

# Meridian Resource Corporation

NYSE: TMR

June 19, 2007

## A New Direction

Over the last 1-2 years TMR has been steadily re-balancing its exploration and development portfolio to include a blend of its traditional fast-producing conventional South Louisiana plays with a new multi-region focus on several promising gas resource plays.

The transition is well under way. A significant acreage position has been acquired in several emerging resource plays. Some of the first wells in these new projects should yield high rates of return. We recently visited with TMR in Houston to get an update on this new thrust. This report summarizes the main points of the company's new direction.

### Highlights

**For over a year TMR has been repositioning itself to diversify its operations, lower its risk profile, and to improve investment returns.**

**One important new play is the East Texas Austin Chalk, where TMR appears to have found a "sweet spot" with more natural fracturing.**

- \* **First two horizontal wells had initial production averaging 20 mmcf/d.**
- \* **Continuous two rig drilling program in progress.**
- \* **When pending transactions complete, leasehold is sufficient for 50 drillsites.**
- \* **Play should serve as repeatable high front-end cash flow generator to fund planned growth in several longer-lived resource plays.**

**Two-rig Hunton de-watering project will drill 25-35 wells in 2007-2008.**

**Acreage acquired in Delaware Basin, Palo Duro Basin, and Illinois Basin shale plays. Will drill two wells and two test wells in 2007.**

**Deep Archtop Prospect in S. Louisiana has well over one Tcf potential.**

**Target price for next 12 months = \$4.50 (valuation details on page 9 of this report)**

## Background

After conversion from an MLP, The Meridian Resource Company, then known as Texas Meridian Resources, held its first primary public offering in 1993. The company has had a strong exploration focus since inception, and it was a pioneer among smaller-cap firms in the intensive use of 3-D seismic as an exploration tool. With the exception of its early and important Chocolate Bayou discovery south of Houston, Meridian's principal focus area until 2006 had been onshore south Louisiana with occasional GOM shelf projects.

In "before 3-D seismic" south Louisiana, many wells had been drilled by the industry, but comparatively few had been drilled below 15,000 feet because the complex faulting of the area had rendered 2-D seismic mapping to be of limited use for deeper structures. By the early 1990's, the use of 3-D seismic was beginning to allow complex geological features below 15,000 feet to be mapped with reasonable accuracy for the first time. Based on its 3-D seismic imaging expertise, Meridian has drilled a number of important discoveries over the past decade.

In June 1998, in the middle of the oil price collapse, Meridian acquired all of the Louisiana onshore properties of Shell Oil for a total consideration of \$315 million. The objective was to acquire a substantial inventory of lower-risk exploitation projects as well as the potential of deeper exploration prospects underlying existing Shell fields. Properties acquired in these transactions played a significant role in driving Meridian's unit finding and development cost to the \$5 neighborhood in 1999.

In the fall of 2002, TMR had a major setback when its 100% working interest Kent Bayou development well, drilled to over 19,000 feet, turned out to be a dry hole. The well was expensive and Kent Bayou had been expected to be a significant contributor to 2002/2003 production volumes. The concurrence of two external reserve engineering firms in TMR's internal reserve assessment offered little consolation.

Fortunately, TMR had already taken several key steps and was well advanced in the initial development stages of its Biloxi Marshlands project. By August 2003, successful drilling at this project had roughly doubled TMR's January 2003 production and its share price had more than quadrupled from January 2003 levels. The Biloxi Marshlands project provided production growth in 2004 and also in 2005 until Hurricane Katrina did considerable damage.

## Constructing a New Portfolio

TMR's Biloxi Marshland project discovered over 100 Bcf of natural gas reserves. By 2005, however, it had become clear that the latest seismic surveys were beginning to yield increasingly smaller targets to drill. This "depletion problem" was more widespread than TMR's Biloxi project – it had been gradually becoming a significant issue for shallow GOM and onshore Gulf Coast drillers for a number of years. TMR's expertise in 3-D seismic had deferred this "day of reckoning" but not indefinitely, and Katrina highlighted the concentration of TMR assets in hurricane prone regions. For these "negative reasons", plus the positive results demonstrated in new unconventional resource plays, TMR's management had reached a decision by 2005 that the company needed to diversify its operations to a much broader base of play types and operating regions.

The sharp increase in oil and gas prices of the last few years was now offering attractive returns to unconventional gas plays which had previously been uneconomic, such as gas shales and tight sands. Beginning in 2005 and continuing to the present, TMR has been working to re-position its

project portfolio to include greater regional and play diversity, thereby lowering the risk profile of the company and offering a better opportunity for sustainable growth.

Executing such a widespread shift in strategic focus, particularly from previous dependence on projects exclusively with short-lived reserves to one with a blend of long and short reserve lives, requires a carefully constructed plan. A specified sum of capital spending will yield a lower front end cash flow as the percentage directed to longer-lived resource plays increases. TMR has addressed this issue by choosing to phase in the “resource play” projects gradually, but achieving both diversification and high front-end cash flow with its East Texas Austin Chalk project as a significant first step of the plan.

### **East Texas Austin Chalk**

TMR has leased over 33,000 gross acres in Tyler and Polk County, Texas, with another 20,000+ acres in the final stages of title and documentation work. Its working interest in the combined 53,000+ gross acres will range from 37% to 75%. In approximate terms, this is enough acreage for 50 horizontal drillsites. It is worth noting that the nearby Austin Chalk acreage controlled by Anadarko was not included in its lengthy list of recent divestment properties. TMR’s acreage is prospective, in descending stratigraphic sequence, for the Austin Chalk, Woodbine, Buda, and Georgetown formations.

TMR initial exploration effort consisted of four wells drilled during the first few months of 2006 targeting the Woodbine formation. What appeared to be a productive Austin Chalk section was encountered in each of these four wells. The location of these wells was 9-12 miles to the east of a very successful Austin Chalk field in Tyler County, Texas. In May 2006, TMR began drilling the first of two 5,000’ laterals in the BSM No.1 well (kicking out from one of the four original vertical wells targeting the Woodbine). This well was completed and placed on production in October 2006 at an initial rate of 28 mmcf/d. Following a normal Austin Chalk decline curve, this well was producing 3.8 mmcf/d in mid-March 2007. TMR management believes the well will recover approximately 5 Bcfe of gas and oil reserves. Since this was the company’s initial horizontal well in the play, the well cost was higher than the expected \$11-\$12 million cost the company hopes to achieve as part of a continuous drilling program. On a risked basis the company is planning on a \$3.24/MMcfe unit development cost for the seven well program planned for 2007.

TMR is continuing to evaluate the relative merits of drilling both laterals in immediate succession as compared with drilling the second lateral after the first lateral had produced for a while. The “deferred second lateral” approach would reduce the risk of formation damage that might result from the extended period of holding mud on the first lateral while the second lateral was being drilled. This concern, plus other economic and risk factors will influence the decision.

TMR’s second dual lateral well, the Katherine Leary No.1, located two miles northeast of the BSM No. 1 well, began producing to sales at 15-16 MMcfe/d in the second half of May. The combined length of the two laterals is 10,900 feet. In a recent presentation, TMR categorized this well as having potential reserves in the range of 3-15 Bcfe.

Two additional single-lateral wells are in early stages of drilling, the BSM No. 2 well and the BSM No. 4 well. Four more wells are expected to spud in the second half of the year. Approximately 37% of TMR’s 2007 drilling budget is allocated to this project.

## Hunton/Woodford De-Watering Project

A second new project area for TMR is its Hunton/Woodford de-watering project located in Garfield County, Oklahoma. The company holds an 80% working interest in a 22,000 acre leasehold and plans to drill 14 wells in 2007 and another 10-20 wells in 2008. The typical well depth is 7,500 feet, the estimated cost is \$1.2-\$1.5 million per well, and estimated reserves per well are in the 1.5-3.0 Bcfe range. Four wells have been drilled through May: one saltwater disposal well, two Hunton vertical producers (now de-watering), and one horizontal well (production imminent).

Initial production from this play is mainly water. As the water is removed, thus lowering the pressure in the reservoir, gas production begins to increase and then ultimately becomes dominant. This project offsets a similar project nearby. Approximately 14% of TMR's 2007 drilling budget is allocated to the project. On a risked basis the company is planning on a \$3.16/MMcfe unit development cost for the 2007 drilling program.

## Unconventional Plays

Part of TMR's new focus is to identify and evaluate unconventional "resource plays" that have the economic potential for future development. Three such projects involving three types of shales are currently being evaluated.

### Delaware Basin Barnett/Woodford Shales

TMR and its 50/50 joint venture partner have acquired 85,000 gross acres in the Delaware Basin of West Texas, with TMR having an average working interest of 46%. The project, operated by TMR's partner, Matador Resources, is targeting Barnett and Woodford shales at a depth of 5,500-8,500 feet. Based on newly acquired and re-processed 2-D seismic data, the first two wells in the project will be drilled in 2007. Capital spending for the project will represent 3% of TMR's 2007 exploration and development budget.

### Palo Duro Basin

TMR has acquired 35,000 gross acres with working interests of 45%-70% in Floyd and Motley counties in the Palo Duro Basin in the Texas Panhandle. This TMR-operated project is targeting the Pennsylvanian Shale, which averages about 1,000 feet in thickness at a depth of 8,000 to 10,000 feet. Several similar projects are in more advanced stages in the area and various drilling and completion methods are being explored. One of the other projects which is adjacent to some of TMR's acreage recently reported what appears to be a successful well. Because this is an unconventional play, and the best approaches to drilling are currently evolving, TMR is likely to defer drilling its first well until 2008. By then there will be much more information available about which drilling and completion techniques appear to be yielding the best results.

### New Albany Shale Play

TMR, with a joint venture partner, has acquired 38,000 gross acres with high working interests in the Illinois Basin. This project is targeting the New Albany Shale, which averages about 300 feet in thickness at a depth of 2,000 to 5,000 feet. TMR continues to acquire acreage and evaluate its plans for the play. It plans to drill two test wells in 2007.

## TMR's Traditional Operations Base: South Louisiana

### Deep Archtop

TMR's Biloxi Marshlands project in St. Bernard Parish was targeting relatively shallow sands. But its proprietary 3-D survey over the area revealed a very large structure at a depth of 30,000 feet. It appears to be a four-way closure at the Jurassic Cotton Valley interval which covers over 14,000 acres. TMR controls the majority of the acreage related to this prospect. It estimates that the reserve potential could range from zero to several trillion cubic feet of gas. The well would cost at least \$60 million to drill. The Deep Archtop prospect is currently being shown to potential partners but TMR plans to retain at least a 20% working interest. The responses of prospective partners have been encouraging. In addition to its geologic prospectivity one of the main attractions of the project is, of course, its deepwater size potential combined with lower onshore drilling costs and much shorter lead times for development.

### Other South Louisiana Projects

Thus far in 2007 TMR has been successful on one of two onshore exploration wells. It plans to drill an additional 4-6 exploration wells and three development wells for the year. It also plans a nitrogen injection project at its Weeks Island oil field to recover roughly one million barrels of attic oil reserves from existing wells. The Weeks Island field is located at varying depths on the flanks of a salt dome in Iberia and St. Mary Parishes, southeast of Lafayette, Louisiana. Capital spending for this region will comprise 25% of the company's total exploration and development budget.

### South Texas

TMR purchased a \$21 million package of Vintage Petroleum properties from Occidental following Occidental's 2006 acquisition of Vintage. The principal assets were a 3,200 gross acre leasehold, several prospects, and oil and gas reserves in Nueces Bay (near Corpus Christi). Since then three producers (average 23% working interest) drilled by outside operators have been placed on production. In addition, TMR was the operator for a Deep Frio discovery (49% working interest) with its Indian Point ST 786 No. 12 well. The well encountered 140 net feet of apparent pay but requires fracture stimulation. If this proves successful, then there are 3-4 prospective offset locations to drill, and also one exploration prospect.

### Offshore Louisiana & Texas

TMR plans to drill three shallow GOM wells in 2007, which will require 17% of its 2007 exploration and development budget. It will be the operator for all three wells. The West Cameron 332 is currently drilling. It will test the Upper Miocene sand at 14,000 feet. TMR holds a 20% working interest before casing point and 37% working interest after casing point. The unrisks target size is 15-30 Bcfe.

Two wells are planned for the second half. TMR holds 40% working interest in the Brazos 388 well, which is estimated to have an unrisks target size of 50-150 Bcfe for the project and a dry hole cost of \$12-\$15 million for this well. TMR holds 92% working interest in the High Island 29 well, which is estimated to have an unrisks target size of 10-15 Bcfe and a dry hole cost of \$4 million.

## Capital Spending Outlook for 2007

TMR has a capital spending budget of \$127 million for exploration and development in 2007. Of this total, capitalized “G&A and other” represents \$14.4 million. Leasehold acquisition and G&G will account for \$13.6 million, the rig purchased for the East Texas Austin Chalk play will cost \$12 million, and drilling and completions costs will account for \$87 million. The approximate regional split of drilling and completion costs is as follows:

- East Texas Austin Chalk \$32.2 million
- South Louisiana Onshore & LA GOM \$25.0 million
- South Texas Onshore & TX GOM \$14.9 million
- Oklahoma Hunton De-watering \$12.2 million
- West Texas, Palo Duro, New Albany Shale Plays \$ 2.7 million

## Balance Sheet

At the end of the first quarter, TMR’s “net debt” (LTD less working capital) was \$69 million. This is up \$13 million from the year-end 2006 but still quite comfortable as compared with our projection of 2007 discretionary cash flow of \$105 million. It also represents \$0.73 of net debt per Bcfe of YE06 proved reserves, also a very reasonable level.

<b>Meridian Resource Corp.</b>							
<b>Balance Sheet &amp; Reserves</b>							
	<b>6/15/07</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>1Q07</b>
<b>Assets</b>							
Current assets		36	40	61	69	69	45
Net PP&E -E&P		411	400	439	486	398	405
Non-depleting E&P & other		0	0	0	0	0	0
Long-term financial assets & other		9	9	12	1	1	5
Deferred tax asset		0	0	0	0	0	0
Total assets		456	449	512	556	468	455
<b>Liabilities</b>							
Current liabilities		83	55	59	52	51	39
Long-term debt		149	142	75	75	75	75
Long-term debt - convertible		20	0	0	0	0	0
Other long-term liabilities (excl taxes)		2	1	8	10	18	17
Deferred taxes		0	5	22.6	42	3	4
Convertible preferred stock		70	60	32	0	0	0
Common equity		133	184	316	378	321	319
Total liabilities		456	449	512	556	468	455
Net debt plus preferred		285	218	104	58	56	69
Net debt (LTD less W. Cap.)		216	157	73	58	56	69

## Reserves & Finding Cost

The table below shows “NM” for TMR’s reserve replacement cost for the last two years. For 2005, the first of these two years, proved reserves declined slightly before subtracting production, or equivalently, the unit F&D cost was negative. In 2006 the unit F&D cost was positive but we chose to show “NM” since it included about \$44 million in lease acquisition cost. These are the types of numbers one might expect to see when a company is too heavily exposed to a region or play with high depletion effects and begins to incur the “set-up” costs of establishing ongoing operations in several new regions. Over-reaction to the past two years of sub-par F&D performance has depressed TMR’s P/NAVPS multiple thus far in 2007. The market has effectively extended TMR’s recent F&D performance forward, giving little if any credit to the tangible performance improvement which is most evident in East Texas and in, what is likely to be, the growing prospective value of Deep Archtop.

<b>Meridian Resource Corp. Reserves Report</b>		<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007E</b>	<b>2008E</b>
<b>Proved Reserves</b>							
Year-end total proved reserves	Bcfe	145.8	139.2	111.0	95.2	112.2	125.6
Proved developed reserves	Bcfe	112.3	113.8	83.5	68.2	81.7	92.4
Proved undeveloped reserves	Bcfe	33.5	25.4	27.5	27.1	30.5	33.1
Developed-to-total reserves	0.0xx	0.77	0.82	0.75	0.72	0.73	0.74
<b>Developed Reserves R/P Ratio</b>							
Est.avg developed reserves	Bcfe	119.8	113.0	98.6	75.8	74.9	87.1
Total production	Bcfe	28.6	34.8	25.8	23.3	19.4	22.3
	<b>MMcfe/d</b>	<b>78.2</b>	<b>95.2</b>	<b>70.6</b>	<b>63.9</b>	<b>53.0</b>	<b>60.8</b>
Est. developed R/P (avg R for yr)	Ratio	4.19	3.25	3.83	3.25	3.87	3.91
Production growth	Ratio	<b>0.990</b>	<b>1.220</b>	<b>0.740</b>	<b>0.905</b>	<b>0.830</b>	<b>1.150</b>
<b>Reserve Additions</b>							
Increase in year-end proved reserves	Bcfe	-21.4	-6.6	-28.2	-15.8	16.9	13.4
+ total production	Bcfe	28.6	34.8	25.8	23.3	19.4	22.3
= Total reserve additions	Bcfe	<b>11.9</b>	<b>28.2</b>	<b>-2.4</b>	<b>7.6</b>	<b>36.3</b>	<b>35.7</b>
Reserve-adds to production ratio	Ratio	0.42	0.81	-0.09	0.32	1.88	1.60
<b>Finding &amp; Development Cost</b>							
Costs incurred - total	\$mil	73	142	139	163	127	125
Reserve replacement cost \$/Mcf	\$/Mcf	\$6.17	\$5.04	NM	NM	\$3.50	\$3.50

## Hedge Position

The table below shows oil and gas price differential effects (based on 3/31/07 10Q) using SSEA production and price estimates by quarter for 2007 and for the year 2008.

<b>Meridian Resource Corp.</b>						
<b>Hedge Position</b>						
	<b>6/15/07</b>	<b>1Q07</b>	<b>2Q07E</b>	<b>3Q07E</b>	<b>4Q07E</b>	<b>2008E</b>
<b>Oil Hedges</b>						
WTI Crude Oil - NYMEX - \$/Bbl	\$/Bbl	\$58.10	\$64.25	\$66.00	\$65.00	<b>\$62.00</b>
Revenue from cap-swaps	\$mil	0.0	0.0	0.0	0.0	<b>0.0</b>
Fixed volume	MBbls	0	0	0	0	<b>0</b>
Fixed price (WTI basis)	\$/Bbl	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Revenue	\$mil	0.0	0.0	0.0	0.0	<b>0</b>
Collar volume	MBbls	53	48	45	43	<b>133</b>
Collar ceiling price (WTI basis)	\$/Bbl	\$79.00	\$79.53	\$84.24	\$87.01	<b>\$83.09</b>
Collar floor price (WTI basis)	\$/Bbl	\$52.26	\$52.50	\$60.22	\$64.16	<b>\$59.89</b>
WTI price as limited by floor/ceiling	\$/Bbl	\$58.10	\$64.25	\$66.00	\$65.00	<b>\$62.00</b>
Revenue	\$mil	3.1	3.1	3.0	2.8	<b>8.2</b>
Projected total oil production	MBbls	249	235	225	222	<b>999</b>
Implied unhedged volume	MBbls	196	187	180	179	<b>866</b>
Revenue from unhedged vol @ WTI	\$mil	11.4	12.0	11.9	11.6	<b>53.7</b>
Total rev - all hedge/mkt classes	\$mil	14.5	15.1	14.9	14.4	<b>61.9</b>
Avg hedged/mkt price (WTI basis)	\$/Bbl	\$58.10	\$64.25	\$66.00	\$65.00	<b>\$62.00</b>
WTI price	\$/Bbl	\$58.10	\$64.25	\$66.00	\$65.00	<b>\$62.00</b>
<b>Price incr due hedges(WTI basis)</b>	<b>\$/Bbl</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Company quality/location differential	\$/Bbl	-\$7.80	-\$7.00	-\$6.00	-\$6.00	<b>-\$6.00</b>
Average company realized oil price	\$/Bbl	\$50.30	\$57.25	\$60.00	\$59.00	<b>\$56.00</b>
<b>Gas Hedges</b>						
H Hub N Gas - NYMEX - \$/MMBtu	\$/Mcf	6.78	7.55	8.35	8.45	<b>7.50</b>
Revenue from cap-swaps	\$mil	0.0	0.0	0.0	0.0	<b>0.0</b>
Fixed volume	Bcf	0.00	0.00	0.00	0.00	<b>0.0</b>
Fixed price (HHub basis)	\$/Mcf	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
Revenue	\$mil	0.0	0.0	0.0	0.0	<b>0.0</b>
Collar volume	Bcf	2.00	1.89	1.09	1.09	<b>3.34</b>
Collar ceiling price (HHub basis)	\$/Mcf	\$11.01	\$11.12	\$11.50	\$11.50	<b>\$11.93</b>
Collar floor price (HHub basis)	\$/Mcf	\$7.61	\$7.42	\$7.00	\$7.00	<b>\$7.17</b>
HHub price as limited by floor/ceiling	\$/Mcf	\$7.61	\$7.55	\$8.35	\$8.45	<b>\$7.50</b>
Revenue	\$mil	15.2	14.2	9.1	9.2	<b>25.1</b>
Projected total gas production	Bcf	3.8	3.6	3.3	3.2	<b>16.3</b>
Implied unhedged volume	Bcf	1.8	1.7	2.2	2.1	<b>13.0</b>
Rev -unhedged vol @ HHub price	\$mil	12.0	12.6	18.5	17.4	<b>97.4</b>
Total rev - all hedge/mkt classes	\$mil	27.2	26.8	27.6	26.6	<b>122.4</b>
Avg hedged/mkt price (HHub basis)	\$/Mcf	\$7.22	\$7.55	\$8.35	\$8.45	<b>\$7.50</b>
Henry Hub gas price	\$/Mcf	\$6.78	\$7.55	\$8.35	\$8.45	<b>\$7.50</b>
<b>Price incr due hedges(HH basis)</b>	<b>\$/Mcf</b>	<b>\$0.44</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
Company quality/location differential	\$/Mcf	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.15</b>
Average company realized gas price	\$/Mcf	\$7.22	\$7.55	\$8.35	\$8.45	<b>\$7.65</b>

## Valuation

The following table provides a summary of NAVPS (Net Asset Value per Share based on present value) for TMR at YE03 through YE06 based on reported proved reserves and our standard sustained price deck of \$45/bbl WTI and \$6.00/MMBtu Henry Hub. We also project NAVPS for YE07 and YE08 using our F&D cost assumptions and our cash flow projections for 2007 and 2008. The ratio of TMR's YTD 2007 share price to our projected YE07 NAVPS is 73%. As of 6/18/07, TMR's share price closed at \$3.30 and the share price ratio to YE07 NAVPS was 90%. **The current ratio is still well below the 1.05-1.22 annual P/NAVPS range for 2004-2006. Our 2008 "target price" of \$4.50 is based on our projection of \$4.11 for YE08 NAVPS times our projected 1.1x P/NAVPS ratio.**

Valuation Metrics	2002	2003	2004	2005E	2006	2007E	2008E	
Avg annual share price - \$/shr (ytd for 2007)	\$2.91	\$3.26	\$6.94	\$4.63	\$3.63	\$2.68	\$4.52	Targ.
NAVPS \$45/\$6 (proved rsvs only)	\$5.21	\$5.29	\$5.70	\$4.07	\$3.44	\$3.67	\$4.11	
Ratio: Shr Price to same-yr NAVPS	0.56	0.62	1.22	1.14	1.05	0.73	1.10	Mult.

## Meridian Resource Corp. Estimated Net Asset Value per Share

Book value for non-E&P assets. No value included for prob/poss reserves, acreage, and seismic.  
Each year-end's NAVPS based on sustained \$45 WTI and \$6 Henry Hub

	6/15/07	2002	2003	2004	2005	2006	2007E	2008E
<b>Year-end total proved reserves</b>		<b>27.9</b>	<b>24.3</b>	<b>23.2</b>	<b>18.5</b>	<b>15.9</b>	<b>18.7</b>	<b>20.9</b>
NPV/BOE for rsvs at end of each yr		\$21.67	\$22.99	\$25.13	\$22.92	\$23.45	\$22.26	\$22.30
Value of proved reserves		\$604	\$559	\$583	\$424	\$372	\$416	\$467
Other assets at book value		\$9	\$9	\$12	\$1	\$1	\$5	\$0
Est. Gross Asset Value		\$613	\$568	\$592	\$433	\$382	\$426	\$476
Less: net debt & preferred		-\$285	-\$218	-\$104	-\$58	-\$56	-\$79	-\$88
Add cnvt debt/pfd if FD effect		\$0	\$103	0.0	0.0	0.0	0.0	0.0
Equals: Est. Net Asset Value (NAV)		\$328	\$454	\$488	\$375	\$325	\$347	\$388
FD common shares		63.0	85.7	85.5	92.3	94.5	94.5	94.5
<b>Est NAVPS</b>		<b>\$5.21</b>	<b>\$5.29</b>	<b>\$5.70</b>	<b>\$4.07</b>	<b>\$3.44</b>	<b>\$3.67</b>	<b>\$4.10</b>

## Investment Risk

As a policy, we do not make blanket recommendations to buy or sell the shares of any stock, since this would ignore the appropriateness of a particular investment for the individual investor. We do make value-per-share estimates based on the net present value of proved reserves, various other assets and liabilities, and the diluted common share base. However, this is not a precise science, and it does involve some inputs based purely on judgment. While we have discussed historical P/NAVPS relationships in this report, and the implications that these might have for future share price performance, there is no guarantee that future P/NAVPS ratios will behave in the same way as in the past, or that any various modeling assumptions that we have made will prove to be valid.

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Meridian Resource Corp. Summary Report		NYSE: TMR 6/15/07																														
Highlights						Profile																										
<p>For over a year TMR has been repositioning itself to diversify its operations while improving its rate of return. We see progress in the execution of this plan but production is likely to continue to trend lower until 4Q07. FD&amp;A was not meaningful in 2006 due to the large share of capex directed to new play "set up" costs. In this transition to operations in several high R/P resource plays, the East Texas Austin Chalk serves as a repeatable high front-end prdn play to help fund the long-lived resource plays. East Texas Austin Chalk 2007/2008 drilling program should contribute to good TMR prdn growth in 2008. First E Texas Chalk well (57% NRI) placed on prdn in October at 25 mmcfe/d. Still producing 4 mmcfe/d in March 2007. In May 2007, second E Texas Chalk well began flowing to sales at 16 Mmcfe/d (40% NRI). TMR and its partners will soon have have leased 53,000 gross acres in this play. Potentially 50 drillsites if results continue positive.</p> <p>Deep Archtop Prospect in S. Louisiana has the potential to be largest onshore Gulf Coast find in years.</p> <p><b>Target price for next 12 months = \$4.50 (see valuation below)</b></p>						<table border="1"> <thead> <tr> <th colspan="3">Total Reserves</th> </tr> <tr> <th></th> <th>MMBbls</th> <th>Bcf</th> <th>Bcfe</th> </tr> </thead> <tbody> <tr> <td>2006</td> <td>4.7</td> <td>66.8</td> <td>95.2</td> </tr> <tr> <td>2005</td> <td>5.2</td> <td>79.9</td> <td>111.0</td> </tr> <tr> <td>2004</td> <td>6.4</td> <td>101.0</td> <td>139.2</td> </tr> </tbody> </table>								Total Reserves				MMBbls	Bcf	Bcfe	2006	4.7	66.8	95.2	2005	5.2	79.9	111.0	2004	6.4	101.0	139.2
						Total Reserves																										
							MMBbls	Bcf	Bcfe																							
2006	4.7	66.8	95.2																													
2005	5.2	79.9	111.0																													
2004	6.4	101.0	139.2																													
Quarterly Summary						Recent Activity																										
N. American gas prdn - MMcf/d		2005	69	62	41	53	<p>In late May E Texas Austin Chalk well, Katherine Leary No.1, began producing to sales at almost 16 mmcfe/d (40% NRI). Two rigs currently drilling in this play.</p>																									
Total oil/gas prdn - MMcfe/d			86	76	54	66																										
Avg realized price - \$/Mcf			\$6.46	\$6.36	\$7.32	\$10.59																										
Discretionary cash flow, \$/FD-shr			\$0.44	\$0.40	\$0.32	\$0.59	<p>Drilling continues on Hunton de-watering play.</p> <p>TMR continues to receive encouraging responses in marketing its 30,000 ft. Deep Archtop prospect in St. Bernard Parish.</p>																									
N. American gas prdn - MMcf/d		2006	57	51	47	44																										
Total oil/gas prdn - MMcfe/d			71	64	62	58																										
Avg realized price - \$/Mcf			\$8.99	\$7.71	\$8.01	\$7.57																										
Discretionary cash flow, \$/FD-shr			\$0.50	\$0.38	\$0.37	\$0.32																										
N. American gas prdn - MMcf/d		2007E	42	39	36	34																										
Total oil/gas prdn - MMcfe/d			58	55	51	49																										
Avg realized price - \$/Mcf			\$7.63	\$8.12	\$8.83	\$8.86																										
Discretionary cash flow, \$/FD-shr			\$0.30	\$0.31	\$0.33	\$0.31																										
Annual Summary		1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007E	2008E																			
Earnings & Cash Flow																																
EPS (FD basis)			-\$0.85	-\$5.80	\$0.25	\$1.06	\$0.42	-\$0.70	\$0.21	\$0.37	\$0.31	-\$0.81	\$0.16	\$0.17																		
FD common shares - mil			33	40	46	68	56	71	78	90	92	95	95	95																		
Enterprise cash flow			36	50	98	178	140	76	108	167	154	141	111	122																		
Discretionary cash flow			31	34	70	147	119	60	97	160	148	132	105	115																		
Discretionary CFPS (FD)			\$0.92	\$0.92	\$1.64	\$2.26	\$2.17	\$0.98	\$1.46	\$1.87	\$1.75	\$1.57	\$1.26	\$1.29																		
Price & Production																																
Worldwide production - MMcfe/d			55.0	95.3	135.6	140.8	108.5	79.1	78.2	95.2	70.6	63.9	53.0	61.0																		
Annual production growth %			-1%	73%	42%	4%	-23%	-27%	-1%	22%	-26%	-10%	-17%	15%																		
West Texas Intermediate Price per Bbl			\$20.65	\$14.40	\$19.26	\$30.41	\$25.97	\$26.10	\$31.11	\$41.45	\$56.56	\$65.69	\$63.34	\$62.00																		
Henry Hub Natural Gas Price per Mcf			\$2.53	\$2.08	\$2.27	\$4.30	\$4.07	\$3.30	\$5.38	\$6.14	\$8.62	\$7.29	\$7.78	\$7.50																		
Average realized price per Mcfe			\$2.87	\$2.11	\$2.68	\$4.34	\$4.46	\$3.71	\$4.80	\$5.81	\$7.57	\$8.10	\$8.33	\$8.10																		
Capital Spending & Debt Position																																
E&P Capital & Exploration Spending			112	156	108	103	134	66	73	135	139	142	127	125																		
Year-end Net Debt+Pfd (less Wcap)			118	377	412	295	256	285	218	104	58	56	79	88																		
Year-end Pfd Stock			0	135	135	135	0	70	60	32	0	0	0	0																		
Increase in Net Debt + Pfd			0	259	35	(118)	(38)	29	(77)	(142)	(78)	(2)	21	32																		
Avg Net Debt to Discretionary CFlow			1.9	5.3	3.7	1.5	1.7	3.9	1.9	0.7	0.4	0.4	0.7	0.6																		
Net Debt per Mcfe of reserves			\$0.70	\$0.80	\$0.76	\$0.52	\$0.79	\$1.29	\$1.08	\$0.52	\$0.52	\$0.59	\$0.70	\$0.70																		
Net Debt per basic share			\$3.54	\$9.48	\$8.97	\$6.06	\$5.30	\$5.73	\$4.09	\$1.45	\$0.69	\$0.64	\$0.88	\$0.99																		
Reserves																																
Yr-end total proved reserves - Bcfe			169	304	365	306	323	167	146	139	111	95	112	126																		
Yr-end developed reserves - Bcfe			113	208	251	221	166	127	112	114	83	68	82	92																		
Est. developed R/P (avg R for yr)			5.6	4.6	4.6	4.6	4.9	5.1	4.2	3.2	3.8	3.3	3.9	3.9																		
Reserve replacement cost - \$/Mcf			\$4.39	\$2.23	\$0.93	\$4.69	\$1.20	NM	\$6.17	\$5.04	NM	NM	\$3.50	\$3.50																		
Reserve replacement cost, 3-yr avg			NA	NA	\$1.94	\$1.94	\$1.38	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00																		
Reserve-adds to production ratio			1.26	5.29	2.28	0.42	2.81	(4.41)	0.42	0.81	(0.09)	0.32	1.88	1.60																		
Valuation Metrics		1997	1998	1999	2000	2001	2002	2003	2004	2005E	2006	2007E	2008E																			
Avg annual share price - \$/shr (ytd for 2007)							\$2.91	\$3.26	\$6.94	\$4.63	\$3.63	\$2.68	\$4.52	Targ.																		
NAVPS \$45/\$6 (proved rsvs only)							\$5.21	\$5.29	\$5.70	\$4.07	\$3.44	\$3.67	\$4.11																			
Ratio: Shr Price to same-yr NAVPS							0.56	0.62	1.22	1.14	1.05	0.73	1.10	Mult.																		

**Meridian Resource Corp.  
Income Statement**

	6/15/07	2002	2003	2004	2005	2006	2007E	2008E
<b>Revenue</b>								
Revenue - E&P (computed p*v; memo)	\$mil	106.4	137.1	198.8	195.1	189.1	161.2	180.8
Revenue - E&P (reported)	\$mil	107.0	137.1	202.4	195.3	189.0	161.2	180.8
Revenue - other operations	\$mil	0.4	0.3	0.5	0.5	1.9	1.6	1.9
Revenue - risk management	\$mil	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Revenue - Total	\$mil	107.5	137.5	203.1	195.8	191.0	162.8	182.7
<b>Costs &amp; Expenses - E&amp;P</b>								
Lease oper.expense	\$mil	11.9	11.3	14.0	15.9	22.6	28.1	33.5
per Mcfe	\$/Mcfe	\$0.41	\$0.39	\$0.40	\$0.62	\$0.97	\$1.45	\$1.50
Production taxes & other	\$mil	8.2	7.6	9.4	8.8	11.3	11.2	12.4
per Mcfe	\$/Mcfe	\$0.29	\$0.27	\$0.27	\$0.34	\$0.48	\$0.58	\$0.56
G&A and other E&P cash costs	\$mil	11.8	11.6	15.2	18.0	16.7	15.7	16.3
Exploration exp.(cash & non-cash)	\$mil	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DD&A - E&P	\$mil	61.0	75.4	102.9	97.4	106.1	77.2	87.0
per Mcfe	\$/Mcfe	\$2.11	\$2.64	\$2.95	\$3.78	\$4.55	\$3.99	\$3.90
Other non-cash charges - E&P	\$mil	69.1	0.7	0.8	3.4	136.5	2.2	1.0
EBIT - E&P	\$mil	-55.1	30.5	60.1	51.8	-104.0	26.8	30.6
<b>Costs &amp; Expenses - Other Operations</b>								
Cash costs - other operations	\$mil	0.0	0.0	0.0	0.0	1.3	0.0	0.0
DD&A+other noncash, other operations	\$mil	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT - other operations	\$mil	0.5	0.4	0.7	0.5	0.6	1.6	0.0
<b>Financial &amp; Other Expenses</b>								
Total EBIT (E&P + other operations)	\$mil	-54.6	30.9	60.8	52.3	-103.4	28.4	30.6
Interest expense	\$mil	14.3	11.8	7.2	4.7	6.0	6.3	7.0
Other corporate expense (income)	\$mil	1.2	0.0	0.0	0.8	3.0	0.0	0.0
Non-cash financial expense & other	\$mil	0.0	0.0	1.2	0.0	0.0	0.0	0.0
Other cash expenses (income)	\$mil	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	\$mil	-70.1	19.1	52.5	46.8	-112.4	22.1	23.6
<b>Income Taxes &amp; Earnings</b>								
Cash income taxes	\$mil	0.3	-0.7	0.8	-0.6	0.4	0.4	0.7
Non-cash income taxes	\$mil	-22.3	5.0	18.5	18.6	-38.9	7.6	7.8
Pfd div	\$mil	3.9	6.3	3.9	0.9	0.0	0.0	0.0
Other after-tax adj	\$mil	0.0	1.3	0.0	0.0	0.0	0.0	0.0
Reported net income to common	\$mil	-52.0	7.2	29.2	27.9	-73.9	14.1	15.0
<b>Reported EPS (basic)</b>								
Basic Common shares (average)	Mil shrs	49.8	53.3	72.1	84.5	87.7	89.3	89.3
Incremental net income (FD basis)	\$mil	5.2	7.6	0.0	0.0	0.0	0.0	0.0
<b>EPS (FD basis)</b>	<b>\$/shr</b>	<b>-\$0.70</b>	<b>\$0.21</b>	<b>\$0.37</b>	<b>\$0.31</b>	<b>-\$0.81</b>	<b>\$0.15</b>	<b>\$0.16</b>
FD common shares	Mil shrs	66.9	71.1	78.1	90.1	91.7	94.7	94.7
<b>Production &amp; Price</b>								
Total oil & gas production	Bcfe	28.9	28.6	34.8	25.8	23.3	19.4	22.3
	MMcfe/d	79.1	78.2	95.2	70.6	63.9	53.0	61.0
Average realized price per Mcfe	\$/Mcfe	\$3.71	\$4.80	\$5.81	\$7.57	\$8.10	\$8.33	\$8.10

**Meridian Resource Corp.  
Production & Prices - U.S.**

	6/15/07	2002	2003	2004	2005	2006	2007E	2008E
<b>Oil Prices &amp; Production</b>								
West Texas Intermediate oil price (WTI)	\$/Bbl	\$26.10	\$31.11	\$41.45	\$56.56	\$65.69	<b>\$63.34</b>	<b>\$62.00</b>
Est. hedging differential	\$/Bbl						\$0.00	\$0.00
Est. quality/location differential	\$/Bbl						-\$6.00	-\$6.00
Actual/Est. realized price incl hedges	\$/Bbl	\$25.30	\$26.06	\$28.54	\$38.96	\$58.94	\$56.00	\$56.00
Oil production	MMBbls	2.21	1.40	1.27	0.88	0.86	0.93	1.00
Daily oil production	MBbls/d	6.1	3.8	3.5	2.4	2.4	2.6	2.7
Oil revenue	\$mil	55	35	36	34	48	53	56
<b>Gas Prices &amp; Production</b>								
Henry Hub natural gas price (HHub)	\$/Mcf	\$3.30	\$5.38	\$6.14	\$8.62	\$7.29	<b>\$7.78</b>	<b>\$7.50</b>
Est. hedging differential	\$/Mcf						\$0.00	\$0.00
Est. quality/location differential	\$/Mcf						\$0.15	\$0.15
Avg realized gas price incl hedges	\$/Mcf	\$3.18	\$5.21	\$6.08	\$8.06	\$7.71	\$7.65	\$7.65
Gas production	Bcf	15.6	20.1	27.2	20.5	18.2	13.8	16.3
Daily gas production	MMcf/d	42.7	55.2	74.3	56.1	49.8	37.7	44.6
Gas revenue	\$mil	51	102	163	161	141	109	125
Total oil & gas production	MMBOE	4.8	4.8	5.80	4.3	3.9	3.2	3.7
	Bcfe	28.9	28.6	34.8	25.8	23.3	19.4	22.3
	MMcfe/d	79.1	78.2	95.2	70.6	63.9	53.0	61.0

**Meridian Resource Corp.  
Cash Flow Statement**

	6/15/07	2002	2003	2004	2005	2006	2007E	2008E
<b>Cash Flow Sources</b>								
Reported net income to common	\$mil	-52	7	29	28	-74	14	15
DD&A - E&P	\$mil	61	75	103	97	106	77	87
Other non-cash charges - E&P	\$mil	69	1	1	3	136	2	1
DD&A+other noncash, other operations	\$mil	0	0	0	0	0	0	0
Non-cash financial expense & other	\$mil	0	0	1	0	0	0	0
Exploration exp.(cash & non-cash)	\$mil	0	0	0	0	0	0	0
Non-cash income taxes	\$mil	-22	5	19	19	-39	8	8
Cash effect, non-recurring gains(as neg	\$mil	0	0	0	0	0	0	0
Other non-cash items	\$mil	5	8	7	1	3	4	4
Discretionary cash flow	\$mil	60	97	160	148	132	105	115
<b>Discretionary CFPS (FD)</b>	<b>\$/shr</b>	<b>\$0.98</b>	<b>\$1.46</b>	<b>\$1.87</b>	<b>\$1.75</b>	<b>\$1.57</b>	<b>\$1.26</b>	<b>\$1.29</b>
E&P divestment cash	\$mil	0	0	0	0	12	0	0
Other divestment cash	\$mil	0	0	0	0	0	0	0
Total cash sources (oper.+ nonrecur)	\$mil	60	97	160	148	144	105	115
<b>Cash Flow Uses</b>								
Cash dividends on common	\$mil	0	0	0	0	0	0	0
Share repurchase (neg if issue)	\$mil	0	-33	-47	0	0	0	0
E&P capital & exploration expense	\$mil	66	73	135	139	142	127	125
E&P capex - larger acquisitions	\$mil	0	0	0	0	0	0	0
Total cash uses before NetDebt chng	\$mil	66	41	88	139	142	127	125
Implied Ndebt+Pfd inc(excl eqty effects)	\$mil	6	-56	-72	-9		<b>22</b>	<b>10</b>

**Meridian Resource Corp.  
Income Statement**

Quarterly	6/15/07	1Q07	2Q07E	3Q07E	4Q07E
<b>Revenue</b>					
Revenue - E&P (computed p*v; memo)	\$mil	40.2	40.3	41.1	39.7
Revenue - E&P (reported)	\$mil	40.1	40.3	41.1	39.7
Revenue - other operations	\$mil	0.4	0.4	0.4	0.4
Revenue - risk management	\$mil	0.0	0.0	0.0	0.0
Revenue - Total	\$mil	40.6	40.7	41.5	40.1
<b>Costs &amp; Expenses - E&amp;P</b>					
Lease oper.expense	\$mil	7.8	7.0	6.8	6.5
per Mcfe	\$/Mcfe	\$1.48	\$1.41	\$1.46	\$1.45
Production taxes & other	\$mil	2.8	2.9	2.8	2.7
per Mcfe	\$/Mcfe	\$0.54	\$0.58	\$0.60	\$0.60
G&A and other E&P cash costs	\$mil	3.9	3.9	3.9	4.0
Exploration exp.(cash & non-cash)	\$mil	0.0	0.0	0.0	0.0
DD&A - E&P	\$mil	21.0	19.8	18.6	17.9
per Mcfe	\$/Mcfe	\$3.99	\$3.99	\$3.99	\$3.99
Other non-cash charges - E&P	\$mil	0.6	0.6	0.6	0.6
EBIT - E&P	\$mil	4.1	6.1	8.5	8.1
<b>Costs &amp; Expenses - Other Operations</b>					
Cash costs - other operations	\$mil	0.0	0.0	0.0	0.0
DD&A+other noncash, other operations	\$mil	0.0	0.0	0.0	0.0
EBIT - other operations	\$mil	0.4	0.4	0.4	0.4
<b>Financial &amp; Other Expenses</b>					
Total EBIT (E&P + other operations)	\$mil	4.5	6.5	8.9	8.5
Interest expense	\$mil	1.5	1.6	1.6	1.6
Other corporate expense (income)	\$mil	0.0	0.0	0.0	0.0
Non-cash financial expense & other	\$mil	0.0	0.0	0.0	0.0
Other cash expenses (income)	\$mil	0.0	0.0	0.0	0.0
EBT	\$mil	3.0	4.9	7.3	6.9
<b>Income Taxes &amp; Earnings</b>					
Cash income taxes	\$mil	0.1	0.1	0.1	0.1
Non-cash income taxes	\$mil	1.2	1.6	2.4	2.3
Pfd div	\$mil	0.0	0.0	0.0	0.0
Other after-tax adj	\$mil	0.0	0.0	0.0	0.0
Reported net income to common	\$mil	1.668	3.2	4.7	4.5
Reported EPS (basic)	\$/shr	\$0.02	\$0.04	\$0.05	\$0.05
Basic Common shares (average)	Mil shrs	89.3	89.3	89.3	89.3
Incremental net income (FD basis)	\$mil	0.0	0.0	0.0	0.0
EPS (FD basis)	\$/shr	<b>\$0.02</b>	<b>\$0.03</b>	<b>\$0.05</b>	<b>\$0.05</b>
FD common shares	Mil shrs	94.7	94.7	94.7	94.7
<b>Production &amp; Price</b>					
Total oil & gas production	Bcfe	5.3	5.0	4.7	4.5
	MMcfe/d	58.4	54.5	50.5	48.7
Average realized price per Mcfe	\$/Mcfe	\$7.63	\$8.12	\$8.83	\$8.86

**Meridian Resource Corp.  
Production & Prices - U.S.  
Quarterly**

		6/15/07	1Q07	2Q07E	3Q07E	4Q07E
<b>Oil Prices &amp; Production</b>						
West Texas Intermediate oil price (WTI)	\$/Bbl	<b>\$58.10</b>	<b>\$64.25</b>	<b>\$66.00</b>	<b>\$65.00</b>	
Est. hedging differential	\$/Bbl		\$0.00	\$0.00	\$0.00	
Est. quality/location differential	\$/Bbl	-\$7.80	-\$7.00	-\$6.00	-\$6.00	
Actual/Est. realized price incl hedges	\$/Bbl	\$50.30	\$57.25	\$60.00	\$59.00	
Oil production	MMBbls	0.249	0.235	0.225	0.222	
Daily oil production	MBbls/d	2.8	2.6	2.4	2.4	
Oil revenue	\$mil	13	13	14	13	
<b>Gas Prices &amp; Production</b>						
Henry Hub natural gas price (HHub)	\$/Mcf	<b>\$6.78</b>	<b>\$7.55</b>	<b>\$8.35</b>	<b>\$8.45</b>	
Est. hedging differential	\$/Mcf	\$0.44	\$0.00	\$0.00	\$0.00	
Est. quality/location differential	\$/Mcf		\$0.00	\$0.00	\$0.00	
Avg realized gas price incl hedges	\$/Mcf	\$7.34	\$7.55	\$8.35	\$8.45	
Gas production	Bcf	3.76	3.55	3.30	3.15	
Daily gas production	MMcf/d	41.8	39.0	35.9	34.2	
Gas revenue	\$mil	28	27	28	27	
Total oil & gas production	MMBOE	0.88	0.83	0.78	0.75	
	Bcfe	5.3	5.0	4.7	4.5	
	Mmcf/d	58.4	54.5	50.5	48.7	

**Meridian Resource Corp.**  
**Cash Flow Statement**  
**Quarterly**

	6/15/07	1Q07	2Q07E	3Q07E	4Q07E
<b>Cash Flow Sources</b>					
Reported net income to common	\$mil	1.7	3.2	4.7	4.5
DD&A - E&P	\$mil	21.0	19.8	18.6	17.9
Other non-cash charges - E&P	\$mil	0.6	0.6	0.6	0.6
DD&A+other noncash, other operations	\$mil	0.0	0.0	0.0	0.0
Non-cash financial expense & other	\$mil	0.0	0.0	0.0	0.0
Exploration exp.(cash & non-cash)	\$mil	0.0	0.0	0.0	0.0
Non-cash income taxes	\$mil	1.2	1.6	2.4	2.3
Cash effect, non-recurring gains(as neg)	\$mil	0.0	0.0	0.0	0.0
Other non-cash items	\$mil	0.7	1.0	1.0	1.0
Normalized discretionary cash flow	\$mil	25.1	26.2	27.3	26.2
<b>Discretionary CFPS (FD)</b>	<b>\$mil</b>	<b>\$0.30</b>	<b>\$0.31</b>	<b>\$0.33</b>	<b>\$0.31</b>
E&P divestment cash		0	0	0	0
Other divestment cash		0	0	0	0
Total cash sources (oper.+ nonrecur)		25	26	27	26
<b>Cash Flow Uses</b>					
Cash dividends on common		0	0	0	0
Share repurchase (neg if issue)		0	0	0	0
E&P capital & exploration expense		37	33	30	27
E&P capex - larger acquisitions		0	0	0	0
Total cash uses before NetDebt chng		37	33	30	27
Implied Ndebt+Pfd inc(excl eqty effects)		12	7	3	1

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