



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

Gazprom nearer Accord on Natural Gas to China

| | | | |
|--|---------|--|--------|
| <i>Symbol</i> | OGZPY | <i>Ebitda Next Twelve Months ending 12/31/11 (US\$m)</i> | 50,100 |
| <i>Rating</i> | Buy | <i>North American Natural Gas/Ebitda (%)</i> | 0 |
| <i>Price (US\$/sh)</i> | 26.85 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 2/18/11 | <i>Adjusted Reserves/Production NTM</i> | 30.2 |
| <i>Shares (mm)</i> | 5,750 | <i>EV/Ebitda</i> | 3.8 |
| <i>Market Capitalization (US\$m)</i> | 154,000 | <i>PV/Ebitda</i> | 7.2 |
| <i>Debt (US\$m)</i> | 36,000 | <i>Undeveloped Reserves (%)</i> | 50 |
| <i>Enterprise Value (EV) (US\$m)</i> | 191,000 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 16.57 |
| <i>Present Value (PV) (US\$m)</i> | 358,000 | <i>Present Value Proven Reserves(US\$/boe)</i> | 2.99 |
| <i>Net Present Value (US\$/share)</i> | 56 | <i>Present Value Proven Reserves(US\$/mcf)</i> | 0.50 |
| <i>Debt/Present Value</i> | 0.10 | <i>Earnings Next Twelve Months (US\$/sh)</i> | 5.50 |
| <i>McDep Ratio - EV/PV</i> | 0.53 | <i>Price/Earnings Next Twelve Months</i> | 5 |
| <i>Dividend Yield (%/year)</i> | 1.2 | <i>Indicated Annual Dividend (US\$/sh)</i> | 0.33 |
| Note: The Russian government owns about 50% of the equity. | | | |
| Reported results may vary widely from estimates. Estimated present value per share revised only infrequently. | | | |
| Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$8 a million btu. | | | |
| For historical analysis of Gazprom since 2005 see www.mcdep.com/2ogz.htm | | | |

Summary and Recommendation

Buy-recommended **Gazprom (OGZPY)** offers unlevered appreciation potential of 88% to a McDep Ratio of 1.0 where stock price would equal Net Present Value (NPV) of \$56 a share. A long awaited contract to furnish natural gas to China may be finalized by mid-year. Agreement has been reached to tie the price to crude oil, the customary unbiased standard in natural gas-starved Asia. The final issues to be resolved include timing and penalties for not meeting a schedule. Seeing Russia as a solution to China's pollution, we think that a profitable relationship with China would be a strong, long-term positive for Gazprom stock. Patiently skeptical that the two hard negotiators could reach quick agreement, we were encouraged to hear the first-hand impressions of Deputy Chairman Alexander Medvedev at Gazprom's Investor Day in New York on February 17. Meanwhile, third quarter results by international accounting disclosed on February 11 met our volume and cash flow expectations last detailed five months ago. Natural gas price outside the U.S. has held up better and is coming back faster than expected (see table Next Twelve Months Operating and Financial Estimates on page 2). While further gains are likely, our projected cash flow at the current price merits, we believe, more than the company's McDep Ratio of 0.53 and unlevered multiple (EV/Ebitda) of 3.8 that are among the lowest of our buy recommendations (see Tables 1-3 on pages 3-5). Gazprom stock trades in an uptrend above its rising 200-day average (see Table 4 on page 6). Finally the most important indicator of industry opportunity, the long-term price of oil, trends up with current quote of \$99 a barrel above the rising 40-week average at \$88 (see charts Six-Year Commodity Price Meter and Six-Year and One-Year Natural Gas and Oil Futures on page 7).

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

| Gazprom | | | | | | | | | |
|---|----------------|----------------|----------------|-----------------|---------------|----------------|----------------|----------------|-----------------|
| Operating and Financial Results | | | | | | | | | |
| | | | | | | | | | <i>Next</i> |
| | | | | | | | | | <i>Twelve</i> |
| | <i>Q3</i> | <i>Q2</i> | <i>Q3</i> | <i>Q4E</i> | <i>Year</i> | <i>Q1E</i> | <i>Q2E</i> | <i>Q3E</i> | <i>Months</i> |
| | <i>9/30/09</i> | <i>6/30/10</i> | <i>9/30/10</i> | <i>12/31/10</i> | <i>2010E</i> | <i>3/31/11</i> | <i>6/30/11</i> | <i>9/30/11</i> | <i>12/31/11</i> |
| Volume (billion cubic meters) | | | | | | | | | |
| Europe | 47.1 | 34.3 | 30.8 | 39.0 | 147 | 43.0 | 34.3 | 30.8 | 147 |
| Former Soviet Union | 15.2 | 14.6 | 15.3 | 21.0 | 68 | 17.0 | 14.6 | 15.3 | 68 |
| Russia | 40.9 | 48.2 | 40.7 | 90.0 | 281 | 102.5 | 48.2 | 40.7 | 281 |
| Total (bcm) | 103.2 | 97.1 | 86.8 | 150.0 | 496 | 162.5 | 114.4 | 86.8 | 514 |
| Total (bcf) | 3,643 | 3,428 | 3,064 | 5,295 | 17,512 | 5,736 | 4,037 | 3,064 | 18,132 |
| Daily (bcfd) | 39.6 | 37.7 | 33.3 | 57.6 | 48.0 | 63.7 | 44.4 | 33.3 | 49.7 |
| Price (Russian Rubles/cubic meter) | | | | | | | | | |
| Europe | 6.32 | 7.00 | 8.02 | 8.02 | 7.40 | 8.02 | 8.02 | 8.02 | 8.02 |
| FSU | 4.26 | 6.44 | 6.67 | 6.67 | 6.33 | 6.67 | 6.67 | 6.67 | 6.67 |
| Russia | 1.91 | 2.30 | 2.29 | 2.29 | 2.28 | 2.29 | 2.29 | 2.29 | 2.29 |
| Total (RR/cm) | 4.27 | 4.58 | 5.09 | 4.39 | 4.35 | 4.26 | 4.22 | 5.09 | 4.43 |
| Rubles/Dollar | 31.30 | 30.32 | 30.60 | 29.17 | 29.98 | 29.17 | 29.17 | 29.17 | 29.17 |
| Total (\$/mcf) | 3.86 | 4.28 | 4.71 | 4.26 | 4.11 | 4.14 | 4.10 | 4.95 | 4.30 |
| Henry Hub (\$/mmbtu) | 3.39 | 4.09 | 4.38 | 3.80 | 4.40 | 4.14 | 3.97 | 4.12 | 4.16 |
| Revenue (RUB billion) | | | | | | | | | |
| Europe | 298 | 240 | 247 | 313 | 1,086 | 345 | 275 | 247 | 1,180 |
| FSU | 65 | 94 | 102 | 140 | 430 | 113 | 97 | 102 | 453 |
| Russia | 78 | 111 | 93 | 206 | 643 | 234 | 110 | 93 | 643 |
| Total Natural Gas | 441 | 445 | 442 | 658 | 2,158 | 692 | 483 | 442 | 2,275 |
| Other | 330 | 319 | 344 | 344 | 1,351 | 344 | 344 | 344 | 1,376 |
| Total | 771 | 764 | 786 | 1,002 | 3,509 | 1,036 | 827 | 786 | 3,651 |
| Expense | 492 | 480 | 505 | 644 | 2,140 | 622 | 496 | 472 | 2,191 |
| Ebitda (RUB billion) | | | | | | | | | |
| Natural Gas | 172 | 212 | 232 | 287 | 1,119 | 339 | 270 | 252 | 1,181 |
| Oil | 108 | 72 | 50 | 72 | 251 | 76 | 61 | 63 | 279 |
| Total Ebitda | 279 | 284 | 281 | 359 | 1,370 | 415 | 331 | 314 | 1,461 |
| Deprec., Deplet., & A | 50 | 51 | 57 | 57 | 233 | 57 | 57 | 57 | 228 |
| Other non cash | | | | | (40) | | | | |
| Ebit | 229 | 233 | 224 | 302 | 1,177 | 358 | 274 | 257 | 1,233 |
| Interest | 12 | 17 | 16 | 16 | 56 | 16 | 16 | 16 | 64 |
| Ebt | 218 | 216 | 208 | 286 | 1,121 | 342 | 258 | 241 | 1,169 |
| Income Tax | 43 | 47 | 49 | 60 | 241 | 72 | 54 | 51 | 245 |
| Net Income (RUB billion) | 175 | 169 | 159 | 226 | 880 | 270 | 204 | 191 | 923 |
| Shares (billions) | | | | | | | | | |
| Per share (RUB) | 7.39 | 7.40 | 6.93 | 9.82 | 38.31 | 11.73 | 8.85 | 8.29 | 40.14 |
| Ebitda Margin | 36% | 37% | 36% | 36% | 39% | 40% | 40% | 40% | 40% |
| Tax Rate | 20% | 22% | 24% | 21% | 22% | 21% | 21% | 21% | 21% |



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

| McDep Large Cap Energy Portfolio | | | | | | | | |
|--|-------------------------|---|------------------|---------------|-----------------|------------------|----------------|--------------|
| Net Present Value and McDep Ratio | | | | | | | | |
| | | | <i>Price</i> | | | <i>Net</i> | | |
| | <i>Symbol/Rating</i> | | <i>(US\$/sh)</i> | <i>Shares</i> | <i>Market</i> | <i>Present</i> | <i>Debt/</i> | |
| | B = Buy, CB (see below) | | <i>18-Feb</i> | <i>(mm)</i> | <i>Cap</i> | <i>Value</i> | <i>Present</i> | <i>McDep</i> |
| | | | <i>2011</i> | | <i>(US\$mm)</i> | <i>(US\$/sh)</i> | <i>Value</i> | <i>Ratio</i> |
| U.S. Integrated | | | | | | | | |
| Exxon Mobil Corporation | XOM | B | 84.50 | 5,031 | 425,000 | 107.00 | 0.11 | 0.81 |
| Marathon Oil Corporation | MRO | B | 49.51 | 713 | 35,300 | 68.00 | 0.19 | 0.78 |
| ConocoPhillips | COP | B | 76.62 | 1,425 | 109,000 | 119.00 | 0.19 | 0.71 |
| Chevron Corporation | CVX | B | 98.72 | 2,009 | 198,000 | 146.00 | 0.06 | 0.70 |
| <i>Total or Median</i> | | | | | <i>767,000</i> | | <i>0.15</i> | <i>0.74</i> |
| Europe | | | | | | | | |
| BG Group plc | BRGXF | | 23.69 | 3,407 | 80,700 | 25.00 | 0.13 | 0.95 |
| Royal Dutch Shell plc | RDS-A | B | 71.01 | 3,074 | 218,000 | 96.00 | 0.19 | 0.79 |
| Statoil ASA (33%) | STO | B | 24.64 | 1,050 | 25,900 | 44.00 | 0.21 | 0.65 |
| BP plc | BP | | 47.93 | 3,168 | 152,000 | 93.00 | 0.24 | 0.63 |
| Total S.A. | TOT | B | 59.74 | 2,248 | 134,000 | 111.00 | 0.13 | 0.60 |
| <i>Total or Median</i> | | | | | <i>611,000</i> | | <i>0.19</i> | <i>0.65</i> |
| Australia/Brazil/China/Russia | | | | | | | | |
| CNOOC Limited (34%) | CEO | | 219.82 | 152 | 33,500 | 220.00 | 0.04 | 1.00 |
| Woodside Petroleum Ltd. | WOPEY | B | 43.20 | 782 | 33,800 | 49.00 | 0.12 | 0.90 |
| PetroChina Company Ltd (14%) | PTR | B | 135.44 | 256 | 34,700 | 210.00 | 0.11 | 0.68 |
| Petrobras | PBR | B | 38.00 | 6,428 | 244,300 | 62.00 | 0.11 | 0.66 |
| Gazprom (50%) | OGZPY | B | 26.85 | 2,875 | 77,200 | 56.00 | 0.10 | 0.53 |
| Lukoil Oil Company | LUKOY | B | 65.67 | 814 | 53,500 | 150.00 | 0.06 | 0.47 |
| <i>Total or Median</i> | | | | | <i>477,000</i> | | <i>0.11</i> | <i>0.67</i> |
| U.S. Independent | | | | | | | | |
| Southwestern Energy Company | SWN | | 36.45 | 349 | 12,700 | 35.00 | 0.09 | 1.04 |
| Anadarko Petroleum Corp. | APC | | 80.96 | 498 | 40,300 | 78.00 | 0.35 | 1.02 |
| Chesapeake Energy Corp. | CHK | | 30.43 | 744 | 22,600 | 33.00 | 0.36 | 0.95 |
| Occidental Petroleum Corp. | OXY | B | 107.37 | 814 | 87,400 | 123.00 | 0.05 | 0.88 |
| EOG Resources, Inc. | EOG | B | 108.89 | 252 | 27,400 | 130.00 | 0.15 | 0.86 |
| Devon Energy Corporation | DVN | B | 88.20 | 434 | 38,300 | 112.00 | 0.08 | 0.80 |
| <i>Total or Median</i> | | | | | <i>228,700</i> | | <i>0.12</i> | <i>0.91</i> |
| Canada | | | | | | | | |
| Penn West Petroleum Ltd. | PWE | | 26.75 | 440 | 10,600 | 31.00 | 0.20 | 0.82 |
| Imperial Oil Limited (30%) | IMO | B | 48.90 | 256 | 12,500 | 62.00 | 0.07 | 0.80 |
| Cenovus Energy Inc. | CVE | B | 36.99 | 753 | 27,900 | 49.00 | 0.16 | 0.79 |
| Canadian Natural Resources Limited | CNQ | B | 47.90 | 1,089 | 52,200 | 67.00 | 0.13 | 0.75 |
| Suncor Energy | SU | B | 44.90 | 1,575 | 70,700 | 64.00 | 0.14 | 0.74 |
| EnCana Corporation | ECA | B | 30.97 | 736 | 22,800 | 51.00 | 0.21 | 0.69 |
| Canadian Oil Sands Limited | COSWF | B | 29.90 | 484 | 14,500 | 52.00 | 0.06 | 0.60 |
| <i>Total or Median</i> | | | | | <i>211,000</i> | | <i>0.14</i> | <i>0.75</i> |
| 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\$100 a barrel and natural gas, \$8 a million btu. | | | | | | | | |



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

| Table 3 | | | | | | | | | |
|---|------------------------------------|-------|--------------------|----------------------------|---------------|---------------|--------------------|----|-----|
| McDep Large Cap Energy Portfolio | | | | | | | | | |
| Value Multiples and Distribution Yield | | | | | | | | | |
| | | | Price (US\$/sh) | Adjustd Resrvs/ Prod | PV/ Ebitda | EV/ Ebitda | Divd or Distrib | | |
| | Symbol/Rating | | 18-Feb 2011 | NTM | NTM | NTM | NTM (%) | | |
| B = Buy, CB (see below) | | | | | | | | | |
| U.S. Integrated | | | | | | | | | |
| | Exxon Mobil Corporation | XOM | B | 84.50 | 12.5 | 7.5 | 6.1 | 10 | 2.1 |
| | ConocoPhillips | COP | B | 76.62 | 10.5 | 7.9 | 5.6 | 11 | 3.4 |
| | Marathon Oil Corporation | MRO | B | 49.51 | 8.6 | 6.4 | 5.0 | 11 | 2.0 |
| | Chevron Corporation | CVX | B | 98.72 | 9.0 | 6.6 | 4.6 | 9 | 2.9 |
| | <i>Total or Median</i> | | | | 9.7 | 7.0 | 5.3 | 10 | 2.5 |
| Europe | | | | | | | | | |
| | BG Group plc | BRGXF | | 23.69 | 13.8 | 9.2 | 8.7 | 16 | 0.9 |
| | Royal Dutch Shell plc | RDS-A | B | 71.01 | 8.4 | 6.7 | 5.3 | 9 | 4.7 |
| | BP plc | BP | | 47.93 | 10.4 | 7.6 | 4.8 | 7 | 3.5 |
| | Total S.A. | TOT | B | 59.74 | 9.4 | 7.1 | 4.3 | 10 | 5.2 |
| | Statoil ASA (33%) | STO | B | 24.64 | 6.7 | 6.4 | 4.2 | 8 | 4.5 |
| | <i>Total or Median</i> | | | | 9.4 | 7.1 | 4.8 | 9 | 4.5 |
| Australia/Brazil/China/Russia | | | | | | | | | |
| | Woodside Petroleum Ltd. | WOPEY | B | 43.20 | 19.6 | 13.7 | 12.3 | 24 | 2.3 |
| | Petrobras | PBR | B | 38.00 | 10.0 | 11.0 | 7.2 | 13 | 3.1 |
| | CNOOC Limited (34%) | CEO | | 219.82 | 5.6 | 5.6 | 5.6 | 10 | 2.5 |
| | PetroChina Company Ltd (14%) | PTR | B | 135.44 | 13.6 | 7.9 | 5.4 | 10 | 3.3 |
| | Gazprom (50%) | OGZPY | B | 26.85 | 30.2 | 7.2 | 3.8 | 5 | 1.2 |
| | Lukoil Oil Company | LUKOY | B | 65.67 | 16.0 | 7.6 | 3.6 | 6 | 2.7 |
| | <i>Total or Median</i> | | | | 14.8 | 7.8 | 5.5 | 10 | 2.6 |
| U.S. Independent | | | | | | | | | |
| | Chesapeake Energy Corp. | CHK | | 30.43 | 10.2 | 12.1 | 11.5 | 24 | 1.0 |
| | Southwestern Energy Company | SWN | | 36.45 | 5.7 | 10.1 | 10.5 | 24 | - |
| | Anadarko Petroleum Corp. | APC | | 80.96 | 8.9 | 8.7 | 8.9 | | 0.4 |
| | Devon Energy Corporation | DVN | B | 88.20 | 10.9 | 10.2 | 8.2 | 16 | 0.7 |
| | EOG Resources, Inc. | EOG | B | 108.89 | 8.9 | 8.8 | 7.6 | 33 | 0.6 |
| | Occidental Petroleum Corp. | OXY | B | 107.37 | 11.0 | 8.5 | 7.4 | 15 | 1.7 |
| | <i>Total or Median</i> | | | | 9.5 | 9.4 | 8.6 | 24 | 0.6 |
| Canada | | | | | | | | | |
| | Cenovus Energy Inc. | CVE | B | 36.99 | 21.1 | 13.2 | 10.5 | 27 | 2.2 |
| | EnCana Corporation | ECA | B | 30.97 | 12.5 | 14.8 | 10.2 | 29 | 2.6 |
| | Imperial Oil Limited (30%) | IMO | B | 48.90 | 21.0 | 12.2 | 9.8 | 16 | 0.9 |
| | Canadian Natural Resources Limited | CNQ | B | 47.90 | 18.2 | 12.0 | 9.0 | 23 | 0.6 |
| | Penn West Petroleum Ltd. | PWE | | 26.75 | 9.3 | 10.9 | 8.9 | 38 | 4.0 |
| | Suncor Energy | SU | B | 44.90 | 21.1 | 10.9 | 8.1 | 18 | 0.9 |
| | Canadian Oil Sands Limited | COSWF | B | 29.90 | 28.9 | 13.1 | 7.9 | 14 | 2.7 |
| | <i>Total or Median</i> | | | | 21.0 | 12.2 | 9.0 | 23 | 2.2 |
| 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

February 22, 2011

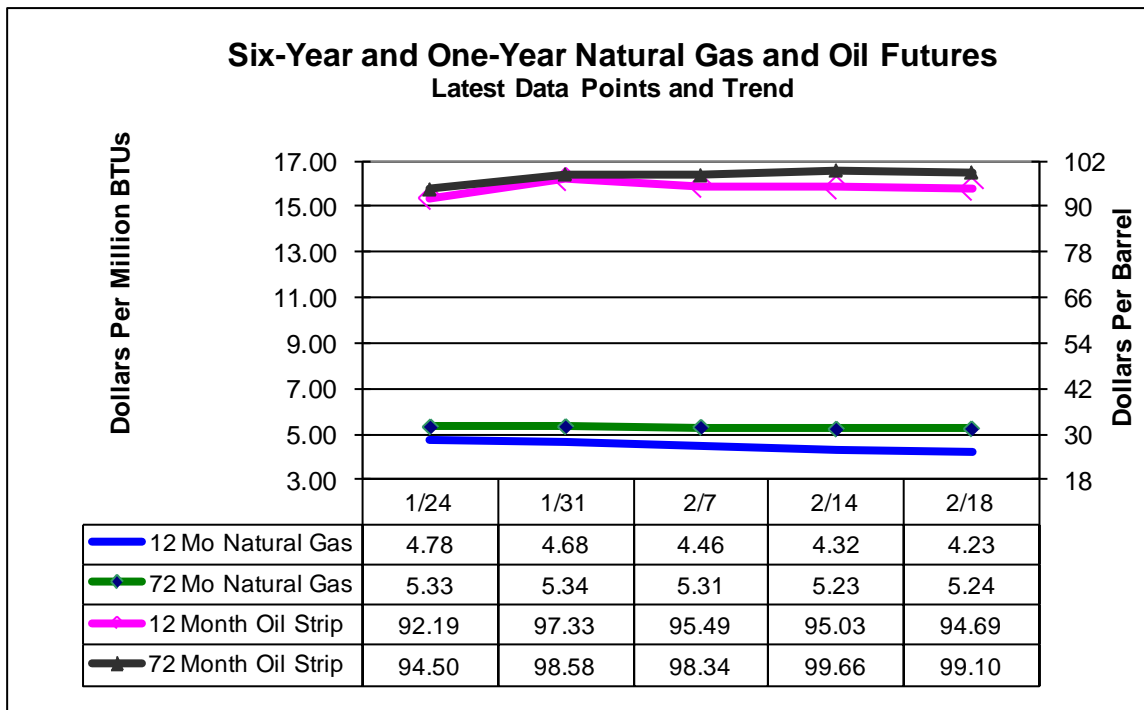
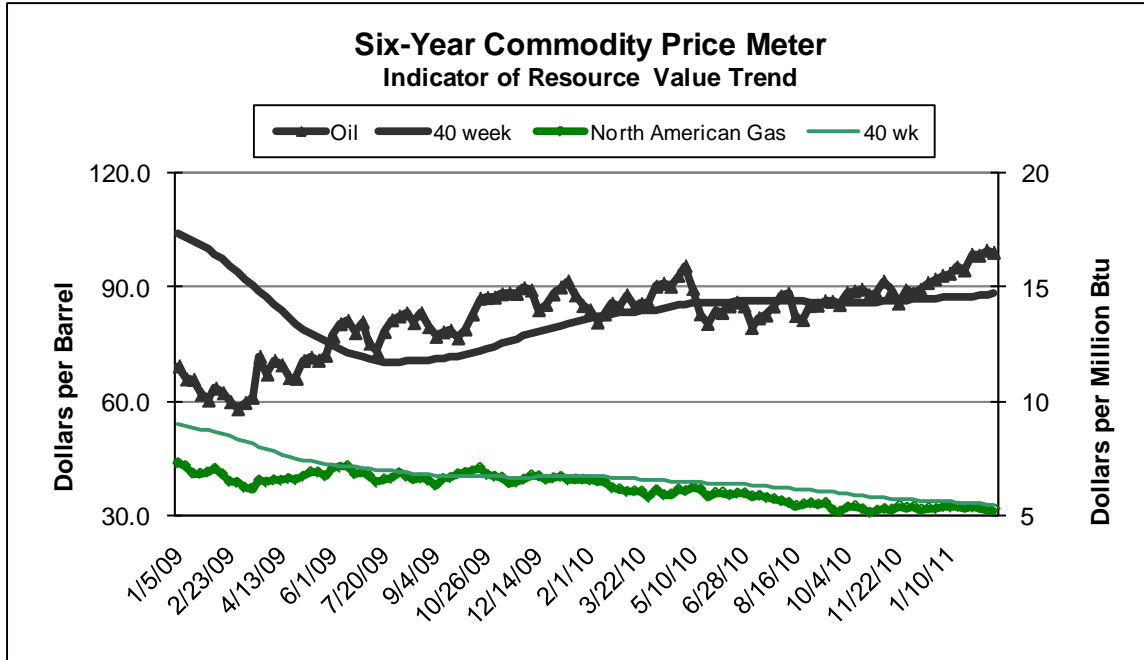
| Table 4 | | | | | | | | |
|---|---------------|---|---------|-------------------|-------------|-------------|-------------|-------------|
| McDep Large Cap Energy Portfolio | | | | | | | | |
| Rank by Enterprise Value to 200 Day Average | | | | | | | | |
| | | | Price | | | | | |
| | | | (\$/sh) | Enterprise Value/ | | | | |
| | Symbol | | 18-Feb | 52Wk | 52Wk | 50 Day | 200 Day | McDep |
| | Rating | | 2011 | High | Low | Avg. | Avg. | Ratio |
| U.S. Integrated | | | | | | | | |
| Marathon Oil Corporation | MRO | B | 49.51 | 0.98 | 1.48 | 1.15 | 1.29 | 0.78 |
| Exxon Mobil Corporation | XOM | B | 84.50 | 0.99 | 1.41 | 1.08 | 1.23 | 0.81 |
| ConocoPhillips | COP | B | 76.62 | 1.00 | 1.40 | 1.08 | 1.20 | 0.71 |
| Chevron Corporation | CVX | B | 98.72 | 1.00 | 1.42 | 1.06 | 1.19 | 0.70 |
| | <i>Median</i> | | | <i>1.00</i> | <i>1.41</i> | <i>1.08</i> | <i>1.21</i> | <i>0.74</i> |
| Europe | | | | | | | | |
| BG Group plc | BRGXF | | 118.45 | 0.96 | 1.55 | 1.08 | 1.25 | 0.95 |
| Royal Dutch Shell plc | RDS-A | B | 71.01 | 0.97 | 1.31 | 1.04 | 1.13 | 0.79 |
| Total S.A. | TOT | B | 59.74 | 0.98 | 1.28 | 1.05 | 1.12 | 0.60 |
| BP plc | BP | | 47.93 | 0.85 | 1.38 | 1.03 | 1.11 | 0.63 |
| Statoil ASA (33%) | STO | B | 24.64 | 0.96 | 1.21 | 1.02 | 1.09 | 0.65 |
| | <i>Median</i> | | | <i>0.97</i> | <i>1.34</i> | <i>1.04</i> | <i>1.12</i> | <i>0.70</i> |
| Australia/Brazil/China/Russia | | | | | | | | |
| Gazprom (50%) | OGZPY | B | 26.85 | 0.93 | 1.36 | 1.01 | 1.15 | 0.53 |
| Lukoil Oil Company | LUKOY | B | 65.67 | 0.98 | 1.40 | 1.06 | 1.14 | 0.47 |
| CNOOC Limited (34%) | CEO | | 219.82 | 0.88 | 1.46 | 0.95 | 1.11 | 1.00 |
| PetroChina Company Ltd (14%) | PTR | B | 135.44 | 0.95 | 1.29 | 1.01 | 1.10 | 0.68 |
| Woodside Petroleum Ltd. | WOPEY | B | 43.20 | 0.94 | 1.26 | 1.01 | 1.06 | 0.90 |
| Petrobras | PBR | B | 38.00 | 0.83 | 1.17 | 1.04 | 1.06 | 0.66 |
| | <i>Median</i> | | | <i>0.93</i> | <i>1.33</i> | <i>1.01</i> | <i>1.11</i> | <i>0.67</i> |
| U.S. Independent | | | | | | | | |
| Occidental Petroleum Corp. | OXY | B | 107.37 | 1.00 | 1.45 | 1.10 | 1.25 | 0.88 |
| Devon Energy Corporation | DVN | B | 88.20 | 0.98 | 1.44 | 1.08 | 1.24 | 0.80 |
| Anadarko Petroleum Corp. | APC | | 80.96 | 0.99 | 1.60 | 1.05 | 1.22 | 1.02 |
| Chesapeake Energy Corp. | CHK | | 30.43 | 0.97 | 1.28 | 1.07 | 1.17 | 0.95 |
| EOG Resources, Inc. | EOG | B | 108.89 | 0.96 | 1.22 | 1.09 | 1.09 | 0.86 |
| Southwestern Energy Company | SWN | | 50.30 | 0.81 | 1.17 | 0.97 | 0.99 | 1.04 |
| | <i>Median</i> | | | <i>0.97</i> | <i>1.36</i> | <i>1.07</i> | <i>1.19</i> | <i>0.91</i> |
| Canada | | | | | | | | |
| Suncor Energy | SU | B | 44.90 | 0.99 | 1.46 | 1.12 | 1.25 | 0.74 |
| Imperial Oil Limited (30%) | IMO | B | 48.90 | 1.00 | 1.33 | 1.15 | 1.22 | 0.80 |
| Canadian Natural Resources | CNQ | B | 47.90 | 0.99 | 1.45 | 1.08 | 1.22 | 0.75 |
| Cenovus Energy Inc. | CVE | B | 36.99 | 1.00 | 1.41 | 1.09 | 1.20 | 0.79 |
| Canadian Oil Sands Limited | COSWF | B | 30.01 | 0.92 | 1.26 | 1.11 | 1.12 | 0.60 |
| Penn West Petroleum Ltd. | PWE | | 80.96 | 0.90 | 1.35 | 0.97 | 1.09 | 0.82 |
| EnCana Corporation | ECA | B | 30.97 | 0.91 | 1.13 | 1.02 | 1.02 | 0.69 |
| | <i>Median</i> | | | <i>0.99</i> | <i>1.35</i> | <i>1.09</i> | <i>1.20</i> | <i>0.75</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

February 22, 2011





Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

| Index of Recent Research | | | |
|---|-------------------------|-------------------------------|---|
| Stock Ideas | | | |
| <u>Date</u> | <u>Symbol</u> | <u>Subject</u> | <u>Theme</u> |
| 18-Feb | PEYUF | Peyto Exploration | Raise NPV to \$24 a Share from \$20 (Income and Small Cap) |
| 16-Feb | XEC | Cimarex Energy | Raise NPV to \$120 on Oil Reserves |
| 17-Jan | BIREF | Birchcliff Energy Ltd. | China Buys Natural Gas in Canada (Income and Small Cap) |
| 10-Feb | ECA | Encana | \$C5.4 Billion Joint Venture Highlights Undervaluation |
| 4-Feb | HK | Petrohawk | Raise NPV to \$24 a Share from \$20 (Income and Small Cap) |
| 1-Feb | COP | ConocoPhillips | Rising Trends (Meter Reader) |
| 1-Feb | CVX | Chevron Corporation | Rising Trends (Meter Reader) |
| 1-Feb | XOM | ExxonMobil | Rising Trends (Meter Reader) |
| 28-Jan | COSWF | Canadian Oil Sands Limited | Ethical Oil for Generations |
| 26-Jan | OXY | Occidental Petroleum | Growing U.S. Oil Production |
| 18-Jan | MRO | Marathon Oil | Refining/Marketing Spinoff May Boost Value 27% (MR) |
| 11-Jan | IMO | Imperial Oil | Accelerating Growth (Meter Reader) |
| 7-Jan | WLL | Whiting Petroleum | Raise NPV to \$150 on North Dakota Oil (ISCW) |
| 4-Jan | PBR | Petrobras | Restore Buy on Oil Growth (Meter Reader) |
| 21-Dec | CHK | Chesapeake Energy | Carl Icahn Owns 5.8% (Meter Reader) |
| 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) |
| 12-Nov | DMLP | Dorchester Minerals, L.P. | Volume Trend Strengthening (Income and Small Cap Weekly) |
| 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 |
| 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 |
| For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name. | | | |
| Meter Reader | | | |
| 15-Feb | TOT STO RDS | Total, Statoil, Royal Dutch | Euro Oils Pay High Dividends from Global Profits |
| 8-Feb | OGZPY STO | Gazprom, Statoil | International Natural Gas Price Action |
| 1-Feb | XOM CVX COP | ExxonMobil, Chevron, ConocoPh | Rising Trends for XOM, CVX, and COP |
| 25-Jan | RDS XOM TOT COP CVX MRO | | Surprising Strength in Refining |
| For earlier editions, go to mcdep.com , click on Meter Reader . | | | |
| Income and Small Cap Weekly | | | |
| 18-Feb | PEYUF | Peyto Exploration | Raise NPV to \$24 a Share from \$20 |
| 11-Feb | BIREF | Birchcliff Energy | China Buys Natural Gas in Canada |
| 4-Feb | HK | Petrohawk | Raise NPV to \$24 a Share from \$20 |
| 28-Jan | | | Rioting in Egypt Strengthens Obama/Carter Parallel |
| For earlier editions, go to mcdep.com , click on Energy Income . | | | |



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 22, 2011

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.