



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 7, 2011

## Imperial Oil (IMO) Double Oil Production by 2020

<i>Symbol</i>	IMO	<i>Ebitda Next Twelve Months ending 3/31/12 (US\$mm)</i>	4,700
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (US\$/sh)</i>	46.46	<i>Natural Gas and Oil Production/Ebitda (%)</i>	74
<i>Pricing Date</i>	6/6/11	<i>Adjusted Reserves/Production NTM</i>	43.5
<i>Shares (mm)</i>	854	<i>EV/Ebitda</i>	9.6
<i>Market Capitalization (US\$mm)</i>	39,700	<i>PV/Ebitda</i>	12.5
<i>Debt (US\$mm)</i>	5,200	<i>Probable Reserves (%)</i>	48
<i>Enterprise Value (EV) (US\$mm)</i>	44,900	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	39.00
<i>Present Value (PV) (US\$mm)</i>	58,200	<i>Present Value Proven and Probable Reserves(US\$/boe)</i>	7.38
<i>Net Present Value (US\$/share)</i>	62	<i>Present Value Proven and Probable Reserves(US\$/mcf)</i>	1.23
<i>Debt/Present Value</i>	0.09	<i>Earnings Next Twelve Months (US\$/sh)</i>	3.07
<i>McDep Ratio - EV/PV</i>	0.77	<i>Price/Earnings Next Twelve Months</i>	15
<i>Dividend Yield (%/year)</i>	1.0	<i>Indicated Annual Dividend (US\$/sh)</i>	0.45
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>			

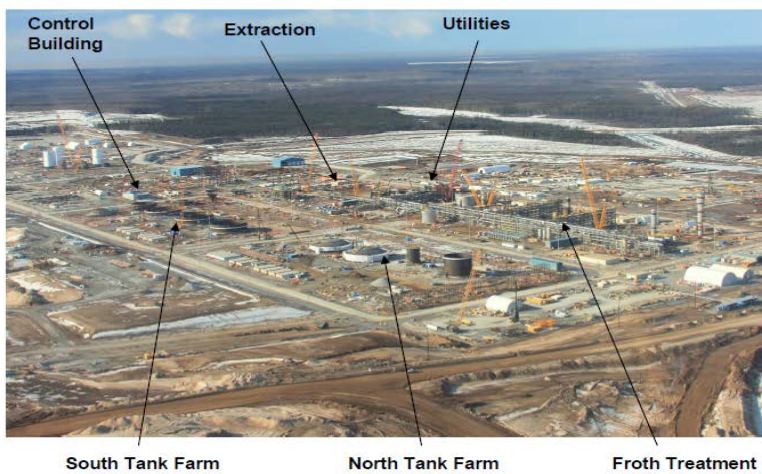
### Summary and Recommendation

Investors have become more excited about buy-recommended **Imperial Oil Limited (IMO)** in 2011 perhaps in part in anticipation of a jump in production in 2013 with the startup of the Kearl oil sands mine (see slide Initial Development on page 2). Phase 1 of Kearl has been increased to 170,000 barrels daily (bd), 119,000 to IMO's 70% interest, up from 110,000 bd (77,000 IMO). At a meeting with analysts in Toronto on May 25, management detailed its production growth expectation to more than double by 2020, up from the previous outlook of a double within 10-15 years (see slide Production Growth on page 2). We keep estimated Net Present Value (NPV) at \$62 a share with half of value in bitumen, the viscous fluid extracted from oil sand (see table Functional Cash Flow and Present Value on page 3). Though we now include probable reserves we are not counting all of the bitumen reserve life of 104 years (see table Natural Gas and Oil Reserves on page 3). That will change next year when we start to pay more attention to the beginning of cash flow from Kearl. Plans are supported by the favorable trend described by six-year futures prices for both oil and gas persisting above their 40-week averages of \$95 a barrel and \$5.40 a million btu (Six-Year and One-Year Natural Gas and Oil Futures on page 10). Canadian oil producers are low McDep Ratio investments in energy for global growth (see Tables 1-2 on pages 5-6). Abundant reserves support higher cash flow multiples (see Table 3 on page 7). Like oil and gas price, IMO stock price is in an uptrend (see Table 4 on page 8). Considering the recent stock price pullback after a sharp gain, new commitments to Canada's bluest chip industrial company may be timelier.

Kurt H. Wulff, CFA

## Kearl Initial Development

The initial development is on schedule for start-up in late 2012



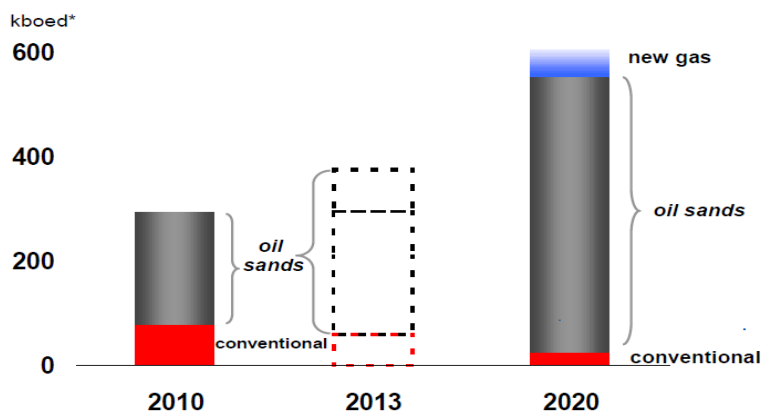
- Over 65% complete
  - Detailed design and procurement complete
  - Fabrication 85%
  - Construction about 50% complete



## Oil sands and gas resources drive production growth

With a 40% growth in oil sands production by 2013, Imperial is well positioned to more than double Upstream production by 2020

**Production Outlook\***



\* Imperial Oil interest before royalties





# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 7, 2011

<b>Imperial Oil Limited</b>					
<b>Functional Cash Flow and Present Value</b>					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
North American Natural Gas	170	4.9	10.6	1,800	3%
Oil and Bitumen	1,610	69.0	19.6	31,500	54%
Synthetic Oil	1,662	36.2	11.0	18,300	31%
Downstream	1,225		5.3	6,500	11%
	4,667	43.5	12.4	58,100	100%
Debt (US\$mm)					5,200
Net Present Value (US\$mm)					52,900
Shares (mm)					854
Net Present Value - Standard Estimate (US\$/sh)					62
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					61

<b>Imperial Oil Limited</b>							
<b>Natural Gas and Oil Reserves</b>							
	<i>Conventional</i>			<i>Synthetic</i>	<i>Total</i>		
	<i>Natural Gas</i>	<i>Oil</i>	<i>Bitumen</i>	<i>Oil</i>	<i>Oil</i>	<i>Total</i>	
	<i>(bcf)</i>	<i>(mmb)</i>	<i>(mmb)</i>	<i>(mmb)</i>	<i>(mmb)</i>	<i>(bcf)</i>	<i>(mmb)</i>
<i>Reserves (bcf or mmb)</i>							
Proven and Probable (P1+P2)	574	74	4374	1276	5724	34918	5820
Proven (P1)	392	57	2120	756	2933	17990	2998
Probable (P2)	182	17	2254	520	2791	16928	2821
<i>Production, Next Twelve Months</i>	91	6.0	42.0	25.2	73.2	530	88
<i>Reserve Life Index (years)</i>							
R/P (P1+P2)	6.3	12.3	104.2	50.7	78.2	65.9	65.9
R/P (P1)	4.3	9.5	50.5	30.0	40.1	34.0	34.0
R/P (P2)	2.0	2.8	53.7	20.7	38.2	32.0	32.0
R/P (P1+.3P2)	4.9	10.3	66.6	36.2	51.5	43.5	43.5



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 7, 2011

<b>Imperial Oil Limited</b>									
<b>Next Twelve Months Operating and Financial Estimates</b>									
(Canadian Dollars)									
									<i>Next Twelve Months</i>
	<i>Q2</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>3/31/12</i>
	<i>6/30/10</i>	<i>2010</i>	<i>3/31/11</i>	<i>6/30/11</i>	<i>9/30/11</i>	<i>12/31/11</i>	<i>2011E</i>	<i>3/31/12</i>	<i>3/31/12</i>
<b>Volume</b>									
Natural Gas (mmcf)	265	<b>254</b>	249	249	249	249	<b>249</b>	249	<b>249</b>
Oil (mbd)	209	<b>204</b>	215	196	199	203	<b>203</b>	204	<b>200</b>
Total gas & oil (bcf)	138	<b>539</b>	139	129	133	135	<b>536</b>	133	<b>530</b>
Total gas & oil (mbd)	253	<b>246</b>	257	237	241	245	<b>245</b>	245	<b>242</b>
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.09	<b>4.40</b>	4.11	4.32	4.81	4.98	<b>4.55</b>	4.64	<b>4.68</b>
Currency (US\$/C\$)	0.97	<b>0.97</b>	1.01	1.02	1.02	1.02	<b>1.02</b>	1.02	<b>1.02</b>
Henry Hub (C\$/mmbtu)	4.21	<b>4.53</b>	4.05	4.23	4.71	4.87	<b>4.47</b>	4.55	<b>4.59</b>
Company (C\$/mcf)	3.79	<b>4.04</b>	3.85	4.02	4.47	4.63	<b>4.25</b>	4.32	<b>4.36</b>
Oil (\$/bbl)									
WTI Cushing	77.85	<b>79.43</b>	94.10	103.62	100.05	101.37	<b>99.79</b>	99.70	<b>101.19</b>
WTI Cushing (C\$/bbl)	80.05	<b>81.77</b>	92.75	101.52	98.02	99.32	<b>97.90</b>	97.68	<b>99.14</b>
Company (C\$/bbl)	63.83	<b>66.55</b>	70.81	76.75	74.54	75.22	<b>74.27</b>	75.34	<b>75.45</b>
Total gas & oil (\$/mcf)	9.44	<b>9.90</b>	10.52	11.26	11.05	11.20	<b>11.00</b>	11.16	<b>11.17</b>
NY Harbor 3-2-1 (\$/bbl)	12.13	<b>9.68</b>	17.69	24.71	24.29	18.76	<b>21.36</b>	18.73	<b>21.62</b>
<b>Revenue (\$mm)</b>									
Natural Gas	91	<b>385</b>	87	91	103	106	<b>387</b>	97	<b>397</b>
Oil	1,214	<b>4,951</b>	1,370	1,366	1,365	1,405	<b>5,507</b>	1,383	<b>5,520</b>
Other	4,834	<b>19,756</b>	5,413	5,413	5,413	5,413	<b>21,654</b>	5,413	<b>21,654</b>
Total	6,139	<b>25,092</b>	6,871	6,870	6,881	6,925	<b>27,548</b>	6,893	<b>27,570</b>
<b>Expense (\$mm)</b>									
	870	<b>4,424</b>	1,272	1,107	1,157	1,188	<b>4,725</b>	1,120	<b>11,975</b>
<b>Ebitda (\$mm)</b>									
Exploration and Production	710	<b>2,975</b>	798	830	837	862	<b>3,326</b>	844	<b>3,372</b>
Other	160	<b>894</b>	474	276	321	327	<b>1,398</b>	276	<b>1,200</b>
Total Ebitda	870	<b>3,869</b>	1,272	1,107	1,157	1,188	<b>4,725</b>	1,120	<b>4,572</b>
Exploration	30	<b>191</b>	37	37	37	37	<b>148</b>	37	<b>148</b>
Deprec., Deplet., & Amort.	192	<b>747</b>	188	188	188	188	<b>752</b>	188	<b>752</b>
<b>Ebit (\$mm)</b>									
	648	<b>2,931</b>	1,047	882	932	963	<b>3,825</b>	895	<b>3,672</b>
Interest	-	<b>4</b>	-	-	-	-	<b>-</b>	-	<b>-</b>
<b>Ebt (\$mm)</b>									
	648	<b>2,927</b>	1,047	882	932	963	<b>3,825</b>	895	<b>3,672</b>
Income Tax	165	<b>744</b>	270	265	280	289	<b>1,103</b>	268	<b>1,102</b>
<b>Net Income (\$mm)</b>									
Exploration and Production	446	<b>1,764</b>	528						
Other	90	<b>511</b>	314						
Unallocated	(53)	<b>(92)</b>	(65)						
Total	483	<b>2,183</b>	777	617	653	674	<b>2,721</b>	626	<b>2,571</b>
<b>Shares (millions)</b>									
	855	<b>854</b>	854	854	854	854	<b>854</b>	854	<b>854</b>
Earnings per share (\$)	0.56	<b>2.55</b>	0.91	0.72	0.76	0.79	<b>3.19</b>	0.73	<b>3.01</b>
Ebitda Margin (E&P)	54%	<b>56%</b>	55%	57%	57%	57%	<b>56%</b>	57%	<b>57%</b>
Tax Rate	25%	<b>25%</b>	26%	30%	30%	30%	<b>29%</b>	30%	<b>30%</b>





# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 7, 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		6-Jun 2011	(mm)				
	B = Buy, CB (see below)							
<b>U.S. Integrated</b>								
Marathon Oil Corporation	MRO	B	50.59	715	36,170	68.00	0.18	0.79
Exxon Mobil Corporation	XOM	B	80.29	4,971	399,000	112.00	0.11	0.75
Chevron Corporation	CVX	B	99.68	2,009	200,000	154.00	0.08	0.68
ConocoPhillips	COP	B	70.92	1,445	103,000	119.00	0.19	0.67
	<i>Total or Median</i>				738,000		0.14	0.71
<b>Europe</b>								
BG Group plc	BRGXF		22.12	3,407	75,400	25.00	0.13	0.90
Royal Dutch Shell plc	RDS-A	B	69.34	3,087	214,000	96.00	0.18	0.77
Statoil ASA (33%)	STO	B	25.00	1,050	26,300	44.00	0.21	0.66
BP plc	BP		43.94	3,168	139,000	93.00	0.24	0.60
Total S.A.	TOT	B	55.14	2,251	124,000	111.00	0.13	0.56
	<i>Total or Median</i>				579,000		0.18	0.66
<b>Brazil/Russia/Australia/China</b>								
CNOOC Limited (34%)	CEO		237.41	152	36,200	220.00	0.04	1.08
Woodside Petroleum Ltd.	WOPEY	B	48.65	774	37,700	49.00	0.14	0.99
PetroChina Company Ltd (14%)	PTR	B	138.21	256	35,400	210.00	0.15	0.71
Petrobras	PBR	CB	32.98	6,539	215,700	62.00	0.13	0.59
Gazprom (50%)	OGZPY	B	13.88	5,750	79,800	28.00	0.11	0.55
Lukoil Oil Company	LUKOY	B	62.48	781	48,800	150.00	0.05	0.44
	<i>Total or Median</i>				454,000		0.12	0.65
<b>U.S. Independent</b>								
Southwestern Energy Company	SWN		43.00	349	15,000	42.00	0.09	1.02
Anadarko Petroleum Corp.	APC		74.75	498	37,200	78.00	0.35	0.97
Chesapeake Energy Corp.	CHK		29.68	746	22,100	33.00	0.40	0.94
EOG Resources, Inc.	EOG	B	109.06	251	27,400	130.00	0.13	0.86
Occidental Petroleum Corp.	OXY	B	101.94	813	82,900	123.00	0.07	0.84
Devon Energy Corporation	DVN	B	81.52	430	35,100	112.00	0.08	0.75
	<i>Total or Median</i>				219,700		0.11	0.90
<b>Canada</b>								
Penn West Exploration	PWE		24.38	440	10,700	31.00	0.22	0.83
Imperial Oil Limited (30%)	IMO	B	46.46	256	11,900	62.00	0.09	0.77
Cenovus Energy Inc.	CVE	B	34.66	753	26,100	49.00	0.17	0.76
EnCana Corporation	ECA	B	32.70	738	24,100	51.00	0.22	0.72
Suncor Energy	SU	B	39.50	1,575	62,200	64.00	0.14	0.67
Canadian Natural Resources Limited	CNQ		40.46	1,089	44,100	67.00	0.14	0.66
Canadian Oil Sands Limited	COSWF	B	29.92	485	14,500	52.00	0.06	0.60
	<i>Total or Median</i>				194,000		0.14	0.72
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

June 7, 2011

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		6-Jun 2011	NTM	NTM	NTM	NTM	(%)
	B = Buy, CB (see below)							
<b>U.S. Integrated</b>								
Exxon Mobil Corporation	XOM	B	80.29	13.8	7.1	5.3	9	2.2
ConocoPhillips	COP	B	70.92	11.9	7.6	5.1	9	3.7
Marathon Oil Corporation	MRO	B	50.59	9.0	6.0	4.8	11	2.0
Chevron Corporation	CVX	B	99.68	8.4	6.0	4.0	7	2.9
	<i>Total or Median</i>			10.4	6.5	4.9	9	2.5
<b>Europe</b>								
BG Group plc	BRGXF		22.12	13.8	8.9	8.0	15	1.0
Royal Dutch Shell plc	RDS-A	B	69.34	8.9	6.4	5.0	8	4.8
BP plc	BP		43.94	10.4	7.2	4.3	6	3.8
Total S.A.	TOT	B	55.14	9.6	6.7	3.8	6	6.0
Statoil ASA (33%)	STO	B	25.00	6.6	5.6	3.7	7	4.6
	<i>Total or Median</i>			9.6	6.7	4.3	7	4.6
<b>Brazil/Russia/Australia/China</b>								
Woodside Petroleum Ltd.	WOPEY	B	48.65	15.1	10.7	10.6	18	2.2
Petrobras	PBR	CB	32.98	13.3	10.5	6.2	10	3.6
CNOOC Limited (34%)	CEO		237.41	5.6	5.3	5.7	10	2.3
PetroChina Company Ltd (14%)	PTR	B	138.21	13.4	7.1	5.1	10	3.8
Gazprom (50%)	OGZPY	B	13.88	30.2	6.9	3.8	6	2.5
Lukoil Oil Company	LUKOY	B	62.48	15.9	6.2	2.8	4	3.0
	<i>Total or Median</i>			14.2	7.0	5.4	10	2.7
<b>U.S. Independent</b>								
Southwestern Energy Company	SWN		43.00	8.3	11.1	11.3	24	-
Chesapeake Energy Corp.	CHK		29.68	12.3	11.5	10.8	19	1.0
Anadarko Petroleum Corp.	APC		74.75	8.8	8.0	7.8		0.5
Devon Energy Corporation	DVN	B	81.52	10.7	9.1	6.8	13	0.8
Occidental Petroleum Corp.	OXY	B	101.94	11.3	8.0	6.7	14	1.8
EOG Resources, Inc.	EOG	B	109.06	9.2	7.7	6.6	22	0.6
	<i>Total or Median</i>			9.9	8.6	7.3	19	0.7
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO	B	46.46	43.5	12.5	9.6	15	1.0
EnCana Corporation	ECA	B	32.70	12.7	12.8	9.2	35	2.4
Cenovus Energy Inc.	CVE	B	34.66	21.0	12.0	9.1	26	2.4
Penn West Exploration	PWE		24.38	8.8	10.0	8.3	30	4.5
Canadian Natural Resources Limited	CNQ		40.46	21.0	11.4	7.5	17	0.9
Suncor Energy	SU	B	39.50	21.1	10.2	6.8	14	1.0
Canadian Oil Sands Limited	COSWF	B	29.92	29.8	11.0	6.6	10	4.1
	<i>Total or Median</i>			21.0	11.4	8.3	17	2.4
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 March 31, 2012; 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

June 7, 2011

Table 4								
McDep Large Cap Energy Portfolio								
Rank by Enterprise Value to 200 Day Average								
			Price					
	Symbol		(\$/sh)	Enterprise Value/				
			6-Jun	52Wk	52Wk	50 Day	200 Day	McDep
	Rating		2011	High	Low	Avg.	Avg.	Ratio
<b>U.S. Integrated</b>								
Marathon Oil Corporation	MRO	B	50.59	0.95	1.46	0.98	1.15	0.79
Chevron Corporation	CVX	B	99.68	0.92	1.41	0.95	1.07	0.68
Exxon Mobil Corporation	XOM	B	80.29	0.92	1.35	0.97	1.06	0.75
ConocoPhillips	COP	B	70.92	0.90	1.30	0.95	1.03	0.67
	<i>Median</i>			<i>0.92</i>	<i>1.38</i>	<i>0.96</i>	<i>1.06</i>	<i>0.71</i>
<b>Europe</b>								
BG Group plc	BRGXF		110.59	0.87	1.39	0.93	1.04	0.90
Statoil ASA (33%)	STO	B	25.00	0.89	1.22	0.95	1.03	0.66
Royal Dutch Shell plc	RDS-A	B	69.34	0.91	1.29	0.97	1.03	0.77
BP plc	BP		43.94	0.93	1.31	0.98	1.01	0.60
Total S.A.	TOT	B	55.14	0.89	1.18	0.94	0.99	0.56
	<i>Median</i>			<i>0.90</i>	<i>1.30</i>	<i>0.95</i>	<i>1.03</i>	<i>0.69</i>
<b>Brazil/Russia/Australia/China</b>								
Woodside Petroleum Ltd.	WOPEY	B	48.65	0.94	1.34	0.99	1.09	0.99
CNOOC Limited (34%)	CEO		237.41	0.88	1.53	0.97	1.06	1.08
Gazprom (50%)	OGZPY	B	13.88	0.83	1.37	0.91	1.05	0.55
PetroChina Company Ltd (14%)	PTR	B	138.21	0.89	1.25	0.97	1.04	0.71
Lukoil Oil Company	LUKOY	B	62.48	0.84	1.23	0.94	1.01	0.44
Petrobras	PBR	CB	32.98	0.81	1.04	0.92	0.93	0.59
	<i>Median</i>			<i>0.86</i>	<i>1.29</i>	<i>0.95</i>	<i>1.04</i>	<i>0.65</i>
<b>U.S. Independent</b>								
Southwestern Energy Company	SWN		46.32	0.95	1.36	1.02	1.13	1.02
Occidental Petroleum Corp.	OXY	B	101.94	0.88	1.36	0.99	1.09	0.84
EOG Resources, Inc.	EOG	B	109.06	0.91	1.22	0.99	1.07	0.86
Chesapeake Energy Corp.	CHK		29.68	0.89	1.24	0.96	1.05	0.94
Anadarko Petroleum Corp.	APC		74.75	0.92	1.52	0.97	1.04	0.97
Devon Energy Corporation	DVN	B	81.52	0.88	1.33	0.95	1.04	0.75
	<i>Median</i>			<i>0.90</i>	<i>1.34</i>	<i>0.98</i>	<i>1.06</i>	<i>0.90</i>
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO	B	46.46	0.85	1.26	0.93	1.06	0.77
Canadian Oil Sands Limited	COSWF	B	29.86	0.86	1.28	0.93	1.05	0.60
EnCana Corporation	ECA	B	32.70	0.95	1.16	0.99	1.04	0.72
Cenovus Energy Inc.	CVE	B	34.66	0.88	1.29	0.95	1.04	0.76
Suncor Energy	SU	B	39.50	0.85	1.28	0.93	1.02	0.67
Penn West Exploration	PWE		24.38	0.88	1.25	0.95	1.01	0.83
Canadian Natural Resources	CNQ		40.46	0.82	1.26	0.92	0.98	0.66
	<i>Median</i>			<i>0.86</i>	<i>1.26</i>	<i>0.93</i>	<i>1.04</i>	<i>0.72</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

June 7, 2011

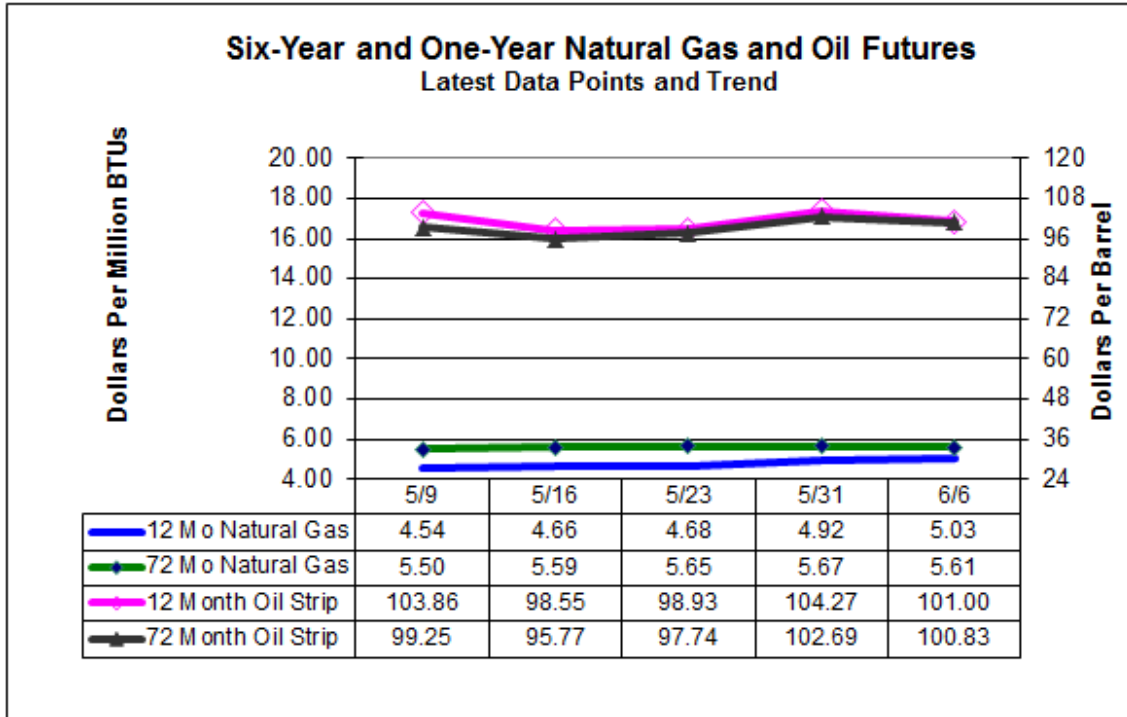
<b>Index of Recent Research</b>			
<b>Stock Ideas</b>			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
3-Jun	HK	Petrohawk	Raise NPV to \$34 a Share from \$24 on Eagle Ford (ISCW)
31-May	OXY	Occidental Petroleum	Triple California Oil Production by 2020 (Meter Reader)
27-May	XEC	Cimarex Energy	Timely Buy on Stock Price Underperformance (ISCW)
24-May	STO	Statoil	Nordic Oil and Gas Stalwart (Meter Reader)
20-May	SBR	Sabine Royalty Trust	Raise NPV to \$70 from \$59 on Rising Volume (ISCW)
17-May	PBR	Petrobras	Out-of-Favor Oil Growth (Meter Reader)
13-May	DMLP	Dorchester Minerals, L.P.	Fayetteville and Bakken Growth (Income and Small Cap Weekly)
10-May	EOG	EOG Resources	High-Profit Light Sweet North American Oil (Meter Reader)
3-May	TOT	Total	Profiting Outside U.S. (Meter Reader)
29-Apr	BIREF	Birchcliff Energy	Independent Engineer Confirms Natural Gas Upside (ISCW)
29-Apr	COSWF	Canadian Oil Sands Limited	Dividend Increased 50%
22-Apr	ERF	Enerplus Corporation	New Buy - Bakken and Marcellus with 7% Income (ISCW)
21-Apr	ECA	Encana	North America's Natural Gas Pure Play
19-Apr	DVN	Devon Energy	Rich Resources, Low McDep, Low Debt (Meter Reader)
15-Apr	WLL	Whiting Petroleum	New Buy on Chairman Volker's Prudhoe Bay (ISCW)
12-Apr	COP	ConocoPhillips	Bad Government Actions Good for Oil Profits (Meter Reader)
8-Apr	RRC	Range Resources	Raise NPV to \$60 from \$50 a Share (Income and Small Cap)
5-Apr	CVX	Chevron	Raise NPV to \$154 a Share from \$146 (Meter Reader)
1-Apr	SJT	San Juan Basin Royalty Trust	Remove Buy at McDep Ratio of 1.10 (ISCW)
29-Mar	XOM	Exxon Mobil	Natural Gas Enhanced by Nuclear (Meter Reader)
22-Mar	PTR	PetroChina	Overlooked Oil in PTR Stock (Meter Reader)
15-Mar	LUKOY	Lukoil	Lukoil and Russia Ride the Rise of Oil (Meter Reader)
11-Mar	HGT	Hugoton Royalty Trust	Contrarian Commodity Income (Income and SC Weekly)
8-Mar	CNQ	Canadian Natural Resources	End Buy (Meter Reader)
1-Mar	CVE	Cenovus Energy	High Growth in Deep Oil Sands (Meter Reader)
23-Feb	WOPEY	Woodside Petroleum Ltd.	Double LNG Late 2011
22-Feb	OGZPY	Gazprom	Nearer Accord on Natural Gas to China (Meter Reader)
18-Feb	PEYUF	Peyto Exploration	Raise NPV to \$24 a Share from \$20 (Income and Small Cap)
18-Jan	MRO	Marathon Oil	Refining/Marketing Spinoff May Boost Value 27% (MR)
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>			
31-May	OXY	Occidental Petroleum	Triple California Oil Production by 2020
24-May	STO	Statoil	Nordic Oil and Gas Stalwart
17-May	PBR	Petrobras	Out-of-Favor Oil Growth
10-May	EOG	EOG Resources	High-Profit Light Sweet North American Oil
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>			
3-Jun	HK	Petrohawk	Raise NPV to \$34 a Share from \$24 on Eagle Ford
27-May	XEC	Cimarex Energy	Timely Buy on Stock Price Underperformance
20-May	SBR	Sabine Royalty Trust	Raise NPV to \$70 from \$59 on Rising Volume
13-May	DMLP	Dorchester Minerals, L.P.	Fayetteville and Bakken Growth
For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Energy Income</a> .			



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 7, 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.