



Independent Stock Idea

February 27, 2015

EOG Resources (EOG) Top Value Creator

<i>Symbol</i>	EOG	<i>Ebitda Next Twelve Months ending 12/31/15 (US\$m)</i>	4,100
<i>Rating</i>		<i>North American Natural Gas/Ebitda (%)</i>	10
<i>Price (\$/sh)</i>	90.13	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	2/26/15	<i>Adjusted Reserves/Production NTM</i>	9.2
<i>Shares (mm)</i>	549	<i>EV/Ebitda</i>	13.5
<i>Market Capitalization (\$mm)</i>	49,500	<i>PV/Ebitda</i>	16.2
<i>Debt (\$mm)</i>	5,700	<i>Undeveloped Reserves (%)</i>	46
<i>Enterprise Value (EV) (\$mm)</i>	55,100	<i>Natural Gas and Oil Ebitda (\$/mcf)</i>	3.30
<i>Present Value (PV) (\$mm)</i>	66,000	<i>Present Value Proven Reserves(\$/boe)</i>	26.40
<i>Net Present Value (\$/share)</i>	110	<i>Present Value Proven Reserves(\$/mcf)</i>	4.40
<i>Debt/Present Value</i>	0.09	<i>Earnings Next Twelve Months (US\$/sh)</i>	2.94
<i>McDep Ratio - EV/PV</i>	0.83	<i>Price/Earnings Next Twelve Months</i>	31
<i>Dividend Yield (%/year)</i>	0.7	<i>Indicated Annual Dividend (US\$/sh)</i>	0.67
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
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\$90 a barrel and natural gas, \$6 a million btu.			
For historical research on EOG since 2006 see http://www.mcdep.com/3eog.htm			

Summary and Recommendation

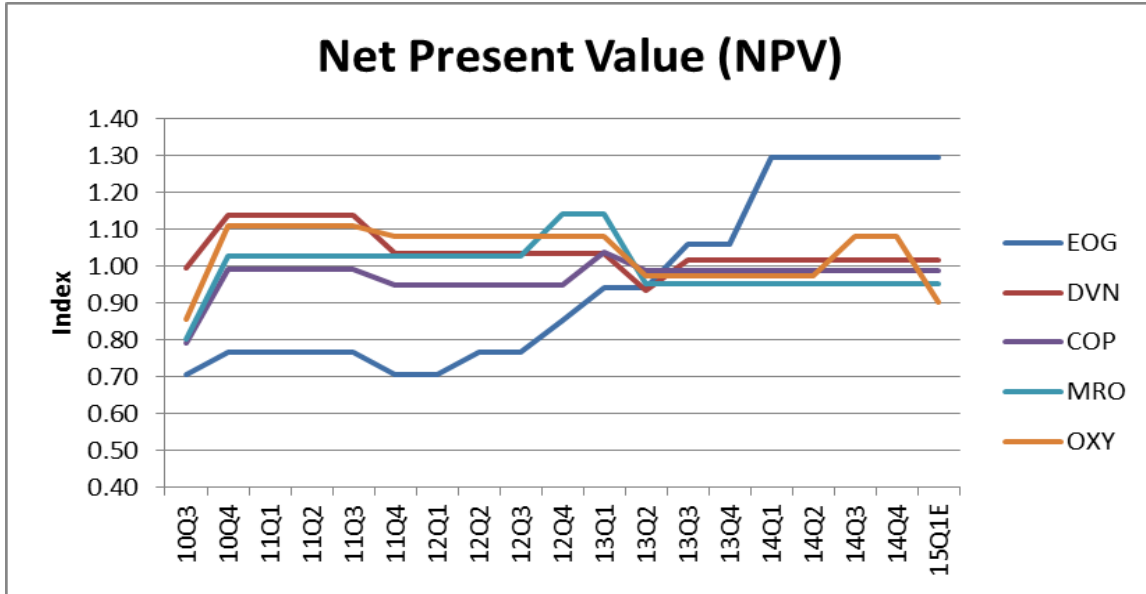
The price is right, we believe, for new investment in the common stock of **EOG Resources (EOG)**, the top value creator in the shale oil boom and a likely leader in the oil price recovery we expect. Current stock price of \$90 a share is below the 52 week high of \$119 and our Net Present Value (NPV) of \$110. At the same time, the company's record of value creation is practically double that of peers in the past several years (see chart NPV on page 2). Smart management and brilliant technological innovation in oil shale contributed to that record. Meanwhile, the boom EOG inspired contributed to a sharp decline in oil price and oil producer stock price. In response to low oil price, EOG management has scaled back on new investment. Chief Executive Bill Thomas explains that profits will be higher by delaying the completion of certain wells whether, for example, it takes six months or two years for oil price to regain \$65 a barrel from a recent \$45 (see slides Deferred Completions on pages 2-3). The company would be prepared to grow rapidly again when oil price is higher. Also for the investor call on February 19, final results for 2014, including proven reserves, were released. We incorporate the updated information in our estimate of NPV (see table Present Value on page 3). The estimate depends in part on cash flow (Ebitda) for 2015 (see table Operating and Financial Estimates on page 4). Adjusted reserve life helps determine cash flow multiple (PV/Ebitda). That multiple now looks high for the time being because we keep \$90 a barrel as our long-term price assumption. Because the oil price drop was restored so quickly in the last cycle, 2008-2009, we have not revised NPV to a lower long-term price. The same quantitative analysis applied to other companies contributes to the conclusion that despite EOG'S superior record, its stock is priced only modestly higher than competitors at a McDep Ratio of 0.83 compared to a median 0.74 (see Tables 1-4 on pages 5-8).

Kurt H. Wulff, CFA

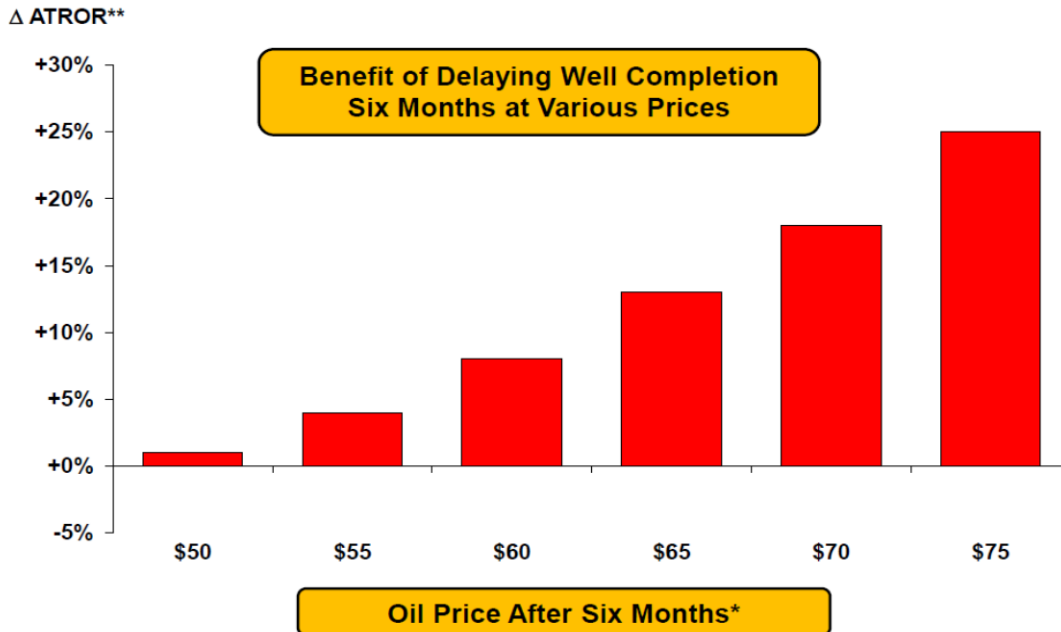


Independent Stock Idea

February 27, 2015



EOG Resources Deferred Completions



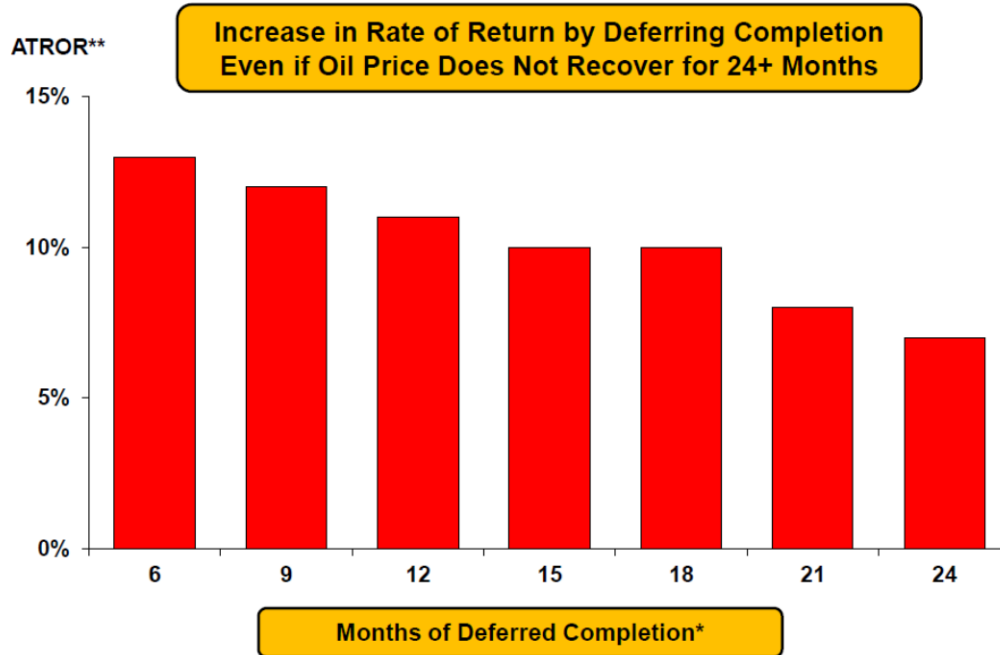
* \$45 oil price first six months. Based on Eagle Ford West Type Well
 ** See reconciliation schedule



Independent Stock Idea

February 27, 2015

EOG Resources Deferred Completions



* \$45 oil price until completion, then \$65 thereafter. Note: Based on Eagle Ford West Type Well.
** See reconciliation schedule

EOG Resources Inc.					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	430	12.6	20.9	9,000	14%
Rest of World Natural Gas	290	3.1	8.3	2,400	4%
Oil	3,380	8.8	16.2	54,700	83%
	4,100	9.2	16.1	66,100	100%
Debt (US\$mm)					5,700
Net Present Value (US\$mm)					60,400
Shares (mm)					549
Net Present Value - Standard Estimate (US\$/sh)					110
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					108



Independent Stock Idea

February 27, 2015

EOG Resources Inc.										
Next Twelve Months Operating and Financial Estimates										
	Q4	Year	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/13	2013	9/30/14	12/31/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	12/31/15
Volume										
Natural Gas (mmcf)										
U.S.	873	908	941	921	920	895	878	861	845	870
Canada	69	76	63	51	61					
Overseas	379	359	356	338	370	372	374	376	378	375
Total	1,321	1,343	1,360	1,310	1,351	1,267	1,252	1,237	1,223	1,244
Days	92	365	92	92	365	90	91	92	92	365
Oil (mb)	29	104	36	36	135	33	34	34	33	134
Oil (mbd)	311	285	386	392	369	372	368	365	361	366
Total gas & oil (bcf)	293	1,115	338	337	1,302	315	315	315	312	1,257
Total gas & oil (mmcf)	3,187	3,056	3,676	3,662	3,566	3,499	3,462	3,425	3,388	3,443
Price										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	3.60	3.65	4.07	4.02	4.43	3.00	3.00	3.08	3.20	3.07
U.S.	3.28	3.32	3.48	3.21	3.93	2.40	2.40	2.46	2.55	2.45
Canada	3.34	3.09	4.05	3.64	4.31					
Overseas	3.65	3.73	3.53	3.80	3.68	3.80	3.80	3.80	3.80	3.80
Total	3.39	3.42	3.52	3.38	3.88	2.81	2.82	2.87	2.94	2.86
Oil (\$/bbl)										
WTI Cushing	97.46	97.98	97.24	73.18	93.04	49.53	52.12	55.97	58.27	53.97
Worldwide	83.33	87.09	82.77	62.20	79.38	42.10	44.29	47.57	49.52	45.86
Total gas & oil (\$/mcf)	9.54	9.64	9.99	7.87	9.69	5.49	5.73	6.10	6.34	5.91
Revenue (\$mm)										
Natural Gas										
U.S.	263	1,101	301	272	1,321	193	192	195	199	779
Canada	21	85	23	17	96					
Overseas	127	489	116	118	496	127	129	131	132	520
Total	412	1,676	440	407	1,914	321	321	327	331	1,299
Oil	2,384	9,074	2,939	2,243	10,697	1,409	1,484	1,596	1,644	6,134
Total	2,796	10,750	3,380	2,650	12,611	1,730	1,806	1,922	1,975	7,433
Expense	808	3,038	981	1,007	3,792	779	813	865	889	3,345
Ebitda (\$mm)	1,988	7,712	2,399	1,643	8,819	952	993	1,057	1,086	4,088
Exploration	45	235	65	63	232	50	50	50	50	200
Deprec., Deplet., & Amort.	915	3,601	1,040	1,014	3,997	950	950	950	950	3,800
Hedging and other	132	184	136	(151)	207	(676)	(660)	(634)	(623)	(2,593)
Ebit	896	3,692	1,158	717	4,383	627	653	691	709	2,681
Interest	53	236	50	50	202	50	50	50	50	200
Ebt	843	3,456	1,108	667	4,181	577	603	641	659	2,481
Income Tax	295	1,210	388	234	1,463	202	211	225	231	868
Net Income (\$mm)	548	2,247	721	434	2,717	375	392	417	428	1,612
Shares (millions)	548	547	550	549	549	549	549	549	549	549
Per Share (\$)	1.00	4.11	1.31	0.79	4.95	0.68	0.71	0.76	0.78	2.94
Ebitda Margin	71%	72%	71%	62%	70%	55%	55%	55%	55%	55%



Independent Stock Idea

February 27, 2015

Table 1													
McDep Energy Stocks													
Enterprise Value, Segments, Yield and McDep Ratio													
		Price (US\$/sh)	EV/ Market	Enterprise Value (\$mm)	Present Value by Segment (%)					Dist. Yield NTM (%)	McDep Ratio		
					26-Feb 2015	Cap	Natural Gas	North Amer. Natural Gas	Rest of World Natural Gas			Oil Prod'n	Down- stream
Global Integrated													
Exxon Mobil Corporation	XOM	88.65	1.20	449,000		7	16	60	17	3.1	0.89		
Chevron Corporation	CVX	107.06	1.24	249,000		3	10	72	16	4.0	0.76		
Royal Dutch Shell plc	RDS-A	64.82	1.42	290,000		4	22	56	18	5.8	0.75		
Total S.A.	TOT	52.98	1.49	181,000			22	60	18	5.2	0.75		
Lukoil Oil Company	LUKOY	47.40	1.22	44,800				76	24	4.0	0.40		
<i>Total or Median</i>			<i>1.24</i>	<i>1,214,000</i>				<i>60</i>	<i>18</i>	<i>4.0</i>	<i>0.75</i>		
U.S. Independent													
EOG Resources, Inc.	EOG	90.13	1.11	55,100		14	4	83		0.7	0.83		
Occidental Petroleum Corp.	OXY	78.32	1.09	65,700		6	1	81	12	3.7	0.80		
Devon Energy Corporation	DVN	62.55	1.66	42,400		28		64	8	1.5	0.74		
ConocoPhillips	COP	65.85	1.40	115,000		13	15	72		4.4	0.73		
Marathon Oil Corporation	MRO	28.00	1.44	27,400		8	2	89		3.0	0.65		
<i>Total or Median</i>			<i>1.40</i>	<i>306,000</i>		<i>13</i>		<i>81</i>		<i>3.0</i>	<i>0.74</i>		
Canada													
Imperial Oil Limited (30%)	IMO	38.71	1.25	12,300		2		78	19	1.1	0.78		
EnCana Corporation	ECA	13.08	2.25	21,600		53		47		2.1	0.63		
Canadian Oil Sands Limited	COSWF	8.72	1.65	7,000				100		1.8	0.56		
Cenovus Energy Inc.	CVE	17.38	1.45	19,100		8		84	8	4.9	0.51		
<i>Total or Median</i>			<i>1.55</i>	<i>60,000</i>				<i>81</i>		<i>2.0</i>	<i>0.60</i>		
Small Cap Independent Producers													
Cimarex Energy Company	XEC	112.69	1.17	11,500		41		59		0.6	0.83		
Continental Resources (32%)	CLR	45.98	1.39	7,600		21		79		-	0.62		
Range Resources	RRC	50.82	1.46	12,400		68		32		0.3	0.60		
Whiting Petroleum Corporation	WLL	34.00	2.06	11,900		7		93		-	0.56		
Birchcliff Energy Ltd.	BIREF	5.64	1.59	1,400		75		25		-	0.46		
California Resources	CRC	7.01	3.35	9,000		13		87		0.6	0.42		
<i>Total or Median</i>			<i>1.53</i>	<i>54,000</i>		<i>31</i>		<i>69</i>		<i>0.2</i>	<i>0.58</i>		
RTF Cash Payers													
Dorchester Minerals, L.P.	DMLP	23.94	1.00	730		37		63		4.8	0.75		
San Juan Basin Royalty Trust	SJT	14.21	1.00	660		100		-		4.5	0.68		
Hugoton Royalty Trust	HGT	8.09	1.00	320		85		15		5.9	0.68		
Sabine Royalty Trust	SBR	43.00	1.00	630		44		56		6.4	0.63		
Permian Basin RT	PBT	9.93	1.00	460		23		77		5.2	0.62		
Cross Timbers Royalty Trust	CRT	21.01	1.00	130		64		36		6.2	0.50		
Enduro Royalty Trust	NDRO	4.90	1.00	160		31		69		4.4	0.45		
<i>Total or Median</i>			<i>1.00</i>	<i>3,100</i>		<i>44</i>		<i>56</i>		<i>5.2</i>	<i>0.63</i>		

Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



Independent Stock Idea

February 27, 2015

		<i>Price</i> <i>(US\$/sh)</i>	<i>Shares</i> <i>(mm)</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>
Global Integrated							
Exxon Mobil Corporation	XOM	88.65	4,235	375,000	102.00	0.15	0.89
Chevron Corporation	CVX	107.06	1,884	202,000	150.00	0.14	0.76
Royal Dutch Shell plc	RDS-A	64.82	3,151	204,000	95.00	0.22	0.75
Total S.A.	TOT	52.98	2,287	121,000	80.00	0.25	0.75
Lukoil Oil Company	LUKOY	47.40	776	36,800	135.00	0.07	0.40
	<i>Total or Median</i>			<i>939,000</i>		<i>0.15</i>	<i>0.75</i>
U.S. Independent							
EOG Resources, Inc.	EOG	90.13	549	49,500	110.00	0.09	0.83
Occidental Petroleum Corp.	OXY	78.32	773	60,500	100.00	0.06	0.80
Devon Energy Corporation	DVN	62.55	409	25,600	100.00	0.29	0.74
ConocoPhillips	COP	65.85	1,240	82,000	100.00	0.21	0.73
Marathon Oil Corporation	MRO	28.00	677	18,960	50.00	0.20	0.65
	<i>Total or Median</i>			<i>236,600</i>		<i>0.20</i>	<i>0.74</i>
Canada							
Imperial Oil Limited (30%)	IMO	38.71	255	9,900	52.00	0.16	0.78
EnCana Corporation	ECA	13.08	736	9,600	30.00	0.35	0.63
Canadian Oil Sands Limited	COSWF	8.72	485	4,200	20.00	0.22	0.56
Cenovus Energy Inc.	CVE	17.38	757	13,200	42.00	0.16	0.51
	<i>Total or Median</i>			<i>37,000</i>		<i>0.19</i>	<i>0.60</i>
Small Cap Independent Producers							
Cimarex Energy Company	XEC	112.69	88	9,900	140.00	0.12	0.83
Continental Resources (32%)	CLR	45.98	119	5,500	85.00	0.17	0.62
Range Resources	RRC	50.82	166	8,400	100.00	0.19	0.60
Whiting Petroleum Corporation	WLL	34.00	170	5,800	90.00	0.29	0.56
Birchcliff Energy Ltd.	BIREF	5.64	155	900	16.00	0.17	0.46
California Resources	CRC	7.01	382	2,700	40.00	0.29	0.42
	<i>Total or Median</i>			<i>33,000</i>		<i>0.18</i>	<i>0.58</i>
RTF Cash Payers							
Dorchester Minerals, L.P.	DMLP	23.94	31	730	32.00	-	0.75
San Juan Basin Royalty Trust	SJT	14.21	47	660	21.00	-	0.68
Hugoton Royalty Trust	HGT	8.09	40	320	12.00	-	0.68
Sabine Royalty Trust	SBR	43.00	15	630	68.00	-	0.63
Permian Basin RT	PBT	9.93	47	460	16.00	-	0.62
Cross Timbers Royalty Trust	CRT	21.01	6	130	42.00	-	0.50
Enduro Royalty Trust	NDRO	4.90	33	160	11.00	-	0.45
	<i>Total or Median</i>			<i>3,100</i>		-	<i>0.63</i>
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.							
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses							



Independent Stock Idea

February 27, 2015

Table 3							
McDep Energy Stocks							
Value Multiples and Dividend							
Ranked by EV/Ebitda							
		<i>Price</i>	<i>Adjustd</i>				
		<i>(US\$/sh)</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
		<i>26-Feb</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
		<i>2015</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
Global Integrated							
Exxon Mobil Corporation	XOM	88.65	14.1	11.3	10.1	24	2.76
Chevron Corporation	CVX	107.06	9.1	11.2	8.5	29	4.28
Total S.A.	TOT	52.98	10.4	10.6	7.9	24	2.77
Royal Dutch Shell plc	RDS-A	64.82	10.2	9.6	7.2	22	3.76
Lukoil Oil Company	LUKOY	47.40	14.4	8.0	3.2	27	1.89
	<i>Median</i>		<i>10.4</i>	<i>10.6</i>	<i>7.9</i>	<i>24</i>	
U.S. Independent							
EOG Resources, Inc.	EOG	90.13	9.2	16.2	13.5	31	0.67
Occidental Petroleum Corp.	OXY	78.32	10.1	14.2	11.4	58	2.88
Devon Energy Corporation	DVN	62.55	10.2	14.9	11.0	84	0.96
ConocoPhillips	COP	65.85	11.1	13.3	9.7		2.92
Marathon Oil Corporation	MRO	28.00	12.2	14.9	9.6		0.84
	<i>Median</i>		<i>10.2</i>	<i>14.9</i>	<i>11.0</i>	<i>58</i>	
Canada							
Imperial Oil Limited (30%)	IMO	38.71	25.7	17.3	13.6	21	0.41
EnCana Corporation	ECA	13.08	6.7	21.1	13.4	127	0.28
Canadian Oil Sands Limited	COSWF	8.72	19.4	18.5	10.4		0.16
Cenovus Energy Inc.	CVE	17.38	14.6	19.0	9.6		0.85
	<i>Median</i>		<i>17.0</i>	<i>18.8</i>	<i>11.9</i>	<i>74</i>	
Small Cap Independent Producers							
Range Resources	RRC	50.82	15.4	32.8	19.7		0.16
Cimarex Energy Company	XEC	112.69	8.3	17.6	14.6		0.64
Continental Resources (32%)	CLR	45.98	11.4	18.8	11.6	168	-
California Resources	CRC	7.01	10.8	21.5	8.9		0.04
Whiting Petroleum Corporation	WLL	34.00	10.2	15.6	8.7		-
Birchcliff Energy Ltd.	BIREF	5.64	13.5	17.5	8.1	111	-
	<i>Median</i>		<i>11.1</i>	<i>18.2</i>	<i>10.3</i>	<i>139</i>	
RTF Cash Payers							
Dorchester Minerals, L.P.	DMLP	23.94	7.9	24.0	18.0	35	1.14
San Juan Basin Royalty Trust	SJT	14.21	10.8	24.1	16.3	22	0.64
Sabine Royalty Trust	SBR	43.00	8.9	24.7	15.6	16	2.75
Hugoton RoyaltyTrust	HGT	8.09	13.9	21.1	14.2	17	0.48
Permian Basin RT	PBT	9.93	9.8	20.4	12.6	19	0.51
Cross Timbers Royalty Trust	CRT	21.01	12.2	23.9	11.9	16	1.30
Enduro Royalty Trust	NDRO	4.90	8.2	17.1	7.6	23	0.21
	<i>Median</i>		<i>9.8</i>	<i>23.9</i>	<i>14.2</i>	<i>19</i>	
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2015; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses							



Independent Stock Idea

February 27, 2015

Table 4										
McDep Energy Stocks										
Total Return Year-to-Date 2015										
Ranked by Unlevered Total Return										
		Price	Price			Equity	Unlevered			
		(\$/sh)	(\$/sh)	Price	Cash	Total	Debt	Return	McDep	
	Symbol	26-Feb	29-Dec	Change	Distrib.	Return	(\$/sh)	(%)	Ratio	
		2015	2014	(%)	(%)	(%)				
Global Integrated										
	Lukoil Oil Company	LUKOY	47.40	38.75	22	-	22	10	18	0.40
	Total S.A.	TOT	52.98	52.74	0	-	0	26	0	0.75
	Royal Dutch Shell plc	RDS-A	64.82	68.31	(5)	-	(5)	27	(4)	0.75
	Exxon Mobil Corporation	XOM	88.65	93.07	(5)	-	(5)	17	(4)	0.89
	Chevron Corporation	CVX	107.06	113.32	(6)	-	(6)	25	(5)	0.76
	<i>Median</i>				(5)		(5)		(4)	0.75
U.S. Independent										
	Devon Energy Corporation	DVN	62.55	61.15	2	-	2	41	1	0.74
	Marathon Oil Corporation	MRO	28.00	28.58	(2)	-	(2)	12	(1)	0.65
	Occidental Petroleum Corp.	OXY	78.32	81.71	(4)	-	(4)	7	(4)	0.80
	EOG Resources, Inc.	EOG	90.13	94.33	(4)	0	(4)	10	(4)	0.83
	ConocoPhillips	COP	65.85	70.11	(6)	-	(6)	27	(4)	0.73
	<i>Median</i>				(4)		(4)		(4)	0.74
Canada										
	EnCana Corporation	ECA	13.08	13.94	(6)	-	(6)	16	(3)	0.63
	Canadian Oil Sands Limited	COSWF	8.72	9.20	(5)	-	(5)	6	(3)	0.56
	Imperial Oil Limited (30%)	IMO	38.71	43.49	(11)	-	(11)	10	(9)	0.78
	Cenovus Energy Inc.	CVE	17.38	20.95	(17)	-	(17)	8	(12)	0.51
	<i>Median</i>				(9)		(9)		(6)	0.60
Small Cap Independent Producers										
	Continental Resources (32%)	CLR	45.98	38.26	20	-	20	18	14	0.62
	California Resources (from 17-Nov)	CRC	7.01	5.77	21	-	21	16	6	0.42
	Cimarex Energy Company	XEC	112.69	110.27	2	-	2	19	2	0.83
	Whiting Petroleum Corporation	WLL	34.00	34.09	(0)	-	(0)	36	(0)	0.56
	Range Resources	RRC	50.82	56.00	(9)	-	(9)	24	(7)	0.60
	Birchcliff Energy Ltd.	BIREF	5.64	6.75	(16)	-	(16)	3	(11)	0.46
	<i>Median</i>				1		1		1	0.58
RTF Cash Payers										
	Sabine Royalty Trust	SBR	43.00	36.68	17	1	18	-	18	0.63
	Cross Timbers Royalty Trust	CRT	21.01	18.07	16	1	17	-	17	0.50
	Permian Basin RT	PBT	9.93	9.12	9	0	9	-	9	0.62
	Enduro Royalty Trust	NDRO	4.90	4.58	7	0	7	-	7	0.45
	Hugoton Royalty Trust	HGT	8.09	7.63	6	1	7	-	7	0.68
	San Juan Basin Royalty Trust	SJT	14.21	13.97	2	0	2	-	2	0.68
	Dorchester Minerals, L.P.	DMLP	23.94	25.16	(5)	2	(3)	-	(3)	0.75
	<i>Median</i>				7		7		7	0.63
	<i>Grand Median</i>				(2)		(2)		(1)	0.65
	Natural Gas (\$/mmbtu)		2.89	3.19	(9)					
	Oil -West Texas Intermediate (\$/bbl)		48.92	53.69	(9)					

Source: McDep LLC, Yahoo, CME Group, Bloomberg



Independent Stock Idea

February 27, 2015

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.