



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 22, 2010

Quintuple in Deep Oil Sands for Cenovus

Summary and Recommendation

The common stock of buy-recommended **Cenovus Energy (CVE)** may deliver price appreciation of five-fold in ten-years. Presenting to investors in Calgary on June 17 and New York on June 21, chief executive Brian Ferguson and his colleagues described plans to double oil and gas volume by 2020. That would likely increase Net Present Value (NPV) to \$75 a share from \$37. Though management does not project oil price, we think it is reasonable to visualize a doubling by 2020, which would also likely double NPV to \$150. At a McDep Ratio of 1.0, stock price would reach \$150, or five times current price under \$30 a share. Parallel growth in the dividend, currently yielding 2.7%, would add to the return.

Deep Oil Sands Quintuple by 2020

The unique appeal of Cenovus lies in its leading position in the production of bitumen from deep oil sands. Bitumen (emphasis on the first syllable) is crude oil too viscous to flow without the addition of heat. The mining of surface oil sands using giant trucks and shovels is a source of strong growth for buy recommendations **Canadian Oil Sands Trust (COSWF)**, **Suncor (SU)**, **Imperial Oil (IMO)** and **Canadian Natural Resources (CNQ)**. Resources that are too deep to mine are even more vast than those accessible on the surface, but the technology of extraction has taken longer to develop. Cenovus, created only last year, is a pure play investment leader in deep oil sands, an increasingly desirable resource from a political, environmental and economic point of view especially since the Gulf oil spill and the setback to deep water oil supply.

The forecast of two-fold volume growth by 2020 is pinned to five-fold growth in bitumen from deep oil sands (see growth slide on page 3). Accounting for four-fifths of current production, natural gas may decline and conventional oil may grow. Bitumen projects that contribute to growth to 2016 are minimally profitable if oil price dropped to \$50 a barrel. The Grand Rapids project tentatively scheduled to start in 2017 would require about \$65 to justify proceeding (see project schedule and supply cost slides on pages 3-4). Though consensus oil price expectations exceed those levels, actual oil price is an obvious uncertainty.

Production Integrated with Refining

Requiring additional processing, bitumen normally is valued at a discount to crude oil, which varies widely (see margin slide on page 4). With crude oil production curtailed and refining capacity more readily available in the current global economic slowdown, the price of bitumen relative to crude oil is high today. That will undoubtedly change again in the future. Cenovus neutralizes the volatility in the division of profits between production and refining in a joint venture with buy-recommended **ConocoPhillips (COP)**. The two companies split the profits equally in production at Foster Creek and Christina Lake in Canada and in refining at Wood River, Illinois and Borger, Texas.



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Large Resources Promise More Growth

Estimated production would be supported for 50 years by proven and probable deep oil sands reserves of 1.3 billion barrels and contingent resources of 5.4 billion. Those volumes, in turn, are a small fraction of 137 billion barrels of bitumen initially-in-place on Cenovus lands according to an independent estimate (see resource estimate slides on page 5). Proven and probable reserves of 1.3 billion become 2.106 billion barrels when natural gas and conventional oil are included (see table on page 6).

Valuation Summarized in McDep Ratio

Reserve life and cash flow lead to Net Present Value (NPV) of \$37 a share (see table Functional Cash Flow and Present Value on page 6). Cash flow depends on volume, price and royalties among other factors (see table Next Twelve Months Operating and Financial Estimates on page 7). NPV, moderate debt and stock price result in a McDep Ratio for CVE well within buy range with little consideration for five-fold appreciation potential (see Tables 1-3 on pages 8-10).

Trends in oil price support estimated NPV, which is based on a long-term price of \$75 a barrel. The latest settlement of six-year futures rises to \$86 a barrel compared to the 40-week average of \$86 (see charts Six-Year Commodity Price Meter and Six-Year and One-Year Natural Gas and Oil Futures on page 11).

Management Well-Qualified

Chief Executive Brian Ferguson has a distinguished record of contributing to companies that have been successful money-making investments since we first met about 20 years ago. In a hint of what was to come we recall Brian and his colleagues describing in the early 1990s the work they were doing on some deep oil sands that might eventually be profitable. His conservative, understated style seems to suit the nature of the resource opportunity. There is no discovery event in exploiting oil sands, but rather a systematic, economical development opportunity.

Cleaner than Coal

Everything we do has environmental consequences. Of course, oil sands are not as clean as natural gas. The more important consideration is that oil sands are cleaner than coal which provides a third of world energy supply and contributes most of the pollutants. Oil sands are an easy target because the efficient facilities are large and Canada is a friendly, tolerant country. When environmental extremists attempted to force entry into an oil sands facility they were welcomed through open gates. Had the target been in China or Appalachia, the intruders might not have returned safely.

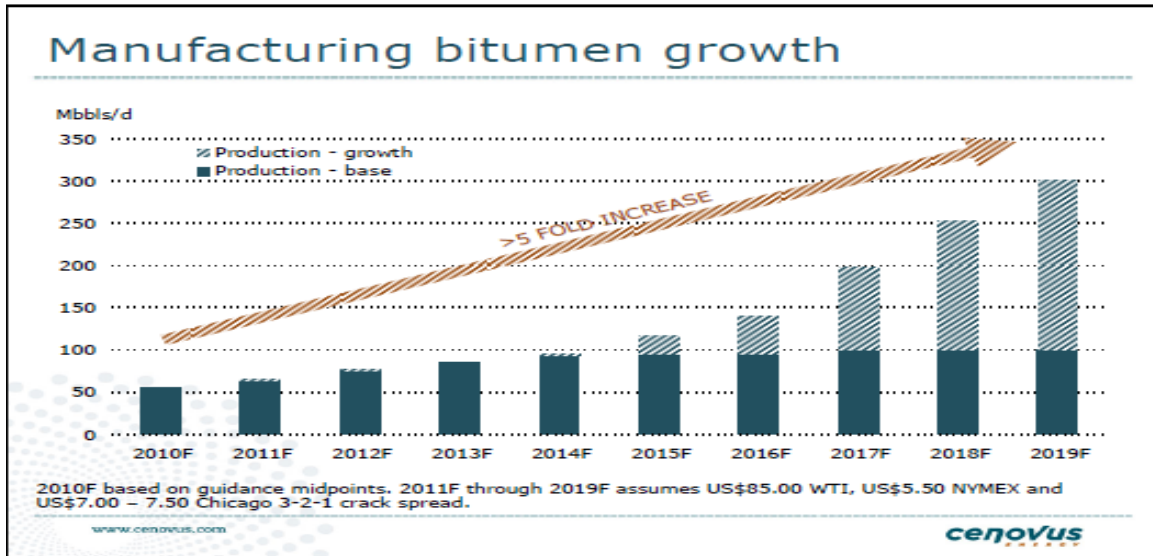
Kurt H. Wulff, CFA



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Oilsands Project Schedule			
Project Phase	Expected Cumulative Gross Production Capacity (bbls/d)	Regulatory Application Submissions ²	First Production Target ^{1,2,3}
Foster Creek*			
A-E	120,000	Q1 1999	Q1 2002
F	150,000	Q2 2009	2014
G	180,000	Q2 2009	2016
H	210,000	Q2 2009	2017
I	~235,000	2013	2019
Christina Lake*			
A-B	18,000	Q3 1998	Q4 2002
C	58,000	Q3 2007	Q3 2011
D	98,000	Q3 2007	Q2 2013
E	138,000	Q4 2009	2014
F	178,000	Q4 2009	2016
G	218,000	Q4 2009	2017
H	~258,000	2015	2019
Narrows Lake*			
A-C	130,000	Q3 2010	2016
Grand Rapids			
A	60,000	Q4 2011	2017
B	120,000	Q4 2011	TBD
C	180,000	Q4 2011	TBD
Telephone Lake			
A	35,000	Q4 2007	TBD
B	50,000	TBD	TBD

*Properties 50% owned by ConocoPhillips

¹ Timelines are subject to regulatory approvals

² Future dates are company forecasts

³ There is an anticipated ramp up period of approximately 1.5 years following first production.

Competitive supply cost

Region	Status	Supply cost (US\$/bbl)
Foster Creek	producing	40 - 50
Christina Lake	producing	45 - 55
Narrows Lake	developing	45 - 55
Telephone Lake	developing	55 - 65
Grand Rapids	developing	60 - 70

Supply cost is the WTI price required for an after-tax cost of capital return of 9%.

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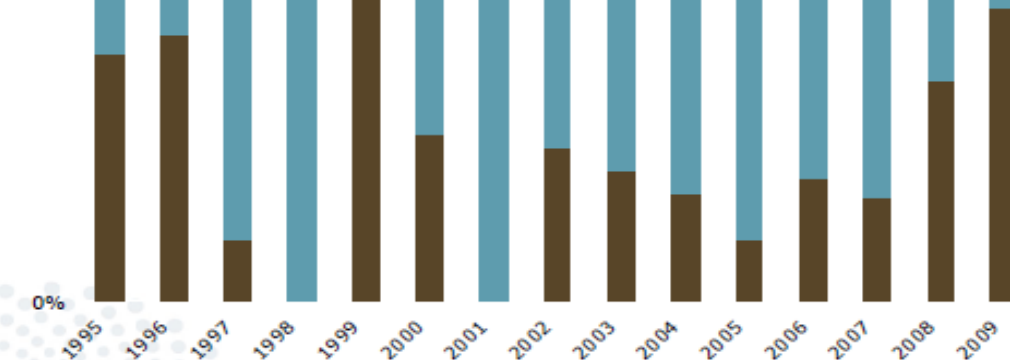
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Bitumen value chain – net margin

History of margin sharing

Share of bitumen value chain margin

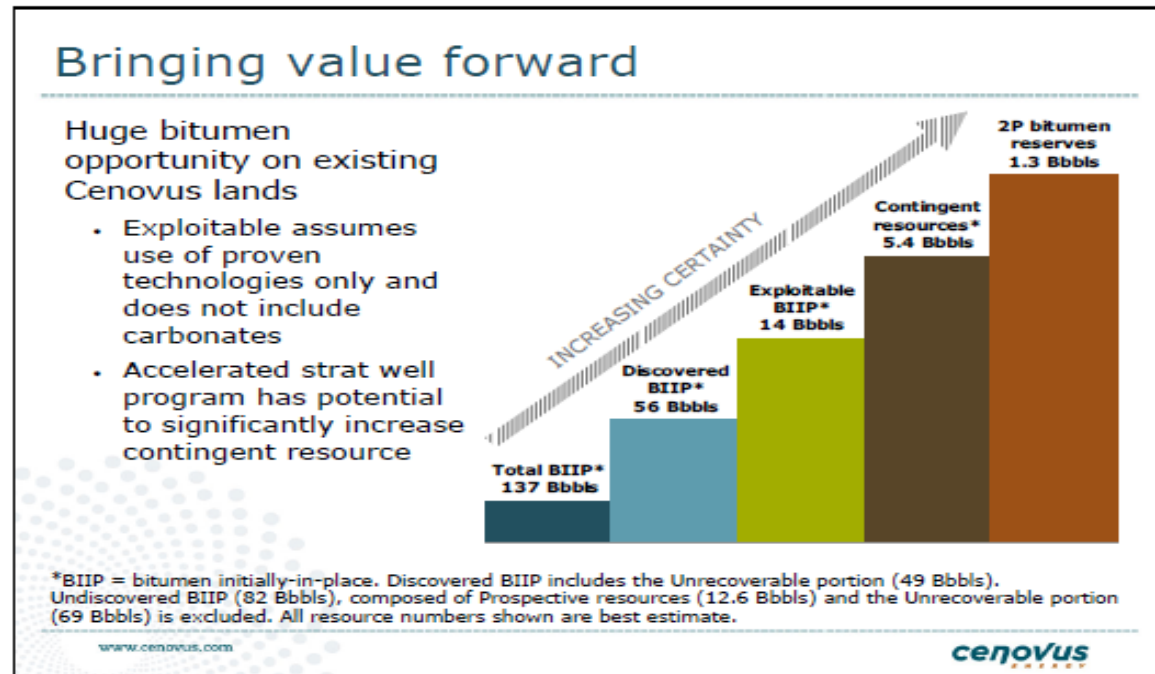
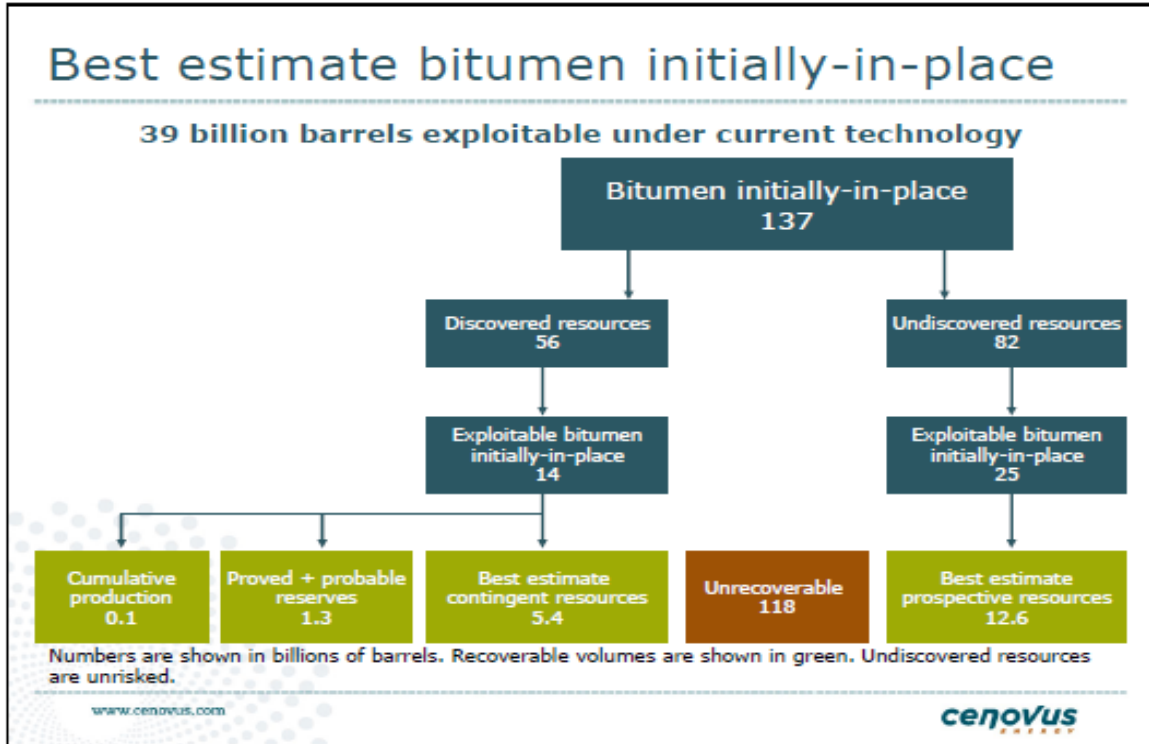
100%



Total net margin available for one bbl of bitumen refined into transportation fuels. Downstream margin based on Purvin & Gertz PADD II heavy refining margin. Upstream margin based on Purvin & Gertz bitumen field price and average SAGD opex assuming a 2.5 SOR.
Source: Purvin & Gertz, CVE.

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Cenovus Energy Inc.					
Natural Gas and Oil Reserves					
	<i>Natural Gas</i>	<i>Oil</i>	<i>Total</i>		
	<i>(bcf)</i>	<i>(mmb)</i>	<i>(bcf)</i>	<i>(mmb)</i>	
<u>Reserves (bcf or mmb)</u>					
Proven and Probable (P1+P2)	1965	1778	12633	2106	100
Proven (P1)	1529	1143	8387	1398	66
Probable (P2)	436	635	4246	708	34
<i>Production, Next Twelve Months</i>	254	47	539	90	
<u>Reserve Life Index (years)</u>					
R/P (P1+P2)	7.7	37.5	23.5	23.5	
R/P (P1)	6.0	24.1	15.6	15.6	
R/P (P2)	1.7	13.4	7.9	7.9	
R/P (P1+.5P2)	6.9	30.8	19.5	19.5	

Cenovus Energy Inc.					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<u><i>Ebitda</i></u>	<u><i>R/P</i></u>	<u><i>Ebitda</i></u>	<u><i>Value</i></u>	
North American Natural Gas	870	6.9	7.1	6,200	18%
Oil	2,350	30.8	11.3	26,500	76%
Downstream	300		6.7	2,000	6%
	3,520	19.5	9.9	34,700	100%
Debt					6,900
Net Present Value (\$mm)					27,800
Shares					752
Net Present Value - Standard Estimate (US\$/sh)					37



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Cenovus Energy Inc.								
Next Twelve Months Operating and Financial Estimates								
								<i>Next</i>
	<i>C\$ after 1/1/10</i>							<i>Twelve</i>
	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Months</i>
	<i>3/31/10</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>6/30/11</i>
Volume								
Natural Gas (bcf)	70	70	67	62	269	62	62	254
Natural Gas (mmcf)	775	765	732	678	737	687	687	696
Days	90	91	92	92	365	90	91	365
Oil (mmb)	11.7	11.8	12.0	12.0	47	11.7	11.8	47
Oil (mbd)	130	130	130	130	130	130	130	130
Total (mmb)	23	23	23	22	92	22	22	90
Total (mbd)	259	258	252	243	253	244	244	246
Price								
Henry Hub (US\$/mmbtu)	5.32	4.09	4.92	5.24	4.89	5.50	5.22	5.22
Currency (US\$/C\$)	0.96	0.98	0.98	0.98		0.98	0.98	
Henry Hub (C\$/mmbtu)	5.53	4.18	5.04	5.36		5.63	5.34	
Differential	0.26	0.20	0.24	0.25	0.11	0.27	0.25	0.14
Company (\$/mcf)	5.27	3.99	4.80	5.11	4.78	5.36	5.09	5.08
WTI Cushing (US\$/bbl)	78.67	78.30	78.50	80.68	79.04	81.72	83.22	81.03
WTI Cushing (C\$/bbl)	81.82	80.11	80.32	82.54		83.61	85.15	
Differential	12.97	12.69	12.73	13.08	10.71	13.25	13.49	11.27
Company (\$/bbl)	68.85	67.41	67.59	69.46	68.33	70.36	71.65	69.76
Total (\$/bbl)	50.29	45.87	48.81	51.42	49.07	52.49	52.41	51.25
Revenue (\$mm)								
Natural Gas	368	278	323	319	1,287	331	318	1,291
Oil	806	797	808	831	3,242	823	848	3,310
Royalties	(111)	(111)	(117)	(119)		(119)	(119)	
Other	2,540	2,540	2,540	2,540	10,159	2,131	2,131	9,342
Total	3,602	3,504	3,554	3,571	14,231	3,166	3,178	13,469
Expense								
	2,727	2,676	2,687	2,691	10,782	2,283	2,287	9,948
Ebitda (\$mm)								
Natural Gas and Oil	875	753	792	805	3,224	808	816	3,221
Other		75	75	75	225	75	75	300
Total	875	828	867	880	3,449	883	891	3,521
Deprec., Deplet., & Amort	324	324	324	324	1,296	324	324	1,296
Hedging and other	(58)				(58)			-
Interest	65	65	65	65	260	65	65	260
Ebt								
	544	439	478	491	1,951	494	502	1,965
Income tax	190	154	167	172	683	173	176	688
Net Income (\$mm)								
	353	285	311	319	1,268	321	326	1,277
Per share (\$)	0.47	0.38	0.41	0.42	1.69	0.43	0.43	1.70
Shares (millions)								
	752	752	752	752	752	752	752	752
Ebitda margin	82%	78%	78%	78%	71%	78%	78%	70%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%



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Table 2								
McDep 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>21-Jun</i>	<i>2010</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
				<i>(mm)</i>	<i>(US\$mm)</i>	<i>(US\$/sh)</i>	<i>Value</i>	<i>Ratio</i>
U.S. Integrated								
Exxon Mobil Corporation	XOM	CB	63.13	5,215	329,000	89.00	0.12	0.74
Marathon Oil Corporation	MRO	B	34.11	711	24,250	53.00	0.23	0.73
Chevron Corporation	CVX	B	75.72	2,004	152,000	110.00	0.11	0.72
ConocoPhillips	COP	B	55.80	1,504	84,000	95.00	0.27	0.70
	<i>Total or Median</i>				<i>589,000</i>		<i>0.18</i>	<i>0.73</i>
Europe								
BG Group plc	BRGXF		16.41	3,400	55,800	22.00	0.11	0.77
Royal Dutch Shell plc	RDS-A	CB	54.44	3,066	167,000	79.00	0.21	0.75
Statoil ASA (33%)	STO	CB	21.36	1,050	22,400	35.00	0.21	0.69
Total S.A.	TOT	CB	49.69	2,243	111,000	90.00	0.13	0.61
BP plc	BP		30.33	3,167	96,000	75.00	0.20	0.52
	<i>Total or Median</i>				<i>452,000</i>		<i>0.20</i>	<i>0.69</i>
Australia/Brazil/China/Russia								
CNOOC Limited (34%)	CEO		176.89	152	26,900	145.00	0.03	1.21
Woodside Petroleum Ltd.	WOPEY	CB	40.05	794	30,900	44.00	0.13	0.90
PetroChina Company Ltd (14%)	PTR	CB	116.85	256	29,900	150.00	0.15	0.81
Petrobras	PBR		38.66	4,387	169,600	58.00	0.20	0.73
Lukoil Oil Company	LUKOY	CB	54.32	847	46,000	135.00	0.05	0.43
Gazprom (50%)	OGZPY	CB	20.95	2,915	61,100	64.00	0.10	0.40
	<i>Total or Median</i>				<i>364,000</i>		<i>0.12</i>	<i>0.77</i>
U.S. Independent								
Southwestern Energy Company	SWN		43.76	349	15,300	35.00	0.09	1.23
EOG Resources	EOG	B	110.61	250	27,700	92.00	0.13	1.18
Anadarko Petroleum Corp.	APC		43.45	496	21,600	44.00	0.40	0.99
Occidental Petroleum Corp.	OXY	B	85.80	814	69,800	95.00	0.06	0.91
Chesapeake Energy Corp.	CHK		24.49	647	15,900	31.00	0.40	0.87
Devon Energy Corporation	DVN	B	69.01	448	30,900	98.00	0.03	0.71
	<i>Total or Median</i>				<i>181,200</i>		<i>0.11</i>	<i>0.95</i>
Canada								
EnCana Corporation	ECA	B	34.32	749	25,700	42.00	0.22	0.86
Imperial Oil Limited (30%)	IMO	B	40.43	256	10,400	48.00	0.08	0.86
Canadian Natural Resources	CNQ	B	37.02	1,086	40,200	45.00	0.18	0.86
Cenovus Energy Inc.	CVE	B	29.16	752	21,900	37.00	0.20	0.83
Canadian Oil Sands Trust	COSWF	B	28.63	484	13,900	38.00	0.07	0.77
Suncor Energy	SU	B	33.70	1,572	53,000	48.00	0.19	0.76
	<i>Total or Median</i>				<i>165,000</i>		<i>0.19</i>	<i>0.84</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\$75 a barrel and natural gas, \$8 a million btu.								



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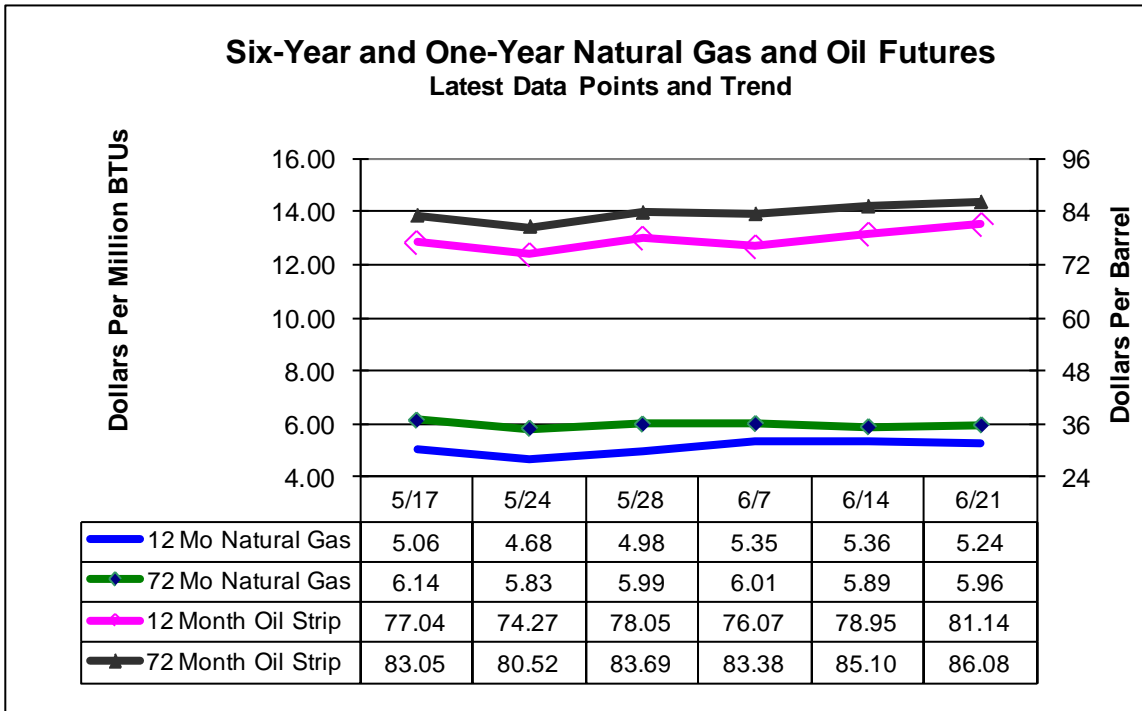
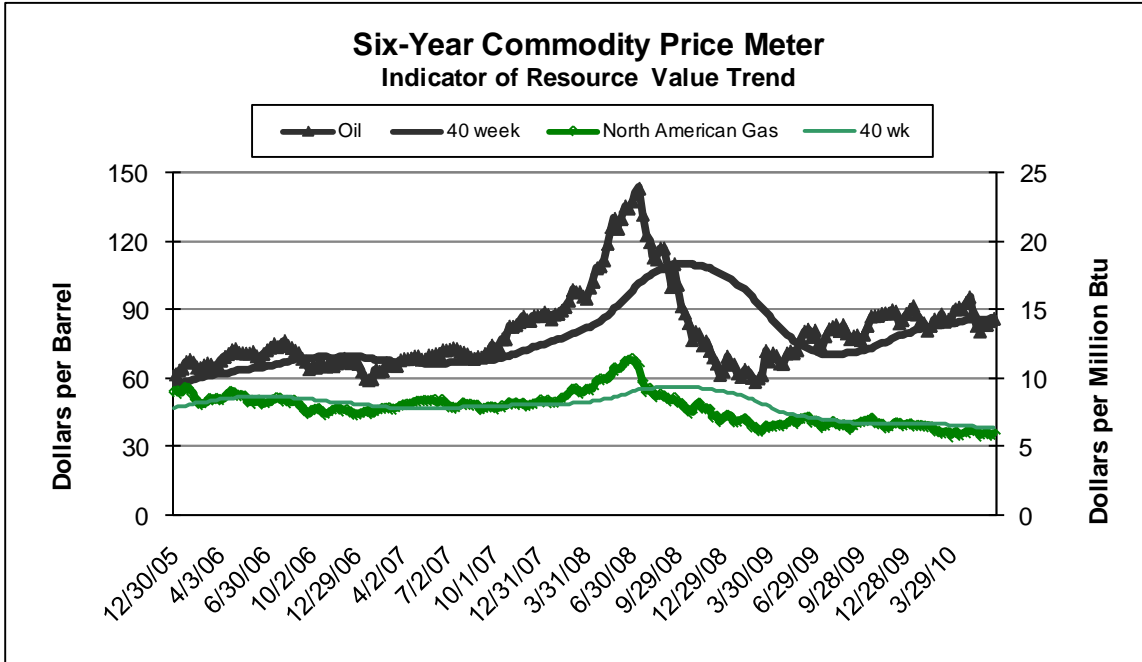
			<i>Price</i> <i>(US\$/sh)</i>	<i>Adjustd</i> <i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Divd or</i> <i>Distrib</i>
	<i>Symbol/Rating</i>		<i>21-Jun</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	B = Buy, CB (see below)		<i>2010</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
U.S. Integrated								
Exxon Mobil Corporation	XOM	CB	63.13	13.5	8.5	6.3	11	2.7
Marathon Oil Corporation	MRO	B	34.11	9.1	7.5	5.4	12	2.2
ConocoPhillips	COP	B	55.80	10.5	7.3	5.1	9	3.0
Chevron Corporation	CVX	B	75.72	9.1	6.5	4.7	9	3.6
	<i>Total or Median</i>			9.8	7.4	5.2	10	2.8
Europe								
BG Group plc	BRGXF		16.41	13.4	8.7	6.7	12	0.8
Royal Dutch Shell plc	RDS-A	CB	54.44	8.7	6.4	4.8	8	6.2
Total S.A.	TOT	CB	49.69	9.6	7.2	4.4	8	5.7
Statoil ASA (33%)	STO	CB	21.36	6.4	5.8	4.0	8	4.4
BP plc	BP		30.33	9.7	6.0	3.1	4	11.1
	<i>Total or Median</i>			9.6	6.4	4.4	8	5.7
Australia/Brazil/China/Russia								
Woodside Petroleum Ltd.	WOPEY	CB	40.05	17.8	13.2	11.8	21	2.4
Petrobras	PBR		38.66	9.1	8.8	6.5	10	3.5
PetroChina Company Ltd (14%)	PTR	CB	116.85	13.8	7.9	6.4	14	3.4
CNOOC Limited (34%)	CEO		176.89	6.8	5.0	6.1	11	2.9
Gazprom (50%)	OGZPY	CB	20.95	30.2	9.8	3.9	5	0.2
Lukoil Oil Company	LUKOY	CB	54.32	15.7	8.0	3.4	6	3.1
	<i>Total or Median</i>			14.7	8.4	6.3	11	3.0
U.S. Independent								
Southwestern Energy Company	SWN		43.76	6.5	8.4	10.3	20	-
EOG Resources	EOG	B	110.61	9.7	7.9	9.3	35	0.6
Chesapeake Energy Corp.	CHK		24.49	12.0	10.4	9.1	14	1.2
Occidental Petroleum Corp.	OXY	B	85.80	10.5	7.4	6.7	15	1.2
Devon Energy Corporation	DVN	B	69.01	10.0	7.8	5.5	12	0.9
Anadarko Petroleum Corp.	APC		43.45	8.4	5.2	5.1		0.8
	<i>Total or Median</i>			9.8	7.8	7.9	15	0.9
Canada								
Imperial Oil Limited (30%)	IMO	B	40.43	20.2	11.3	9.7	19	1.0
Canadian Natural Resources	CNQ	B	37.02	20.2	11.3	9.7	34	0.8
Canadian Oil Sands Trust	COSWF	B	28.63	31.0	12.0	9.3	15	6.8
EnCana Corporation	ECA	B	34.32	17.0	10.2	8.8	26	2.3
Suncor Energy	SU	B	33.70	25.3	11.1	8.5	20	1.2
Cenovus Energy Inc.	CVE	B	29.16	19.5	10.1	8.4	18	2.7
	<i>Total or Median</i>			20.2	11.2	9.0	19	1.7
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2011; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



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Index of Recent Research			
Stock Ideas			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
18-Jun	BIREF, FRHLF, PWE, COSWF		Montney Buzz from Calgary (Income and Small Cap Weekly)
15-Jun	XOM, COP, OXY, CVE, BP, APC		Onshore On, Offshore Off (Meter Reader)
11-Jun	HGT, SJT, MTR, LGCY, LINE, ENP		Bright Outlook for Pure Play Oil and Gas (ISCW)
8-Jun	OXY, DVN, EOG, SWN, CHK, APC		U.S. Independent Producers Unlocking Resources (MReader)
4-Jun	DMLP, FRHLF, CRT, PBT, SBR		Top Line Cash - Pure Plays in Reawakening Oil and Gas (ISC)
3-Jun	LUKOY	Lukoil Oil Company	Underrated Oil Performer
1-Jun	* ECA, COSWF, CNQ, CVE, IMO, SU		Long-Life Resources in Canada (Meter Reader)
28-May	* XEC, BIREF, WLL, BRY, RRC, HK, UPL		Shell Shale Gas Deal Boosts Independent Producers (ISCW)
25-May	* XOM, BP, TOT		Large Caps Go Contrarian (Meter Reader)
21-May	* COSWF, PWE, ERF, PGH, PEYUF		Canadian Income Trusts for Value and Distributions (ISCW)
20-May	* CEO	CNOOC Ltd	Remove Buy on Valuation and Trend
18-May	* RDSA, STO, TOT		European Oil for Contrarians (Meter Reader)
13-May	* BIREF	Birchcliff Energy Ltd.	New Buy for Small Cap Natural Gas Growth
11-May	* XOM, CVX, COP, MRO		U.S. Integrated Oil in New Trend (Meter Reader)
10-May	* XEC	Cimarex Energy Company	Raise NPV Again on More Production
5-May	* DVN	Devon Energy Corporation	Stock Repurchase Compelling
4-May	* BP	BP p.l.c.	Oil Spill and BP Stock Spill (Meter Reader)
30-Apr	* WLL	Whiting Petroleum Corporation	Raise NPV to \$95 a Share on Onshore Oil Drilling (ISCW)
30-Apr	* PBR, BG, APC and BP		Remove Buys - Accident May Delay Deep Water Oil
26-Mar	* PTR	PetroChina Company Limited	Gas Growth - Natural Gas and Gasoline
25-Feb	* WOPEY	Woodside Petroleum	Financing in Place for 2010
Meter Reader			
22-Jun			
15-Jun	XOM, COP, OXY, CVE, BP, APC		Onshore On, Offshore Off
8-Jun	OXY, DVN, EOG, SWN, CHK, APC		U.S. Independent Producers Unlocking Resources
1-Jun	* ECA, COSWF, CNQ, CVE, IMO, SU		Long-Life Resources in Canada
25-May	* XOM, BP, TOT		Large Caps Go Contrarian
Income and Small Cap Weekly			
18-Jun	BIREF, FRHLF, PWE, COSWF		Montney Buzz from Calgary
11-Jun	HGT, SJT, MTR, LGCY, LINE, ENP		Bright Outlook for Pure Play Oil and Gas
4-Jun	DMLP, FRHLF, CRT, PBT, SBR		Top Line Cash Payers - Pure Plays in Reawakening Oil and Gas
28-May	* XEC, BIREF, WLL, BRY, RRC, HK and UPL		Shell Shale Gas Deal Boosts Independent Producers
21-May	* COSWF, PWE, ERF, PGH and PEYUF		Canadian Income Trusts for Value and Distributions
Industry Ideas			
30-Apr	* PBR, BG, APC and BP		Remove Buys - Accident May Delay Deep Water Oil
	* Archived on www.mcdep.com		



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 22, 2010

<i>Symbol</i>	CVE	<i>Ebitda Next Twelve Months ending 6/30/11 (US\$mm)</i>	3,400
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	26
<i>Price (US\$/sh)</i>	29.16	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	6/21/10	<i>Adjusted Reserves/Production NTM</i>	19.5
<i>Shares (mm)</i>	752	<i>EV/Ebitda</i>	8.4
<i>Market Capitalization (US\$mm)</i>	21,900	<i>PV/Ebitda</i>	10.1
<i>Debt (US\$mm)</i>	6,900	<i>Undeveloped Reserves (%)</i>	34
<i>Enterprise Value (EV) (US\$mm)</i>	28,800	<i>Natural Gas and Oil Ebitda (US\$/mcfe)</i>	38.33
<i>Present Value (PV) (US\$mm)</i>	34,700	<i>Present Value Proven Reserves(US\$/boe)</i>	16.48
<i>Net Present Value (US\$/share)</i>	37	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.75
<i>Debt/Present Value</i>	0.20	<i>Earnings Next Twelve Months (US\$/sh)</i>	1.66
<i>McDep Ratio - EV/PV</i>	0.83	<i>Price/Earnings Next Twelve Months</i>	18
<i>Dividend Yield (%/year)</i>	2.7	<i>Indicated Annual Dividend (US\$/sh)</i>	0.78
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\$75 a barrel and natural gas, \$8 a million btu.			

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.

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