prominent issue in valuing an E&P company's assets is the validity of proven reserve estimation. Proven reserves are those reserves that, to a high degree of certainty are recoverable. There is at least a 90% probability that reserves recovered will equal or exceed the estimated proved reserves. However, there are always risks that the proven reserves are unrecoverable or sometimes overbooked. For example, El Paso Corp slashed its proven natural gas reserves by 41 percent in February 2004 and also said some employees provided proven reserve estimates that they knew or should have known were incorrect at the time they were reported.

The criteria that can influence investment decisions in an E&P company are summarized in the following four categories.

- Operational and Financial Performance
- Asset valuation
- Risk Management

- Cash Distribution

We have provided a comparables table of some select companies at the end of this report.

The Opportunity in Domestic E&P Companies

In particular, we believe that the greatest opportunities lie in the domestic E&P companies. The country of highest demand will remain the US, particularly as the economy continues to grow. The supply of these companies has shrunk with the continued mergers and acquisition activity. This is obviously a bullish scenario.

The Bottom Line

The E&P has been dramatically changed by recent events. The rise of mergers and acquisition activity has reduced the number of domestic companies that investors can buy. At the same time, the demand for domestic oil companies is increasing. Americans are increasingly demanding that this country not be held hostage to foreign developments.

The supply of oil has not been so uncertain since the 1990 Gulf War. This is causing massive stockpiling of supplies and driving the price of oil higher. The US government itself is adding to the Strategic Petroleum Reserve consistently, thus also adding to the tightness of supplies.

The surging demand of energy worldwide and uncertainty of the supply are driving the world oil price to the highest prices in 21 years.

The net effect of all of these factors is to create a powerful bullish environment for domestic E&P stocks.

Sample E&P Companies

Devon Energy Corporation (AMEX:DVN)

Devon Energy Corporation, including its subsidiaries, is an independent energy company engaged primarily in oil and gas exploration, development and production, the acquisition of producing properties, the transportation of oil, gas and natural gas liquids (NGLs), and the processing of natural gas. In addition to its oil and gas operations, Devon has marketing and midstream operations, which include marketing natural gas, crude oil and NGLs, and the construction and operation of pipelines, storage and treating facilities and gas processing plants.

Key Facts:

- Devon drilled almost 300 exploration wells and over 1,900 development wells during 2003.
- Devon operates oil and gas properties in the United States, Canada and various regions located outside North America.
- Operations in the United States are focused in the Permian Basin, the Mid-Continent, the Rocky Mountains and onshore and offshore Gulf Coast.
- Canadian operations are focused in the Western Canadian Sedimentary Basin in Alberta and British Columbia.
- Operations outside North America are located primarily in Azerbaijan, China, Egypt, and areas in West Africa, including Equatorial Guinea, Gabon and Cote d'Ivoire.
- The Ocean merger more than doubled Devon's oil and gas reserves outside North America. These international countries accounted for 15% of its worldwide proved reserves.
- In Azerbaijan in the Caspian Sea, the Company has a 5.6% carried working interest in the Azeri-Chirag-Gunashli, which contains over 4.6 billion barrels of gross proved oil reserves.
- In 2003, its Panyu project offshore China commenced production. In early 2004, production from the first eight of 27 planned wells reached 50,000 barrels per day.
- Devon's net share is expected to peak at about 50,000 barrels per day in 2008 or 2009.
- Devon is the subject of an investigation by the SEC. It is too early to tell what the outcome of this investigation may be but investors should be following this closely.
- As of December 31, 2003, its estimated proved reserves were 2,089 million barrels of oil equivalent, of which 58% were natural gas reserves and 42% were oil and NGLs reserves.

52wk Range:	45.90 - 70.58
Avg Vol (3m):	1,357,818
Market Cap:	17.11B
P/E (ttm):	9.43
EPS (ttm):	7.568
Div & Yield:	0.40 (0.57%)

Encana Corporation (NYSE:ECA)

EnCana Corporation, formed in 2002, is an independent crude oil and natural gas exploration and production company.

Key Facts:

- Its key landholdings are in western Canada, the United States Rocky Mountains, Ecuador, the United Kingdom central North Sea, offshore Canada's East Coast and the Gulf of Mexico. EnCana explores for, produces and markets natural gas, crude oil and natural gas liquids in Canada and the United States.
- EnCana has interests in midstream operations and assets, including natural gas storage, NGLs gathering and processing facilities, power plants and pipelines.

- Through December 31, 2003, EnCana had net proved reserves of approximately 957 million barrels of crude oil and NGLs and 8.4 trillion cubic feet of natural gas, as estimated by independent qualified reserves evaluators. Proved developed reserves consist of approximately 61% of total net proved reserves.
- In Ecuador, an indirect, wholly owned subsidiary of EnCana owns one concession in the Oriente Basin, known as the Tarapoa Block. The Company has a 100% working interest in this concession. EnCana also held an average 64% interest in the petroleum rights to approximately 1.4 million gross acres.
- EnCana's net crude oil production in 2003 was 51,089 barrels per day.

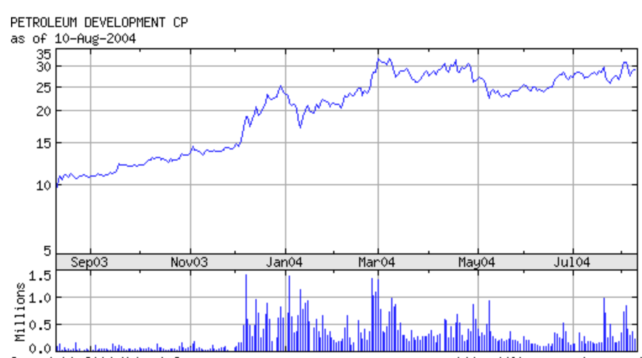
52wk Range:	33.46 - 45.75
Avg Vol (3m):	506,045
Market Cap:	20.69B
P/E (ttm):	16.72
EPS (ttm):	2.684
Div & Yield:	0.40 (0.90%)

Petroleum Development (NASD: PETD)

Petroleum Development Corporation, formed in 1969, is an independent energy company engaged primarily in the development, production and marketing of natural gas and oil. The company has grown primarily through drilling and development activities, the acquisition of natural gas and oil producing wells and the expansion of its natural gas marketing activities.

Key Facts:

- As of December 31, 2003, PETD operated over 2,500 wells located in the Appalachian basin, Michigan and the Rocky Mountain Region, with gross proved reserves of 468 billion cubic feet equivalent (Bcfe) of natural gas, of which its share is 199 Bcfe.
- The company's share of production for the fourth quarter of 2003 averaged 34,000 thousand cubic feet equivalent (Mcfe) of natural gas per day, compared to 21,000 Mcfe per day during the fourth quarter of 2002.
- The company's operations are divided into three regions, the Appalachian Basin, Michigan and the Rocky Mountain Region.
- In all three regions, Petroleum Development Corporation has historically targeted shallow, developmental natural gas reserves for development. In some areas of the Rocky Mountain Region, Michigan and the Appalachian Basin, the wells also produce oil in conjunction with natural gas.
- As of the end of 2003, the company's total proved reserves were located as follows: Appalachian Basin 21%, Michigan 13% and Rocky Mountain Region 66%. The majority of its undeveloped reserves are in the Rocky Mountain Region and the planned drilling for 2004 will be focused in that area.
- In addition to drilling new wells, the company continues to pursue opportunities to purchase existing wells from other producers and greater ownership interests in the wells it operates.
- Petroleum Development Corporation owns Riley Natural Gas (RNG), which aggregates and resells natural gas developed by the company and other producers.



52wk Range:	8.62 - 33.93
Avg Vol (3m):	261,863
Market Cap:	503.43M
P/E (ttm):	16.81
EPS (ttm):	1.843
Div & Yield:	N/A (N/A)

Toreador Resources Corp (NasdaqNM:TRGL)

Toreador Resources Corporation, incorporated in 1951, is an independent international energy company engaged in the exploration, acquisition, production and development of oil and natural gas reserves.

Key Facts:

- Toreador holds interests in developed and undeveloped oil and natural gas properties in the Paris Basin, France; the Cendere and Zeynel fields in Turkey, and the Bonasse Field and Southwest Cedros Peninsula License in Trinidad, West Indies.

- The company has been awarded concessions for the Viperesti, Moinesti, and Fauresti blocks in Romania. It also owns various working-interest properties in Texas, Kansas, New Mexico, Louisiana, and Oklahoma.

- On December 31, 2001, the company completed the acquisition of Madison Oil Company. Madison holds interests in approximately 5,043,000 gross acres (3,317,000 net) of developed and undeveloped oil and natural gas properties in the Paris Basin, France, several fields in Turkey and Romania, and the Bonasse Field and Southwest Cedros Peninsula License in Trinidad, West Indies.

- The company has an 8.5% royalty interest in the Zeynel Field, located in Turkey, with net proved reserves of 45 MBbl as of December 31, 2003. The Zeynel-18 development well is being drilled. In addition, Toreador has a 19.6% working-interest in most wells in the Cendere Field located in central Turkey. The company had net proved reserves of 847 MBbl in the Cendere Field as of December 31, 2003. No wells were drilled in 2003.

- The company owns two exploration permits in France. The Nangis permit expires in 2005, and the Courtenay permit expires in 2006. Pursuant to two production permits, the company owns a 100% working-interest in the Neocomian Fields, a group of four oil accumulations. As of December 31, 2003, the Neocomian Fields had net proved reserves of 9,714 MBbl.

- Toreador owns a 100% working-interest in the Charmottes Field. The property has nine producing oil wells. The Charmottes Field initially was developed following the discovery well drilled in 1984. As of December 31, 2003, the Charmottes Field had net proved reserves of 1,261 MBbl.

- Toreador is participating with a 16.67% working-interest in the West Texas San Andres Oil Recovery project utilizing horizontal drilling techniques in the San Andres formation at a true vertical depth of 5,000 feet. The project is in the early stages of evaluation with two wells completed in 2003 and a third well completed in early 2004. A fourth well is being drilled. In January 2004, Toreador sold its United States mineral and royalty assets to Black Stone Acquisitions Partners I, L.P., but retained all of its working-interest properties.

52wk Range:	2.25 - 9.25
Avg Vol (3m):	44,727
Market Cap:	77.48M
P/E (ttm):	22.69
EPS (ttm):	0.361
Div & Yield:	N/A (N/A)

Dynamic Oil & Gas (NasdaqSC: DYOLF)

Dynamic Oil & Gas, Inc., incorporated on March 27, 1979, is engaged in the business of acquiring, exploring and developing natural gas and crude oil properties. It derives its revenue from the sale of natural gas, natural gas liquids and crude oil.

Key Facts:

- The company's natural gas and crude oil properties are located in the Canadian provinces of Alberta, British Columbia and Saskatchewan.
- As of 1999, the property became Dynamic's major producing property with up to 24 producing natural gas and oil wells. Of the Company's total production in 2003, 85% came from the St. Albert property.
- St. Albert property consists of two Devonian Age reef structures, which are associated with 16 separate Cretaceous Age natural gas and Devonian Age crude oil pools stacked in seven productive formations.
- In Halkirk, the company drilled one successful infill Viking formation gas well and one unsuccessful step-out well. It also acquired 320 net acres (100%) of new petroleum and natural gas rights.
- In Wimborne, the company drilled one successful gas well and one unsuccessful well. It also acquired a 100% working interest in 10 new sections (6,475 acres) of crown petroleum and natural gas leases.
- In Cypress/Chowade, the company participated in drilling two successful exploration wells targeting multi-zone natural-gas. It also participated in one exploration well to test and evaluate the Mississippian Age Debolt formation. While the well was unsuccessful in the Debolt formation, it was cased as a potential gas well in two Triassic Age formations. The company acquired 9,356 net acres (28,350 gross), equipped four wells for tie-in and added a field compressor.
- Orion property has year-round road access for drilling operations. The regional Devonian Age Jean Marie carbonate reservoir in this area is prospective for natural gas exploration and development in Cretaceous Age Bluesky sandstone reservoirs and Mississippian and Devonian Age Debolt, Jean Marie and Slave Point formation carbonate reservoirs.

52wk Range:	2.80 - 5.04
Avg Vol (3m):	25,818
Market Cap:	84.16M
P/E (ttm):	145.77
EPS (ttm):	0.026
Div & Yield:	N/A (N/A)

Goodrich Petroleum Co (NYSE:GDP)

Goodrich Petroleum Corporation is an independent oil and gas company engaged in the exploration, exploitation, development and production of oil and natural gas properties primarily in the transition zone of South Louisiana, East Texas, North Louisiana, and the Gulf Coast of Texas.

Key Facts:

- The company's primary customers include Louis Dreyfus Corporation, Texon, LP, Reliant Energy, Conoco Phillips, Shell Trading and Genesis Crude Oil, L.P.
- The majority of the company's proved oil and natural gas reserves are in the transition zone of the South Louisiana producing region.
- The Burrwood and West Delta 83 fields, located in Louisiana, have produced over 49 million barrels of oil and 144 billion cubic feet (bcf) of natural gas.
- The Lafitte field, located in Louisiana, has more than 30 defined productive sands, which have produced 264 million barrels of oil and 319 bcf of natural gas.

- In the Second Bayou field, Goodrich is the operator of eight producing wells, five of which are dually completed, and has an average working interest of approximately 31% in 1,395 gross acres. The field has produced over 425 bcf of natural gas and 3.6 million barrels of oil.
- The Pecan Lake field, located in Louisiana, has produced in excess of 354 bcf of gas and 798,000 barrels of condensate. The Company is the operator of two producing wells with working interests ranging from 43% to 47%.
- Isle St. Jean Charles field, located in Louisiana, has produced of 57 bcf of gas and 6.61 million barrels of oil and condensate. Goodrich owns an approximate 34% working interest in its leasehold of approximately 425 acres.
- Goodrich has begun exploration and development drilling activities in the Bethany-Longstreet field and completed three wells during the year ended December 31, 2003.
- Goodrich is the operator of two wells in the Sean Andrew field and holds an approximate 37.5% working interest. The company operates two wells in the Marholl field, with an approximate 23% working interest.
- In 2004, Goodrich commenced a drilling initiative, which is focused on the Cotton Valley trend in the East Texas Basin in Rusk, Panola and Smith Counties. In April 2004, the company had acquired leases totaling 15,000 gross acres and is attempting to acquire additional acreage in the area. It owns varying working interests ranging from 40% to 100% in the acquired leases and expects to commence a low-risk drilling program.

52wk Range:	4.00 - 11.10

Avg Vol (3m):	53,500
Market Cap:	196.63M
P/E (ttm):	43.56
EPS (ttm):	0.236
Div & Yield:	N/A (N/A)

The Exploration Company of Delaware Inc (NasdaqSC:TXCO)

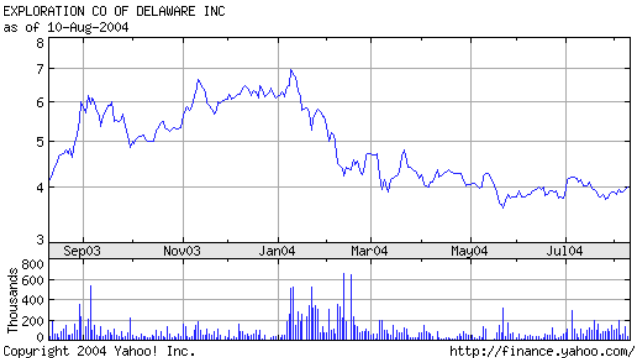
Exploration Company of Delaware, Inc., incorporated in May 1979, is an oil and gas enterprise with interests in the Maverick Basin in Southwest Texas.

Key Facts:

- It has three drilling rigs under operation on its Maverick Basin property for the production of oil and natural gas, and has seven rigs operating in total, targeting 11 separate formations during the year ended December 31, 2003.
- The company's products are natural gas and crude oil. It operates and directs the drilling of oil and gas wells and participates in non-operated wells.
- In 2003, three purchasers of the company's oil and gas production and other natural gas sales accounted for 39% of total revenues.
- The company expanded its oil and gas reserves and production base by pursuing exploration in seven distinct Maverick Basin plays.
- In 2003, the company developed its core mineral interests in the Maverick Basin in South Texas and re-evaluated economic alternatives related to its remaining properties in the Williston Basin, primarily in North Dakota.
- In 2003, the company completed its latest 3D seismic survey covering more than 37 square miles, equivalent to 23,500 acres of its Burr lease.
- In January 2003, the company acquired the 700-acre Burr Ranch lease. The acreage is contiguous to its existing acreage block.
- The company has a working interest ownership in some of its Maverick Basin projects, such as Escondido (Gas), Olmos (CBM Gas), San Miguel (Oil Waterflood), Georgetown (Gas and Oil),

Glen Rose (Oil Porosity Zone), Glen Rose (Gas Shoals and Reefs) and Jurassic (Gas).

- In 2003, its net production reached 8.9 million cubic feet per day (MMcfd), gross 23.8 MMcfd from 91 net gas wells, and 1,200 barrels of oil per day, gross 5,900 barrels of oil per day from 186 net oil wells.



52wk Range:	3.44 - 7.19
Avg Vol (3m):	75,136
Market Cap:	92.35M
P/E (ttm):	N/A
EPS (ttm):	-0.028
Div & Yield:	N/A (N/A)

Occidental Petroleum Corp (NYSE:OXY)

Occidental Petroleum Corporation is a multinational organization whose principal business segments are oil, gas and chemical. The oil and gas segment explores for, develops, produces and markets crude oil and natural gas.

Key Facts:

- The company's domestic oil and gas operations are Elk Hills and other smaller locations in California, the Hugoton field in Kansas and Oklahoma, the Permian field in West Texas and New Mexico, and the Gulf of Mexico.

- International operations are located in Colombia, Ecuador, Oman, Pakistan, Qatar, Russia, United Arab Emirates and Yemen. Occidental also has exploration interests in several other countries.

- The chemical segment manufactures and markets basic chemicals, vinyls and performance chemicals directly and through various affiliates (collectively, OxyChem).

52wk Range:	32.01 - 50.47
Avg Vol (3m):	1,663,090
Market Cap:	19.49B
P/E (ttm):	10.38
EPS (ttm):	4.794
Div & Yield:	1.10 (2.20%)

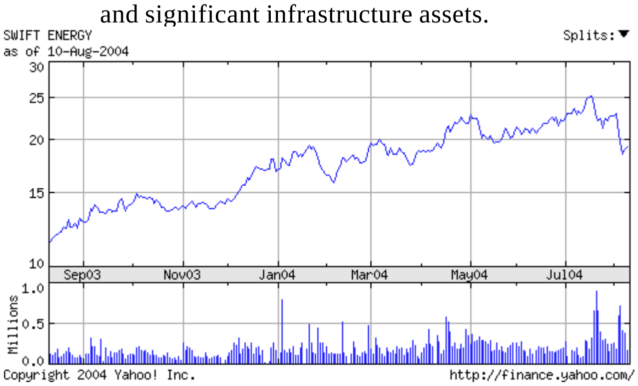
Swift Energy Company (NYSE:SFY)

Swift Energy Company, incorporated in 1979, is engaged in developing, exploring, acquiring and operating oil and gas properties, with a focus on onshore and inland waters oil and natural gas reserves in Texas and Louisiana, and onshore oil and natural gas reserves in New Zealand. At December 31, 2003, the company had interests in 998 wells located domestically in four states, in federal offshore waters and in New Zealand.

Key Facts:

- During the year ending December 31, 2003, Swift Energy had estimated proved reserves of 820.4 billion cubic feet of natural gas equivalent (Bcfe), of which approximately 47% was crude oil, 41% natural gas and 12% natural gas liquids, and overall 59% was proved developed. The Company operated 870 of these wells representing 95% of its proved reserves.
- The company's proved reserves are concentrated 40% in Louisiana, 37% in Texas and 21% in New Zealand. Swift Energy has increased its production to 53.2 Bcfe at year-end 2003 from 39 Bcfe at year-end 1998.

- As of December 31, 2003, Swift Energy owned 27,900 net acres and interests in and operated 504 wells in the AWP Olmos Area in South Texas. At year-end 2003, Swift Energy had 124 proved undeveloped locations. Also in 2003, the company purchased interests in the AWP Olmos area from partnerships it managed.
- In the Brookeland area in East Texas, Energy owned drilling and production rights in 72,516 net acres and 3,500 fee mineral acres. The reserves are approximately 56% oil and natural gas liquids.
- In the Lake Washington Field located in South Louisiana, the company owned drilling and production rights in 12,911 net acres. The reserves are approximately 94% oil and natural gas liquids. In 2003, 52 development wells and six exploratory wells were drilled in the area, 42 development and five exploratory wells were completed. At year-end 2003, the company had 82 proved undeveloped locations in this field.
- In the Masters Creek area located in Central Louisiana, Swift Energy owned drilling and production rights in 62,560 net acres and 91,994 fee mineral acres, which contains substantial proved undeveloped reserves.
- In Garcia Ranch, Swift Energy has been focusing on the deep sands of the Frio formation (10,000 to 16,000 feet).
- In the Woodbine formation located in southeast Texas, the company drilled one well to the Woodbine formation in 2001, which was deemed non-commercial.
- The company expanded its operation in New Zealand in January 2002, with the TAWN purchase of Southern Petroleum (New Zealand) Exploration, Limited (Southern New Zealand), through which it acquired interests in four fields and significant infrastructure assets.



52wk Range:	11.20 - 25.36
Volume:	331,500
Avg Vol (3m):	244,045
Market Cap:	525.72M
P/E (ttm):	12.04
EPS (ttm):	1.575
Div & Yield:	N/A (N/A)

Mission Resources Corporation (NasdaqNM: MSSN)

Mission Resources Corporation is an oil and gas exploration and production company. The Company drills, acquires, develops and produces natural gas and crude oil in the Permian Basin, West Texas and Southeast New Mexico, along the Texas and Louisiana Gulf Coast and in both the state and federal waters of the Gulf of Mexico.

Key Facts:

- During the year ended December 31, 2003, its estimated net proved reserves were 85.1 billion cubic feet of natural gas, 10.4 billion cubic feet equivalents of natural gas liquids and 13.7 million barrels of oil, for total reserves of approximately 178 billion cubic feet equivalents. Approximately 54% of the estimated net proved reserves were natural gas and approximately 75% of the reserves were developed in 2003. The acquisition on January 30, 2004 of the Jalmat field added approximately 26 billion cubic feet equivalent of proved reserves.
- Mission and Texas holds an approximate 20% working interest and 25% net revenue interest of the TXL North Unit.
- Mission holds an approximate 36% working interest in the Brahaney Unit. Apache Corporation operates this waterflood unit that consists of 95 producing wells and produces from the San Andres formation at a depth of 5,500 feet.
- Mission holds a 25% working and net revenue interest in the Goldsmith Field. The field consists of 250 producing wells with production from the Clearfork and Devonian formations at depths ranging from 5,500 to 8,000 feet.
- Mission is the operator of Jalmat field, and its average working interest is approximately 80%.

- In 2003, Mission holds 37% working interest in its Gulf of Mexico property.

52wk Range:	1.41 - 6.73
Volume:	254,520
Avg Vol (3m):	409,954
Market Cap:	201.69M
P/E (ttm):	N/A
EPS (ttm):	-0.243
Div & Yield:	N/A (N/A)

Sample Energy E & P Companies

Company Name	Symbol	Exchange	52 Week Low	52 Week High	Market Cap ($mlns)	ROE %	Divident Yield %	Price to Earnings	Debt to Equity	Price to Book	Revenue Growth %
Devon Energy Corp	DVN	AMEX	$45.90	$71.45	16240	17.84	0.61	8.42	66.1%	1.32	70
Dynamic Oil & Gas Inc	DYOLF	NasdaqSC	$2.80	$5.04	86	2.59	0	149.23	54.9%	3.68	137
Encana Corp	ECA	NYSE	$33.46	$45.75	19370	11.25	0.96	15.66	81.7%	1.69	58
Goodrich Petroleum Co	GDP	NYSE	$4.30	$11.10	196	10.11	0	43.43	38.5%	3.68	71
Mission Resources Corp	MSSN	NasdaqNM	$1.41	$6.73	201	-7.04	0	N/A	164.4%	1.84	10
Occidental Petroleum Corp	OXY	NYSE	$32.90	$50.47	19310	23.73	2.29	10.29	44.1%	2.09	26
Petroleum Development	PETD	NASD	$9.26	$33.93	467	24.26	0	15.62	21.3%	3.2	50
Swift Energy Co	SFY	NYSE	$11.20	$25.36	526	11.16	0	12.03	22.8%	1.23	39
The Exploration Co of Delware Inc	TXCO	NasdaqSC	$3.44	$7.19	92	-0.59	0	N/A	25.9%	1.97	109
Toreador Resources Corp	TRGL	NasdaqNM	$2.25	$9.25	68	9.61	0	20.11	4.0%	1.38	-25

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