



# Meter Reader

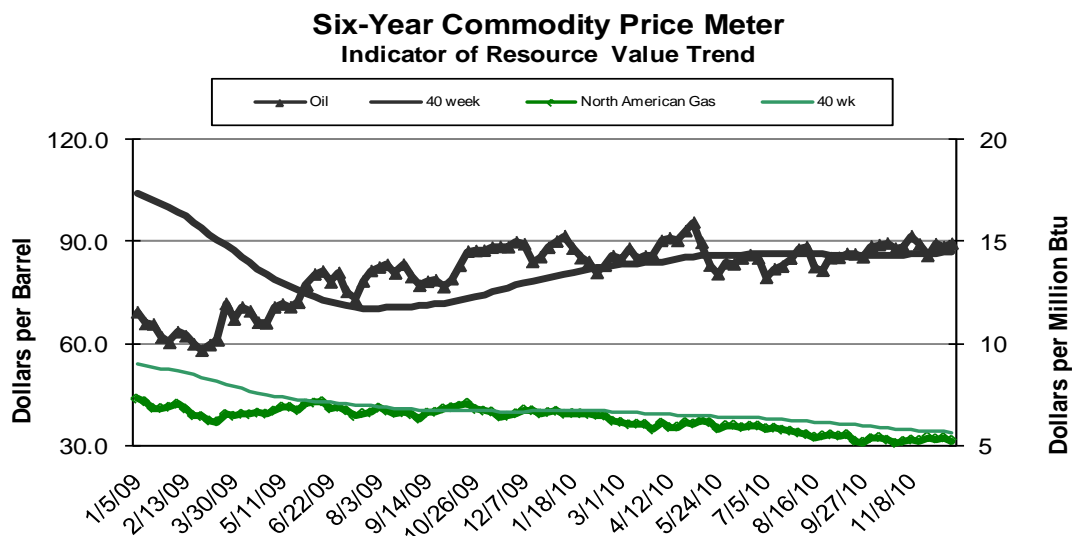
A Weekly Analysis of Large Cap Oil and Gas Stocks  
December 14, 2010

## A Few Good Contrarian Buys Left

### Summary and Recommendation

Four remaining buy-recommended energy stocks that carry our Contrarian Buy label may soon join peers in stock price uptrends judging by recent market conditions. U.S. Producer **EOG Resources, Inc. (EOG)** along with Canadian Producers **Encana Corporation (ECA)**, **Imperial Oil Limited (IMO)** and **Canadian Oil Sands Limited (COSWF)** are fundamentally attractive stocks, we believe, despite being in stock price downtrends defined by comparison to the 200-day average. Investors with a longer time horizon can benefit from the selling pressure created by investors who may have a shorter time horizon. Time is the friend of the long term investor, we might say. Shale oil and shale gas innovator EOG has accumulated rich future potential, but has made the sensible business decision to slow its drilling in the face of overheated cost to complete wells and low price for natural gas. Pure-play unconventional natural gas producer ECA rests in stock price after its value-creating spinoff of buy-recommended **Cenovus (CVE)** a year ago. After growing for a hundred years, IMO, Canada's only AAA-rated industrial corporation, has many years of further oil volume growth ahead. IMO's oil volumes are growing in mineable oil sands through its 25% of joint venture Syncrude and in deep oils sands at its Cold Lake and Kearn projects. Largest Syncrude partner with 37%, COSWF suffered in stock price when it announced a lower dividend in 2011 concurrent with its change to a corporation from a trust. The strongly negative effect a dividend reduction can imply for traders can be a special opportunity for investors looking at total return potential measured by McDep Ratio.

Kurt H. Wulff, CFA







# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

December 14, 2010

| Table 2   |                         |    |                    |        |                           |                                      |                           |                |
|---|-------------------------|----|--------------------|--------|---------------------------|--------------------------------------|---------------------------|----------------|
| McDep Large Cap Energy Portfolio  |                         |    |                    |        |                           |                                      |                           |                |
| Net Present Value and McDep Ratio   |                         |    |                    |        |                           |                                      |                           |                |
|   |                         |    | Price<br>(US\$/sh) | Shares | Market<br>Cap<br>(US\$mm) | Net<br>Present<br>Value<br>(US\$/sh) | Debt/<br>Present<br>Value | McDep<br>Ratio |
|   | Symbol/Rating           |    | 13-Dec<br>2010     | (mm)   |                           |                                      |                           |                |
|   | B = Buy, CB (see below) |    |                    |        |                           |                                      |                           |                |
| <b>U.S. Integrated</b>  |                         |    |                    |        |                           |                                      |                           |                |
| Exxon Mobil Corporation   | XOM                     | B  | 72.36              | 5,089  | 368,000                   | 89.00                                | 0.13                      | 0.84           |
| Chevron Corporation   | CVX                     | B  | 88.37              | 2,007  | 177,000                   | 116.00                               | 0.10                      | 0.79           |
| ConocoPhillips  | COP                     | B  | 65.47              | 1,400  | 92,000                    | 95.00                                | 0.23                      | 0.76           |
| Marathon Oil Corporation  | MRO                     | B  | 34.97              | 712    | 24,900                    | 53.00                                | 0.23                      | 0.74           |
|   | <i>Total or Median</i>  |    |                    |        | 662,000                   |                                      | 0.18                      | 0.77           |
| <b>Europe</b>   |                         |    |                    |        |                           |                                      |                           |                |
| BG Group plc  | BRGXF                   |    | 20.91              | 3,402  | 71,100                    | 22.00                                | 0.13                      | 0.96           |
| Royal Dutch Shell plc   | RDS-A                   | B  | 65.42              | 3,069  | 201,000                   | 79.00                                | 0.22                      | 0.87           |
| Statoil ASA (33%)   | STO                     | B  | 22.66              | 1,050  | 23,800                    | 35.00                                | 0.24                      | 0.73           |
| BP plc  | BP                      |    | 43.43              | 3,156  | 137,000                   | 72.00                                | 0.29                      | 0.72           |
| Total S.A.  | TOT                     | B  | 53.19              | 2,245  | 119,000                   | 90.00                                | 0.16                      | 0.66           |
|   | <i>Total or Median</i>  |    |                    |        | 552,000                   |                                      | 0.22                      | 0.73           |
| <b>Australia/Brazil/China/Russia</b>  |                         |    |                    |        |                           |                                      |                           |                |
| CNOOC Limited (34%)   | CEO                     |    | 236.72             | 152    | 36,100                    | 170.00                               | 0.05                      | 1.37           |
| Woodside Petroleum Ltd.   | WOPEY                   | B  | 42.70              | 782    | 33,400                    | 44.00                                | 0.13                      | 0.97           |
| PetroChina Company Ltd (14%)  | PTR                     | B  | 129.36             | 256    | 33,100                    | 170.00                               | 0.13                      | 0.79           |
| Petrobras   | PBR                     |    | 33.93              | 6,428  | 218,100                   | 51.00                                | 0.13                      | 0.71           |
| Lukoil Oil Company  | LUKOY                   | B  | 57.15              | 814    | 46,500                    | 135.00                               | 0.06                      | 0.46           |
| Gazprom (50%)   | OGZPY                   | B  | 25.45              | 2,865  | 72,900                    | 64.00                                | 0.09                      | 0.45           |
|   | <i>Total or Median</i>  |    |                    |        | 440,000                   |                                      | 0.11                      | 0.75           |
| <b>U.S. Independent</b>   |                         |    |                    |        |                           |                                      |                           |                |
| Anadarko Petroleum Corp.  | APC                     |    | 69.71              | 496    | 34,600                    | 60.00                                | 0.41                      | 1.10           |
| Southwestern Energy Company   | SWN                     |    | 36.23              | 349    | 12,600                    | 35.00                                | 0.09                      | 1.03           |
| Occidental Petroleum Corp.  | OXY                     | B  | 93.88              | 814    | 76,400                    | 95.00                                | 0.06                      | 0.99           |
| Chesapeake Energy Corp.   | CHK                     |    | 22.91              | 744    | 17,100                    | 31.00                                | 0.38                      | 0.84           |
| EOG Resources, Inc.   | EOG                     | CB | 90.70              | 250    | 22,700                    | 120.00                               | 0.14                      | 0.79           |
| Devon Energy Corporation  | DVN                     | B  | 73.88              | 436    | 32,200                    | 98.00                                | 0.09                      | 0.77           |
|   | <i>Total or Median</i>  |    |                    |        | 195,600                   |                                      | 0.12                      | 0.91           |
| <b>Canada</b>   |                         |    |                    |        |                           |                                      |                           |                |
| Penn West Petroleum Ltd.  | PWE                     |    | 22.37              | 440    | 9,800                     | 23.00                                | 0.25                      | 0.98           |
| Canadian Natural Resources Limited  | CNQ                     | B  | 42.90              | 1,089  | 46,700                    | 50.00                                | 0.16                      | 0.88           |
| Cenovus Energy Inc.   | CVE                     | B  | 30.93              | 752    | 23,300                    | 37.00                                | 0.20                      | 0.87           |
| Imperial Oil Limited (30%)  | IMO                     | CB | 37.98              | 257    | 9,700                     | 48.00                                | 0.08                      | 0.81           |
| Suncor Energy   | SU                      | B  | 36.34              | 1,572  | 57,100                    | 48.00                                | 0.18                      | 0.80           |
| Canadian Oil Sands Limited  | COSWF                   | CB | 24.70              | 484    | 12,000                    | 38.00                                | 0.08                      | 0.68           |
| EnCana Corporation  | ECA                     | CB | 28.63              | 736    | 21,100                    | 50.00                                | 0.19                      | 0.65           |
|   | <i>Total or Median</i>  |    |                    |        | 180,000                   |                                      | 0.18                      | 0.81           |
| 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

A Weekly Analysis of Large Cap Oil and Gas Stocks

December 14, 2010

| Table 3   |                                    |       |                    |                            |               |               |      |                           |     |
|---|------------------------------------|-------|--------------------|----------------------------|---------------|---------------|------|---------------------------|-----|
| McDep Large Cap Energy Portfolio  |                                    |       |                    |                            |               |               |      |                           |     |
| Value Multiples and Distribution Yield  |                                    |       |                    |                            |               |               |      |                           |     |
|   |                                    |       | Price<br>(US\$/sh) | Adjustd<br>Resrvs/<br>Prod | PV/<br>Ebitda | EV/<br>Ebitda | P/E  | Divd or<br>Distrib<br>NTM |     |
|   | Symbol/Rating                      |       | 13-Dec<br>2010     | NTM                        | NTM           | NTM           | NTM  | (%)                       |     |
| B = Buy, CB (see below)   |                                    |       |                    |                            |               |               |      |                           |     |
| <b>U.S. Integrated</b>  |                                    |       |                    |                            |               |               |      |                           |     |
|   | Exxon Mobil Corporation            | XOM   | B                  | 72.36                      | 13.3          | 7.5           | 6.2  | 11                        | 2.4 |
|   | ConocoPhillips                     | COP   | B                  | 65.47                      | 10.4          | 7.3           | 5.6  | 12                        | 3.4 |
|   | Marathon Oil Corporation           | MRO   | B                  | 34.97                      | 9.2           | 6.7           | 5.0  | 11                        | 2.9 |
|   | Chevron Corporation                | CVX   | B                  | 88.37                      | 9.2           | 6.0           | 4.7  | 10                        | 3.3 |
|   | <i>Total or Median</i>             |       |                    |                            | 9.8           | 7.0           | 5.3  | 11                        | 3.1 |
| <b>Europe</b>   |                                    |       |                    |                            |               |               |      |                           |     |
|   | BG Group plc                       | BRGXF |                    | 20.91                      | 14.9          | 8.6           | 8.2  | 16                        | 0.9 |
|   | Royal Dutch Shell plc              | RDS-A | B                  | 65.42                      | 8.6           | 6.2           | 5.4  | 10                        | 5.1 |
|   | BP plc                             | BP    |                    | 43.43                      | 10.2          | 7.1           | 5.1  | 7                         | -   |
|   | Total S.A.                         | TOT   | B                  | 53.19                      | 9.5           | 6.7           | 4.4  | 8                         | 5.8 |
|   | Statoil ASA (33%)                  | STO   | B                  | 22.66                      | 7.0           | 5.7           | 4.2  | 8                         | 4.5 |
|   | <i>Total or Median</i>             |       |                    |                            | 9.5           | 6.7           | 5.1  | 8                         | 4.5 |
| <b>Australia/Brazil/China/Russia</b>  |                                    |       |                    |                            |               |               |      |                           |     |
|   | Woodside Petroleum Ltd.            | WOPEY | B                  | 42.70                      | 17.1          | 11.2          | 10.9 | 20                        | 2.4 |
|   | Petrobras                          | PBR   |                    | 33.93                      | 10.0          | 9.6           | 6.8  | 12                        | 3.5 |
|   | CNOOC Limited (34%)                | CEO   |                    | 236.72                     | 5.6           | 4.6           | 6.3  | 11                        | 2.3 |
|   | PetroChina Company Ltd (14%)       | PTR   | B                  | 129.36                     | 13.6          | 6.7           | 5.3  | 10                        | 3.4 |
|   | Gazprom (50%)                      | OGZPY | B                  | 25.45                      | 30.2          | 9.0           | 4.1  | 5                         | 0.2 |
|   | Lukoil Oil Company                 | LUKOY | B                  | 57.15                      | 16.0          | 7.1           | 3.3  | 5                         | 3.0 |
|   | <i>Total or Median</i>             |       |                    |                            | 14.8          | 8.1           | 5.8  | 11                        | 2.7 |
| <b>U.S. Independent</b>   |                                    |       |                    |                            |               |               |      |                           |     |
|   | Southwestern Energy Company        | SWN   |                    | 36.23                      | 5.7           | 9.2           | 9.5  | 21                        | -   |
|   | Chesapeake Energy Corp.            | CHK   |                    | 22.91                      | 10.2          | 11.0          | 9.2  | 16                        | 1.3 |
|   | Anadarko Petroleum Corp.           | APC   |                    | 69.71                      | 8.5           | 7.3           | 8.0  |                           | 0.5 |
|   | Devon Energy Corporation           | DVN   | B                  | 73.88                      | 10.1          | 8.9           | 6.9  | 13                        | 0.9 |
|   | EOG Resources, Inc.                | EOG   | CB                 | 90.70                      | 8.6           | 8.7           | 6.8  | 30                        | 0.7 |
|   | Occidental Petroleum Corp.         | OXY   | B                  | 93.88                      | 10.4          | 6.7           | 6.6  | 14                        | 2.0 |
|   | <i>Total or Median</i>             |       |                    |                            | 9.4           | 8.8           | 7.5  | 16                        | 0.8 |
| <b>Canada</b>   |                                    |       |                    |                            |               |               |      |                           |     |
|   | Cenovus Energy Inc.                | CVE   | B                  | 30.93                      | 18.2          | 10.8          | 9.4  | 23                        | 2.6 |
|   | EnCana Corporation                 | ECA   | CB                 | 28.63                      | 13.9          | 13.3          | 8.7  | 26                        | 2.8 |
|   | Penn West Petroleum Ltd.           | PWE   |                    | 22.37                      | 9.9           | 8.7           | 8.5  | 33                        | 4.8 |
|   | Canadian Natural Resources Limited | CNQ   | B                  | 42.90                      | 18.2          | 9.5           | 8.4  | 21                        | 0.7 |
|   | Imperial Oil Limited (30%)         | IMO   | CB                 | 37.98                      | 21.0          | 10.2          | 8.2  | 15                        | 1.2 |
|   | Suncor Energy                      | SU    | B                  | 36.34                      | 21.9          | 9.7           | 7.8  | 22                        | 1.1 |
|   | Canadian Oil Sands Limited         | COSWF | CB                 | 24.70                      | 29.2          | 10.4          | 7.0  | 13                        | 3.2 |
|   | <i>Total or Median</i>             |       |                    |                            | 18.2          | 10.2          | 8.4  | 22                        | 2.6 |
| 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 December 31, 2011; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses |                                    |       |                    |                            |               |               |      |                           |     |



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

December 14, 2010

| Table 4   |               |    |         |                   |             |             |             |             |
|---|---------------|----|---------|-------------------|-------------|-------------|-------------|-------------|
| McDep Large Cap Energy Portfolio  |               |    |         |                   |             |             |             |             |
| Rank by Enterprise Value to 200 Day Average                                     |               |    |         |                   |             |             |             |             |
|   |               |    | Price   |                   |             |             |             |             |
|   |               |    | (\$/sh) | Enterprise Value/ |             |             |             |             |
|   | Symbol        |    | 13-Dec  | 52Wk              | 52Wk        | 50 Day      | 200 Day     | McDep       |
|   | Rating        |    | 2010    | High              | Low         | Avg.        | Avg.        | Ratio       |
| <b>U.S. Integrated</b>  |               |    |         |                   |             |             |             |             |
| ConocoPhillips  | COP           | B  | 65.47   | 0.99              | 1.25        | 1.05        | 1.12        | 0.76        |
| Chevron Corporation   | CVX           | B  | 88.37   | 0.99              | 1.27        | 1.05        | 1.12        | 0.79        |
| Exxon Mobil Corporation   | XOM           | B  | 72.36   | 1.00              | 1.24        | 1.05        | 1.11        | 0.84        |
| Marathon Oil Corporation  | MRO           | B  | 34.97   | 0.97              | 1.17        | 1.01        | 1.05        | 0.74        |
|   | <i>Median</i> |    |         | <i>0.99</i>       | <i>1.25</i> | <i>1.05</i> | <i>1.11</i> | <i>0.77</i> |
| <b>Europe</b>   |               |    |         |                   |             |             |             |             |
| BG Group plc  | BRGXF         |    | 104.56  | 0.99              | 1.41        | 1.07        | 1.17        | 0.96        |
| Royal Dutch Shell plc   | RDS-A         | B  | 65.42   | 0.97              | 1.23        | 1.02        | 1.09        | 0.87        |
| Statoil ASA (33%)   | STO           | B  | 22.66   | 0.89              | 1.14        | 1.04        | 1.04        | 0.73        |
| Total S.A.  | TOT           | B  | 53.19   | 0.83              | 1.17        | 1.00        | 1.02        | 0.66        |
| BP plc  | BP            |    | 43.43   | 0.79              | 1.30        | 1.02        | 1.00        | 0.72        |
|   | <i>Median</i> |    |         | <i>0.93</i>       | <i>1.24</i> | <i>1.03</i> | <i>1.06</i> | <i>0.75</i> |
| <b>Australia/Brazil/China/Russia</b>  |               |    |         |                   |             |             |             |             |
| CNOOC Limited (34%)   | CEO           |    | 236.72  | 0.99              | 1.66        | 1.08        | 1.29        | 1.37        |
| Gazprom (50%)   | OGZPY         | B  | 25.45   | 0.96              | 1.31        | 1.11        | 1.13        | 0.45        |
| PetroChina Company Ltd (14%)  | PTR           | B  | 129.36  | 0.96              | 1.24        | 1.02        | 1.09        | 0.79        |
| Woodside Petroleum Ltd.   | WOPEY         | B  | 42.70   | 0.93              | 1.25        | 1.00        | 1.05        | 0.97        |
| Lukoil Oil Company  | LUKOY         | B  | 57.15   | 0.95              | 1.24        | 1.00        | 1.03        | 0.46        |
| Petrobras   | PBR           |    | 33.93   | 0.73              | 1.07        | 1.00        | 0.92        | 0.71        |
|   | <i>Median</i> |    |         | <i>0.95</i>       | <i>1.25</i> | <i>1.01</i> | <i>1.07</i> | <i>0.75</i> |
| <b>U.S. Independent</b>   |               |    |         |                   |             |             |             |             |
| Occidental Petroleum Corp.  | OXY           | B  | 93.88   | 0.98              | 1.28        | 1.10        | 1.14        | 0.99        |
| Anadarko Petroleum Corp.  | APC           |    | 69.71   | 0.95              | 1.46        | 1.07        | 1.12        | 1.10        |
| Devon Energy Corporation  | DVN           | B  | 73.88   | 0.97              | 1.23        | 1.06        | 1.11        | 0.77        |
| Chesapeake Energy Corp.   | CHK           |    | 22.91   | 0.87              | 1.09        | 1.01        | 1.01        | 0.84        |
| Southwestern Energy Company   | SWN           |    | 43.77   | 0.70              | 1.16        | 1.01        | 0.96        | 1.03        |
| EOG Resources, Inc.   | EOG           | CB | 90.70   | 0.82              | 1.05        | 0.97        | 0.93        | 0.79        |
|   | <i>Median</i> |    |         | <i>0.91</i>       | <i>1.20</i> | <i>1.04</i> | <i>1.06</i> | <i>0.91</i> |
| <b>Canada</b>   |               |    |         |                   |             |             |             |             |
| Canadian Natural Resources  | CNQ           | B  | 42.90   | 0.99              | 1.32        | 1.09        | 1.15        | 0.88        |
| Suncor Energy   | SU            | B  | 36.34   | 0.96              | 1.23        | 1.05        | 1.09        | 0.80        |
| Cenovus Energy Inc.   | CVE           | B  | 30.93   | 0.95              | 1.25        | 1.04        | 1.08        | 0.87        |
| Penn West Petroleum Ltd.  | PWE           |    | 69.71   | 0.95              | 1.27        | 1.00        | 1.07        | 0.98        |
| Imperial Oil Limited (30%)  | IMO           | CB | 37.98   | 0.88              | 1.07        | 1.00        | 0.98        | 0.81        |
| EnCana Corporation  | ECA           | CB | 28.63   | 0.85              | 1.07        | 0.99        | 0.95        | 0.65        |
| Canadian Oil Sands Limited  | COSWF         | CB | 24.71   | 0.77              | 1.06        | 0.95        | 0.93        | 0.68        |
|   | <i>Median</i> |    |         | <i>0.95</i>       | <i>1.23</i> | <i>1.00</i> | <i>1.07</i> | <i>0.81</i> |
| CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. |               |    |         |                   |             |             |             |             |



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

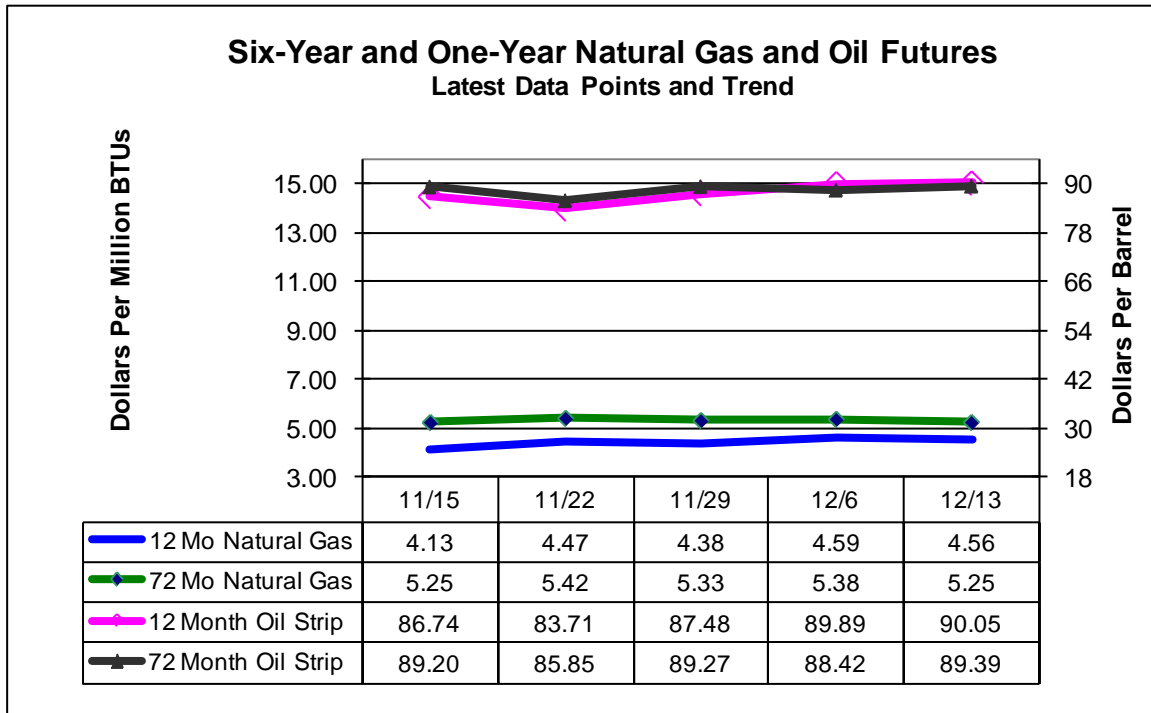
December 14, 2010

| <b>Index of Recent Research</b>   |                             |                                 |   |
|---|-----------------------------|---------------------------------|---|
| <b>Stock Ideas</b>  |                             |                                 |   |
| <u>Date</u>   | <u>Symbol</u>               | <u>Subject</u>                  | <u>Theme</u>  |
| 6-Dec   | COSWF                       | Canadian Oil Sands Trust        | Buy on Stock Price Drop                                     |
| 3-Dec   | HK                          | Petrohawk                       | New Buy - Selling Pressure Exhausted (I and Small Cap Wkly) |
| 3-Dec   | RRC                         | Range Resources                 | New Buy - Selling Pressure Exhausted (I and Small Cap Wkly) |
| 26-Nov  | SBR                         | Sabine Royalty Trust            | Raise NPV on Proven Performance (Income and SC Weekly)      |
| 22-Nov  | SJT                         | San Juan Basin Royalty Trust    | Distribution Yield 5.8%, Not 4.6%                           |
| 19-Nov  | VNR                         | Vanguard Natural Resources      | Vanguard to Manage High-Income Encore (Income and SCW)      |
| 19-Nov  | ENP                         | Encore Energy Partners          | Vanguard to Manage High-Income Encore (Income and SCW)      |
| 16-Nov  | PBR                         | Petrobras                       | Digesting Record Stock Offering (Meter Reader)              |
| 12-Nov  | DMLP                        | Dorchester Minerals, L.P.       | Volume Trend Strengthening (Income and Small Cap Weekly)    |
| 11-Nov  | BIREF                       | Birchcliff Energy Ltd.          | Production Ahead of Forecast                                |
| 9-Nov   | OGZPY                       | Gazprom                         | Breakout from a Long Stock Price Base (Meter Reader)        |
| 9-Nov   | SU                          | Suncor Energy                   | Breakout from a Long Stock Price Base (Meter Reader)        |
| 9-Nov   | DVN                         | Devon Energy Corporation        | Breakout from a Long Stock Price Base (Meter Reader)        |
| 4-Nov   | EOG                         | EOG Resources                   | Buy on Stock Price Drop                                     |
| 2-Nov   | XOM                         | ExxonMobil                      | Political Trends Turning (Meter Reader)                     |
| 29-Oct  | HGT                         | Hugoton Royalty Trust           | Natural Gas Income at Low Price (Income and SC Weekly)      |
| 28-Oct  | PTR                         | PetroChina                      | Raise NPV to \$170 from \$150 on Natural Gas and Downstream |
| 28-Sep  | CVX                         | Chevron Corporation             | Reload Oil Stock Classics (Meter Reader)                    |
| 28-Sep  | MRO                         | Marathon Oil Company            | Reload Oil Stock Classics (Meter Reader)                    |
| 28-Sep  | COP                         | ConocoPhillips                  | Reload Oil Stock Classics (Meter Reader)                    |
| 7-Sep   | LUKOY                       | Lukoil                          | Russian Growth in Oil (Meter Reader)                        |
| 24-Aug  | CEO                         | CNOOC Ltd                       | Raise NPV on Volume and Profit (Meter Reader)               |
| For historical research by stock, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Stock Ideas</a> , click on stock by name. |                             |                                 |   |
| <b>Meter Reader</b>   |                             |                                 |   |
| 7-Dec   | MRO CVX STO TOT OGZPY LUKOY |                                 | Cash Machines   |
| 30-Nov  | COP TOT COSWF               |                                 | Free Money Enhances Energy Outlook for 2011                 |
| 23-Nov  | DVN, ECA, RDS, LUKOY, MRO   |                                 | A Little Life in Natural Gas Price and Oil Refining Margin  |
| 16-Nov  | PBR                         | Petrobras                       | Digesting Record Stock Offering                             |
| 9-Nov   | DVN, SU, OGZPY              |                                 | Breakout from a Long Stock Price Base                       |
| 2-Nov   | XOM                         | ExxonMobil                      | Political Trends Turning                                    |
| 26-Oct  | TOT, STO, RDS               |                                 | Euro Oil Income Buys  |
| For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Meter Reader</a> .                                    |                             |                                 |   |
| <b>Income and Small Cap Weekly</b>  |                             |                                 |   |
| 10-Dec  | PWE BRY FRHLF ENP           |                                 | Reverse McDep Identifies Higher Oil Values                  |
| 3-Dec   | RRC, HK                     | Range Resources, Petrohawk      | New Buys - Selling Pressure Exhausted                       |
| 26-Nov  | SBR                         | Sabine Royalty Trust            | Raise NPV on Proven Performance                             |
| 19-Nov  | ENP, VNR                    | Encore Energy, Vanguard Natural | Vanguard (VNR) to Manage High-Income Encore (ENP)           |
| 12-Nov  | DMLP                        | Dorchester Minerals, L.P.       | Volume Trend Strengthening                                  |
| 5-Nov   |                             | Weekly Valuation                | Frac Shortage Limits Energy Supply                          |
| 29-Oct  | SJT, HGT                    | San Juan RT, Hugoton RT         | Natural Gas Income at Low Price                             |
| For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Energy Income</a> .                                   |                             |                                 |   |



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks  
December 14, 2010



**Disclaimer:** This analysis was prepared by Kurt Wulff, Manager of McDep LLC. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

**Certification:** I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

**Research Methodology/Ratings Description:** McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the forty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.