



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

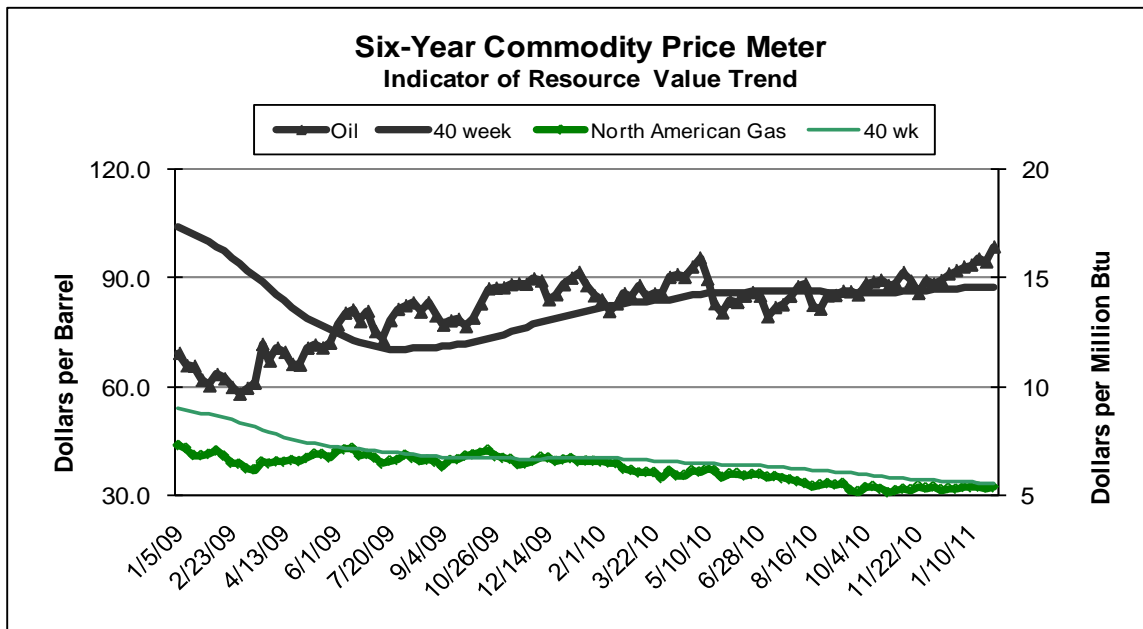
February 1, 2011

## Rising Trends for XOM, CVX, and COP

### Summary and Recommendation

Oil production, refined products and overseas natural gas are each contributing increasing earnings and cash flow disclosed in latest results for buy recommendations **ExxonMobil (XOM)**, **Chevron (CVX)** and **ConocoPhillips (COP)**. In addition to the improved outlook for downstream refining and marketing we noted last week, latest results validated a stronger recovery in overseas natural gas price than we had been projecting, which is particularly important for XOM. Powered by new production in Qatar, XOM's share of value concentrated on overseas natural gas increases to 18% from 14% (see [Table 1](#) on page 2). We maintain Net Present Value (NPV) at the level to which we raised it at year-end for \$100 oil (see [Table 2](#) on page 3). Higher cash flow strengthens support for NPV. The strength is also reflected in lower unlevered cash flow multiples (EV/Ebitda) ranging from 4.3 to 5.8 compared to 4.9 to 6.6 a week ago (see [Table 3](#) on page 4). The attractive valuation ratios are backed up in detail for each of the three U.S. Integrated Producers (see tables [Functional Cash Flow and Present Value](#) and [Next Twelve Months Operating and Financial Estimates](#) on pages 6-9). Meanwhile, crude oil price, the main indicator for largest share of value for most of our large cap buy recommendations, continues its upward trend (see charts [Six-Year Commodity Price Meter](#) below and [Six-Year and One-Year Natural Gas and Oil Futures](#) on page 11). Price may be affected by turmoil in Egypt that we hope is resolved to help Egyptians participate fully in global economic growth.

Kurt H. Wulff, CFA







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Table 2									
McDep Large Cap Energy Portfolio									
Net Present Value and McDep Ratio									
			Price (US\$/sh)			Net Present Value			
	Symbol/Rating		31-Jan 2011	Shares (mm)	Market Cap (US\$mm)	(US\$/sh)	Debt/ Present Value	McDep Ratio	
			B = Buy, CB (see below)						
<b>U.S. Integrated</b>									
	Exxon Mobil Corporation	XOM	B	80.68	5,031	406,000	107.00	0.11	0.78
	Marathon Oil Corporation	MRO	B	45.70	712	32,540	68.00	0.19	0.73
	ConocoPhillips	COP	B	71.46	1,426	102,000	119.00	0.19	0.67
	Chevron Corporation	CVX	B	94.93	2,009	191,000	146.00	0.06	0.67
	<i>Total or Median</i>					732,000		0.15	0.70
<b>Europe</b>									
	BG Group plc	BRGXF		22.54	3,402	76,700	25.00	0.11	0.91
	Royal Dutch Shell plc	RDS-A	B	70.99	3,069	218,000	96.00	0.19	0.79
	Statoil ASA (33%)	STO	B	24.42	1,050	25,700	44.00	0.21	0.65
	BP plc	BP		47.47	3,156	150,000	93.00	0.24	0.63
	Total S.A.	TOT	B	58.77	2,245	132,000	111.00	0.13	0.59
	<i>Total or Median</i>					602,000		0.19	0.65
<b>Australia/Brazil/China/Russia</b>									
	CNOOC Limited (34%)	CEO		222.66	152	33,900	220.00	0.04	1.01
	Woodside Petroleum Ltd.	WOPEY	B	41.85	782	32,700	49.00	0.12	0.87
	PetroChina Company Ltd (14%)	PTR	B	139.27	256	35,700	210.00	0.11	0.70
	Petrobras	PBR	B	36.73	6,428	236,100	62.00	0.11	0.64
	Gazprom (50%)	OGZPY	B	26.76	2,865	76,700	56.00	0.10	0.53
	Lukoil Oil Company	LUKOY	B	61.97	814	50,500	150.00	0.06	0.45
	<i>Total or Median</i>					466,000		0.10	0.67
<b>U.S. Independent</b>									
	Southwestern Energy Company	SWN		39.50	349	13,800	35.00	0.09	1.12
	Anadarko Petroleum Corp.	APC		77.08	496	38,200	78.00	0.35	0.99
	Chesapeake Energy Corp.	CHK		29.53	744	22,000	33.00	0.36	0.93
	EOG Resources, Inc.	EOG	B	106.39	250	26,600	130.00	0.13	0.84
	Devon Energy Corporation	DVN	B	88.69	436	38,700	112.00	0.08	0.81
	Occidental Petroleum Corp.	OXY	B	96.68	814	78,700	123.00	0.05	0.80
	<i>Total or Median</i>					218,000		0.11	0.89
<b>Canada</b>									
	Penn West Petroleum Ltd.	PWE		27.49	440	10,600	31.00	0.20	0.82
	Cenovus Energy Inc.	CVE	B	34.61	752	26,000	49.00	0.16	0.75
	Imperial Oil Limited (30%)	IMO	B	44.61	257	11,400	62.00	0.07	0.74
	Canadian Natural Resources Limited	CNQ	B	44.52	1,089	48,500	67.00	0.13	0.71
	EnCana Corporation	ECA	B	32.27	736	23,800	51.00	0.19	0.70
	Suncor Energy	SU	B	41.51	1,572	65,300	64.00	0.14	0.70
	Canadian Oil Sands Limited	COSWF	B	27.34	484	13,200	52.00	0.06	0.55
	<i>Total or Median</i>					199,000		0.14	0.71
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		31-Jan 2011	NTM	NTM	NTM	NTM	(%)	
B = Buy, CB (see below)									
<b>U.S. Integrated</b>									
	Exxon Mobil Corporation	XOM	B	80.68	12.7	7.4	5.8	10	2.2
	Marathon Oil Corporation	MRO	B	45.70	9.2	7.8	5.7	13	2.2
	ConocoPhillips	COP	B	71.46	10.5	7.7	5.2	10	3.1
	Chevron Corporation	CVX	B	94.93	9.0	6.4	4.3	9	3.0
	<i>Total or Median</i>				9.9	7.5	5.4	10	2.6
<b>Europe</b>									
	BG Group plc	BRGXF		22.54	14.9	9.5	8.7	16	0.9
	Royal Dutch Shell plc	RDS-A	B	70.99	8.6	6.9	5.4	10	4.7
	BP plc	BP		47.47	10.2	8.2	5.1	7	-
	Total S.A.	TOT	B	58.77	9.5	7.6	4.5	8	5.3
	Statoil ASA (33%)	STO	B	24.42	7.0	6.4	4.2	8	4.2
	<i>Total or Median</i>				9.5	7.6	5.1	8	4.2
<b>Australia/Brazil/China/Russia</b>									
	Woodside Petroleum Ltd.	WOPEY	B	41.85	19.6	13.4	11.7	23	2.4
	Petrobras	PBR	B	36.73	10.0	10.7	6.9	12	3.2
	CNOOC Limited (34%)	CEO		222.66	5.6	5.5	5.5	10	2.4
	PetroChina Company Ltd (14%)	PTR	B	139.27	13.6	7.7	5.4	10	3.2
	Gazprom (50%)	OGZPY	B	26.76	30.2	7.8	4.1	5	1.2
	Lukoil Oil Company	LUKOY	B	61.97	16.0	7.5	3.3	5	2.8
	<i>Total or Median</i>				14.8	7.8	5.5	10	2.6
<b>U.S. Independent</b>									
	Chesapeake Energy Corp.	CHK		29.53	10.2	11.3	10.5	20	1.0
	Southwestern Energy Company	SWN		39.50	5.7	9.2	10.3	23	-
	Anadarko Petroleum Corp.	APC		77.08	8.5	8.3	8.2		0.5
	Devon Energy Corporation	DVN	B	88.69	10.1	9.7	7.9	15	0.7
	EOG Resources, Inc.	EOG	B	106.39	8.6	8.9	7.5	30	0.6
	Occidental Petroleum Corp.	OXY	B	96.68	11.0	8.2	6.5	13	1.9
	<i>Total or Median</i>				9.4	9.1	8.0	20	0.7
<b>Canada</b>									
	Cenovus Energy Inc.	CVE	B	34.61	18.2	12.9	9.7	23	2.3
	EnCana Corporation	ECA	B	32.27	13.9	13.4	9.4	28	2.5
	Imperial Oil Limited (30%)	IMO	B	44.61	21.0	12.2	9.0	15	1.0
	Penn West Petroleum Ltd.	PWE		27.49	9.3	10.4	8.6	35	3.9
	Suncor Energy	SU	B	41.51	21.9	11.7	8.2	22	1.0
	Canadian Natural Resources Limited	CNQ	B	44.52	18.2	11.5	8.1	19	0.7
	Canadian Oil Sands Limited	COSWF	B	27.34	29.2	12.6	7.0	12	2.9
	<i>Total or Median</i>				18.2	12.2	8.6	22	2.3
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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Table 4									
McDep Large Cap Energy Portfolio									
Rank by Enterprise Value to 200 Day Average									
			Price						
			(\$/sh)	Enterprise Value/					
	Symbol		31-Jan	52Wk	52Wk	50 Day	200 Day	McDep	
		Ratin.	2011	High	Low	Avg.	Avg.	Ratio	
<b>U.S. Integrated</b>									
	Marathon Oil Corporation	MRO	B	45.70	1.00	1.42	1.16	1.24	0.73
	Exxon Mobil Corporation	XOM	B	80.68	1.00	1.36	1.08	1.19	0.78
	Chevron Corporation	CVX	B	94.93	1.00	1.37	1.06	1.16	0.67
	ConocoPhillips	COP	B	71.46	1.00	1.34	1.06	1.16	0.67
	<i>Median</i>			<i>1.00</i>	<i>1.36</i>	<i>1.07</i>	<i>1.18</i>	<i>0.70</i>	
<b>Europe</b>									
	BG Group plc	BRGXF		112.71	0.99	1.50	1.09	1.22	0.91
	Royal Dutch Shell plc	RDS-A	B	70.99	1.00	1.30	1.06	1.14	0.79
	Total S.A.	TOT	B	58.77	0.98	1.26	1.07	1.11	0.59
	BP plc	BP		47.47	0.85	1.37	1.04	1.09	0.63
	Statoil ASA (33%)	STO	B	24.42	0.98	1.20	1.05	1.09	0.65
	<i>Median</i>			<i>0.99</i>	<i>1.33</i>	<i>1.06</i>	<i>1.12</i>	<i>0.68</i>	
<b>Australia/Brazil/China/Russia</b>									
	Gazprom (50%)	OGZPY	B	26.76	0.98	1.36	1.06	1.16	0.53
	CNOOC Limited (34%)	CEO		222.66	0.89	1.53	0.95	1.14	1.01
	PetroChina Company Ltd (14%)	PTR	B	139.27	0.99	1.32	1.06	1.14	0.70
	Lukoil Oil Company	LUKOY	B	61.97	0.96	1.33	1.05	1.10	0.45
	Woodside Petroleum Ltd.	WOPEY	B	41.85	0.91	1.23	0.99	1.03	0.87
	Petrobras	PBR	B	36.73	0.81	1.14	1.04	1.02	0.64
	<i>Median</i>			<i>0.94</i>	<i>1.33</i>	<i>1.05</i>	<i>1.12</i>	<i>0.67</i>	
<b>U.S. Independent</b>									
	Devon Energy Corporation	DVN	B	88.69	0.99	1.45	1.14	1.27	0.81
	Anadarko Petroleum Corp.	APC		77.08	0.98	1.55	1.05	1.19	0.99
	Chesapeake Energy Corp.	CHK		29.53	1.00	1.26	1.11	1.16	0.93
	Occidental Petroleum Corp.	OXY	B	96.68	0.97	1.31	1.02	1.14	0.80
	EOG Resources, Inc.	EOG	B	106.39	0.94	1.20	1.11	1.07	0.84
	Southwestern Energy Company	SWN		47.50	0.87	1.26	1.05	1.06	1.12
	<i>Median</i>			<i>0.97</i>	<i>1.29</i>	<i>1.08</i>	<i>1.15</i>	<i>0.89</i>	
<b>Canada</b>									
	Suncor Energy	SU	B	41.51	1.00	1.36	1.10	1.18	0.70
	Canadian Natural Resources	CNQ	B	44.52	0.97	1.37	1.05	1.16	0.71
	Cenovus Energy Inc.	CVE	B	34.61	1.00	1.37	1.08	1.15	0.75
	Imperial Oil Limited (30%)	IMO	B	44.61	1.00	1.24	1.12	1.13	0.74
	Penn West Petroleum Ltd.	PWE		77.08	0.91	1.35	1.01	1.11	0.82
	EnCana Corporation	ECA	B	32.27	0.94	1.17	1.07	1.05	0.70
	Canadian Oil Sands Limited	COSWF	B	27.46	0.85	1.16	1.04	1.03	0.55
	<i>Median</i>			<i>0.97</i>	<i>1.35</i>	<i>1.07</i>	<i>1.13</i>	<i>0.71</i>	
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.									



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<b>Exxon Mobil Corporation</b>					
<b>Functional Cash Flow and Present Value</b>					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>Ebitda</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
North American Natural Gas	3,960	11.3	12.6	50,000	8%
Rest of World Natural Gas	12,210	15.2	8.2	100,000	17%
Oil	47,000	10.6	7.3	345,000	57%
Downstream	19,000		5.8	110,000	18%
	82,170	12.7	7.4	605,000	100%
Debt					67,000
Net Present Value (\$mm)					538,000
Shares					5,031
Net Present Value - Standard Estimate (US\$/sh)					107
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					114

<b>Chevron Corporation</b>					
<b>Functional Cash Flow and Present Value</b>					
	<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>	
North American Natural Gas	1,200	5.3	8.3	10,000	3%
Rest of World Natural Gas	3,790	12.6	7.9	30,000	10%
Oil	37,090	8.2	6.4	239,000	76%
Downstream	6,500		5.2	34,000	11%
	48,580	9.0	6.4	313,000	100%
Debt (US\$mm)					20,000
Net Present Value (US\$mm)					293,000
Shares (mm)					2,009
Net Present Value - Standard Estimate (US\$/sh)					146
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					158

<b>ConocoPhillips</b>					
<b>Functional Cash Flow and Present Value</b>					
	<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>	
North American Natural Gas	2,260	11.1	12.4	28,000	13%
Rest of World Natural Gas	2,440	10.4	7.4	18,000	9%
Oil	16,530	10.3	8.2	135,000	65%
Downstream	6,000		4.7	28,000	13%
	27,230	10.5	7.7	209,000	100%
Debt (US\$mm)					39,000
Net Present Value (US\$mm)					170,000
Shares (mm)					1,426
Net Present Value - Standard Estimate (US\$/sh)					119
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					115



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Exxon Mobil Corporation									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/09	9/30/10	12/31/10	2010	3/31/11	6/30/11	9/30/11	12/31/11	12/31/11
<b>Volume</b>									
Natural Gas (mmcf)									
North America	1,939	4,276	4,433	<b>3,165</b>	4,433	4,433	4,433	4,433	<b>4,433</b>
Overseas	8,778	7,916	10,219	<b>8,983</b>	9,786	8,019	6,223	10,219	<b>8,557</b>
Total	10,717	12,192	14,652	<b>12,148</b>	14,219	12,452	10,656	14,652	<b>12,990</b>
Oil (mbd)	2,393	2,421	2,526	<b>2,422</b>	2,526	2,526	2,526	2,526	<b>2,526</b>
Total gas & oil (mmb)	384	410	457	<b>1,623</b>	441	419	396	457	<b>1,712</b>
Total gas & oil (mbd)	4,179	4,453	4,968	<b>4,446</b>	4,896	4,601	4,302	4,968	<b>4,691</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.16	4.38	3.80	<b>4.40</b>	4.30	4.47	4.58	4.79	<b>4.53</b>
U.S.	4.23	4.13	3.70	<b>4.15</b>	4.30	4.47	4.58	4.79	<b>4.53</b>
International	6.18	6.26	7.24	<b>6.50</b>	7.24	7.24	7.24	7.24	<b>7.24</b>
Total	5.83	5.51	6.17	<b>5.89</b>	6.32	6.25	6.13	6.50	<b>6.32</b>
Oil (\$/bbl)									
WTI Cushing	76.09	76.08	85.10	<b>79.43</b>	94.65	95.52	97.83	98.87	<b>96.72</b>
Worldwide	72.23	73.26	83.05	<b>76.42</b>	92.38	93.23	95.48	96.50	<b>94.41</b>
Total gas & oil (\$/bbl)	56.30	54.93	60.42	<b>57.70</b>	66.03	68.10	71.25	68.23	<b>68.33</b>
NY Harbor 3-2-1 (\$/bbl)	5.22	8.31	11.15	<b>9.68</b>	16.75	17.60	14.84	10.63	<b>14.96</b>
<b>Revenue (\$mm)</b>									
Natural Gas									
U.S.	755	1,625	1,509	<b>4,795</b>	1,714	1,803	1,867	1,953	<b>7,337</b>
International	4,991	4,559	6,807	<b>21,301</b>	6,377	5,283	4,145	6,807	<b>22,611</b>
Total	5,745	6,184	8,316	<b>26,096</b>	8,090	7,087	6,012	8,760	<b>29,948</b>
Oil	15,902	16,318	19,301	<b>67,549</b>	21,002	21,430	22,189	22,425	<b>87,046</b>
Other	68,193	72,796	77,569	<b>289,576</b>	77,569	77,569	77,569	77,569	<b>310,277</b>
Total	89,841	95,298	105,186	<b>383,221</b>	106,662	106,086	105,769	108,754	<b>427,271</b>
<b>Expense (\$mm)</b>									
Production	10,042	11,145	12,893	<b>45,718</b>	13,383	13,118	12,972	14,345	<b>53,817</b>
Other	66,584	68,480	73,518	<b>273,587</b>	73,569	72,569	72,469	72,669	<b>291,277</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	11,605	11,357	14,724	<b>47,927</b>	15,710	15,399	15,228	16,840	<b>63,177</b>
Other	1,609	4,316	4,051	<b>15,989</b>	4,000	5,000	5,100	4,900	<b>19,000</b>
Total Ebitda	13,214	15,673	18,775	<b>63,916</b>	19,710	20,399	20,328	21,740	<b>82,177</b>
Exploration	685	501	558	<b>2,163</b>	558	558	558	558	<b>2,232</b>
Deprec., Deplet., & Amort.	3,193	3,844	3,844	<b>14,334</b>	3,844	3,844	3,844	3,844	<b>15,376</b>
<b>Ebit (\$mm)</b>									
Interest	36	54	54	<b>203</b>	54	54	54	54	<b>216</b>
<b>Ebt (\$mm)</b>									
Income Tax	3,255	3,946	5,012	<b>16,526</b>	5,339	5,580	5,555	6,049	<b>22,524</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	5,780	5,467	7,480						
Other	527	2,389	2,217						
Unallocated	(262)	(528)	(390)						
Total	6,045	7,328	9,307	<b>30,690</b>	9,915	10,363	10,317	11,235	<b>41,829</b>
<b>Shares (millions)</b>									
Per share (\$)	1.27	1.44	1.85	<b>6.26</b>	1.97	2.06	2.05	2.23	<b>8.31</b>
Ebitda Margin (E&P)	54%	50%	53%	<b>51%</b>	54%	54%	54%	54%	<b>54%</b>
TaxRate	35%	35%	35%	<b>35%</b>	35%	35%	35%	35%	<b>35%</b>

Please see disclosures on the final page.

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Chevron									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/09	9/30/10	12/31/10	2010	3/31/11	6/30/11	9/30/11	12/31/11	12/31/11
<b>Volume</b>									
Natural Gas (mmcf)									
U.S.	1,402	1,255	1,307	<b>1,314</b>	1,307	1,307	1,307	1,307	<b>1,307</b>
Rest of World	3,652	3,748	3,733	<b>3,726</b>	3,723	3,699	3,748	3,733	<b>3,726</b>
Total	5,054	5,003	5,040	<b>5,040</b>	5,030	5,006	5,055	5,040	<b>5,033</b>
Oil (mbd)	1,936	1,904	1,946	<b>1,923</b>	1,946	1,946	1,946	1,946	<b>1,946</b>
Total gas & oil (mmb)	256	252	256	<b>1,009</b>	251	253	257	256	<b>1,016</b>
Total gas & oil (mbd)	2,778	2,738	2,786	<b>2,763</b>	2,784	2,780	2,789	2,786	<b>2,785</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.16	4.38	3.80	<b>4.40</b>	4.30	4.47	4.58	4.79	<b>4.53</b>
U.S.	4.23	4.05	3.65	<b>4.26</b>	4.13	4.29	4.40	4.50	<b>4.33</b>
Rest of World	4.15	4.73	4.81	<b>4.64</b>	4.81	4.81	4.81	4.81	<b>4.81</b>
Total	4.17	4.56	4.51	<b>4.54</b>	4.63	4.68	4.70	4.73	<b>4.69</b>
Oil (\$/bbl)									
WTI Cushing	76.09	76.08	85.10	<b>79.43</b>	94.65	95.52	97.83	98.87	<b>96.72</b>
Worldwide	68.92	70.31	79.21	<b>73.18</b>	88.10	88.91	91.05	92.03	<b>90.04</b>
Total gas & oil (\$/bbl)	55.62	57.23	63.48	<b>59.22</b>	69.94	70.65	72.07	72.84	<b>71.38</b>
NY Harbor 3-2-1 (\$/bbl)	5.22	8.31	11.15	<b>9.68</b>	16.75	17.60	14.84	10.63	<b>14.96</b>
<b>Revenue (\$mm)</b>									
Natural Gas									
U.S.	546	468	439	<b>2,043</b>	485	511	529	541	<b>2,066</b>
Rest of World	1,394	1,631	1,652	<b>6,309</b>	1,612	1,619	1,659	1,652	<b>6,541</b>
Total	1,940	2,099	2,091	<b>8,352</b>	2,097	2,130	2,187	2,193	<b>8,607</b>
Oil	12,276	12,316	14,180	<b>51,371</b>	15,430	15,744	16,302	16,476	<b>63,952</b>
Other	34,460	35,304	37,756	<b>145,205</b>	37,756	37,756	38,556	38,556	<b>151,823</b>
Total	48,676	49,718	54,027	<b>204,928</b>	55,283	55,630	56,245	57,224	<b>224,382</b>
<b>Expense</b>									
Production	5,609	5,775	5,885	<b>21,556</b>	7,361	7,507	7,765	7,841	<b>30,475</b>
Other	34,810	33,777	36,668	<b>140,120</b>	36,348	36,180	35,926	36,870	<b>145,323</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	8,608	8,639	10,386	<b>38,166</b>	10,166	10,367	10,724	10,828	<b>42,084</b>
Other	(350)	1,527	1,088	<b>5,086</b>	1,408	1,576	1,830	1,686	<b>6,500</b>
Total Ebitda	8,257	10,166	11,474	<b>43,252</b>	11,574	11,943	12,554	12,514	<b>48,584</b>
Exploration	281	420	335	<b>1,147</b>	335	335	335	335	<b>1,340</b>
Deprec., Deplet., & Amort.	3,156	3,401	3,439	<b>13,063</b>	3,439	3,439	3,439	3,439	<b>13,756</b>
Other non cash									
<b>Ebit</b>	4,820	6,345	7,700	<b>29,042</b>	7,800	8,169	8,780	8,740	<b>33,488</b>
Interest	-	9	4	<b>50</b>	4	4	4	4	<b>16</b>
<b>Ebt</b>	4,820	6,336	7,696	<b>28,992</b>	7,796	8,165	8,776	8,736	<b>33,472</b>
Income Tax	1,687	2,218	2,694	<b>10,147</b>	2,729	2,858	3,071	3,058	<b>11,715</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	4,003	3,809	4,900	<b>17,868</b>					
Other	(515)	683	394	<b>2,117</b>					
Unallocated	(355)	(373)	(292)	<b>(1,140)</b>					
Total	3,133	4,119	5,002	<b>18,845</b>	5,067	5,307	5,704	5,678	<b>21,757</b>
<b>Shares (millions)</b>	2,004	2,007	2,009	<b>2,007</b>	2,009	2,009	2,009	2,009	<b>2,009</b>
Per share (\$)	1.56	2.05	2.49	<b>9.39</b>	2.52	2.64	2.84	2.83	<b>10.83</b>
Ebitda Margin (E&P)	61%	60%	64%	<b>64%</b>	58%	58%	58%	58%	<b>58%</b>
Tax Rate	35%	35%	35%	<b>35%</b>	35%	35%	35%	35%	<b>35%</b>

Please see disclosures on the final page.

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# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 1, 2011

ConocoPhillips									
Next Twelve Months Operating and Financial Estimates									
	Excludes Lukoil after 6/30/10								Next Twelve Months
	Q4	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E	
	12/31/09	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	12/31/11
<b>Volume</b>									
Natural Gas (mmcf)									
North America	2,776	2,865	2,794	2,571	2,571	2,571	2,571	2,571	<b>2,571</b>
Overseas	2,132	2,044	1,771	2,020	1,906	1,676	1,771	2,020	<b>1,843</b>
Total	4,908	4,909	4,565	4,591	4,477	4,247	4,342	4,591	<b>4,414</b>
Oil (mbd)	1,441	1,358	956	964	964	954	945	935	<b>950</b>
Total gas & oil (bcf)	1,247	1,188	948	955	923	908	921	939	<b>3,691</b>
Total gas & oil (mbd)	2,259	2,176	1,717	1,729	1,710	1,662	1,668	1,701	<b>1,685</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.16	4.09	4.38	3.80	4.30	4.47	4.58	4.79	<b>4.53</b>
North America	4.02	3.83	3.82	3.66	4.14	4.31	4.41	4.62	<b>4.37</b>
Overseas	5.25	4.76	5.60	6.59	6.59	6.59	6.59	6.59	<b>6.59</b>
Total	4.56	4.22	4.51	4.95	5.18	5.21	5.30	5.48	<b>5.30</b>
Oil (\$/bbl)									
WTI Cushing	76.09	77.85	76.08	85.10	94.65	95.52	97.83	98.87	<b>96.72</b>
Worldwide	67.83	69.90	68.34	77.24	84.92	85.70	87.76	88.70	<b>86.58</b>
Total gas & oil (\$/mcf)	8.86	8.86	8.34	9.37	10.24	10.42	10.58	10.60	<b>10.46</b>
NY Harbor 3-2-1 (\$/bbl)	5.22	12.13	8.31	11.15	16.75	17.60	14.84	10.63	<b>14.96</b>
<b>Revenue (\$mm)</b>									
Natural Gas									
North America	1,027	998	981	867	958	1,009	1,044	1,092	<b>4,103</b>
Overseas	1,031	885	912	1,224	1,130	1,005	1,073	1,224	<b>4,432</b>
Total	2,058	1,883	1,892	2,091	2,088	2,013	2,117	2,316	<b>8,535</b>
Oil	8,992	8,639	6,011	6,851	7,368	7,442	7,629	7,633	<b>30,072</b>
Other	32,575	39,605	41,646	44,276	44,276	44,276	44,276	44,276	<b>177,103</b>
Total	43,625	50,127	49,549	53,217	53,731	53,731	54,022	54,225	<b>215,709</b>
<b>Expense (\$mm)</b>	37,427	43,429	44,012	47,468	47,393	46,744	46,996	47,343	<b>188,476</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	5,881	4,901	4,426	4,735	5,201	5,201	5,360	5,472	<b>21,234</b>
Other	316	1,797	1,110	1,013	1,138	1,786	1,665	1,410	<b>6,000</b>
Total Ebitda	6,198	6,698	5,537	5,749	6,339	6,987	7,026	6,882	<b>27,234</b>
Exploration	328	213	252	307	400	400	400	400	<b>1,600</b>
Deprec., Deplet., & Amort.	2,391	2,280	2,246	2,216	2,216	2,216	2,216	2,216	<b>8,864</b>
Other non cash	425		(671)	-					<b>-</b>
<b>Ebit</b>	3,054	4,205	3,709	3,226	3,723	4,371	4,410	4,266	<b>16,770</b>
Interest	375	349	264	273	273	273	300	300	<b>1,146</b>
<b>Ebt</b>	2,679	3,856	3,445	2,953	3,450	4,098	4,110	3,966	<b>15,624</b>
Income Tax	938	1,350	1,206	1,033	1,207	1,434	1,438	1,388	<b>5,468</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	1,589	2,008	1,506	1,688					
Other	(64)	912	477	416					
Unallocated	216	(413)	257	(185)					
Total	1,741	2,507	2,240	1,919	2,242	2,664	2,671	2,578	<b>10,155</b>
<b>Shares (millions)</b>	1,501	1,501	1,493	1,454	1,454	1,454	1,400	1,400	<b>1,426</b>
Per share (\$)	1.16	1.67	1.50	1.32	1.54	1.83	1.91	1.84	<b>7.12</b>
Ebitda Margin (E&P)	53%	47%	56%	53%	55%	55%	55%	55%	<b>55%</b>
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	<b>35%</b>



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 1, 2011

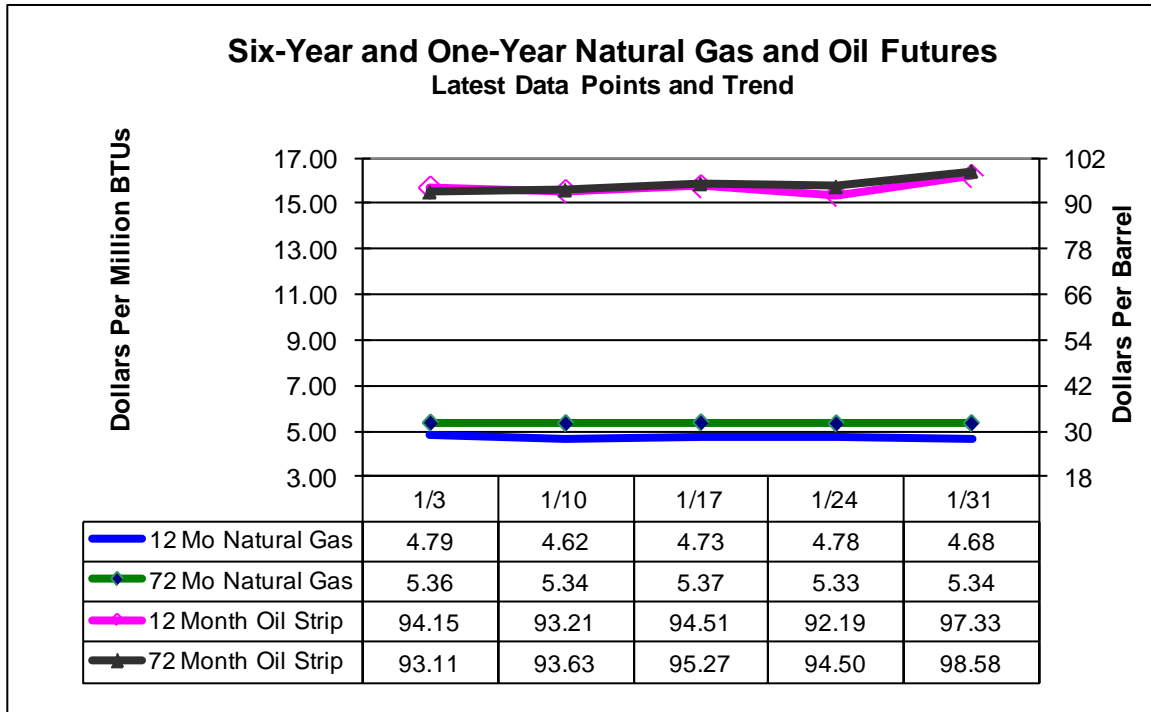
<b>Index of Recent Research</b>			
<b>Stock Ideas</b>			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
28-Jan	COSWF	Canadian Oil Sands Limited	Ethical Oil for Generations
26-Jan	OXY	Occidental Petroleum	Growing U.S. Oil Production
21-Jan	XEC	Cimarex Energy	Raise NPV to \$100 a Share (Income and Small Cap Weekly)
18-Jan	MRO	Marathon Oil	Refining/Marketing Spinoff May Boost Value 27% (MR)
17-Jan	BIREF	Birchcliff Energy Ltd.	High Volume Stock Trading
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	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)
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
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)
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>			
1-Feb			
25-Jan	RDS XOM TOT COP CVX MRO		Surprising Strength in Refining
18-Jan	MRO	Marathon Oil	Refining/Marketing Spinoff May Boost Value 27%
11-Jan	IMO	Imperial Oil	Accelerating Growth
4-Jan	PBR	Petrobras	Restore Buy on Oil Growth
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>			
28-Jan			Rioting in Egypt Strengthens Obama/Carter Parallel
21-Jan	XEC	Cimarex Energy	Raise NPV to \$100 a Share
14-Jan			All Stock Price Trends Up
7-Jan	WLL	Whiting Petroleum	Raise NPV to \$150 on North Dakota Oil
31-Dec	WLL XEC		Longer Life, Higher Value



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February 1, 2011



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