

Critical Energy Supply Investment: Independents Spend More than Earnings to Find and Produce Natural Gas and Oil

Capital Reinvestment Rates (J.S. Herold Historical Data)												
	2004			2005			2006			2004 - 2006		
	Capital Exp. \$MM	Net Income \$MM	Reinvest. %	Capital Exp. \$MM	Net Income \$MM	Reinvest. %	Capital Exp. \$MM	Net Income \$MM	Reinvest. %	Capital Exp. \$MM	Net Income \$MM	Reinvest. %
GLOBAL INTEGRATED OILS	-54,683	82,451	66%	-73,317	123,941	59%	-95,405	134,771	71%	-223,404	341,162	65%
OUTSIDE NORTH AM. INTEG./DIV. OILS	-60,754	57,489	106%	-101,366	98,664	103%	-76,546	82,362	93%	-238,667	238,515	100%
U.S. INTEGRATED OILS	-14,202	11,050	129%	-6,477	5,072	128%	-8,469	7,744	109%	-29,148	23,867	122%
CANADIAN INTEGRATED OILS	-8,200	5,529	148%	-10,657	7,975	134%	-10,048	9,241	109%	-28,906	22,746	127%
TOTAL INTEGRATED OILS	-137,839	156,520	88%	-191,817	235,652	81%	-190,468	234,118	81%	-520,124	626,290	83%
SUPER E&Ps	-27,061	16,567	163%	-32,666	21,604	151%	-43,727	26,619	164%	-103,454	64,791	160%
LARGE U.S. E&Ps	-5,543	2,600	213%	-10,282	4,946	208%	-17,281	7,944	218%	-33,106	15,490	214%
MID-SIZED U.S. E&Ps	-3,865	1,382	280%	-3,560	1,280	278%	-6,011	1,685	357%	-13,436	4,346	309%
SMALL U.S. E&Ps	-3,104	622	499%	-6,082	897	678%	-8,276	639	1294%	-17,461	2,159	809%
LARGE CANADIAN E&Ps	-908	258	352%	-777	544	143%	-942	699	135%	-2,626	1,501	175%
MID-SIZE & SMALL CANADIAN E&Ps	-3,864	1,701	227%	-6,284	3,425	184%	-8,210	3,794	216%	-18,359	8,919	206%
TOTAL NORTH AMERICAN E&Ps	-44,345	23,130	192%	-59,651	32,695	182%	-84,447	41,381	204%	-188,444	97,206	194%
OUTSIDE NORTH AMERICA E&Ps	-5,511	4,341	127%	-10,415	8,571	122%	-9,849	7,495	131%	-25,775	20,407	126%
TOTAL	-187,696	183,991	102%	-261,883	276,918	95%	-284,764	282,994	101%	-734,343	743,903	99%

Notes:
1. Capital Expenditures = Additions to Plant, Property & Equipment
2. Net Income = Net Income to Common Stock As Reported
3. Reinvestment % = Capital Expenditures/Net Income