



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

Reload Oil Stock Classics

Summary and Recommendation

From a median McDep Ratio near 0.7, our buy-recommended U.S. oil stock “classics” **ConocoPhillips (COP)**, **Marathon Oil (MRO)**, **Chevron (CVX)** and **ExxonMobil (XOM)** may have appreciation potential comparable to the median 14% a year total equity return from eight years ago. Then, as now, McDep Ratios were near 0.7 at a time of low confidence in the stock market and economic activity in the aftermath of a climactic peaking (see table below [U.S. Major Oil Companies – McDep Ratio 2010, 2002](#)). In a more generic sense, unlevered cash flow multiple (EV/Ebitda) is low at a median 5.5 times, debt is low at a median 0.18 ratio to present value and dividend yield at a median 3.4% looks attractive in a low interest rate environment (see [Tables 1-4 on pages 2-5](#)). Individually, COP records the most consistent stock price uptrend since a change in strategy to reduce debt and buy back shares. MRO’s concentration on oil keeps the company strong as it looks forward to an upswing in the refined products cycle with improving economic activity. Should CVX surprise us further with strong Ebitda margin on oil production, we could see another upward revision in our estimate of Net Present Value (NPV). The relative prospects for XOM may be better now as its McDep Ratio is no longer noticeably higher than its peers. When the companies report next month, results for the third quarter of 2010 should reflect oil price up 11% from 2009. Natural gas price is up from 2009 and from the second quarter 2010. NY refining margin is down from last year, but well above the low point in the fourth quarter 2009 (see tables [Next Twelve Months Operating and Financial Estimates](#) on page 6-9). Trends in cash flow and reserve life determine NPV and its split among natural gas, oil production and downstream refined products (see tables [Functional Cash Flow and Present Value](#) on pages 10-11).

Kurt H. Wulff, CFA

U.S. Major Oil Companies								
McDep Ratio 2010, 2002								
		September 27, 2010			September 26, 2002		Stock Price	Total
		Price	McDep		Price	McDep	Increase	Return
Symbol	Rating	(\$/sh)	Ratio	Rating	(\$/sh)	Ratio	(%)	(%/yr)
XOM	CB	61.71	0.73		34.15	0.95	81	11
CVX	B	80.08	0.72	B	36.60	0.72	119	14
COP	B	56.26	0.69	B	24.59	0.74	129	14
MRO	B	32.19	0.70	B	11.54	0.73	179	16
<i>Median</i>			<i>0.71</i>			<i>0.74</i>	<i>124</i>	<i>14</i>



Meter Reader

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Table 1										
McDep Large Cap Energy Portfolio										
Geographic Domicile and Business Segments										
						<i>Present Value by Segment (%)</i>				
			<i>Price</i>	<i>EV/</i>	<i>Enterprise</i>	<i>North</i>		<i>Rest</i>		
			<i>(US\$/sh)</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>of World</i>			
<i>Symbol/Rating</i>			<i>27-Sep</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Oil</i>	<i>Down-</i>	<i>McDep</i>
<i>B = Buy, CB (see below)</i>			<i>2010</i>			<i>Gas</i>	<i>Gas</i>	<i>Prod'n</i>	<i>stream</i>	<i>Ratio</i>
U.S. Integrated										
Exxon Mobil Corporation	XOM	CB	61.71	1.20	381,000	10	17	56	17	0.73
Chevron Corporation	CVX	B	80.08	1.16	187,000	4	11	72	13	0.72
Marathon Oil Corporation	MRO	B	32.19	1.49	34,100	7	2	64	27	0.70
ConocoPhillips	COP	B	56.26	1.55	122,000	16	9	59	16	0.69
<i>Total or Median *</i>			<i>30%</i>	<i>8%</i>	<i>16%</i>					<i>0.71</i>
Europe										
BG Group	BRGXF		18.56	1.16	72,900		29	39	32	0.86
Royal Dutch Shell plc	RDS-A	B	60.31	1.33	247,000	3	24	48	26	0.81
Statoil ASA (33%)	STO	CB	20.64	1.58	34,300		40	60	-	0.69
BP plc	BP		38.71	1.70	209,000	6	10	63	22	0.66
Total S.A.	TOT	CB	51.10	1.33	152,000		19	60	22	0.64
<i>Total or Median *</i>			<i>30%</i>	<i>10%</i>	<i>12%</i>					<i>0.69</i>
Australia/Brazil/China/Russia										
CNOOC Limited (34%)	CEO		189.89	1.05	30,300		10	90	-	1.11
Woodside Petroleum Ltd.	WOPEY	B	42.91	1.15	39,000		70	30	-	0.98
PetroChina Company Ltd (14%)	PTR	B	114.54	1.22	35,800		14	72	14	0.80
Petrobras	PBR		35.86	1.41	223,000		4	78	17	0.70
Lukoil Oil Company	LUKOY	CB	56.62	1.12	53,800			66	34	0.45
Gazprom (50%)	OGZPY	CB	20.55	1.32	78,000		81	19	-	0.38
<i>Total or Median *</i>			<i>19%</i>	<i>12%</i>	<i>16%</i>					<i>0.75</i>
U.S. Independent										
Anadarko Petroleum Corp.	APC		57.68	1.72	49,200	44		52	4	0.98
Southwestern Energy Company	SWN		32.48	1.11	12,500	100			-	0.93
Chesapeake Energy Corp.	CHK		21.66	1.93	26,500	89		11	-	0.82
Occidental Petroleum Corp.	OXY	CB	74.81	1.07	65,400	10	1	82	7	0.80
EOG Resources	EOG	CB	91.25	1.18	27,000	53	4	43	-	0.79
Devon Energy Corporation	DVN	CB	63.99	1.14	32,500	61		39	-	0.68
<i>Total or Median *</i>			<i>9%</i>	<i>12%</i>	<i>12%</i>					<i>0.81</i>
Canada										
Cenovus Energy Inc.	CVE	B	28.24	1.33	28,200	18		76	6	0.81
Imperial Oil Limited (30%)	IMO	CB	37.10	1.11	10,600	4		82	15	0.79
Canadian Natural Resources	CNQ	CB	33.23	1.30	47,100	15		85	-	0.72
Suncor Energy	SU	CB	31.27	1.36	66,600	5		85	11	0.72
Canadian Oil Sands Trust	COSWF	CB	24.22	1.12	13,100			100	-	0.66
EnCana Corporation	ECA	CB	28.61	1.41	29,800	94		6	-	0.65
<i>Total or Median *</i>			<i>8%</i>	<i>12%</i>	<i>24%</i>					<i>0.72</i>
Income and Small Cap (see separate weekly analysis)										
			<i>4%</i>	<i>46%</i>	<i>20%</i>					<i>0.94</i>
Composite										
<i>Enterprise Value Weighting</i>	<i>100%</i>				<i>2,395,000</i>	<i>11</i>	<i>15</i>	<i>59</i>	<i>15</i>	<i>0.73</i>
<i>Equal Weighting</i>		<i>100%</i>				<i>36</i>	<i>7</i>	<i>52</i>	<i>6</i>	<i>0.85</i>
<i>Equal Weighted Buys</i>			<i>100%</i>			<i>12</i>	<i>12</i>	<i>52</i>	<i>8</i>	<i>0.71</i>

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.

* Percentages in Symbol column refer to current market Enterprise Value weightings; Rating column, equal weightings.

* Percentages in Price column refer to equal weighted buys.



Meter Reader

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September 28, 2010

Table 2								
McDep Large Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/Rating		27-Sep	Shares	Cap	Value	Present	McDep
	B = Buy, CB (see below)		2010	(mm)	(US\$mm)	(US\$/sh)	Value	Ratio
U.S. Integrated								
Exxon Mobil Corporation	XOM	CB	61.71	5,141	317,000	89.00	0.12	0.73
Chevron Corporation	CVX	B	80.08	2,006	161,000	116.00	0.10	0.72
Marathon Oil Corporation	MRO	B	32.19	712	22,920	53.00	0.23	0.70
ConocoPhillips	COP	B	56.26	1,400	79,000	95.00	0.24	0.69
	<i>Total or Median</i>				580,000		0.18	0.71
Europe								
BG Group plc	BRGXF		18.56	3,400	63,100	22.00	0.12	0.86
Royal Dutch Shell plc	RDS-A	B	60.31	3,072	185,000	79.00	0.20	0.81
Statoil ASA (33%)	STO	CB	20.64	1,050	21,700	35.00	0.26	0.69
BP plc	BP		38.71	3,172	123,000	72.00	0.27	0.66
Total S.A.	TOT	CB	51.10	2,243	115,000	90.00	0.16	0.64
	<i>Total or Median</i>				508,000		0.20	0.69
Australia/Brazil/China/Russia								
CNOOC Limited (34%)	CEO		189.89	152	28,900	170.00	0.05	1.11
Woodside Petroleum Ltd.	WOPEY	B	42.91	782	33,600	44.00	0.13	0.98
PetroChina Company Ltd (14%)	PTR	B	114.54	256	29,400	150.00	0.14	0.80
Petrobras	PBR		35.86	4,387	157,300	58.00	0.20	0.70
Lukoil Oil Company	LUKOY	CB	56.62	848	48,000	135.00	0.05	0.45
Gazprom (50%)	OGZPY	CB	20.55	2,870	59,000	64.00	0.09	0.38
	<i>Total or Median</i>				356,000		0.11	0.75
U.S. Independent								
Anadarko Petroleum Corp.	APC		57.68	495	28,600	60.00	0.41	0.98
Southwestern Energy Company	SWN		32.48	349	11,300	35.00	0.09	0.93
Chesapeake Energy Corp.	CHK		21.66	635	13,800	31.00	0.39	0.82
Occidental Petroleum Corp.	OXY	CB	74.81	814	60,900	95.00	0.06	0.80
EOG Resources	EOG	CB	91.25	250	22,800	120.00	0.12	0.79
Devon Energy Corporation	DVN	CB	63.99	446	28,500	98.00	0.08	0.68
	<i>Total or Median</i>				165,900		0.11	0.81
Canada								
Cenovus Energy Inc.	CVE	B	28.24	752	21,200	37.00	0.20	0.81
Imperial Oil Limited (30%)	IMO	CB	37.10	257	9,500	48.00	0.08	0.79
Canadian Natural Resources	CNQ	CB	33.23	1,089	36,200	50.00	0.17	0.72
Suncor Energy	SU	CB	31.27	1,572	49,200	48.00	0.19	0.72
Canadian Oil Sands Trust	COSWF	CB	24.22	484	11,700	38.00	0.07	0.66
EnCana Corporation	ECA	CB	28.61	738	21,100	50.00	0.19	0.65
	<i>Total or Median</i>				149,000		0.18	0.72
CB=Contrarian Buy, Stock Price may in downtrend compared to 200-day average.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
Estimated present value presumes a long-term price for oil of US\$75 a barrel and natural gas, \$8 a million btu.								



Meter Reader

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September 28, 2010

Table 3								
McDep Large Cap Energy Portfolio								
Value Multiples and Distribution Yield								
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Divd or Distrib NTM
	Symbol/Rating		27-Sep 2010	NTM	NTM	NTM	NTM	(%)
B = Buy, CB (see below)								
U.S. Integrated								
Exxon Mobil Corporation	XOM	CB	61.71	13.2	8.5	6.2	12	2.9
ConocoPhillips	COP	B	56.26	10.3	8.3	5.7	13	3.9
Marathon Oil Corporation	MRO	B	32.19	9.2	7.7	5.3	13	3.1
Chevron Corporation	CVX	B	80.08	9.1	6.6	4.8	10	3.6
<i>Total or Median</i>				9.7	8.0	5.5	12	3.4
Europe								
BG Group plc	BRGXF		18.56	14.5	9.0	7.8	14	1.1
Royal Dutch Shell plc	RDS-A	B	60.31	8.8	6.9	5.6	11	5.6
BP plc	BP		38.71	10.0	7.7	5.1	7	-
Total S.A.	TOT	CB	51.10	9.7	7.5	4.8	8	6.0
Statoil ASA (33%)	STO	CB	20.64	6.5	6.1	4.2	8	4.9
<i>Total or Median</i>				9.7	7.5	5.1	8	4.9
Australia/Brazil/China/Russia								
Woodside Petroleum Ltd.	WOPEY	B	42.91	18.0	12.5	12.3	24	2.3
CNOOC Limited (34%)	CEO		189.89	6.6	6.0	6.6	13	2.9
Petrobras	PBR		35.86	9.6	8.9	6.2	9	3.3
PetroChina Company Ltd (14%)	PTR	B	114.54	13.6	7.5	6.0	16	3.8
Gazprom (50%)	OGZPY	CB	20.55	30.2	9.3	3.6	4	0.2
Lukoil Oil Company	LUKOY	CB	56.62	15.8	7.8	3.5	6	3.0
<i>Total or Median</i>				14.7	8.4	6.1	11	2.9
U.S. Independent								
Southwestern Energy Company	SWN		32.48	6.0	10.4	9.7	22	-
Chesapeake Energy Corp.	CHK		21.66	11.1	11.3	9.2	16	1.4
Anadarko Petroleum Corp.	APC		57.68	8.3	7.8	7.7		0.6
EOG Resources	EOG	CB	91.25	8.8	9.7	7.6	43	0.7
Devon Energy Corporation	DVN	CB	63.99	10.0	9.3	6.3	13	1.0
Occidental Petroleum Corp.	OXY	CB	74.81	10.5	7.6	6.0	14	2.0
<i>Total or Median</i>				9.4	9.5	7.6	16	0.8
Canada								
Cenovus Energy Inc.	CVE	B	28.24	18.3	12.0	9.8	24	2.8
EnCana Corporation	ECA	CB	28.61	13.7	13.7	9.0	29	2.8
Imperial Oil Limited (30%)	IMO	CB	37.10	20.2	10.8	8.5	15	1.2
Canadian Oil Sands Trust	COSWF	CB	24.22	27.4	12.5	8.3	14	8.1
Suncor Energy	SU	CB	31.27	22.3	11.2	8.0	23	1.2
Canadian Natural Resources	CNQ	CB	33.23	17.4	10.1	7.3	18	0.9
<i>Total or Median</i>				19.3	11.6	8.4	21	2.0
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2011; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



Meter Reader

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September 28, 2010

Table 4									
McDep Large Cap Energy Portfolio									
Rank by Enterprise Value to 200 Day Average									
			Price	Enterprise Value/					
	Symbol		(\$/sh)	27-Sep	52Wk	52Wk	50 Day	200 Day	
		Ratin.	2010	High	Low	Avg.	Avg.	McDep	
								Ratio	
U.S. Integrated									
	Chevron Corporation	CVX	B	80.08	0.97	1.17	1.04	1.05	0.72
	ConocoPhillips	COP	B	56.26	0.95	1.16	1.02	1.04	0.69
	Marathon Oil Corporation	MRO	B	32.19	0.93	1.11	1.00	1.01	0.70
	Exxon Mobil Corporation	XOM	CB	61.71	0.83	1.08	1.02	0.97	0.73
	<i>Median</i>				<i>0.94</i>	<i>1.13</i>	<i>1.02</i>	<i>1.03</i>	<i>0.71</i>
Europe									
	BG Group plc	BRGXF		92.80	0.93	1.27	1.10	1.07	0.86
	Royal Dutch Shell plc	RDS-A	B	60.31	0.96	1.16	1.05	1.05	0.81
	Total S.A.	TOT	CB	51.10	0.81	1.13	1.02	0.96	0.64
	Statoil ASA (33%)	STO	CB	20.64	0.84	1.07	1.01	0.95	0.69
	BP plc	BP		38.71	0.74	1.22	1.02	0.88	0.66
	<i>Median</i>				<i>0.89</i>	<i>1.15</i>	<i>1.02</i>	<i>0.99</i>	<i>0.70</i>
Australia/Brazil/China/Russia									
	CNOOC Limited (34%)	CEO		189.89	0.99	1.44	1.09	1.14	1.11
	Woodside Petroleum Ltd.	WOPEY	B	42.91	0.88	1.26	1.09	1.07	0.98
	Lukoil Oil Company	LUKOY	B	56.62	0.85	1.24	1.02	1.03	0.45
	PetroChina Company Ltd (14%)	PTR	B	114.54	0.87	1.13	1.02	1.00	0.80
	Gazprom (50%)	OGZPY	CB	20.55	0.79	1.10	0.98	0.94	0.38
	Petrobras	PBR		35.86	0.74	1.10	1.00	0.92	0.70
	<i>Median</i>				<i>0.86</i>	<i>1.18</i>	<i>1.02</i>	<i>1.02</i>	<i>0.75</i>
U.S. Independent									
	Anadarko Petroleum Corp.	APC		57.68	0.85	1.31	1.07	0.99	0.98
	Devon Energy Corporation	DVN	CB	63.99	0.85	1.08	1.01	0.97	0.68
	Chesapeake Energy Corp.	CHK		21.66	0.83	1.05	1.01	0.95	0.82
	EOG Resources	EOG	CB	91.25	0.82	1.13	0.97	0.94	0.79
	Occidental Petroleum Corp.	OXY	CB	74.81	0.83	1.03	0.97	0.93	0.80
	<i>Median</i>				<i>0.83</i>	<i>1.08</i>	<i>1.01</i>	<i>0.95</i>	<i>0.80</i>
Canada									
	Cenovus Energy Inc.	CVE	B	28.24	0.94	1.17	1.02	1.05	0.81
	Suncor Energy	SU	CB	31.27	0.84	1.09	0.98	0.98	0.72
	Imperial Oil Limited (30%)	IMO	CB	37.10	0.87	1.05	0.98	0.97	0.79
	Canadian Natural Resources	CNQ	CB	33.23	0.86	1.08	0.99	0.96	0.72
	EnCana Corporation	ECA	CB	28.61	0.85	1.07	0.98	0.93	0.65
	Canadian Oil Sands Trust	COSWF	CB	24.22	0.74	1.04	0.95	0.90	0.66
	<i>Median</i>				<i>0.86</i>	<i>1.07</i>	<i>0.98</i>	<i>0.96</i>	<i>0.72</i>
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.									



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ConocoPhillips										
Next Twelve Months Operating and Financial Estimates										
	Excludes Lukoil after 6/30/10								Next Twelve Months	
	Q3	Q1	Q2	Q3E	Q4E	Q1E	Q2E	Q3E		
	9/30/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	9/30/11	
Volume										
Natural Gas (mmcf)										
North America	3,106	2,820	2,865	2,865	2,865	2,865	2,865	2,865	2,865	
Overseas	1,893	2,218	2,044	1,640	1,856	1,906	1,676	1,640	1,769	
Total	4,999	5,038	4,909	4,505	4,721	4,771	4,541	4,505	4,634	
Oil (mbd)	1,382	1,431	1,358	966	957	957	947	938	949	
Total gas & oil (bcf)	1,223	1,226	1,188	948	962	946	930	932	3,771	
Total gas & oil (mbd)	2,215	2,271	2,176	1,717	1,743	1,752	1,704	1,688	1,722	
Price										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	3.39	5.32	4.09	4.38	3.96	4.29	4.26	4.40	4.23	
North America	2.83	5.00	3.83	4.10	3.70	4.02	3.99	4.12	3.96	
Overseas	4.69	5.40	4.76	5.10	4.60	5.00	4.96	5.13	4.91	
Total	3.53	5.17	4.22	4.46	4.06	4.41	4.34	4.49	4.32	
Oil (\$/bbl)										
WTI Cushing	68.22	78.67	77.85	75.99	76.75	79.03	80.54	81.61	79.48	
Worldwide	61.23	71.12	69.90	68.23	68.91	69.96	71.30	72.25	70.27	
Total gas & oil (\$/mcf)	7.70	9.38	8.86	8.35	8.13	8.37	8.53	8.68	8.43	
NY Harbor 3-2-1 (\$/bbl)	9.45	7.15	12.13	8.30	7.15	7.36	9.80	10.17	8.62	
Revenue (\$mm)										
Natural Gas										
North America	809	1,269	998	1,080	976	1,036	1,039	1,086	4,137	
Overseas	816	1,077	885	769	786	857	756	773	3,173	
Total	1,625	2,346	1,883	1,849	1,762	1,894	1,795	1,860	7,310	
Oil	7,785	9,159	8,639	6,065	6,065	6,023	6,144	6,231	24,464	
Other	31,894	34,257	39,605	39,605	39,605	39,605	39,605	39,605	158,421	
Total	41,305	45,762	50,127	47,520	47,431	47,522	47,544	47,696	190,194	
Expense (\$mm)	35,895	39,359	43,429	42,067	42,227	42,468	42,078	42,146	168,919	
Ebitda (\$mm)										
Exploration and Production	4,602	5,729	4,901	4,353	4,304	4,354	4,367	4,450	17,476	
Other	807	674	1,797	1,100	900	700	1,100	1,100	3,800	
Total Ebitda	5,410	6,403	6,698	5,453	5,204	5,054	5,467	5,550	21,276	
Exploration	386	383	213	213	213	400	400	400	1,413	
Deprec., Deplet., & Amort.	2,327	2,318	2,280	2,280	2,280	2,280	2,280	2,280	9,120	
Other non cash	56								-	
Ebit	2,641	3,702	4,205	2,960	2,711	2,374	2,787	2,870	10,743	
Interest	336	301	349	300	300	300	300	300	1,200	
Ebt	2,305	3,401	3,856	2,660	2,411	2,074	2,487	2,570	9,543	
Income Tax	807	1,190	1,350	931	844	726	870	900	3,340	
Net Income (\$mm)				Assumes shares and debt reduced with Lukoil sale						
Exploration and Production	1,523	2,219	2,008							
Other	265	183	912							
Unallocated	(290)	(191)	(413)							
Total	1,498	2,211	2,507	1,729	1,567	1,348	1,616	1,671	6,203	
Shares (millions)	1,498	1,504	1,501	1,400	1,400	1,400	1,400	1,400	1,400	
Per share (\$)	1.00	1.47	1.67	1.23	1.12	0.96	1.15	1.19	4.43	
Ebitda Margin (E&P)	49%	50%	47%	55%	55%	55%	55%	55%	55%	
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	

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Page 6



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

Chevron									
Next Twelve Months Operating and Financial Estimates									
									Next Twelve Months
	Q3 9/30/09	Q2 6/30/10	Q3E 9/30/10	Q4E 12/31/10	Year 2010E	Q1E 3/31/11	Q2E 6/30/11	Q3E 9/30/11	9/30/11
Volume									
Natural Gas (mmcf)									
U.S.	1,420	1,317	1,317	1,317	1,332	1,317	1,317	1,317	1,317
Rest of World	3,475	3,699	3,475	3,652	3,637	3,723	3,699	3,475	3,637
Total	4,895	5,016	4,792	4,969	4,969	5,040	5,016	4,792	4,954
Oil (mbd)	1,886	1,910	1,910	1,910	1,916	1,910	1,910	1,910	1,910
Total gas & oil (mmb)	249	250	249	252	1,001	248	250	249	998
Total gas & oil (mbd)	2,702	2,746	2,709	2,738	2,744	2,750	2,746	2,709	2,736
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	3.39	4.09	4.38	3.96	4.44	4.29	4.26	4.40	4.23
U.S.	3.28	4.01	4.29	3.78	4.35	4.10	4.07	4.21	4.04
Rest of World	3.92	4.40	4.35	4.37	4.43	4.43	4.48	4.51	4.45
Total	3.73	4.30	4.33	4.21	4.41	4.35	4.37	4.42	4.34
Oil (\$/bbl)									
WTI Cushing	68.22	77.85	75.99	76.75	77.32	79.03	80.54	81.61	79.48
Worldwide	62.28	72.13	70.41	71.11	71.14	73.23	74.62	75.62	73.64
Total gas & oil (\$/bbl)	50.24	58.02	57.31	57.25	57.65	58.83	59.89	61.15	59.27
NY Harbor 3-2-1 (\$/bbl)	9.45	12.13	8.30	7.15	8.68	7.36	9.80	10.17	8.62
Revenue (\$mm)									
Natural Gas									
U.S.	428	481	520	458	2,115	486	488	510	1,941
Rest of World	1,253	1,481	1,390	1,468	5,883	1,486	1,507	1,441	5,901
Total	1,682	1,962	1,910	1,926	7,998	1,972	1,994	1,950	7,842
Oil	10,806	12,538	12,372	12,495	49,742	12,588	12,970	13,287	51,341
Other	34,137	38,505	38,505	39,305	149,955	39,305	39,305	39,305	157,218
Total	46,625	53,004	52,786	53,726	207,695	53,865	54,269	54,542	216,402
Expense (\$mm)									
Production	4,806	4,906	5,998	6,057	21,952	6,115	6,285	6,400	24,857
Other	33,019	36,766	37,205	38,105	144,984	38,305	38,105	38,005	152,518
Ebitda (\$mm)									
Exploration and Production	7,681	9,593	8,283	8,364	35,788	8,445	8,680	8,838	34,326
Other	1,118	1,738	1,300	1,200	4,971	1,000	1,200	1,300	4,700
Total Ebitda	8,800	11,331	9,583	9,564	40,760	9,445	9,880	10,138	39,026
Exploration	242	212	212	212	816	212	212	212	848
Deprec., Deplet., & Amort.	2,988	3,141	3,141	3,141	12,505	3,141	3,141	3,141	12,564
Other non cash									
Ebit	5,570	7,978	6,230	6,211	27,439	6,092	6,527	6,785	25,614
Interest	14	17	17	17	71	17	17	17	68
Ebt	5,556	7,961	6,213	6,194	27,368	6,075	6,510	6,768	25,546
Income Tax	1,945	2,786	2,175	2,168	9,579	2,126	2,278	2,369	8,941
Net Income (\$mm)									
Exploration and Production	3,321	4,435							
Other	455	844							
Unallocated	(165)	(104)							
Total	3,611	5,175	4,039	4,026	17,789	3,949	4,231	4,399	16,605
Shares (millions)	2,001	2,006	2,006	2,006	2,005	2,006	2,006	2,006	2,006
Per share (\$)	1.80	2.58	2.01	2.01	8.87	1.97	2.11	2.19	8.28
Ebitda Margin (E&P)	62%	66%	58%	58%	62%	58%	58%	58%	58%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

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Page 7



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

Exxon Mobil Corporation									
Next Twelve Months Operating and Financial Estimates									
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Next Twelve Months
	9/30/09	6/30/10	9/30/10	12/31/10	2010E	3/31/11	6/30/11	9/30/11	9/30/11
Volume									
Natural Gas (mmcf)									
North America	1,906	2,006	4,327	4,327	3,151	4,327	4,327	4,327	4,327
Overseas	6,223	8,019	6,223	8,778	8,193	9,786	8,019	6,223	8,193
Total	8,129	10,025	10,550	13,105	11,344	14,113	12,346	10,550	12,520
Oil (mbd)	2,335	2,325	2,423	2,423	2,396	2,423	2,423	2,423	2,423
Total gas & oil (mmb)	339	364	385	424	1,565	430	408	385	1,646
Total gas & oil (mbd)	3,690	3,996	4,181	4,607	4,287	4,775	4,481	4,181	4,510
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	3.39	4.09	4.38	3.96	4.44	4.29	4.26	4.40	4.23
U.S.	3.19	4.11	4.40	3.97	4.34	4.29	4.26	4.40	4.23
International	5.14	5.83	6.24	5.64	6.04	5.51	5.46	5.65	5.56
Total	4.68	5.49	5.49	5.09	5.57	5.14	5.04	5.14	5.10
Oil (\$/bbl)									
WTI Cushing	68.22	77.85	75.99	76.75	77.32	79.03	80.54	81.61	79.48
Worldwide	65.52	74.92	73.12	73.85	73.96	76.05	77.50	78.53	76.48
Total gas & oil (\$/bbl)	51.78	57.35	56.22	53.31	56.08	53.77	55.80	58.48	55.26
NY Harbor 3-2-1 (\$/bbl)	9.45	12.13	8.30	7.15	8.68	7.36	9.80	10.17	8.62
Revenue (\$mm)									
Natural Gas									
U.S.	559	750	1,752	1,582	4,996	1,673	1,677	1,753	6,685
International	2,943	4,254	3,574	4,553	18,063	4,853	3,987	3,235	16,628
Total	3,502	5,005	5,327	6,135	23,058	6,525	5,664	4,989	23,313
Oil	14,076	15,850	16,300	16,463	64,692	16,585	17,088	17,506	67,642
Other	64,682	71,631	71,631	71,631	282,473	71,631	71,631	71,631	286,524
Total	82,260	92,486	93,257	94,229	370,223	94,741	94,384	94,125	377,479
Expense (\$mm)									
Production	9,426	10,216	9,948	10,395	42,023	10,631	10,466	10,347	41,839
Other	62,102	66,808	68,431	68,731	268,751	68,931	68,431	68,431	274,524
Ebitda (\$mm)									
Exploration and Production	8,152	10,639	11,678	12,203	45,727	12,479	12,286	12,147	49,116
Other	2,579	4,823	3,200	2,900	13,722	2,700	3,200	3,200	12,000
Total Ebitda	10,731	15,462	14,878	15,103	59,449	15,179	15,486	15,347	61,116
Exploration	501	415	415	415	1,934	698	698	698	2,509
Deprec., Deplet., & Amort.	2,927	3,366	3,989	3,989	14,624	3,989	3,989	3,989	15,956
Ebit (\$mm)									
Interest	7,303	11,681	10,474	10,699	42,891	10,492	10,799	10,660	42,651
Interest	62	40	160	160	416	160	160	160	641
Ebt (\$mm)									
Income Tax	7,241	11,641	10,314	10,539	42,475	10,332	10,639	10,500	42,009
Income Tax	2,535	4,074	3,610	3,689	14,866	3,616	3,724	3,675	14,703
Net Income (\$mm)									
Exploration and Production	4,012	5,336							
Other	1,201	2,588							
Unallocated	(506)	(358)							
Total	4,707	7,566	6,704	6,850	27,609	6,716	6,915	6,825	27,306
Shares (millions)									
Per share (\$)	4,803	4,729	5,141	5,141	4,924	5,141	5,141	5,141	5,141
Ebitda Margin (E&P)	0.98	1.60	1.30	1.33	5.61	1.31	1.35	1.33	5.31
Ebitda Margin (E&P)	46%	51%	54%	54%	52%	54%	54%	54%	54%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

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Page 8



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

Marathon Oil Corporation									
Next Twelve Months Operating and Financial Estimates									
									Next Twelve Months
	Q3	Q2	Q3E	Q4E	Year	Q1E	Q2E	Q3E	
	9/30/09	6/30/10	9/30/10	12/31/10	2010E	3/31/11	6/30/11	9/30/11	9/30/11
Volume									
Natural Gas (mmcf)									
U.S. (or North America)	339	334	380	380	361	380	361	361	370
Overseas (or Int'l)	528	506	530	530	507	530	504	504	517
Total	867	840	910	910	869	910	865	865	887
Days	92	91	92	92	365	90	91	92	365
Oil (mbd)	265	288	280	280	275	280	280	280	280
Total gas & oil (bcf)	226	234	238	238	919	233	232	234	937
Total gas & oil (mbd))	410	428	432	432	420	432	424	424	428
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	3.39	4.09	4.38	3.96	4.44	4.29	4.26	4.40	4.23
U.S. (or North America)	3.63	4.41	4.72	4.26	4.71	4.63	4.59	4.75	4.56
Overseas (or Int'l)	1.29	1.41	1.41	1.41	1.46	1.46	1.46	1.46	1.45
Total	2.20	2.60	2.79	2.60	2.82	2.79	2.77	2.84	2.75
Oil (\$/bbl)									
WTI Cushing	68.22	77.85	75.99	76.75	77.32	79.03	80.54	81.61	79.48
Worldwide	64.00	73.08	71.33	72.05	72.64	74.19	75.61	76.61	74.61
Total gas & oil (\$/mcf)	7.68	9.05	8.69	8.70	8.90	9.00	9.26	9.39	9.09
NY Harbor 3-2-1 (\$/bbl)	9.45	12.13	8.30	7.15	8.68	7.36	9.80	10.17	8.62
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	113	134	165	149	622	158	151	158	616
Overseas (or Int'l)	63	65	69	69	271	70	67	68	273
Total	176	199	234	218	893	228	218	226	890
Oil	1,560	1,915	1,838	1,856	7,287	1,870	1,926	1,974	7,626
Other	12,741	16,460	16,460	16,460	64,279	16,460	16,460	16,460	65,839
Total	14,477	18,574	18,531	18,533	72,458	18,557	18,604	18,659	74,354
Expense (\$mm)									
Expense	13,025	16,442	16,942	16,983	65,858	17,014	16,975	16,999	67,970
Ebitda (\$mm)									
Exploration and Production	1,091	1,192	1,139	1,141	4,823	1,154	1,179	1,209	4,683
Other	361	940	450	410	1,777	390	450	450	1,700
Total Ebitda	1,452	2,132	1,589	1,551	6,600	1,544	1,629	1,659	6,383
Exploration	55	125	125	125	473	125	125	125	500
Deprec., Deplet., & Amort.	630	691	691	691	2,722	691	691	691	2,764
Other non cash									
Ebit									
Ebit	767	1,316	773	735	3,405	728	813	843	3,119
Interest	100	100	100	100	400	100	100	100	400
Ebt									
Ebt	667	1,216	673	635	3,005	628	713	743	2,719
Income Tax	234	426	236	222	1,052	220	250	260	952
Net Income (\$mm)									
Exploration and Production	516	343							
Other	171	448							
Unallocated	(253)	(1)							
Total	434	790	438	412	1,953	408	464	483	1,768
Shares (millions)									
Shares (millions)	711	712	712	712	712	712	712	712	712
Per share (\$)	0.61	1.11	0.61	0.58	2.74	0.57	0.65	0.68	2.48
Ebitda Margin (E&P)	63%	56%	55%	55%	59%	55%	55%	55%	55%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

ConocoPhillips					
Functional Cash Flow and Present Value					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	2,280	9.9	12.3	28,000	16%
Rest of World Natural Gas	1,750	10.8	9.1	16,000	9%
Oil	13,450	10.3	7.7	104,000	59%
Downstream	3,800		7.4	28,000	16%
	21,280	10.3	8.3	176,000	100%
Debt (US\$mm)					43,000
Net Present Value (US\$mm)					133,000
Shares (mm)					1,400
Net Present Value - Standard Estimate (US\$/sh)					95
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					91

Chevron Corporation					
Functional Cash Flow and Present Value					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	1,130	5.2	8.8	10,000	4%
Rest of World Natural Gas	3,420	12.9	8.5	29,000	11%
Oil	29,780	8.4	6.2	186,000	72%
Downstream	4,700		7.2	34,000	13%
	39,030	9.1	6.6	259,000	100%
Debt (US\$mm)					26,000
Net Present Value (US\$mm)					233,000
Shares (mm)					2,006
Net Present Value - Standard Estimate (US\$/sh)					116
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					124



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

September 28, 2010

Exxon Mobil Corporation					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<u><i>Ebitda</i></u>	<u><i>R/P</i></u>	<u><i>Ebitda</i></u>	<u><i>Value</i></u>	
North American Natural Gas	3,610	11.6	14.4	52,000	10%
Rest of World Natural Gas	8,980	15.9	10.0	90,000	17%
Oil	36,530	11.0	7.9	290,000	56%
Downstream	12,000		7.5	90,000	17%
	61,120	13.2	8.5	522,000	100%
Debt					64,000
Net Present Value (\$mm)					458,000
Shares					5,141
Net Present Value - Standard Estimate (US\$/sh)					89
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					85

Marathon Oil Corporation					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<u><i>Ebitda</i></u>	<u><i>R/P</i></u>	<u><i>Ebitda</i></u>	<u><i>Value</i></u>	
North American Natural Gas	340	5.4	9.4	3,200	7%
Rest of World Natural Gas	150	8.4	8.0	1,200	2%
Oil	4,190	10.2	7.5	31,500	64%
Downstream	1,700		7.6	13,000	27%
	6,380	9.2	7.7	48,900	100%
Debt					11,200
Net Present Value (\$mm)					37,700
Shares					712
Net Present Value - Standard Estimate (US\$/sh)					53
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					51



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

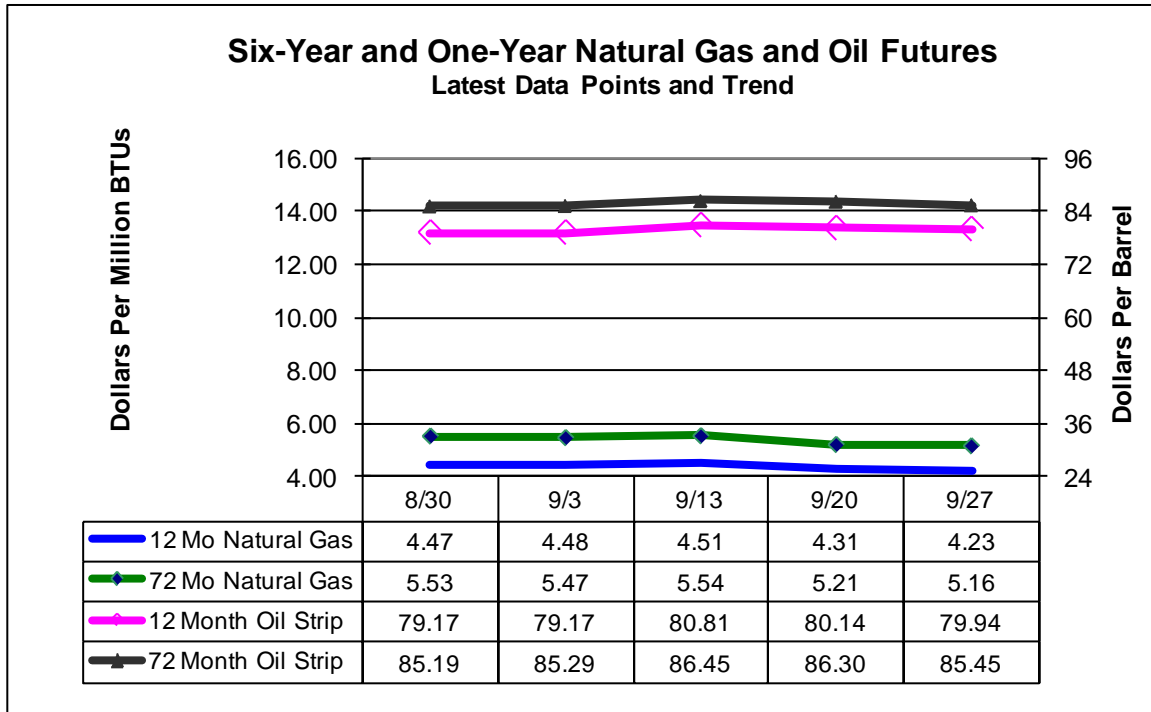
September 28, 2010

Index of Recent Research			
Stock Ideas			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
21-Sep	PBR	Petrobras	Record Deal, Reasonable Price (Meter Reader)
7-Sep	* LUKOY	Lukoil	Russian Growth in Oil (Meter Reader)
7-Sep	* OGZPY	Gazprom	Russian Growth in Natural Gas (Meter Reader)
31-Aug	* PTR	PetroChina	Leader in Largest Energy Economy (Meter Reader)
24-Aug	* CEO	CNOOC Ltd	Raise NPV on Volume and Profit (Meter Reader)
17-Aug	* ECA, CNQ	Encana, Canadian Natural	Raise NPV for ECA and CNQ on Probable Reserves (MR)
13-Aug	* PEYUF	Peyto Energy Trust	Raise NPV to US\$18 from \$15 (Income and Small Cap Weekly)
13-Aug	* BIREF	Birchcliff Energy Ltd.	Alberta Small Cap Natural Gas Growth
6-Aug	* DMLP	Dorchester Minerals	Free Ride on Bakken and Fayetteville Shale (ISCW)
5-Aug	* XEC	Cimarex Energy Company	Raise NPV to \$80 from \$75
5-Aug	* DVN	Devon Energy Corporation	Onshore North American Value
30-Jul	* COSWF	Canadian Oil Sands Trust	Distribution Yield of 7% with Long Life and Oil Upside (ISCW)
29-Jul	* XOM	ExxonMobil	Downstream Profits Restored
28-Jul	* COP	ConocoPhillips	From Russia to Australia
27-Jul	* WOPEY	Woodside Petroleum	Double WOPEY LNG in 2011 (Meter Reader)
23-Jul	* HGT	Hugoton Royalty Trust	Pays 8% with Natural Gas Upside (ISCW)
21-Jul	* ECA	Encana	Aggressive Growth at Lower Cost
16-Jul	* SJT	San Juan Basin Royalty Trust	Raise NPV to \$25 from \$23 (Income and Small Cap Weekly)
9-Jul	* HK	Petrohawk	Early in Haynesville (Income and Small Cap Weekly)
7-Jul	* EOG	EOG Resources	Raise NPV to \$120 from \$92 a Share (Meter Reader)
1-Jul	* RRC	Range Resources	First in Marcellus (Income and Small Cap Weekly)
25-Jun	* DNR	Denbury Resources	Small Cap Oil Growth (Income and Small Cap Weekly)
22-Jun	* CVE	Cenovus Energy	Quintuple in Deep Oil Sands (Meter Reader)
Meter Reader			
28-Sep		Weekly Valuation	
21-Sep	PBR	Petrobras	Record Deal, Reasonable Price
14-Sep	CVX, RDS, SU		Promise of High Oil Returns
7-Sep	* OGZPY, LUKOY		Russian Growth - Gazprom for Natural Gas - Lukoil for Oil
Income and Small Cap Weekly			
24-Sep		Weekly Valuation	Big Income in Canada
17-Sep		Weekly Valuation	Natural Gas Opportunity for the Tens Decade
10-Sep		Weekly Valuation	Patience is Free
3-Sep	*	Weekly Valuation	Natural Gas Futures May Be Bottoming
	*	Archived on www.mcdep.com	



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks
September 28, 2010



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