Zacks Equity Research

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Dejour Enterprises, Ltd (DEJ-AMEX)

DEJ: Updating estimates to reflect 3rd-quarter results and 4th-quarter financings. Cash flow only slightly lowered by low 3Q production, but EPS impacted by dilution.

Current Recommendation	**Neutral**
Prior Recommendation	N/A
Date of Last Change	9/28/09
Current Price (12/31/09)	$0.29
12-Month Target Price	**$0.77**

OUTLOOK

Dejour reported a third-quarter loss of CAD 0.03 per share versus our estimate of a loss of CAD 0.02 per share. The difference was primarily attributable to shut-in gas, which substantially exceeded our expectations despite a gas price rebound late in the quarter. In the fourth quarter, with most shut-in gas released, the company's results should improve substantially. Also in the fourth quarter, management was able to access the capital markets twice for estimated net proceeds totaling CAD 4.6 million, primarily from share issuance. We reaffirm our neutral rating but reset our 12-month share price target to USD 0.77 to reflect the dilutive effects of the company's fourth-quarter financings.

SUMMARY DATA

52-Week High	**$0.65**
52-Week Low	**$0.19**
One-Year Return (%)	**-14.71**
Beta	**1.05**
Average Daily Volume (sh)	**391,411**
Shares Outstanding (mil)	**96**
Market Capitalization ($mil)	**$25**
Short Interest Ratio (days)	**0.0**
Institutional Ownership (%)*	**24.0**
Insider Ownership (%)*	**22.0**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2009 Estimate	**N/A**
P/E using 2010 Estimate	**N/A**
Zacks Rank	**N/A**

* Brownstone Ventures, the company's JV partner, owns 13% of the company and is a related party.

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Oil-U.S. Exp. & Prod.**
Zacks Rank in Industry	**N/A**

ZACKS ESTIMATES

Revenue*
(Revenue is before non-recurring gains on sale)
(In millions of CANADIAN dollars)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2008	0.00 A	2.24 A	1.68 A	1.85 A	5.77 A
2009	2.72 A	1.68 A	1.06 A	1.46 E	6.92 E
2010	1.97 E	2.74 E	2.66 E	3.43 E	10.79 E
2011					36.86 E

Earnings per Share*
(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2008	-$0.02 A	-$0.02 A	-$0.04 A	-$0.03 A	-$0.11 A
2009	-$0.03 A	-$0.01 A	-$0.03 A	-$0.02 E	-$0.08 E
2010	-$0.01 E	$0.00 E	$0.00 E	$0.00 E	-$0.02 E
2011					$0.12 E

***Totals may not add due to rounding**

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KEY POINTS

- **Our full report initiating coverage of Dejour was released September 29, 2009.** Please consult the initiation report for full background information.
- **Reaffirming neutral rating.** Our price target is derived from discounted cash-flow (DCF) estimates of the intrinsic value of the company's properties. *On the basis of only the company's present net asset value and without consideration of future cash flow from the development of its oil and gas leasehold inventory, the shares are undervalued by approximately 40%.*
- **Resetting 12-month share price target to USD 0.77.** The new target primarily reflects the dilutive effects of the company's two equity-financed transactions of the fourth quarter of 2009.
- **Third-quarter update:** earnings came in one cent (CAD 0.01) worse than our estimate primarily because of persistent shut-ins. Fourth-quarter release of most shut-in gas should improve cash flow substantially.
- **Intrinsic value (discounted cash flow) impact expected during 6- to 12-month timeframe.** The company will continue to take steps toward large-scale development of its prime properties, including those in the Colorado Piceance Basin and the British Columbia Peace River Arch. As 2011 approaches with progress occurring through the drillbit, on the balance sheet, and in joint-venture and other partnering arrangements, Dejour shares should move to reflect the firm's future cash-flow expectations. The USD 0.77 12-month price target incorporates only *three years* of cash-flow plus residual value.
- **Piceance Basin: independent evidence indicates Dejour's stake to be among the top U.S. plays on a price-per-acre basis.** A major U.S. producer's August, 2009 purchase of acreage adjoining Dejour leaseholds, combined with evidence gathered from U.S. auctions, points to the company's Gibson Gulch property as being in the heart of the highest-value acreage in the western U.S. -- a much sought-after asset.
- **Peace River Arch: producing properties with potential to make Dejour cash-flow positive as early as the first quarter of 2010.** Dejour should be able to increase oil production from its Woodrush property in the first and second quarters of 2010, enhancing operating margins into 2010.
- **Management strength and track record:** CEO has twice founded oil and gas companies that mounted successful, large-scale drilling programs and went on to become or be acquired by medium-capitalization exploration companies. President/COO has a 30-year record of managing oil and gas operations around the globe. Other officers, members of the board of directors, and advisors have similar records.

KEY RISKS

- **Undeveloped acreage.** The company's investment to date is largely tied up in undeveloped oil and gas leaseholds, and the valuation of the company as expressed in this report rests largely upon (a) the marketability of key portions of the company's undeveloped acreage and (b) future cash flows projected to be realized in the event the company succeeds in developing its key acreage positions.
- **External financing of approximately CAD 25 million will be needed by the end of 2010.** Dejour will not be able to fund an extensive drilling program on its prime acreage without a substantial capital infusion.
- **Uncertain industry context.** Although oil prices have rallied and firmed up, U.S. natural gas prices have foundered under the weight of increasing supply from successful unconventional/resource plays at the same time as the severe recession has had a pronounced impact on demand. Dejour's acreage has oil-bearing formations but is primarily prospective for gas.
- **Valuation estimates are highly sensitive to commodity price movements.** Decreasing the Zacks commodity price deck by $1 for natural gas and $5 for oil lowers our 12-month target price to approximately USD 0.65 per share. The Zacks price deck parallels but is slightly lower than the current NYMEX strip.

RECAP

Dejour reported a third-quarter loss of CAD 0.03 per share versus our estimate of a loss of CAD 0.02 per share. The difference was primarily attributable to shut-in gas, which substantially exceeded our expectations despite a gas price rebound late in the quarter. In the fourth quarter, with most shut-in gas released, the company's results should improve substantially. Also in the fourth quarter, management was able to access the capital markets twice for estimated net proceeds totaling CAD 4.6 million, primarily from share issuance. We reaffirm our neutral rating but reset our 12-month share price target to USD 0.77 to reflect the dilutive effects of the company's fourth-quarter financings.

Table 1. Comparative Quarterly Results

	Quarter Ended September 30:				Quarter Ended September 30:			
	2009	2008	Variance	Var. %	Actual	Forecast	Variance	Var. %
Sales (MMcfe)	111	175	(64)	-36%	111	199	(88)	-44%
Price realizations ($ per Mcf)	4.67	9.16	(4)	-49%	4.67	3.25	1.42	44%
Price realizations ($ per Bbl)	73.30	109.20	(36)	-33%	73.30	76.62	(3.32)	-4%
Revenues ($000)	1,056	1,678	(621)	-37%	1,056	1,546	(490)	-32%
Lease operating expenses per Mcfe	5.88	5.35	0.53	10%	5.88	3.54	2.34	66%
Discretionary cash flow ($000)	(727)	(1,195)	468	NM	(727)	(131)	(596)	NM
Cash flow per Mcfe ($)	(6.53)	(6.83)	0.30	NM	(6.53)	(0.66)	(5.87)	NM
Net income adjusted for NRI	(2,528)	(3,039)	511	NM	(2,528)	(1,570)	(958)	NM

NA = Not available; pro-forma financial statements of predecessor affliliated companies have not been prepared on a quarterly basis.
NM = Not meaningful
NRI = Non-recurring items
Source: Zacks estimates; company financial statements.

OUTLOOK

Our earnings and cash-flow estimates are substantially unchanged vis-à-vis our initial report of September 29, 2009, except for some deterioration in 2011 – 2012, when a more extended drilling schedule is expected to slow production growth slightly.

Table 2. Estimate Changes

($ per share)

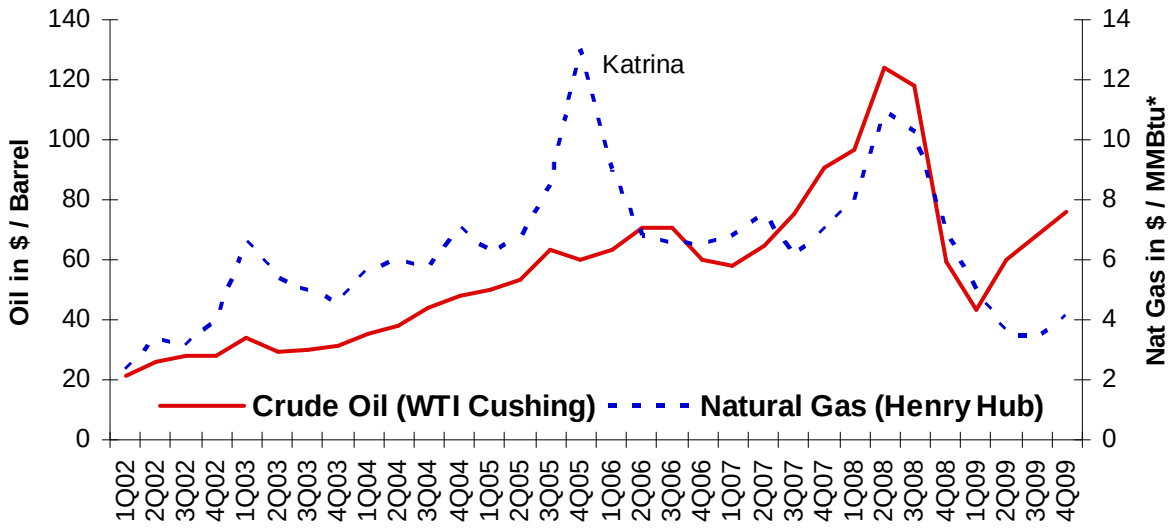
		09/30/09	12/31/09	03/31/10	06/30/10	09/30/10	12/31/10	2009	2010	2011	2012
EPS	New	(0.03) (Actual)	(0.02)	(0.01)	(0.00)	(0.00)	(0.00)	(0.08)	(0.02)	0.12	0.53
	Old	(0.02)	(0.02)	(0.01)	0.00	(0.01)	(0.01)	(0.08)	(0.02)	0.16	0.69
		(0.01)	0.00	0.00	(0.00)	0.01	0.01	(0.00)	0.00	(0.04)	(0.16)
CFPS*	New	(0.01) (Actual)	(0.00)	0.00	0.01	0.01	0.01	(0.01)	0.03	0.18	0.64
	Old	0.00	0.00	0.00	0.01	0.01	0.01	0.00	0.03	0.23	0.83
		(0.01)	(0.00)	0.00	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.05)	(0.19)

*Discretionary cash-flow per share
Source: Zacks estimates.

Thanks to the company's two equity raises in the fourth quarter, management should be able to carry out its plans for winter drilling in the Peace River Arch (targeting the Woodrush oil pool) as well as initiate activities aimed at the 2011 development of its Piceance Basin properties.

We believe that firm oil markets will help the company realize significant cash-flow growth from British Columbia production, and a more stable market for natural gas (though at low prices in relation to most of the past decade) will make the company's acreage in the Rocky Mountains economically viable.

Fig. 1. Benchmark Prices, 2002 – 2009



* 1027 Btu per cubic foot.
Note: all prices in **U.S. dollars**.
Source: Platt's via BP p.l.c.

We continue to expect substantial cash-flow growth over the 2011 to 2013 period, with positive cash flow beginning in 2010. (Note: our full earnings and cash-flow model is appended after the conclusion of this report.)

Table 3. Summary Cash-Flow Forecast

FISCAL YRS ENDING 12/3 CAD 000 except EPS	Q1 (A)	Q2 (A)	Q3 (A)	Q4 (E)	2009E	Q1 (E)	Q2 (E)	Q3 (E)	Q4 (E)	2010E	2011E	2012E	2013E
EBITDA	29	(250)	(863)	(119)	(1,202)	373	806	548	729	2,456	21,338	78,447	144,329
Discretionary cash flow	309	(243)	(727)	(77)	(738)	463	818	599	680	2,560	20,548	73,605	134,824
Cash flow per share	0.00	(0.00)	(0.01)	(0.00)	(0.01)	0.00	0.01	0.01	0.01	0.03	0.18	0.64	1.17
Cash flow per Mcfe	0.75	(0.80)	(6.53)	(0.47)	(0.75)	2.03	2.70	2.04	1.54	2.02	4.19	5.38	5.56
Capex / property sales	(1,689)	(4,099)	(935)	371	(6,351)	743	0	2,162	2,533	5,437	23,472	43,601	43,230

Source: company filings, analyst estimates

VALUATION

This section includes the overall report conclusions and the stock recommendation. It also establishes (resets) our 12-month share price target based on several methods of calculation.

Dejour Enterprises is well positioned to ride out the bearish 2009 market for natural gas and then succeed in developing its highly prospective U.S. leasehold position. The company's Peace River Arch wells should provide needed cash as management seeks the right financial recipe for the development of its Rocky Mountain acreage, especially the prospects at Gibson Gulch. The seeds of a share price increase to a multiple of 2009 levels were planted with the August, 2009 Gibson Gulch acquisition announcement from Williams Companies. The winter months of 2009 to 2010 will be a testing period for most small independent U.S. and Canadian producers, but Dejour's low running rates of overhead and lease operating expenses, coupled with continuing production should tide the company over. In 2010, growth will come slowly, but the

company should be cash-flow positive, laying the groundwork for a 2010 recapitalization and commencement of larger-scale development drilling programs in the winter of 2010 to 2011.

For the investor, the window now open for owning Dejour shares should remain open into 2010, but only temporarily. Once recapitalized, Dejour should see a rapid share price response in anticipation of the coming drilling program. Since the exact timing of recapitalization is uncertain, investors who wait on the sidelines do so at some risk. At the same time, a major share price move should not be anticipated until the company is financially capable of mounting a substantial drilling program.

Multiple scenarios that are intended to help investors quantify the potential in the company's shares are presented in Tables 4 and 5, below.

NAV Formulation

In Table 4, the intention is to value the company by the constructed-value method, involving alternative formulations of a net asset value (NAV) for the company.

The first alternative, Formula A, attempts to quantify the value associated with the development of the company's leading acreage positions. This formula draws on the estimated reserve additions presented in our September 29, 2009 initiation report. The future reserve volumes are then assigned a dollar multiple in line with the range of recent acquisitions of proved developed and undeveloped reserves. After accounting for balance-sheet effects (debt), the NAV is then discounted to reflect the average length of time estimated to be required to put the reserve additions on the company's books. The result, after taking account of potential share dilution, is a range of prices for Dejour shares between USD 0.44 and USD 0.90 per share.

Also in Formula A, we attempt to take account of the possibility that future financing may come in the form of additional share issuance rather than debt. Assuming shares are issued near the recent share price, this would result in a NAV per share of between USD 0.36 and USD 0.55 per share.

Formula B, also a constructed-value (NAV) scenario, counts only proved reserves already on the books, plus estimated values for undeveloped acreage, on a per-acre basis. For Gibson Gulch, the per-acre figure of USD 14,000 is based on analysis in our September 29, 2009 initiation report of the August 2009 Williams acquisition. For the remainder of the company's approximate 148,000 net acres, the per-acre figure is based on 2008 lease sales in the U.S. Rockies. At our 2008 figure of $175 per acre, the value of the remaining acreage comes to USD 26 million, a figure not out of line with the company's market cap in the days preceding the Williams acquisition. *Note that we have not applied the more recent (and substantially lower) per-acre prices seen in BLM's Rocky Mountain auctions in 2009; we believe that acreage values are volatile and likely to rebound from severely depressed levels of 2009.*

Adding up the components of Formula B, Dejour's NAV is roughly USD 48 million, or USD 0.50 per share.

Calculations are shown on the following page.

Table 4. Net Asset Value (NAV) Formulations (U.S. Dollars)

Formula A: Value of estimated (risked) reserve additions, 2010-2012			
(Comparing in-ground price multiples of $0.75/Mcfe - $1.25/Mcfe)			
Estimated (risked) reserve additions, 2010-2012:	**108 Bcfe**		
Price multiples ($ per Mcfe)	**$ 0.75**	**$ 1.00**	**$ 1.25**
Undeveloped resource value, $ millions	81	108	135
Balance sheet impact (DEBT financed):			
Estimated (cumulative) debt impact	(30)	(20)	(10)
Future NAV, $ millions (bal. sheet + resource value)	51	88	125
Present value (average 2 years @10% discount rate	42	73	103
Shares outst + opt./warr. exercise (millions)	96	115	115
Price (Debt-financed) ($ / share)	**$ 0.44**	**$ 0.63**	**$ 0.90**
Balance sheet impact (EQUITY financed):			
Estimated (cumulative) debt impact	(5)	(5)	(5)
Future NAV, $ millions (bal. sheet + resource value)	76	103	130
Present value (average 2 years @10% discount rate	63	85	107
Shares assuming 80 million new shares @ $.30	176	195	195
Price (Equity-financed) ($ / share)	**$ 0.36**	**$ 0.44**	**$ 0.55**

Formula B: Value of proved reserves and undeveloped acreage			
Proved reserves, $ millions			4
Acreage - Gibson Gulch@	$ 14,000	per acre	22
Acreage - other	$ 175	per acre	26
Balance sheet (debt) impact			(5)
NAV			48
Shares outst + opt./warr. exercise (millions)			96
Price ($ / share)			**$ 0.50**

Source**:** analyst estimates

DCF Formulation

In Table 5, the intention is to value the company by the intrinsic-value method, involving alternative formulations of a discounted cash-flow (DCF) calculation for the company.

DCF values, which simply discount the estimated discretionary cash-flow figures for the company from the earnings and cash-flow model (Table 6, below), are generally higher than any of the NAV estimates. The lowest valuation, which counts only three years of discretionary cash flow (cutoff point at the end of 2012), is USD 0.77 per share.

Table 5. Discounted Cash-Flow Formulation (U.S. Dollars)

Time horizon (years)	**3 Yrs**	**4 Yrs**	**5 Yrs**	**6 Yrs**
Discount rate	10%	10%	10%	10%
Residual value assumption	30%	30%	25%	20%
PV of discretionary cash flow ($ millions)	$ 89	$ 192	$ 274	$ 353
Estimated shares outstanding (millions)	115	115	115	115
Price ($ / share)	**$ 0.77**	**$ 1.67**	**$ 2.39**	**$ 3.07**

Source**:** analyst estimates

Price Target (12-Month)

Our USD 0.77 12-month share price target reflects the choice to value the shares using the intrinsic (DCF) method, and to do so conservatively, incorporating only three years of future estimated discretionary cash flow (plus a 30 percent residual value). The USD 0.77 target also correlates with the NAV estimates (for estimated reserve additions, *not* the bare-bones NAV of proved reserves and undeveloped acreage), assuming (1) gas markets do not enter the extreme low-priced scenario (USD 0.75 per Mcf dollar multiple for acquisitions of proved developed and undeveloped reserves) and (2) future financing is managed by the company to avoid further share dilution.

Recommendation

Our **neutral** recommendation reflects timing issues with taking ownership positions in independent exploration and production companies in the aftermath of the very difficult natural gas pricing environment that bore down on the industry during summer 2009 and which to a large extent continues as of the date of this report. This difficult industry context should not be expected to lift during the 2009 – 2010 heating season with gas storage inventories near record levels; however, the situation could change quickly in terms of Dejour's own particular prospects. Management is actively pursuing alternatives for the development of its key acreage, which, when announced, should serve as a trigger for the company's shares to move toward the value levels reflected in our USD 0.77 12-month share price target. To reiterate, we see the shares as relatively stable for the moment, which should include the winter heating season, but we warn of the potential for a substantial move by the stock. We will be closely monitoring the company and will provide immediate coverage of corporate developments.

Table 6. Earnings and Cash-Flow Model

FISCAL YRS ENDING 12/31		2006	2007	Q1	Q2	Q3	Q4	2008	Q1 (A)	Q2 (A)	Q3 (A)	Q4 (E)	2009E	Q1 (A)	Q2 (A)	Q3 (E)	Q4 (E)	2010E	2011E	2012E	2013E
PROVED RESERVES (net)																					
Natural gas	(MMcf)		1,825					2,187					18,985					0	39,811	73,870	97,216
Crude oil / condensates	(MBO)		5					349					518					0	1,541	2,364	3,117
Total	(MMcfe)		**1,855**					**4,281**					**22,092**					**0**	**49,057**	**88,055**	**115,917**
Total	(MBoe)		**309**					**714**													
PRODUCTION VOLUMES (net)																					
Natural gas	(MMcf)	0	0	0	184	169	156	509	213	208	47	83	550	119	160	155	307	742	4,080	12,422	22,766
Crude/condensate/NGLs	(MBO)	0	0	0	0	1	8	9	33	16	11	13	73	18	24	23	22	87	138	209	247
Total	(MMcfe)	**0**	**0**	**0**	**186**	**175**	**201**	**562**	**411**	**302**	**111**	**164**	**989**	**228**	**303**	**293**	**441**	**1,265**	**4,907**	**13,676**	**24,251**
Total	(MBoe)	**0**	**0**	**0**	**31**	**29**	**34**	**94**	**69**	**50**	**19**	**27**	**165**	**38**	**50**	**49**	**73**	**211**	**818**	**2,279**	**4,042**
PRICE REALIZATIONS																					
Natural gas	(CAD/Mcf)				11.23	9.16	7.54	9.48	4.79	3.88	4.67	5.00	4.59	5.00	4.50	4.50	5.00	4.75	6.50	7.00	7.00
Liquds (weighted avg)	(CAD/Bbl)				136.20	109.20	57.43	60.03	42.07	59.44	73.30	77.78	63.15	75.76	85.00	85.00	85.00	82.69	75.00	75.00	75.00
INCOME STATEMENT (CAD 000 except EPS)																					
Natural gas revenues		0	0	0	2,149	1,534	1,280	4,963	1,019	745	218	415	2,397	596	721	700	1,534	3,551	26,519	86,957	159,364
Crude/condensate/NGL revenuess		0	0	0	86	144	574	804	1,394	938	789	1,043	4,163	1,373	2,016	1,955	1,895	7,239	10,341	15,674	18,552
Total oil and gas revenues		0	0	0	2,235	1,678	1,854	5,767	2,412	1,682	1,007	1,459	6,560	1,968	2,738	2,655	3,430	10,790	36,860	102,631	177,917
Other operating revenues		0	0	0	0	0	0	0	308	0	49	0	358	0	0	0	0	0	0	0	0
Total revenues		0	0	0	2,235	1,678	1,854	5,767	2,721	1,682	1,056	1,459	6,918	1,968	2,738	2,655	3,430	10,790	36,860	102,631	177,917
Operating expenses																					
Lease operating expenses			0	0	922	936	1,263	3,122	1,543	853	654	395	3,446	513	630	562	845	2,550	3,144	6,291	9,411
Severance / ad valorem taxes								0					0		219	212	274	706	2,949	8,210	14,233
DD&A		30	34	7	197	1,988	1,499	3,691	2,710	1,264	1,558	1,176	6,709	1,156	1,146	1,117	1,143	4,563	4,713	6,589	10,290
G&A		2,702	4,340	1,248	1,173	1,354	440	4,215	938	972	1,082	1,082	4,075	1,082	1,082	1,332	1,582	5,078	8,430	8,682	8,943
Other operating expenses		1,295	2,461	773	938	529	480	2,720	210	107	183	100	600	0	0	0	0	0	1,000	1,000	1,000
Total operating expenses		4,027	6,835	2,028	3,230	4,808	3,682	13,748	5,402	3,196	3,477	2,754	14,829	2,751	3,078	3,224	3,844	12,897	20,235	30,773	43,878
Operating income		(4,027)	(6,835)	(2,028)	(995)	(3,130)	(1,828)	(7,981)	(2,681)	(1,514)	(2,421)	(1,295)	(7,911)	(783)	(340)	(570)	(415)	(2,107)	16,625	71,858	134,039
Less: net interest expense		(567)	(513)	(109)	(17)	72	298	244	(58)	80	110	58	190	58	58	58	147	321	586	489	489
Less: other expense / (income)		(27,802)	24,709	259	165	(163)	11,807	12,068	605	(514)	52	0	143	0	0	0	0	0	0	0	0
Pretax income		24,342	(31,031)	(2,178)	(1,143)	(3,039)	(13,933)	(20,293)	(3,228)	(1,080)	(2,583)	(1,353)	(8,244)	(841)	(398)	(628)	(561)	(2,428)	16,039	71,369	133,550
Less: inc. tax expense / (recovery)		454	(4,221)	(621)	0	0	1,217	596	(779)	(299)	(55)	0	(1,133)	(294)	(139)	(220)	(196)	(850)	2,406	10,705	20,033
Net income		23,888	(26,811)	(1,557)	(1,143)	(3,039)	(15,150)	(20,890)	(2,449)	(781)	(2,528)	(1,353)	(7,111)	(547)	(259)	(408)	(365)	(1,578)	13,633	60,664	113,518
Less: non-recurring/discontinued items		30,177	0	0	0	0	(12,990)	(12,990)	0	0	0	0	0	0	0	0	0	0	0	0	0
ADJUSTED net income		(6,289)	(26,811)	(1,557)	(1,143)	(3,039)	(2,160)	(7,899)	(2,449)	(781)	(2,528)	(1,353)	(7,111)	(547)	(259)	(408)	(365)	(1,578)	13,633	60,664	113,518
EPS		**(0.11)**	**(0.40)**	(0.02)	(0.02)	(0.04)	(0.03)	**(0.11)**	(0.03)	(0.01)	(0.03)	(0.02)	**(0.08)**	(0.01)	(0.00)	(0.00)	(0.00)	**(0.02)**	**0.12**	**0.53**	**0.99**
CASH FLOW STATISTICS ($000)																					
EBITDA		(3,997)	(6,801)	(2,021)	(798)	(1,142)	(329)	(4,290)	29	(250)	(863)	(119)	(1,202)	373	806	548	729	2,456	21,338	78,447	144,329
Discretionary cash flow		(1,920)	(3,914)	(975)	200	(1,195)	374	(1,597)	309	(243)	(727)	(77)	(738)	463	818	599	680	2,560	20,548	73,605	134,824
Capital expenditures / property sales		12,147	7,838	5,883	9,162	3,719	8,337	27,101	(1,689)	(4,099)	(935)	371	(6,351)	743	0	2,162	2,533	5,437	23,472	43,601	43,230
Cash flow per share		**(0.03)**	**(0.06)**	(0.01)	0.00	(0.02)	0.01	**(0.02)**	0.00	(0.00)	(0.01)	(0.00)	**(0.01)**	0.00	0.01	0.01	0.01	**0.03**	**0.18**	**0.64**	**1.17**
Cash flow per Mcfe					1.07	(6.83)	1.86	**(2.84)**	0.75	(0.80)	(6.53)	(0.47)	**(0.75)**	2.03	2.70	2.04	1.54	**2.02**	**4.19**	**5.38**	**5.56**

Source: company filings, analyst estimates

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GLOSSARY AND KEY TO ABBREVIATIONS

3-D seismic	Three-dimensional seismic: computer-aided interpretation of digitized frequency data obtained from seismic shoots.
8/8	Eight-eighths interest (i.e., a 100% interest)
AFE	Allowance for expenditure
AMI	Area of mutual interest, referring to leasehold interests.
API	American Petroleum Institute
APO	After payout
Bbl	Barrel of crude oil and condensate. Contains 42 U.S. gallons.
Bcf	Billion cubic feet
BLM	U.S. Dept of the Interior, **B**ureau of **L**and **M**anagement
Boe	Barrel of oil equivalent (One barrel equals 6,000 standard cubic feet -- 6 Mcf -- of natural gas.)
BOPD, Bopd	Barrels of oil per day
Btu	British thermal unit
Carried interest	An ownership share of a well or producing unit that is exempt ("carried") from capital costs.
Contango	Describes the futures market condition of forward prices that increase with time. Opposite: *backwardation.*
Completion	The installation of permanent production equipment in order to begin delivery of crude oil/natural gas.
D&C	Drilling and completion
Downstream	Refining, transportation and retailing operations of vertically-integrated energy companies.
E&P	Exploration and production
EBITDA	Earnings before interest, taxes, depreciation and amortization.
EOR	Enhanced oil recovery
EUR	Estimated ultimate recovery
EV	Enterprise value. The sum of market capitalization plus balance sheet debt, less balance sheet cash.
Farmout, in	The disposition (or, in a farm-in, acquisition) of a partial interest in an oil and gas leasehold.
LOE	Lease operating expense
MBO, Mbo, Mboe	Thousand barrels oil, thousand barrels of oil equivalent
MBOPD	Thousand barrels oil per day
Mcf	Thousand cubic feet natural gas
Mcfd	Thousand cubic feet per day
Mcfe	Thousand cubic feet equivalent (One Mcf equals one-sixth of a barrel.)
Mcfed	Thousand cubic feet equivalent per day
Midstream	Primarily, the pipeline segment of the energy industry. Also includes processing of natural gas liquids.
MMBO	Million barrels oil
MMBtu	Million British thermal units
MMcf	Million cubic feet
MMcfd	Million cubic feet per day
Mmcfe	Million cubic feet equivalent
Mmcfed	Million cubic feet equivalent per day
NRI	**1.** Net revenue interest (after royalties) **2.** Non-recurring items
NYMEX	The New York Mercantile Exchange. Primary trading floor for energy futures.
OPEC	Organization of Petroleum Exporting Countries
ORRI	Overriding royalty interest
Permeability	A rock's ability to transmit fluids, including oil and gas. Permeability is a function of the distribution of pores in the rock.
P&A	Plug and abandon
Porosity	Pore volume (void space) in a rock, able to contain fluids, including oil and natural gas.
PUD	Producing unit (wells)
PV-10	Present value, calculated at a 10% discount rate.
Reservoir rock	Rock that collects migrating hydrocarbons trapped beneath an impermeable formation.
Source rock	Rock that thermogenically (at depths of several thousand feet) or biogenically (by action of microbes) originates hydrocarbons, which may then migrate upward until trapped by an impermeable formation. (See: Reservoir Rock.)
Tcf	Trillion cubic feet
Upstream	Exploration and production operations of vertically-integrated energy companies.
W.I.	Working interest (ownership interest, or share of ownership)
WTI	West Texas Intermediate Light Crude Oil. The worldwide benchmark price.

Source: Zacks (financial terminology), AAPG, Schlumberger, and National Association of Royalty Owners (energy terminology)

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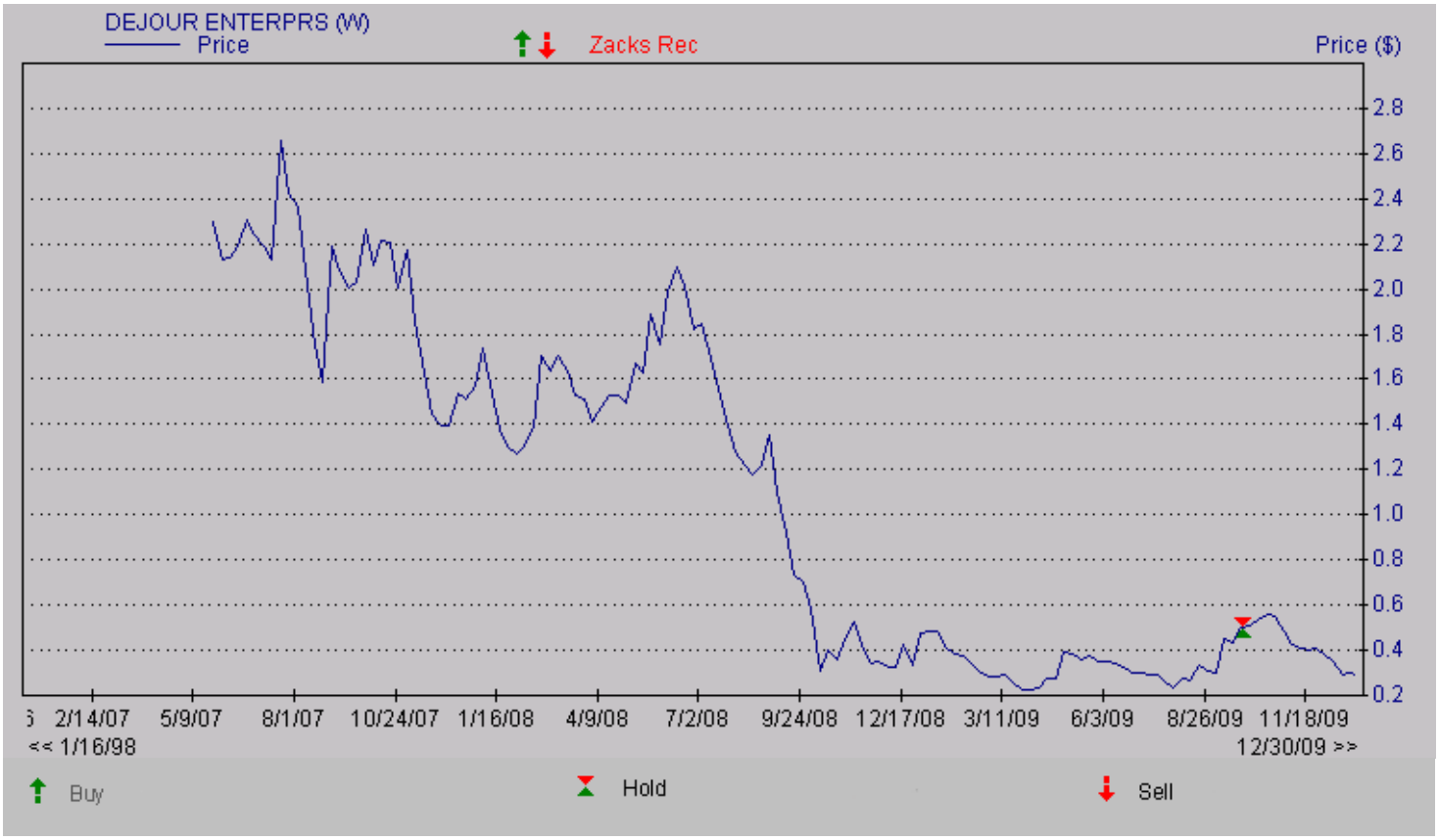

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