



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

January 11, 2011

## Imperial Accelerating Oil Growth

<i>Symbol</i>	IMO	<i>Ebitda Next Twelve Months ending 12/31/11 (US\$m)</i>	4,500
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	4
<i>Price (US\$/sh)</i>	39.58	<i>Natural Gas and Oil Production/Ebitda (%)</i>	78
<i>Pricing Date</i>	1/10/11	<i>Adjusted Reserves/Production NTM</i>	21.0
<i>Shares (mm)</i>	855	<i>EV/Ebitda</i>	8.3
<i>Market Capitalization (US\$m)</i>	33,800	<i>PV/Ebitda</i>	12.6
<i>Debt (US\$m)</i>	3,700	<i>Undeveloped Reserves (%)</i>	48
<i>Enterprise Value (EV) (US\$m)</i>	37,600	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	38.60
<i>Present Value (PV) (US\$m)</i>	56,800	<i>Present Value Proven Reserves(US\$/boe)</i>	17.60
<i>Net Present Value (US\$/share)</i>	62	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.93
<i>Debt/Present Value</i>	0.07	<i>Earnings Next Twelve Months (US\$/sh)</i>	2.85
<i>McDep Ratio - EV/PV</i>	0.66	<i>Price/Earnings Next Twelve Months</i>	14
<i>Dividend Yield (%/year)</i>	1.1	<i>Indicated Annual Dividend (US\$/sh)</i>	0.44
Note: Estimated cash flow and earnings tied to one-year futures prices for oil, natural gas and refinery crack.			
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 research on Imperial Oil since 2004 see <a href="http://www.mcdep.com/2imo.htm">http://www.mcdep.com/2imo.htm</a>			

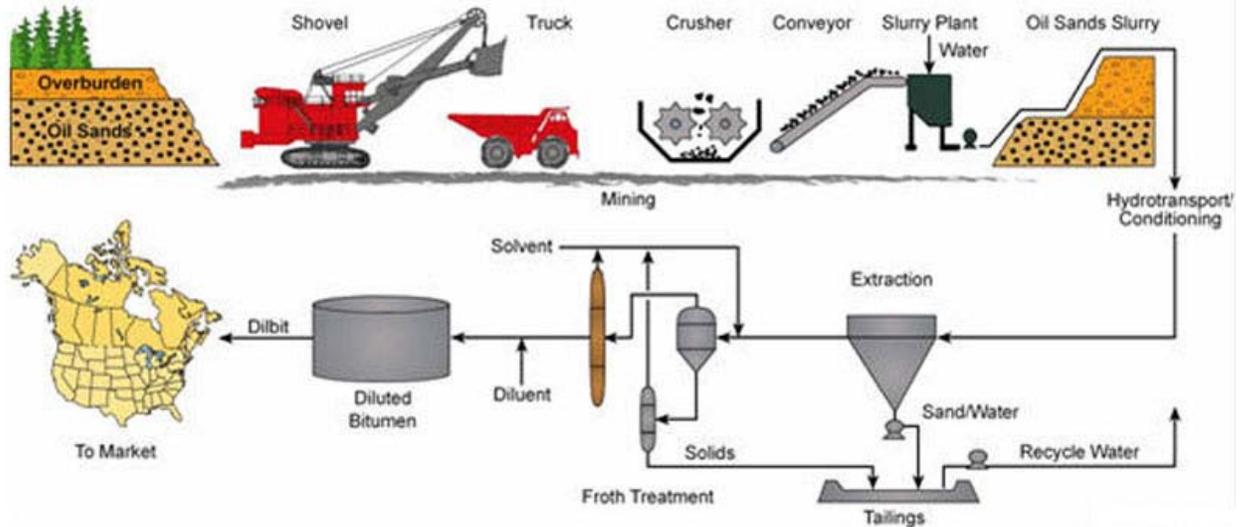
### Summary and Recommendation

We recommend current purchase of the common stock of **Imperial Oil (IMO)** for unlevered appreciation potential of 51% to a McDep Ratio of 1.0 where price would equal Net Present Value (NPV) of \$62 a share. On December 28, we raised NPV from \$48 a share on the basis of a long-term oil price of \$100 a barrel, up from \$75. The stock also has unique appeal as the only Canadian company investing in a completely new, large scale oil sands mine during the past two years of economic lull. The Kearl facility is expected to begin producing marketable bitumen (heavy oil) late next year at 110,000 barrels daily (bd), 77,000 to IMO's 70% interest. Adding that amount to current corporate oil production before royalty of about 250,000 bd suggests 2013 volume 30% higher than 2010. While it might still be early, such prospects may add a little excitement to the stock of a company that has been a solid performer for 130 years as the bluest chip Canadian industrial corporation.

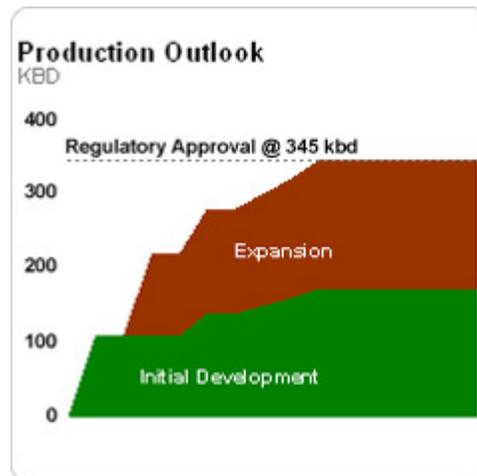
### Ultimate Kearl Capacity 345,000 BD

The Kearl mine will send bitumen directly to conventional refineries without the more intensive upgrading undertaken by the 25% Imperial-owned Syncrude project. Apparently, solvent extraction substitutes for cokers and related processing units (see chart Kearl Process Overview from Imperial's website). Marketable bitumen sells for less than Syncrude product, but the tradeoff in a new plant is economical considering the availability of more sophisticated refining capacity in the rest of North America and the high costs of construction in northern Alberta.

## Kearl Process Overview



The Province of Alberta has given regulatory approval for ultimate production from the Kearl facility of 345,000 bd (see chart [Production Outlook](#)). At the same time, Imperial undertakes to expand production at its Cold Lake *in situ* oil sands project 20% by 2015. Syncrude targets expansion to 540,000 bd by 2020 from 2010 volume of 293,000 bd. Adding it all up, management suggests total IMO oil production could double within 10-15 years, which implies annual growth of 5-7% a year.



## 14 Billion Barrels of Resources

Management's assessment of its resource potential at 14 billion barrels equivalent is some 5 times proven reserves of 2.5 billion. NPV is about what we would estimate for large cap non-Canadian companies considering cash flow for the next twelve months and adjusted life for proven reserves only (see tables [Functional Cash Flow and Present Value](#) on page 3 and [Natural Gas and Oil Reserves](#) on page 4). NPV for Canadian peers includes some additional value for probable reserves not disclosed in the same fashion by IMO. Finally, the NPV estimate gives little credit today for 3 trillion cubic feet of IMO natural gas waiting for a pipeline from the arctic or a large acreage position in the Horn River shale gas of British Columbia.



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Some of our estimate of NPV is anticipatory as the futures market is not yet at \$100 a barrel. Yet the trend in oil price for the next six years suggests \$100 may not be far away (see charts [Six-Year Commodity Price Meter](#) on page 4 and [Six-Year and One-Year Natural Gas and Oil Futures](#) on page 12).

## Conventional Oil Mostly Gone

While oil volume was building over the years from Cold Lake and Syncrude, the overall volume was dampened by diminishing conventional oil production. In addition to normal decline, IMO sold properties when they became more suitable for other owners. Now the company is left with large Cold Lake and Syncrude whose inclining volumes will be accentuated with new volume from Kearl. Little of that shows in the comparatively flat trend we project for the next twelve months as we do for most companies for the purpose of consistent valuation (see tables [Oil Production and Revenue](#) on page 5 and [Next Twelve Months Operating and Financial Estimates](#) on page 6).

## Unique among Large Cap Global Oil and Gas Stock Ideas

Canadian oil producers are low McDep Ratio investments in energy for global growth (see [Tables 1-2](#) on pages 7-8). Canadian reserves are the most abundant in an advanced political economy (see [Table 3](#) on page 9). Uniquely, IMO is just two years away from a 30% volume increase by December 2011. As for most of our buy recommendations, IMO stock is in a price uptrend compared to its 200-day average (see [Table 4](#) on page 10).

Kurt H. Wulff, CFA

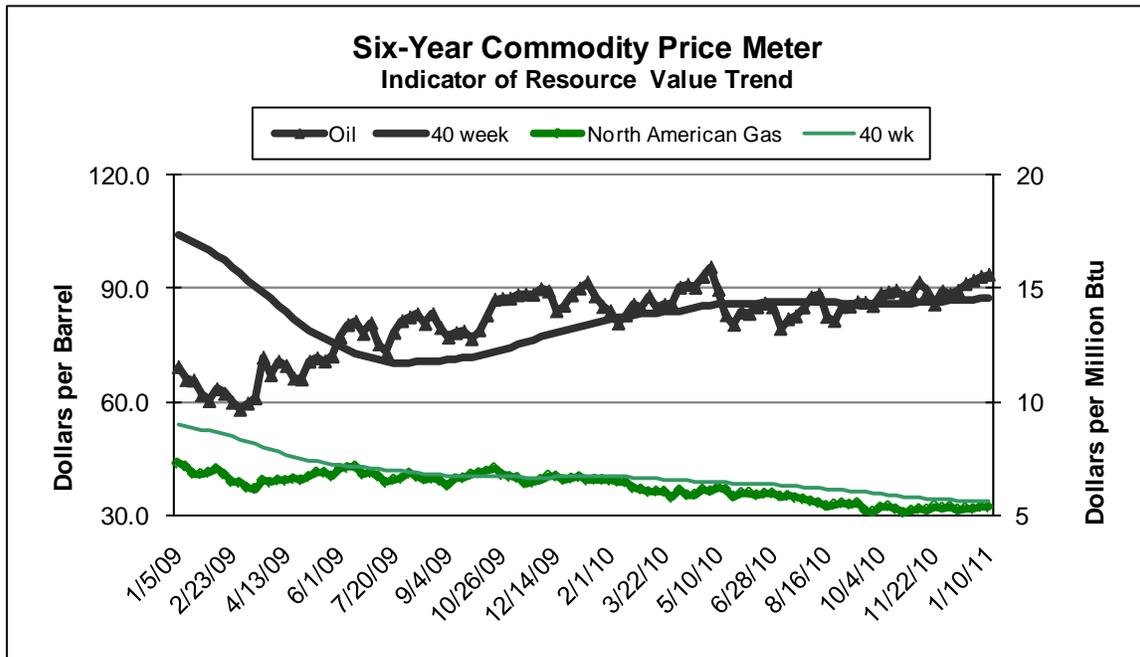
Imperial Oil Limited					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	152	5.8	10.6	1,600	3%
Oil and Bitumen	2,003	22.8	15.2	30,400	54%
Synthetic Oil	1,362	26.9	13.4	18,200	32%
Downstream	1,000		6.5	6,500	11%
	4,517	21.0	12.6	56,700	100%
Debt (US\$mm)					3,700
Net Present Value (US\$mm)					53,000
Shares (mm)					855
Net Present Value - Standard Estimate (US\$/sh)					62
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					58



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Imperial Oil Limited							
Natural Gas and Oil Reserves							
	Conventional			Synthetic	Total		
	Natural Gas	Oil	Bitumen	Oil	Oil	Total	
	(bcf)	(mmb)	(mmb)	(mmb)	(mmb)	(bcf)	(mmb)
<u>Reserves (bcf or mmb)</u>							
Proven (P)	590	63	1661	691	2415	15080	2513
Proven Developed	526	62	468	691	1221	7852	1309
Proven Undeveloped	64	1	1193		1194	7228	1205
<u>Production, Next</u>							
	96	8.0	41.4	25.7	75.1	547	91
<u>Reserve Life Index (years)</u>							
R/P P	6.1	7.8	40.1	26.9	32.2	27.6	27.6
R/P PD	5.5	7.7	11.3	26.9	16.3	14.4	14.4
R/P PUD	0.7	0.1	28.8	0.0	15.9	13.2	13.2
R/P PD+.5PUD	5.8	7.8	25.7	26.9	24.2	21.0	21.0





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<b>Imperial Oil Limited</b>									
<b>Oil Production and Revenue</b>									
(Canadian Dollars)									
									<i>Next Twelve Months</i>
	<i>Q4</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	
	<i>12/31/09</i>	<i>9/30/10</i>	<i>12/31/10</i>	<i>2010E</i>	<i>3/31/11</i>	<i>6/30/10</i>	<i>9/30/11</i>	<i>12/31/11</i>	<i>12/31/11</i>
<b>Volume</b>									
Days	92	92	92	<b>365</b>	90	91	92	92	<b>365</b>
Oil (mmb)									
Conventional	1.7	1.6	1.6	<b>6</b>	1.5	1.5	1.6	1.6	<b>6</b>
Cold Lake	9.8	10.3	9.8	<b>41</b>	11.1	10.2	10.3	9.8	<b>41</b>
Syncrude	6.8	5.6	6.5	<b>24</b>	5.8	6.0	6.9	6.9	<b>26</b>
Natural Gas Liquids	0.6	0.5	0.5	<b>2</b>	0.5	0.5	0.5	0.5	<b>2</b>
Total Oil	18.9	17.9	18.4	<b>73</b>	18.9	18.2	19.3	18.7	<b>75</b>
Oil (mbd)									
Conventional	18	17	17	<b>17</b>	17	17	17	17	<b>17</b>
Cold Lake	107	112	107	<b>112</b>	123	112	112	107	<b>113</b>
Syncrude	74	61	71	<b>66</b>	65	66	75	74	<b>70</b>
Natural Gas Liquids	6	5	5	<b>5</b>	5	5	5	5	<b>5</b>
Total Oil	205	195	200	<b>201</b>	210	200	209	203	<b>206</b>
<b>Price</b>									
Currency (US\$/C\$)	0.95	0.96	0.99	<b>0.97</b>	1.01	1.01	1.01	1.01	<b>1.01</b>
Oil (C\$/bbl)									
Light, Sweet (US\$/bbl)	76.09	76.08	85.10	<b>79.43</b>	90.56	92.47	94.07	94.71	<b>92.95</b>
Light, Sweet (C\$/bbl)	80.35	79.05	86.17	<b>81.77</b>	89.94	91.84	93.43	94.06	<b>92.31</b>
Conventional	68.92	67.93	74.05	<b>71.47</b>	77.28	78.92	80.28	80.83	<b>79.34</b>
Cold Lake Bitumen	67.68	57.04	64.63	<b>59.57</b>	67.45	68.88	70.07	70.55	<b>69.19</b>
Syncrude	78.64	77.83	84.84	<b>80.73</b>	88.54	90.42	91.98	92.61	<b>91.00</b>
Natural Gas Liquids	48.15	44.22	48.20	<b>47.91</b>	50.31	51.37	52.26	52.62	<b>51.65</b>
Total Oil	71.18	64.17	72.17	<b>67.31</b>	74.36	76.43	78.36	79.04	<b>77.06</b>
Ratio: Cold Lake/Light Swt	0.84	0.72	0.75	<b>0.73</b>	0.75	0.75	0.75	0.75	<b>0.75</b>
<b>Revenue (C\$m)</b>									
Conventional	114	106	116	<b>450</b>	118	122	126	126	<b>492</b>
Cold Lake	666	588	636	<b>2,440</b>	747	702	722	694	<b>2,865</b>
Syncrude	536	437	551	<b>1,959</b>	518	547	637	634	<b>2,336</b>
Natural Gas Liquids	27	20	22	<b>87</b>	23	23	24	24	<b>94</b>
Total Oil	1,343	1,152	1,325	<b>4,937</b>	1,405	1,394	1,509	1,479	<b>5,788</b>



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<b>Next Twelve Months Operating and Financial Estimates</b>									
<b>(Canadian Dollars)</b>									
									<i>Next Twelve Months</i>
	<i>Q4</i>	<i>Q3</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>12/31/11</i>
	<i>12/31/09</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>	<i>12/31/11</i>
<b>Volume</b>									
Natural Gas (mmcf)	264	263	263	<b>257</b>	263	263	263	263	<b>263</b>
Days	92	92	92	<b>365</b>	90	91	92	92	<b>365</b>
Oil (mbd)	205	195	200	<b>201</b>	210	200	209	203	<b>206</b>
Total gas & oil (bcf)	137	132	134	<b>534</b>	137	133	140	137	<b>547</b>
Total gas & oil (mbd))	249	239	243	<b>244</b>	254	244	253	247	<b>250</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.16	4.38	3.80	<b>4.40</b>	4.27	4.41	4.56	4.84	<b>4.52</b>
Currency (US\$/C\$)	0.95	0.96	0.99	<b>0.97</b>	1.01	1.01	1.01	1.01	<b>1.01</b>
Henry Hub (C\$/mmbtu)	4.40	4.55	3.85	<b>4.53</b>	4.24	4.38	4.53	4.81	<b>4.49</b>
Canada (C\$/mcf)	4.23	3.58	3.03	<b>3.89</b>	3.34	3.45	3.56	3.78	<b>3.53</b>
Oil (\$/bbl)									
WTI Cushing	76.09	76.08	85.10	<b>79.43</b>	90.56	92.47	94.07	94.71	<b>92.95</b>
WTI Cushing (C\$/bbl)	80.35	79.05	86.17	<b>81.77</b>	89.94	91.84	93.43	94.06	<b>92.31</b>
Worldwide	71.18	64.17	72.17	<b>67.31</b>	74.36	76.43	78.36	79.04	<b>77.06</b>
Total gas & oil (\$/mcf)	10.51	9.39	10.41	<b>9.95</b>	10.83	11.07	11.42	11.51	<b>11.21</b>
NY Harbor 3-2-1 (\$/bbl)	5.22	8.31	11.15	<b>9.68</b>	15.00	14.84	12.90	8.89	<b>12.91</b>
<b>Revenue (\$mm)</b>									
Natural Gas	103	87	73	<b>375</b>	79	83	86	91	<b>339</b>
Oil	1,343	1,152	1,325	<b>4,937</b>	1,405	1,394	1,509	1,479	<b>5,788</b>
Other	4,419	4,613	4,613	<b>18,856</b>	4,613	4,613	4,613	4,613	<b>18,451</b>
Total	5,864	5,851	6,011	<b>24,167</b>	6,097	6,090	6,208	6,184	<b>24,578</b>
<b>Expense</b>	1,563	813	1,065	<b>4,226</b>	1,074	1,070	1,177	1,164	<b>9,676</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	847	637	797	<b>2,959</b>	846	842	909	895	<b>3,492</b>
Other	117	176	268	<b>713</b>	228	228	268	268	<b>993</b>
Total Ebitda	964	813	1,065	<b>3,671</b>	1,074	1,070	1,177	1,164	<b>4,486</b>
Exploration	27	54	54	<b>225</b>	70	70	70	70	<b>280</b>
Deprec., Deplet., & Amort.	197	187	187	<b>748</b>	187	187	187	187	<b>748</b>
Other non cash				<b>-</b>					<b>-</b>
<b>Ebit</b>	740	572	824	<b>2,698</b>	817	813	920	907	<b>3,458</b>
Interest	-	3		<b>4</b>	-				<b>-</b>
<b>Ebt</b>	740	569	824	<b>2,694</b>	817	813	920	907	<b>3,458</b>
Income Tax	211	150	288	<b>778</b>	245	244	276	272	<b>1,037</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	491	348							
Other	68	92							
Unallocated	(30)	(21)							
Total	529	419	536	<b>1,916</b>	572	569	644	635	<b>2,420</b>
<b>Shares (millions)</b>	854	855	855	<b>855</b>	855	855	855	855	<b>855</b>
Earnings per share (\$)	0.62	0.49	0.63	<b>2.24</b>	0.67	0.67	0.75	0.74	<b>2.83</b>
Ebitda Margin (E&P)	59%	51%	57%	<b>56%</b>	57%	57%	57%	57%	<b>57%</b>
Tax Rate	28%	26%	35%	<b>29%</b>	30%	30%	30%	30%	<b>30%</b>





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Table 2								
McDep Large Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price (US\$/sh)		Market Cap	Net Present Value	Debt/ Present Value	McDep Ratio
	Symbol/Rating		10-Jan 2011	Shares (mm)	(US\$mm)	(US\$/sh)	Value	
	B = Buy, CB (see below)							
<b>U.S. Integrated</b>								
Exxon Mobil Corporation	XOM	B	75.13	5,089	382,000	107.00	0.11	0.73
Marathon Oil Corporation	MRO	B	39.15	712	27,870	68.00	0.19	0.66
Chevron Corporation	CVX	B	90.41	2,007	182,000	146.00	0.08	0.65
ConocoPhillips	COP	B	66.88	1,400	94,000	119.00	0.19	0.64
	<i>Total or Median</i>				686,000		0.15	0.65
<b>Europe</b>								
BG Group plc	BRGXF		20.80	3,402	70,800	25.00	0.11	0.85
Royal Dutch Shell plc	RDS-A	B	66.60	3,069	204,000	96.00	0.19	0.75
Statoil ASA (33%)	STO	B	23.35	1,050	24,500	44.00	0.20	0.63
BP plc	BP		46.03	3,156	145,000	93.00	0.24	0.61
Total S.A.	TOT	B	53.00	2,245	119,000	111.00	0.13	0.54
	<i>Total or Median</i>				563,000		0.19	0.63
<b>Australia/Brazil/China/Russia</b>								
CNOOC Limited (34%)	CEO		240.36	152	36,600	220.00	0.04	1.09
Woodside Petroleum Ltd.	WOPEY	B	42.70	782	33,400	49.00	0.12	0.89
PetroChina Company Ltd (14%)	PTR	B	130.82	256	33,500	210.00	0.11	0.66
Petrobras	PBR	B	36.12	6,428	232,200	62.00	0.11	0.63
Gazprom (50%)	OGZPY	B	25.20	2,865	72,200	56.00	0.10	0.50
Lukoil Oil Company	LUKOY	B	58.56	814	47,700	150.00	0.06	0.42
	<i>Total or Median</i>				456,000		0.10	0.65
<b>U.S. Independent</b>								
Southwestern Energy Company	SWN		38.09	349	13,300	35.00	0.09	1.08
Anadarko Petroleum Corp.	APC		74.88	496	37,100	78.00	0.35	0.97
Chesapeake Energy Corp.	CHK		26.96	744	20,100	33.00	0.36	0.88
Occidental Petroleum Corp.	OXY	B	95.79	814	78,000	123.00	0.05	0.79
EOG Resources, Inc.	EOG	CB	94.95	250	23,800	130.00	0.13	0.77
Devon Energy Corporation	DVN	B	78.30	436	34,100	112.00	0.08	0.72
	<i>Total or Median</i>				206,400		0.11	0.84
<b>Canada</b>								
Penn West Petroleum Ltd.	PWE		24.22	440	10,600	31.00	0.20	0.82
Cenovus Energy Inc.	CVE	B	32.09	752	24,100	49.00	0.16	0.71
Canadian Natural Resources Limited	CNQ	B	41.90	1,089	45,600	67.00	0.13	0.67
Imperial Oil Limited (30%)	IMO	B	39.58	257	10,200	62.00	0.07	0.66
EnCana Corporation	ECA	CB	28.91	736	21,300	51.00	0.19	0.65
Suncor Energy	SU	B	37.04	1,572	58,200	64.00	0.14	0.64
Canadian Oil Sands Limited	COSWF	CB	25.60	484	12,400	52.00	0.06	0.52
	<i>Total or Median</i>				182,000		0.14	0.66
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.								



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Table 3									
McDep Large Cap Energy Portfolio									
Value Multiples and Distribution Yield									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Divd or Distrib NTM	
	Symbol/Rating		10-Jan 2011	NTM	NTM	NTM	NTM	(%)	
B = Buy, CB (see below)									
<b>U.S. Integrated</b>									
	Exxon Mobil Corporation	XOM	B	75.13	13.3	8.6	6.3	11	2.3
	ConocoPhillips	COP	B	66.88	10.4	8.6	5.5	12	3.3
	Marathon Oil Corporation	MRO	B	39.15	9.2	8.0	5.2	11	2.6
	Chevron Corporation	CVX	B	90.41	9.2	7.2	4.7	10	3.2
	<i>Total or Median</i>				9.8	8.3	5.4	11	2.9
<b>Europe</b>									
	BG Group plc	BRGXF		20.80	14.9	9.6	8.2	15	0.9
	Royal Dutch Shell plc	RDS-A	B	66.60	8.6	7.1	5.3	10	5.0
	BP plc	BP		46.03	10.2	8.4	5.2	7	-
	Total S.A.	TOT	B	53.00	9.5	7.9	4.3	7	5.6
	Statoil ASA (33%)	STO	B	23.35	7.0	6.6	4.2	8	4.3
	<i>Total or Median</i>				9.5	7.9	5.2	8	4.3
<b>Australia/Brazil/China/Russia</b>									
	Woodside Petroleum Ltd.	WOPEY	B	42.70	17.1	12.1	10.8	20	2.4
	Petrobras	PBR	B	36.12	10.0	11.1	7.0	12	3.3
	CNOOC Limited (34%)	CEO		240.36	5.6	5.7	6.2	11	2.2
	PetroChina Company Ltd (14%)	PTR	B	130.82	13.6	7.9	5.3	10	3.3
	Gazprom (50%)	OGZPY	B	25.20	30.2	8.0	4.0	5	0.2
	Lukoil Oil Company	LUKOY	B	58.56	16.0	7.7	3.3	5	2.9
	<i>Total or Median</i>				14.8	8.0	5.7	11	2.6
<b>U.S. Independent</b>									
	Chesapeake Energy Corp.	CHK		26.96	10.2	11.4	10.1	19	1.1
	Southwestern Energy Company	SWN		38.09	5.7	9.3	10.0	22	-
	Anadarko Petroleum Corp.	APC		74.88	8.5	8.5	8.3		0.5
	Devon Energy Corporation	DVN	B	78.30	10.1	9.9	7.2	14	0.8
	EOG Resources, Inc.	EOG	CB	94.95	8.6	9.1	7.0	29	0.7
	Occidental Petroleum Corp.	OXY	B	95.79	10.4	8.3	6.5	14	1.9
	<i>Total or Median</i>				9.4	9.2	7.7	19	0.7
<b>Canada</b>									
	Cenovus Energy Inc.	CVE	B	32.09	18.2	13.3	9.5	23	2.5
	Penn West Petroleum Ltd.	PWE		24.22	9.3	10.8	8.9	34	4.4
	EnCana Corporation	ECA	CB	28.91	13.9	13.5	8.8	26	2.8
	Imperial Oil Limited (30%)	IMO	B	39.58	21.0	12.6	8.3	14	1.1
	Canadian Natural Resources Limited	CNQ	B	41.90	18.2	11.9	8.0	20	0.7
	Suncor Energy	SU	B	37.04	21.9	12.1	7.7	21	1.1
	Canadian Oil Sands Limited	COSWF	CB	25.60	29.2	13.4	7.0	12	3.2
	<i>Total or Median</i>				18.2	12.6	8.3	21	2.5
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									



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A Weekly Analysis of Large Cap Oil and Gas Stocks

January 11, 2011

			Price (\$/sh)	Enterprise Value/				McDep	
	Symbol		10-Jan 2011	52Wk High	52Wk Low	50 Day Avg.	200 Day Avg.	Ratio	
<b>U.S. Integrated</b>									
	Exxon Mobil Corporation	XOM	B	75.13	0.99	1.28	1.05	1.13	0.73
	Marathon Oil Corporation	MRO	B	39.15	1.00	1.27	1.08	1.12	0.66
	Chevron Corporation	CVX	B	90.41	0.98	1.30	1.04	1.12	0.65
	ConocoPhillips	COP	B	66.88	0.98	1.27	1.03	1.11	0.64
	<i>Median</i>			<i>0.99</i>	<i>1.27</i>	<i>1.04</i>	<i>1.12</i>	<i>0.65</i>	
<b>Europe</b>									
	BG Group plc	BRGXF		103.98	0.98	1.40	1.03	1.15	0.85
	Royal Dutch Shell plc	RDS-A	B	66.60	0.98	1.24	1.02	1.09	0.75
	BP plc	BP		46.03	0.82	1.35	1.04	1.06	0.61
	Statoil ASA (33%)	STO	B	23.35	0.91	1.17	1.04	1.06	0.63
	Total S.A.	TOT	B	53.00	0.83	1.17	1.00	1.02	0.54
	<i>Median</i>			<i>0.95</i>	<i>1.26</i>	<i>1.03</i>	<i>1.07</i>	<i>0.64</i>	
<b>Australia/Brazil/China/Russia</b>									
	CNOOC Limited (34%)	CEO		240.36	0.98	1.68	1.05	1.26	1.09
	Gazprom (50%)	OGZPY	B	25.20	0.95	1.30	1.04	1.11	0.50
	PetroChina Company Ltd (14%)	PTR	B	130.82	0.97	1.26	1.02	1.09	0.66
	Woodside Petroleum Ltd.	WOPEY	B	42.70	0.93	1.25	1.01	1.05	0.89
	Lukoil Oil Company	LUKOY	B	58.56	0.97	1.27	1.02	1.05	0.42
	Petrobras	PBR	B	36.12	0.77	1.13	1.04	0.99	0.63
	<i>Median</i>			<i>0.96</i>	<i>1.26</i>	<i>1.03</i>	<i>1.07</i>	<i>0.65</i>	
<b>U.S. Independent</b>									
	Anadarko Petroleum Corp.	APC		74.88	0.97	1.52	1.07	1.17	0.97
	Devon Energy Corporation	DVN	B	78.30	0.99	1.29	1.06	1.15	0.72
	Occidental Petroleum Corp.	OXY	B	95.79	0.96	1.30	1.05	1.14	0.79
	Chesapeake Energy Corp.	CHK		26.96	0.96	1.19	1.08	1.10	0.88
	Southwestern Energy Company	SWN		44.00	0.74	1.22	1.04	1.02	1.08
	EOG Resources, Inc.	EOG	CB	94.95	0.85	1.09	1.03	0.97	0.77
	<i>Median</i>			<i>0.96</i>	<i>1.25</i>	<i>1.06</i>	<i>1.12</i>	<i>0.84</i>	
<b>Canada</b>									
	Penn West Petroleum Ltd.	PWE		74.88	0.98	1.35	1.04	1.12	0.82
	Canadian Natural Resources	CNQ	B	41.90	0.93	1.30	1.02	1.11	0.67
	Cenovus Energy Inc.	CVE	B	32.09	0.95	1.29	1.04	1.10	0.71
	Suncor Energy	SU	B	37.04	0.95	1.25	1.03	1.09	0.64
	Imperial Oil Limited (30%)	IMO	B	39.58	0.92	1.11	1.03	1.02	0.66
	EnCana Corporation	ECA	CB	28.91	0.86	1.08	1.01	0.97	0.65
	Canadian Oil Sands Limited	COSWF	CB	25.64	0.80	1.09	0.99	0.96	0.52
	<i>Median</i>			<i>0.93</i>	<i>1.25</i>	<i>1.03</i>	<i>1.09</i>	<i>0.66</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

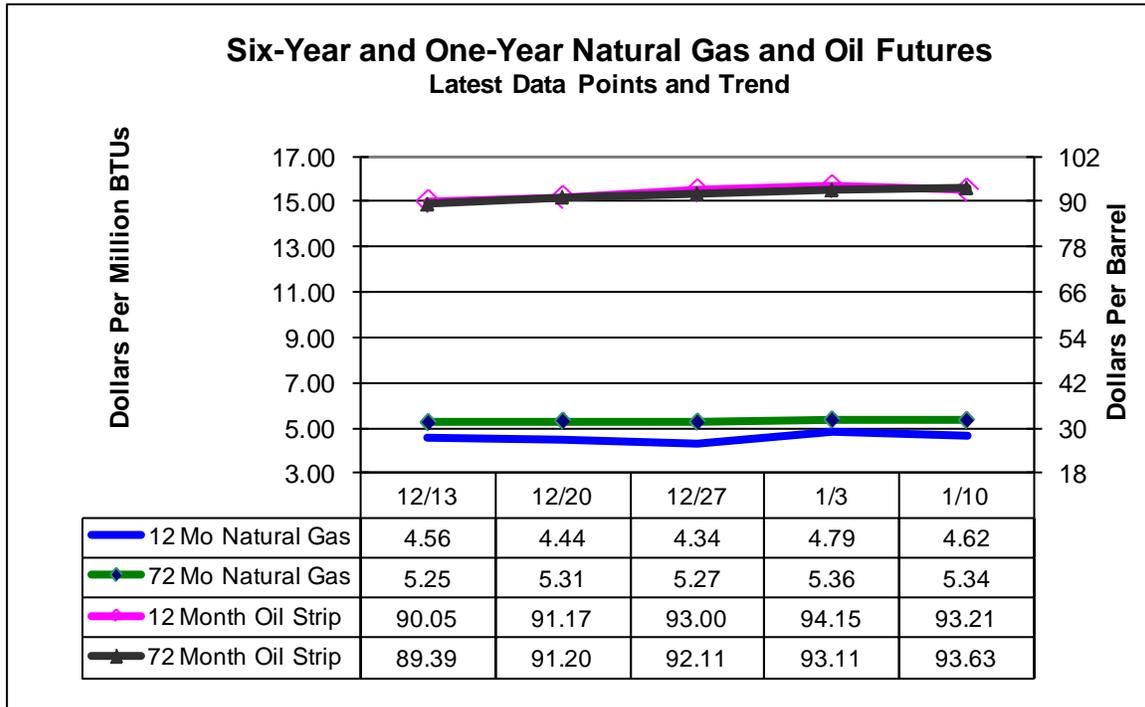
January 11, 2011

<b>Index of Recent Research</b>			
<b>Stock Ideas</b>			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
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)
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	COP	ConocoPhillips	Reload Oil Stock Classics (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>			
11-Jan			
4-Jan	PBR	Petrobras	Restore Buy on Oil Growth
28-Dec	CVX OXY COSWF		Raise Long-Term Oil Price to \$100
21-Dec	CHK	Chesapeake Energy	Carl Icahn Owns 5.8%
14-Dec	EOG ECA IMO COSWF		A Few Good Contrarian Buys Left
7-Dec	MRO CVX STO TOT OGZPY LUKOY		Cash Machines
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>			
7-Jan	WLL	Whiting Petroleum	Raise NPV to \$150 on North Dakota Oil
31-Dec	WLL XEC		Longer Life, Higher Value
24-Dec	WLL DNR LGCY		Raise NPV on Long-Term Oil Price of \$100
17-Dec			Canadian Income Trusts R.I.P.
10-Dec	PWE BRY FRHLF ENP		Reverse McDep Identifies Higher Oil Values
3-Dec	RRC, HK	Range Resources, Petrohawk	New Buys - Selling Pressure Exhausted
For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Energy Income</a> .			



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