



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Euro Oils Pay High Dividends from Global Profits

Summary and Recommendation

Buy recommendations **Total (TOT)**, **Statoil (STO)** and **Royal Dutch Shell (RDS)** offer the highest current dividend yields in our large cap coverage supported by growing global businesses, strong financial positions and high rates of cash flow generation. McDep Ratios are among the lowest at 0.59, 0.64 and 0.77 respectively (see [Table 1](#) on page 3). Oil production is the most important contributor to present value at 67%, 63% and 55%. Strong demand with expanding economic activity and difficulties in expanding supply combine to keep oil price in an uptrend with six-year futures at \$100 a barrel compared to the 40-week average of \$88 (see charts [Six-Year Commodity Price Meter](#) and [Six-Year and One-Year Natural Gas and Oil Futures](#) on page 2). Dividends were sustained handily during the financial panic of 2008 and its aftermath in part because financial strength is high as measured by low ratios of debt to present value estimated at 0.13, 0.21, and 0.19 (see [Table 2](#) on page 4). Rising unlevered cash flow (Ebitda) would equal enterprise value (EV) in a short time, specifically 4.2, 4.1 and 5.1 years, respectively (see [EV/Ebitda](#) in [Table 3](#) on page 5). All that cash lends further support to specific dividend yields of 5.2%, 4.5% and 4.9% a year (also see [Table 3](#)). Finally, the timing for new investment appears favorable with stock prices up enough to be in an uptrend, but up less than for most of the producers in our large cap coverage (see [Enterprise Value to 200 Day Average](#) in [Table 4](#) on page 6).

Natural Gas and Downstream Trends Up

Fourth quarter 2010 results reported February 11, 9 and 3 disclosed gains in both price and volume for natural gas (see tables [Next Twelve Months Operating and Financial Estimates](#) on pages 7-9). The more rapidly growing fuel accounts for 17% of present value for French TOT, 37% for Norwegian STO and 23% for Anglo-Dutch RDS. Nearly all of that natural gas value is outside North America. At the same time, each of the companies is investing in shale gas in the U.S. to understand the technology in order to apply it elsewhere. In its analyst presentation, Statoil pointed to rising demand in Europe and Asia as well as stronger price than in the U.S. (see slide on page 10).

Crude oil is a cost to downstream refining, marketing and chemicals businesses. Yet, downstream profits are improving, signaling strong underlying demand despite rising price (see slide on page 10). Total and Royal Dutch Shell are 16% and 21% concentrated on downstream. Both companies are rationalizing capacity to emphasize the most efficient plants.

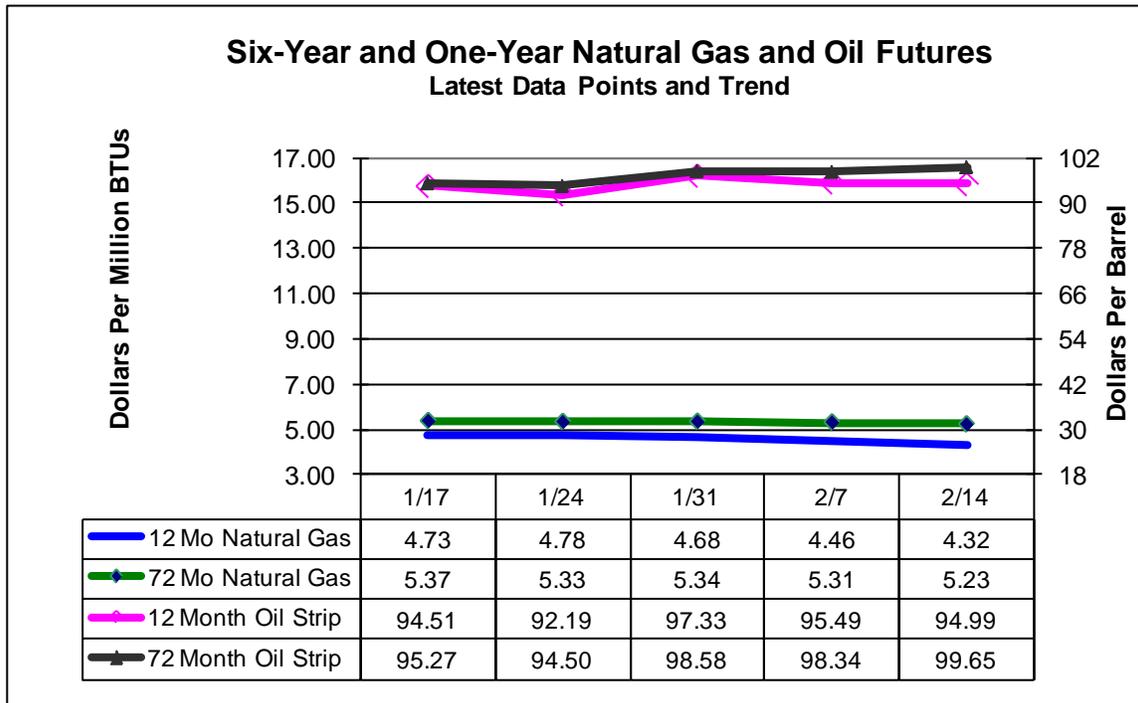
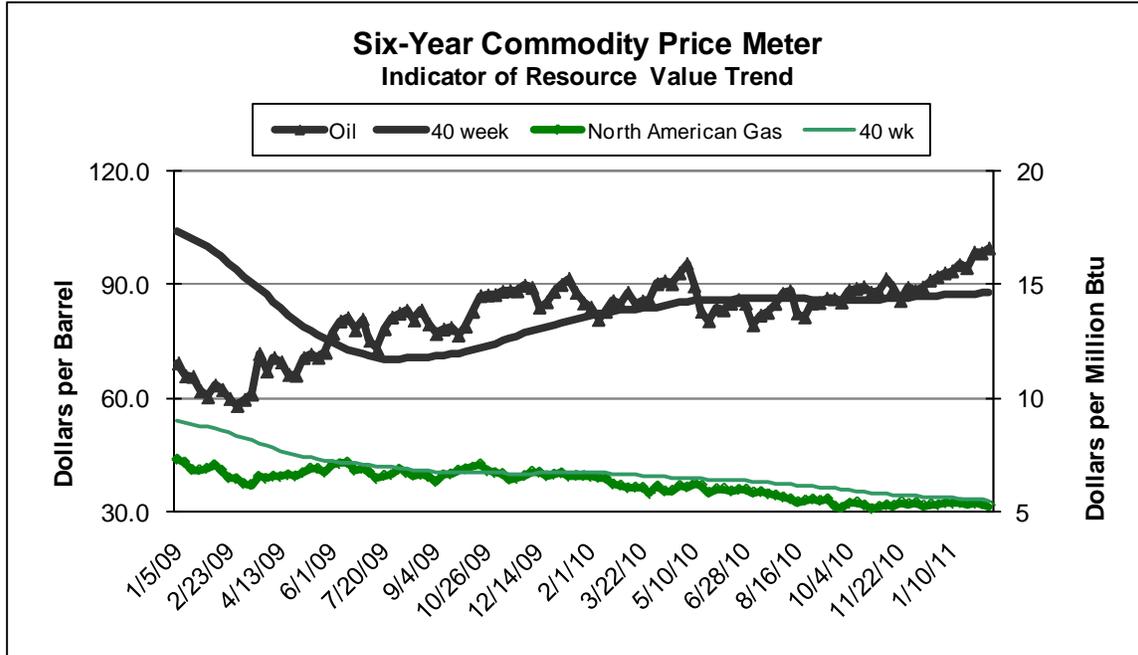
Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011





Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Table 2								
McDep Large Cap Energy Portfolio								
Net Present Value and McDep Ratio								
			Price (US\$/sh)	Shares	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/Rating		14-Feb 2011	(mm)				
	B = Buy, CB (see below)							
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	84.91	5,031	427,000	107.00	0.11	0.82
Marathon Oil Corporation	MRO	B	49.05	713	34,970	68.00	0.19	0.77
ConocoPhillips	COP	B	73.77	1,425	105,000	119.00	0.19	0.69
Chevron Corporation	CVX	B	96.95	2,009	195,000	146.00	0.06	0.69
	<i>Total or Median</i>				762,000		0.15	0.73
Europe								
BG Group plc	BRGXF		24.63	3,407	83,900	25.00	0.13	0.99
Royal Dutch Shell plc	RDS-A	B	68.30	3,074	210,000	96.00	0.19	0.77
Statoil ASA (33%)	STO	B	23.97	1,050	25,200	44.00	0.21	0.64
BP plc	BP		46.69	3,168	148,000	93.00	0.24	0.62
Total S.A.	TOT	B	58.80	2,248	132,000	111.00	0.13	0.59
	<i>Total or Median</i>				599,000		0.19	0.64
Australia/Brazil/China/Russia								
CNOOC Limited (34%)	CEO		215.61	152	32,900	220.00	0.04	0.98
Woodside Petroleum Ltd.	WOPEY	B	42.51	782	33,200	49.00	0.12	0.88
PetroChina Company Ltd (14%)	PTR	B	135.28	256	34,700	210.00	0.11	0.68
Petrobras	PBR	B	36.74	6,428	236,200	62.00	0.11	0.64
Gazprom (50%)	OGZPY	B	27.85	2,875	80,100	56.00	0.10	0.55
Lukoil Oil Company	LUKOY	B	65.01	814	52,900	150.00	0.06	0.46
	<i>Total or Median</i>				470,000		0.10	0.66
U.S. Independent								
Southwestern Energy Company	SWN		37.46	349	13,100	35.00	0.09	1.06
Anadarko Petroleum Corp.	APC		79.97	498	39,800	78.00	0.35	1.02
Chesapeake Energy Corp.	CHK		31.53	744	23,500	33.00	0.36	0.97
EOG Resources, Inc.	EOG	B	104.90	250	26,300	130.00	0.13	0.83
Occidental Petroleum Corp.	OXY	B	101.25	814	82,400	123.00	0.05	0.83
Devon Energy Corporation	DVN	B	88.24	436	38,500	112.00	0.08	0.80
	<i>Total or Median</i>				223,600		0.11	0.90
Canada								
Penn West Petroleum Ltd.	PWE		27.30	440	10,600	31.00	0.20	0.82
Cenovus Energy Inc.	CVE	B	35.91	752	27,000	49.00	0.16	0.78
Imperial Oil Limited (30%)	IMO	B	46.38	256	11,900	62.00	0.07	0.76
Canadian Natural Resources Limited	CNQ	B	44.90	1,089	48,900	67.00	0.13	0.71
Suncor Energy	SU	B	42.08	1,575	66,300	64.00	0.14	0.70
EnCana Corporation	ECA	B	31.07	736	22,900	51.00	0.21	0.69
Canadian Oil Sands Limited	COSWF	B	28.28	484	13,700	52.00	0.06	0.57
	<i>Total or Median</i>				201,000		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.								



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Table 3									
McDep Large Cap Energy Portfolio									
Value Multiples and Distribution Yield									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	Divd or Distrib		
	Symbol/Rating		14-Feb 2011	NTM	NTM	NTM	NTM (%)		
B = Buy, CB (see below)									
U.S. Integrated									
	Exxon Mobil Corporation	XOM	B	84.91	12.5	7.4	6.1	10	2.1
	ConocoPhillips	COP	B	73.77	10.5	7.8	5.4	11	3.6
	Marathon Oil Corporation	MRO	B	49.05	8.6	6.4	5.0	10	2.0
	Chevron Corporation	CVX	B	96.95	9.0	6.6	4.5	9	3.0
	<i>Total or Median</i>				9.7	7.0	5.2	10	2.5
Europe									
	BG Group plc	BRGXF		24.63	13.8	9.2	9.0	17	0.9
	Royal Dutch Shell plc	RDS-A	B	68.30	8.4	6.7	5.1	9	4.9
	BP plc	BP		46.69	10.4	7.6	4.7	7	3.6
	Total S.A.	TOT	B	58.80	9.4	7.1	4.2	9	5.2
	Statoil ASA (33%)	STO	B	23.97	6.7	6.4	4.1	8	4.5
	<i>Total or Median</i>				9.4	7.1	4.7	9	4.5
Australia/Brazil/China/Russia									
	Woodside Petroleum Ltd.	WOPEY	B	42.51	19.6	13.7	12.1	24	2.4
	Petrobras	PBR	B	36.74	10.0	11.0	7.0	12	3.2
	CNOOC Limited (34%)	CEO		215.61	5.6	5.6	5.5	10	2.5
	PetroChina Company Ltd (14%)	PTR	B	135.28	13.6	7.9	5.4	10	3.3
	Gazprom (50%)	OGZPY	B	27.85	30.2	7.2	3.9	5	1.2
	Lukoil Oil Company	LUKOY	B	65.01	16.0	7.6	3.5	6	2.7
	<i>Total or Median</i>				14.8	7.7	5.4	10	2.6
U.S. Independent									
	Chesapeake Energy Corp.	CHK		31.53	10.2	12.0	11.6	24	1.0
	Southwestern Energy Company	SWN		37.46	5.7	9.9	10.5	24	-
	Anadarko Petroleum Corp.	APC		79.97	8.9	8.6	8.8		0.5
	Devon Energy Corporation	DVN	B	88.24	10.1	10.2	8.2	16	0.7
	EOG Resources, Inc.	EOG	B	104.90	8.6	9.2	7.7	34	0.6
	Occidental Petroleum Corp.	OXY	B	101.25	11.0	8.4	7.0	14	1.8
	<i>Total or Median</i>				9.5	9.6	8.5	24	0.7
Canada									
	Cenovus Energy Inc.	CVE	B	35.91	18.2	13.4	10.4	26	2.3
	EnCana Corporation	ECA	B	31.07	12.5	14.6	10.1	29	2.6
	Imperial Oil Limited (30%)	IMO	B	46.38	21.0	12.1	9.3	16	1.0
	Penn West Petroleum Ltd.	PWE		27.30	9.3	10.8	8.9	38	3.9
	Canadian Natural Resources Limited	CNQ	B	44.90	18.2	11.9	8.5	21	0.7
	Suncor Energy	SU	B	42.08	21.1	10.8	7.6	16	1.0
	Canadian Oil Sands Limited	COSWF	B	28.28	28.9	13.0	7.4	13	2.9
	<i>Total or Median</i>				18.2	12.1	8.9	21	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									



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Table 4								
McDep Large Cap Energy Portfolio								
Rank by Enterprise Value to 200 Day Average								
			Price	Enterprise Value/				
	Symbol		(\$/sh)	14-Feb	52Wk	52Wk	50 Day	200 Day
		Ratin.	2011	High	Low	Avg.	Avg.	McDep
								Ratio
U.S. Integrated								
Marathon Oil Corporation	MRO	B	49.05	1.00	1.47	1.17	1.29	0.77
Exxon Mobil Corporation	XOM	B	84.91	1.00	1.42	1.10	1.24	0.82
ConocoPhillips	COP	B	73.77	1.00	1.36	1.06	1.17	0.69
Chevron Corporation	CVX	B	96.95	0.99	1.39	1.05	1.17	0.69
	<i>Median</i>			<i>1.00</i>	<i>1.41</i>	<i>1.08</i>	<i>1.20</i>	<i>0.73</i>
Europe								
BG Group plc	BRGXF		123.17	1.00	1.61	1.14	1.30	0.99
Total S.A.	TOT	B	58.80	0.97	1.27	1.05	1.11	0.59
Royal Dutch Shell plc	RDS-A	B	68.30	0.94	1.27	1.01	1.10	0.77
BP plc	BP		46.69	0.84	1.36	1.02	1.09	0.62
Statoil ASA (33%)	STO	B	23.97	0.94	1.19	1.01	1.07	0.64
	<i>Median</i>			<i>0.96</i>	<i>1.31</i>	<i>1.03</i>	<i>1.10</i>	<i>0.69</i>
Australia/Brazil/China/Russia								
Gazprom (50%)	OGZPY	B	27.85	0.95	1.41	1.05	1.19	0.55
Lukoil Oil Company	LUKOY	B	65.01	0.97	1.39	1.06	1.14	0.46
PetroChina Company Ltd (14%)	PTR	B	135.28	0.95	1.29	1.02	1.11	0.68
CNOOC Limited (34%)	CEO		215.61	0.86	1.43	0.93	1.10	0.98
Woodside Petroleum Ltd.	WOPEY	B	42.51	0.92	1.24	1.00	1.05	0.88
Petrobras	PBR	B	36.74	0.81	1.14	1.02	1.03	0.64
	<i>Median</i>			<i>0.94</i>	<i>1.34</i>	<i>1.02</i>	<i>1.10</i>	<i>0.66</i>
U.S. Independent								
Devon Energy Corporation	DVN	B	88.24	0.98	1.44	1.09	1.25	0.80
Anadarko Petroleum Corp.	APC		79.97	0.99	1.59	1.05	1.21	1.02
Chesapeake Energy Corp.	CHK		31.53	0.99	1.31	1.11	1.20	0.97
Occidental Petroleum Corp.	OXY	B	101.25	1.00	1.37	1.05	1.18	0.83
EOG Resources, Inc.	EOG	B	104.90	0.93	1.19	1.07	1.06	0.83
Southwestern Energy Company	SWN		49.63	0.83	1.20	1.00	1.01	1.06
	<i>Median</i>			<i>0.98</i>	<i>1.34</i>	<i>1.06</i>	<i>1.19</i>	<i>0.90</i>
Canada								
Suncor Energy	SU	B	42.08	0.98	1.38	1.08	1.19	0.70
Cenovus Energy Inc.	CVE	B	35.91	0.99	1.38	1.08	1.18	0.78
Imperial Oil Limited (30%)	IMO	B	46.38	0.99	1.27	1.12	1.17	0.76
Canadian Natural Resources	CNQ	B	44.90	0.98	1.37	1.03	1.16	0.71
Penn West Petroleum Ltd.	PWE		79.97	0.90	1.35	0.98	1.10	0.82
Canadian Oil Sands Limited	COSWF	B	28.24	0.87	1.20	1.06	1.07	0.57
EnCana Corporation	ECA	B	31.07	0.91	1.13	1.02	1.02	0.69
	<i>Median</i>			<i>0.98</i>	<i>1.35</i>	<i>1.06</i>	<i>1.16</i>	<i>0.71</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

February 15, 2011

Total S.A.									
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
Volume									
Natural Gas (mmcf)	5,320	5,529	5,692	5,649	5,829	5,549	5,529	5,692	5,649
Oil (mbd)	1,404	1,325	1,337	1,340	1,337	1,337	1,337	1,337	1,337
Total gas & oil (mmb)	211	207	210	833	208	206	208	210	832
Total gas & oil (mbd)	2,291	2,247	2,286	2,282	2,309	2,262	2,259	2,286	2,279
Price									
Dollar (euro/\$)	1.48	1.29	1.36	1.33	1.35	1.35	1.35	1.35	1.35
Natural gas (\$/mmbtu)	5.07	5.13	5.62	5.16	5.62	5.62	5.62	5.62	5.62
Oil (\$/bbl)									
WTI Cushing	76.09	76.08	85.10	79.43	90.37	91.83	96.29	97.86	94.09
Brent	74.50	76.90	86.50	79.50	91.86	93.34	97.88	99.47	86.37
Company	70.60	72.80	83.70	76.40	88.89	90.32	94.71	96.25	92.57
Total gas & oil (\$/bbl)	55.05	55.56	62.96	57.65	65.67	67.18	69.82	70.30	68.25
NY Harbor 3-2-1 (\$/bbl)	5.22	8.31	11.15	9.68	20.02	21.72	17.72	13.36	18.20
Europe (\$/t)	11.70	16.40	32.30	27.35	32.30	32.30	32.30	32.30	32.30
Revenue (mmeuro)									
Natural gas	1,679	2,018	2,167	8,020	2,189	2,107	2,123	2,185	8,605
Oil	6,170	6,863	7,580	28,181	7,942	8,160	8,651	8,791	33,544
Total production	7,849	8,881	9,746	36,201	10,131	10,267	10,773	10,977	42,148
Other	23,446	26,347	26,014	104,275	26,014	26,014	26,014	26,014	104,055
Total	31,295	35,228	35,760	140,476	36,145	36,281	36,787	36,990	146,203
Expense									
Production	3,224	4,031	3,250	14,772	3,404	3,472	3,725	3,826	14,426
Other	22,606	25,346	25,128	100,308	24,815	24,803	24,775	24,660	99,055
Ebitda (mmeuro)									
Production	4,625	4,850	6,497	21,428	5,978	6,058	6,356	6,476	24,868
Other	840	1,001	886	3,967	1,198	1,210	1,238	1,353	5,000
Total Ebitda	5,465	5,851	7,383	25,395	7,176	7,268	7,594	7,829	29,868
Exploration	237	160	197	864	200	200	200	200	800
Deprec., Deplet., & Amort.	1,927	1,805	3,160	8,413	3,160	3,160	3,160	3,160	12,640
Excess tax and other	(684)	(842)	(1,076)	(3,679)					
Operating Income									
Upstream	3,908	4,190	4,695	17,653					
Downstream	11	237	274	1,251					
Chemicals	66	301	133	893					
Total operating income	3,985	4,728	5,102	19,797					
Excess tax and other	684	842	1,076	3,679					
Ebit	3,301	3,886	4,026	16,118	3,816	3,908	4,234	4,469	16,428
Interest	95	87	83	303	83	83	83	83	332
Ebt	3,206	3,799	3,943	15,815	3,733	3,825	4,151	4,386	16,096
Income Tax	1,122	1,330	1,380	5,535	1,306	1,339	1,453	1,535	5,633
Net Income (mmeuro)	2,084	2,470	2,563	10,280	2,426	2,486	2,698	2,851	10,462
Shares (millions)	2,241	2,245	2,248	2,245	2,248	2,248	2,248	2,248	2,248
Per share (euro)	0.93	1.10	1.14	4.58	1.08	1.11	1.20	1.27	4.65
Ebitda Margin (E&P)	59%	55%	67%	59%	59%	59%	59%	59%	59%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Statoil ASA									
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
Volume									
Natural Gas (mmcf)	4,860	3,198	5,034	4,594	5,310	4,854	3,198	5,034	4,594
Oil (mbd)	1,247	1,019	1,105	1,121	1,105	1,105	1,105	1,105	1,105
Total gas & oil (mbd)	2,057	1,552	1,944	1,887	1,990	1,914	1,638	1,944	1,871
Price									
Natural gas (NOK/mcf)	44	49	52	48	52	52	52	52	52
Natural gas (NOK/Sm3)	1.57	1.74	1.84	1.70	1.84	1.84	1.84	1.84	1.84
Oil									
WTI Cushing US\$/bbl)	76.09	76.08	85.10	79.43	90.37	91.83	96.29	97.86	94.09
Kroner/\$	5.69	6.16	5.93	6.05	5.85	5.85	5.85	5.85	5.85
WTI Cushing (NOK/bbl)	433	469	505	480	529	537	563	572	550
Wellhead (NOK/bbl)	405	455	499	462	523	531	557	566	544
Total gas & oil (NOK/bbl)	351	400	419	392	429	439	477	457	450
Revenue (NOKmm)									
Natural Gas	19,886	14,502	24,140	80,992	24,910	23,024	15,336	24,140	87,411
Oil	46,463	42,655	50,728	189,142	51,981	53,406	56,617	57,538	219,541
Other	77,906	84,762	92,558	344,161	92,558	92,558	92,558	92,558	370,231
Total	124,369	127,417	143,286	533,303	169,449	168,988	164,510	174,236	677,183
Expense	94,058	95,978	108,579	400,213	128,696	128,480	126,375	130,947	514,498
Ebitda (NOKmm)	30,311	31,439	34,707	133,090	40,752	40,508	38,135	43,290	162,685
Exploration	4,930	3,634	5,346	15,880	4,500	4,000	4,000	4,000	16,500
Deprec., Deplet., & Amort.	12,498	12,602	12,558	47,660	12,558	12,000	12,000	12,000	48,558
Other non cash				-	-	-	-	-	-
Ebit	12,883	15,203	16,803	69,550	23,694	24,508	22,135	27,290	97,627
Interest	1,865	2,126	2,166	8,438	2,166	2,166	2,166	2,166	8,663
Foreign Exchange									
Ebt	11,018	13,077	14,637	61,112	21,529	22,342	19,969	25,124	88,964
Income Tax	3,856	4,577	5,123	21,389	7,535	7,820	6,989	8,793	31,137
Net Income (NOKmm)	7,162	8,500	9,514	39,723	13,994	14,522	12,980	16,331	57,826
Shares (millions)	3,183	3,183	3,182	3,183	3,182	3,182	3,182	3,182	3,182
Per share (NOK)	2.25	2.67	2.99	12.48	4.40	4.56	4.08	5.13	18.17
Ebitda Margin (E&P)	46%	55%	46%	49%	53%	53%	53%	53%	53%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



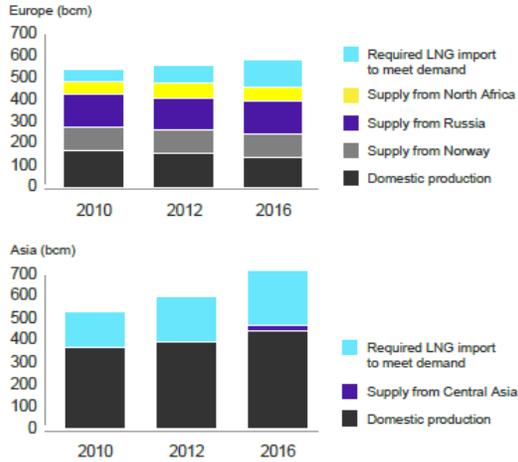
Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

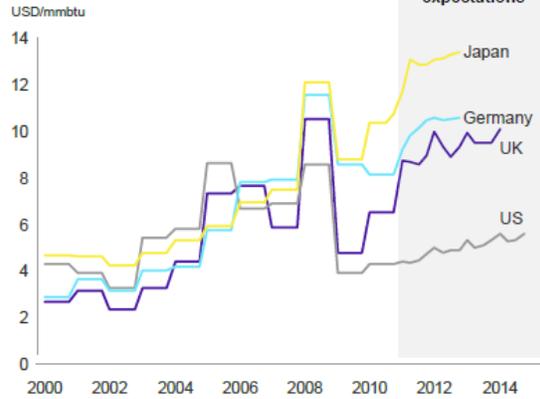
February 15, 2011

Royal Dutch/Shell									
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
Volume									
Natural Gas (mmcf)									
Americas	1,064	1,777	1,812	1,777	1,736	1,783	1,777	1,812	1,777
Overseas (or Int'l)	8,388	6,046	8,372	7,528	9,059	6,657	6,046	8,372	7,528
Total	9,452	7,823	10,184	9,305	10,795	8,440	7,823	10,184	9,305
Oil (mbd)	1,701	1,709	1,741	1,710	1,741	1,741	1,741	1,741	1,741
Total gas & oil (mmb)	301	277	316	1,190	319	286	280	316	1,202
Total gas & oil (mbd)	3,276	3,013	3,438	3,260	3,540	3,148	3,045	3,438	3,292
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.16	4.38	3.80	4.40	4.16	4.07	4.21	4.48	4.23
Americas	4.71	4.42	4.16	4.63	4.38	4.28	4.43	4.72	4.46
Overseas (or Int'l)	4.70	5.44	6.53	5.87	6.53	6.53	6.53	6.53	6.53
Total	4.70	5.21	6.11	5.63	6.19	6.06	6.05	6.21	6.14
Oil (\$/bbl)									
WTI Cushing	76.09	76.08	85.10	79.43	90.37	91.83	96.29	97.86	94.09
Worldwide	70.29	70.29	78.68	73.45	83.56	84.91	89.03	90.48	87.02
Total gas & oil (\$/bbl)	50.05	53.40	57.94	54.59	59.96	63.20	66.47	64.21	63.37
NY Harbor 3-2-1 (\$/bbl)	5.22	8.31	11.15	9.68	20.02	21.72	17.72	13.36	18.20
Revenue (\$mm)									
Natural Gas									
Americas	461	723	693	3,005	684	695	724	786	2,890
Overseas (or Int'l)	3,626	3,027	5,031	16,124	5,326	3,957	3,633	5,031	17,947
Total	4,087	3,750	5,725	19,129	6,010	4,652	4,358	5,818	20,837
Oil	11,000	11,051	12,603	45,832	13,093	13,452	14,261	14,493	55,298
Other	65,988	75,911	82,386	303,096	82,386	82,386	82,386	82,386	329,546
Total	81,075	90,712	100,714	368,056	101,489	100,490	101,005	102,697	405,681
Expense	72,406	78,934	90,250	324,485	87,955	87,133	87,452	88,789	351,329
Ebitda (\$mm)									
Exploration and Production	7,632	7,787	8,805	33,026	10,125	9,595	9,868	10,764	40,352
Other	1,037	3,991	1,659	10,545	3,410	3,762	3,685	3,143	14,000
Total Ebitda	8,669	11,778	10,464	43,571	13,534	13,357	13,553	13,908	54,352
Exploration	669	610	646	2,036	646	646	646	646	2,584
Deprec., Deplet., & Amort.	3,748	6,196	3,236	15,595	3,236	3,236	3,236	3,236	12,944
Other non cash		(2,900)		(2,900)					-
Ebit	4,252	7,872	6,582	28,840	9,652	9,475	9,671	10,026	38,824
Interest	4	317	227	996	227	227	227	227	908
Ebt	4,248	7,555	6,355	27,844	9,425	9,248	9,444	9,799	37,916
Income Tax	1,487	2,644	2,224	9,745	3,299	3,237	3,305	3,430	13,271
Net Income (\$mm)									
Exploration and Production	2,762	3,437	3,440	14,442					
Other	(427)	1,453	482	3,873					
Unallocated	426	21	209	(217)					
Total	2,761	4,911	4,131	18,098	6,127	6,011	6,138	6,369	24,645
Shares (millions)	3,064	3,069	3,074	3,070	3,074	3,074	3,074	3,074	3,074
Per share (\$)	0.90	1.60	1.34	5.90	1.99	1.96	2.00	2.07	8.02
Ebitda Margin (E&P)	51%	53%	48%	51%	53%	53%	53%	53%	53%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%

Increasing need for imports to Europe and Asia*

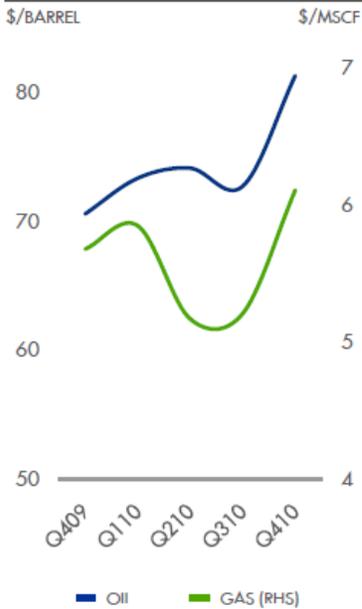


Global gas prices**

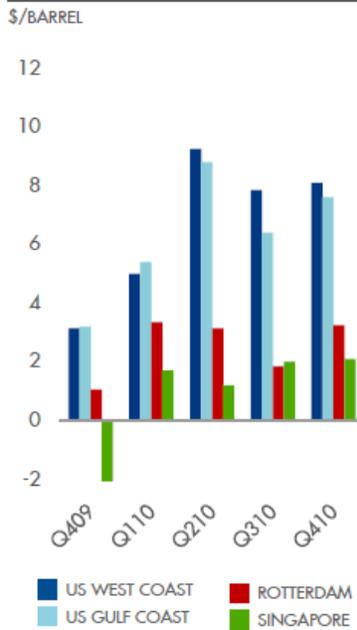


Source: Statoil

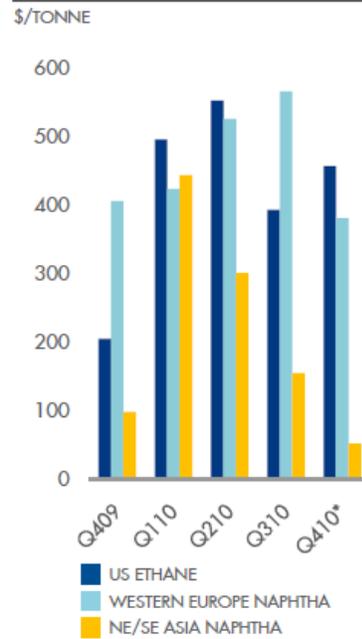
SHELL OIL & GAS REALIZATIONS



INDUSTRY REFINING MARGINS



INDUSTRY CHEMICALS MARGINS





Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

Index of Recent Research			
Stock Ideas			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
10-Feb	ECA	Encana	\$C5.4 Billion Joint Venture Highlights Undervaluation
4-Feb	HK	Petrohawk	Raise NPV to \$24 a Share from \$20 (Income and Small Cap)
1-Feb	COP	ConocoPhillips	Rising Trends (Meter Reader)
1-Feb	CVX	Chevron Corporation	Rising Trends (Meter Reader)
1-Feb	XOM	ExxonMobil	Rising Trends (Meter Reader)
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	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
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
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
8-Feb	OGZPY STO	Gazprom, Statoil	International Natural Gas Price Action
1-Feb	XOM CVX COP		Rising Trends for XOM, CVX, and COP
25-Jan	RDS XOM TOT COP CVX MRO		Surprising Strength in Refining
18-Jan	MRO	Marathon Oil	Refining/Marketing Spinoff May Boost Value 27%
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
11-Feb	BIREF	Birchcliff Energy	China Buys Natural Gas in Canada
4-Feb	HK	Petrohawk	Raise NPV to \$24 a Share from \$20
28-Jan			Rioting in Egypt Strengthens Obama/Carter Parallel
21-Jan	XEC	Cimarex Energy	Raise NPV to \$100 a Share
For earlier editions, go to mcdep.com , click on Energy Income .			



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

February 15, 2011

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.