



Meter Reader

A Monthly Analysis of Oil and Gas Stocks
August 16, 2016

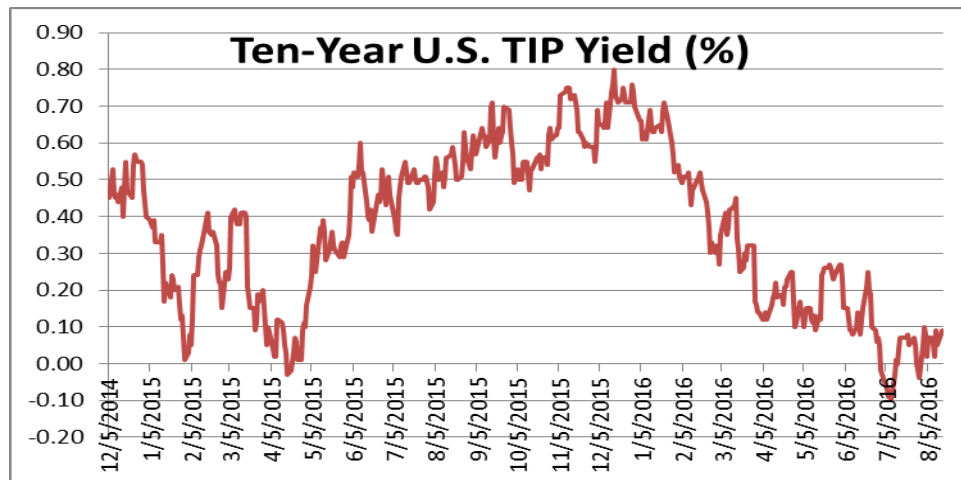
The Money Glut

	Symbol/Rating		Price (US\$/sh)	EV/ Market	Enterprise Value (\$mm)	Present Value by Segment (%)				Dist. Yield	McDep Ratio			
						15-Aug 2016	1.68	337,000	North Amer.			Rest of World	Oil Prod'n	Down- stream
									Natural Gas			Natural Gas		
Royal Dutch Shell	RDS-A	B	50.02	1.68	337,000	2	21	54	24	7.5	0.74			
Total S.A.	TOT	B	48.60	1.51	175,000		20	58	22	5.6	0.64			
Marathon Oil Corporation	MRO	B	14.90	1.60	20,200	10	2	88		1.3	0.82			
ConocoPhillips	COP	B	42.18	1.75	92,000	13	13	75		2.4	0.73			
Continental Resources (32%)	CLR	B	47.54	1.40	7,900	22		78		-	0.89			
Dorchester Minerals, L.P.	DMLP	B	15.81	1.00	490	28		72		7.4	0.66			
Sabine Royalty Trust	SBR	B	39.15	1.00	570	38		62		6.2	0.65			
Birchcliff Energy Ltd.	BIREF	B	6.96	1.58	1,700	74		26		-	0.73			

Summary and Recommendation

Rising oil and stock price looks like a trend that can last a while in the eventual adjustment to a depreciation of money. Record low, often negative, interest rates attest to a glut of money spawned by global central bank policies. The real yield on the Ten-Year U.S. Treasury Inflation Protected Security bumps along the zero line (see chart below). More money translates to higher price for a resource like oil whose supply expands at a slower rate. Investors need to keep up with the trend to preserve and enhance inflation-adjusted portfolio value. Oil and gas stocks represent ownership of companies that hold and are creating assets whose price is on the rise, we believe. After positive performance in 2016, values remain attractive to us (see Tables 1-4 on pages 2-5).

Kurt H. Wulff, CFA





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						Present Value by Segment (%)					
		Price	EV/	Enterprise	North	Rest of			Dist.		
		(US\$/sh)	Market	Value	Amer.	World			Yield		
Symbol/Rating		15-Aug	Cap	(\$mm)	Natural	Natural	Oil	Down-	NTM	McDep	
		2016			Gas	Gas	Prod'n	stream	(%)	Ratio	
Global Integrated											
Exxon Mobil Corporation	XOM	87.81	1.26	462,000	6	16	55	23	3.4	0.90	
Chevron Corporation	CVX	102.77	1.35	259,000	2	13	66	19	4.2	0.81	
Royal Dutch Shell	RDS-A B	50.02	1.68	337,000	2	21	54	24	7.5	0.74	
Total S.A.	TOT B	48.60	1.51	175,000		20	58	22	5.6	0.64	
<i>Total or Median</i>			<i>1.43</i>	<i>1,233,000</i>			<i>56</i>	<i>23</i>	<i>4.9</i>	<i>0.77</i>	
Large Independent											
EOG Resources, Inc.	EOG	90.55	1.15	56,900	11	1	87		0.7	1.18	
Devon Energy Corporation	DVN	41.96	1.50	32,500	28		62	10	0.6	1.16	
Occidental Petroleum Corp.	OXY	75.05	1.17	67,300	4	2	86	7	4.0	1.00	
Marathon Oil Corporation	MRO B	14.90	1.60	20,200	10	2	88		1.3	0.82	
ConocoPhillips	COP B	42.18	1.75	92,000	13	13	75		2.4	0.73	
<i>Total or Median</i>			<i>1.50</i>	<i>269,000</i>	<i>11</i>		<i>86</i>		<i>1.3</i>	<i>1.00</i>	
Small Independent											
Cimarex Energy Company	XEC	131.01	1.11	13,500	34		66		0.2	1.08	
Range Resources	RRC	39.14	1.46	9,600	70		30		0.2	0.95	
Continental Resources (32%)	CLR B	47.54	1.40	7,900	22		78		-	0.89	
Whiting Petroleum Corporation	WLL	8.27	3.03	7,100	10		90		-	0.87	
California Resources	CRC	13.35	13.83	7,300	13		88		-	0.83	
<i>Total or Median</i>			<i>1.46</i>	<i>45,000</i>	<i>22</i>		<i>78</i>		<i>-</i>	<i>0.89</i>	
Income											
San Juan Basin Royalty Trust	SJT	6.24	1.00	290	100		-		7.7	0.78	
Dorchester Minerals, L.P.	DMLP B	15.81	1.00	490	28		72		7.4	0.66	
Sabine Royalty Trust	SBR B	39.15	1.00	570	38		62		6.2	0.65	
Cross Timbers Royalty Trust	CRT	18.85	1.00	110	57		43		7.2	0.65	
Permian Basin RT	PBT	7.02	1.00	330	23		77		8.6	0.64	
<i>Total or Median</i>			<i>1.00</i>	<i>1,800</i>	<i>38</i>		<i>62</i>		<i>7.4</i>	<i>0.65</i>	
Canada											
EnCana Corporation	ECA	9.55	2.05	16,600	43		57		0.6	1.22	
Imperial Oil Limited (30%)	IMO	31.67	1.35	10,900	0		64	36	1.5	0.87	
Suncor Energy	SU	28.35	1.34	63,300	-		84	16	3.2	0.85	
Cenovus Energy Inc.	CVE	15.26	1.32	16,800	7		76	16	1.0	0.81	
Birchcliff Energy Ltd.	BIREF B	6.96	1.58	1,700	74		26		-	0.73	
<i>Total or Median</i>			<i>1.35</i>	<i>109,000</i>			<i>64</i>		<i>1.0</i>	<i>0.85</i>	
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.											
Estimated present value capped by unlevered cash flow multiple (EV/Ebitda)											
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses											
For historical research see www.mcdep.com											



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			<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i> <i>Cap</i> <i>(US\$mm)</i>	<i>Net</i> <i>Present</i> <i>Value</i> <i>(US\$/sh)</i>	<i>Debt/</i> <i>Present</i> <i>Value</i>	<i>McDep</i> <i>Ratio</i>
	<i>Symbol/Rating</i>		<i>15-Aug</i> <i>2016</i>	<i>(mm)</i>				
		<i>B = Buy</i>						
Global Integrated								
Exxon Mobil Corporation	XOM		87.81	4,178	367,000	100.00	0.18	0.90
Chevron Corporation	CVX		102.77	1,872	192,000	135.00	0.21	0.81
Royal Dutch Shell	RDS-A	B	50.02	4,007	200,000	80.00	0.30	0.74
Total S.A.	TOT	B	48.60	2,379	116,000	90.00	0.22	0.64
	<i>Total or Median</i>				<i>875,000</i>		<i>0.21</i>	<i>0.77</i>
Large Independent								
EOG Resources, Inc.	EOG		90.55	547	49,500	75.00	0.15	1.18
Devon Energy Corporation	DVN		41.96	516	21,600	33.00	0.39	1.16
Occidental Petroleum Corp.	OXY		75.05	764	57,300	75.00	0.15	1.00
Marathon Oil Corporation	MRO	B	14.90	847	12,630	20.00	0.31	0.82
ConocoPhillips	COP	B	42.18	1,245	53,000	70.00	0.31	0.73
	<i>Total or Median</i>				<i>194,000</i>		<i>0.31</i>	<i>1.00</i>
Small Independent								
Cimarex Energy Company	XEC		131.01	93	12,200	120.00	0.10	1.08
Range Resources	RRC		39.14	167	6,500	42.00	0.30	0.95
Continental Resources (32%)	CLR	B	47.54	118	5,600	56.00	0.26	0.89
Whiting Petroleum Corporation	WLL		8.27	285	2,400	12.00	0.58	0.87
California Resources	CRC		13.35	40	500	50.00	0.77	0.83
	<i>Total or Median</i>				<i>27,000</i>		<i>0.30</i>	<i>0.89</i>
Income								
San Juan Basin Royalty Trust	SJT		6.24	47	290	8.00	-	0.78
Dorchester Minerals, L.P.	DMLP	B	15.81	31	490	24.00	-	0.66
Sabine Royalty Trust	SBR	B	39.15	15	570	60.00	-	0.65
Cross Timbers Royalty Trust	CRT		18.85	6	110	29.00	-	0.65
Permian Basin RT	PBT		7.02	47	330	11.00	-	0.64
	<i>Total or Median</i>				<i>1,800</i>		<i>-</i>	<i>0.65</i>
Canada								
EnCana Corporation	ECA		9.55	850	8,100	6.00	0.63	1.22
Imperial Oil Limited (30%)	IMO		31.67	255	8,100	38.00	0.23	0.87
Suncor Energy	SU		28.35	1,665	47,200	35.00	0.22	0.85
Cenovus Energy Inc.	CVE		15.26	833	12,700	20.00	0.20	0.81
Birchcliff Energy Ltd.	BIREF	B	6.96	153	1,100	11.00	0.27	0.73
	<i>Total or Median</i>				<i>77,000</i>		<i>0.23</i>	<i>0.85</i>
Estimated present value presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.								
Estimated present value capped by unlevered cash flow multiple (EV/Ebitda)								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								
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			<i>Price (US\$/sh)</i>	<i>Adjustd Resrvs/ Prod</i>	<i>PV/ Ebitda</i>	<i>EV/ Ebitda</i>	<i>P/E</i>	<i>Dividend NTM</i>
	<i>Symbol/Rating</i>		<i>15-Aug 2016</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
		B = Buy						
Global Integrated								
Exxon Mobil Corporation	XOM		87.81	14.5	13.7	12.4	35	3.00
Chevron Corporation	CVX		102.77	9.2	13.6	11.0	54	4.28
Royal Dutch Shell	RDS-A	B	50.02	9.8	11.9	8.7	34	3.76
Total S.A.	TOT	B	48.60	9.9	10.8	6.9	16	2.72
	<i>Median</i>			<i>9.8</i>	<i>12.7</i>	<i>9.9</i>	<i>35</i>	
Large Independent								
EOG Resources, Inc.	EOG		90.55	8.2	15.5	18.2		0.67
Devon Energy Corporation	DVN		41.96	9.0	15.5	18.0		0.24
Occidental Petroleum Corp.	OXY		75.05	8.3	15.9	15.9		3.00
Marathon Oil Corporation	MRO	B	14.90	12.7	17.0	14.0		0.20
ConocoPhillips	COP	B	42.18	11.2	17.3	12.6		1.00
	<i>Median</i>			<i>9.0</i>	<i>15.9</i>	<i>15.9</i>		
Small Independent								
Range Resources	RRC		39.14	14.4	22.4	21.4		0.08
Cimarex Energy Company	XEC		131.01	7.0	16.1	17.5		0.32
Continental Resources (32%)	CLR	B	47.54	11.4	18.5	16.5		-
California Resources	CRC		13.35	11.7	16.2	13.5		-
Whiting Petroleum Corporation	WLL		8.27	9.4	13.2	11.5		-
	<i>Median</i>			<i>11.4</i>	<i>16.2</i>	<i>16.5</i>		
Income								
Sabine Royalty Trust	SBR	B	39.15	9.6	24.6	16.1	16	2.44
Dorchester Minerals, L.P.	DMLP	B	15.81	6.7	19.6	12.9	17	1.17
San Juan Basin Royalty Trust	SJT		6.24	9.9	16.1	12.6	13	0.48
Cross Timbers Royalty Trust	CRT		18.85	6.6	18.8	12.2	14	1.36
Permian Basin RT	PBT		7.02	8.6	18.1	11.6	12	0.61
	<i>Median</i>			<i>8.6</i>	<i>18.8</i>	<i>12.6</i>	<i>14</i>	
Canada								
EnCana Corporation	ECA		9.55	5.4	12.7	15.5		0.06
Imperial Oil Limited (30%)	IMO		31.67	35.8	14.6	12.7		0.46
Cenovus Energy Inc.	CVE		15.26	16.7	14.4	11.6		0.15
Birchcliff Energy Ltd.	BIREF	B	6.96	15.1	15.3	11.3		-
Suncor Energy	SU		28.35	21.6	12.7	10.8		0.89
	<i>Median</i>			<i>16.7</i>	<i>14.4</i>	<i>11.6</i>		
	<i>Grand Median</i>			<i>10</i>	<i>16</i>	<i>13</i>		

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2017; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses For historical research see www.mcdep.com



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Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2016										
Ranked by Unlevered Total Return										
			Price	Price			Equity	Unlevered		
			(\$/sh)	(\$/sh)	Price	Cash	Total	Total		
	Symbol/Rati		15-Aug	31-Dec	Change	Distrib.	Return	Debt	Return	
			2016	2015	(%)	(%)	(%)	(\$/sh)	(%)	
									McDep	
									Ratio	
Global Integrated										
	Chevron Corporation	CVX	102.77	89.96	14	2	17	36	12	0.81
	Exxon Mobil Corporation	XOM	87.81	77.95	13	2	15	23	11	0.90
	Royal Dutch Shell	RDS-A B	50.02	45.79	9	4	13	34	8	0.74
	Total S.A.	TOT B	48.60	44.95	8	3	11	25	7	0.64
	<i>Median</i>				11		14		9	0.77
Large Independent										
	EOG Resources, Inc.	EOG	90.55	70.79	28	1	29	13	24	1.18
	Devon Energy Corporation	DVN	41.96	32.00	31	1	32	21	19	1.16
	Marathon Oil Corporation	MRO B	14.90	12.58	18	1	19	9	11	0.82
	Occidental Petroleum Corp.	OXY	75.05	67.61	11	2	13	13	11	1.00
	ConocoPhillips	COP B	42.18	46.69	(10)	1	(9)	32	(5)	0.73
	<i>Median</i>				18		19		11	1.00
Small Independent										
	Continental Resources (32%)	CLR B	47.54	22.98	107	-	107	19	58	0.89
	Cimarex Energy Company	XEC	131.01	89.38	47	0	47	14	40	1.08
	Range Resources	RRC	39.14	24.62	59	0	59	18	34	0.95
	Whiting Petroleum Corporation	WLL	8.27	9.44	(12)	-	(12)	17	(4)	0.87
	California Resources	CRC	13.35	23.30	(43)	-	(43)	170	(5)	0.83
	<i>Median</i>				47		47		34	0.89
Income										
	Dorchester Minerals, L.P.	DMLP B	15.81	9.89	60	6	66	-	66	0.66
	San Juan Basin Royalty Trust	SJT	6.24	4.14	51	3	53	-	53	0.78
	Sabine Royalty Trust	SBR B	39.15	26.26	49	4	53	-	53	0.65
	Cross Timbers Royalty Trust	CRT	18.85	13.01	45	5	50	-	50	0.65
	Permian Basin RT	PBT	7.02	5.06	39	3	42	-	42	0.64
	<i>Median</i>				49		53		53	0.65
Canada										
	Birchcliff Energy Ltd.	BIREF B	6.96	2.93	138	-	138	4	58	0.73
	EnCana Corporation	ECA	9.55	5.09	88	1	88	10	30	1.22
	Cenovus Energy Inc.	CVE	15.26	12.62	21	1	22	5	15	0.81
	Suncor Energy	SU	28.35	25.80	10	2	12	10	8	0.85
	Imperial Oil Limited (30%)	IMO	31.67	32.52	(3)	1	(2)	11	(1)	0.87
	<i>Median</i>				21		22		15	0.85
	<i>Grand Median</i>				24		25		17	0.83
	Natural Gas (\$/mmbtu)		2.60	2.33	12					
	Oil - West Texas Intermediate (\$/bbl)		45.82	37.06	24					
	S&P 500		2,190	2,044	7					

Source: McDep LLC, Yahoo, CME Group, Bloomberg

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Index of 2015-2016 Research				
<u>Date</u>	<u>Series</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
11-Aug	ISI	XEC	Cimarex Energy	Raise NPV to \$120 from \$90
1-Aug	II	XOM, RDS, CVX, TOT		Real Return Standouts
1-Aug	ISI	WLL	Whiting Petroleum	Remove Buy Designation
22-Jul	II	CRT, DMLP, PBT, SBR, SJT		Income Payers in Uptrend
12-Jul	MR			Mid-Year Strategy
7-Jul	ISI	XOM	Exxon Mobil	Durable Real Return
22-Jun	ISI	BIREF	Birchcliff Energy	Half Billion Dollar Deal with Encana
21-Jun	ISI	SJT	San Juan Basin Royalty Trust	Record Administrative Costs
21-Jun	ISI	PBT	Permian Basin Royalty Trust	Raise Distribution to 9%
14-Jun	MR			Good Year for Oil and Gas
10-Jun	ISI	SU	Suncor Energy Inc.	Revitalized after Wildfire
7-Jun	ISI	WLL	Whiting Petroleum	Looking Up Again
23-May	ISI	DMLP	Dorchester Minerals, L.P.	Raise Distribution to 9%
17-May	ISI	COP	ConocoPhillips	Strategy Reset to Low Risk Value
12-May	ISI	BIREF	Birchcliff Energy	Record Low Operating Cost
10-May	MR			Value, Growth, Income and Momentum
9-May	ISI	RRC	Range Resources	Restore Net Present Value to \$42 a Share
26-Apr	ISI	CLR	Continental Resources	Disciplined Visionary
13-Apr	MR			Road to Profits
5-Apr	ISI	TOT	Total S.A.	Globally Diversified Income
22-Mar	II	CRT, DMLP, PBT, SBR, SJT		Income Payer Appreciation Potential 55%-110%
15-Mar	MR			Best Oil Outlook in Seven Years
7-Mar	II	COP, MRO, CLR, WLL		Buy Low
29-Feb	ISI	DMLP	Dorchester Minerals, L.P.	Oil Income for All Seasons
19-Feb	ISI	DVN	Devon Energy	Flexibility to Adapt
19-Feb	ISI	MRO	Marathon Oil	Flexibility to Adapt
9-Feb	MR			Outperforming in 2016
3-Feb	ISI	XOM	Exxon Mobil	For Nervous Investors Seeking Reliable Income
28-Jan	ISI	BIREF	Birchcliff Energy	Protection and Growth
22-Jan	II	CRT, PBT, SBR, SJT, DMLP		Income Payer Surprises
21-Jan	ISI	SU	Suncor Energy Inc.	Likely Acquirer of Canadian Oil Sands
19-Jan	ISI	COSWF	Canadian Oil Sands Ltd.	Farewell
13-Jan	II	MRO, DVN, COP, OXY, EOG		Wild Markets in Oil and Securities
1-Jan	MR			Lower Natural Gas to \$4.00 from \$4.50
21-Dec	II	DMLP, SBR, CRT, SJT, PBT		Income Payers at Low Price
15-Dec	MR			Buys for 2016 and Beyond
8-Dec	ISI	RDS	Royal Dutch Shell plc	Buy on Acquisition Pro Forma
23-Nov	ISI	SJT	San Juan Basin Royalty Trust	Steep Price Decline Triggers Buy
18-Nov	II	MRO, DVN, COP, OXY, EOG		Large Cap Independent Producers for Upside
12-Nov	ISI	BIREF	Birchcliff Energy	Encouraging Volume, Uncertain Price
10-Nov	MR	CLR, XEC, WLL, RRC, CRC		Small Cap Producers for the Ucycle
6-Nov	ISI	DMLP	Dorchester Minerals, L.P.	25% Volume Beat
2-Nov	ISI	XOM	Exxon Mobil	Potential Gain with Minimal Pain
				MR = Meter Reader (published monthly on or about second or third Tuesday)
				ISI = Independent Stock Idea
				II = Industry Idea
				For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.



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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.