



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

January 10, 2012

PetroChina Gets a Bit More Free Market Capitalism

| | | | |
|--|---------|---|--------|
| <i>Symbol</i> | PTR | <i>Ebitda Next Twelve Months ending 12/31/12 (US\$mm)</i> | 74,000 |
| <i>Rating</i> | Buy | <i>North American Natural Gas/Ebitda (%)</i> | 0 |
| <i>Price (US\$/sh)</i> | 139.89 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 81 |
| <i>Pricing Date</i> | 1/9/12 | <i>Adjusted Reserves/Production NTM</i> | 13.3 |
| <i>Shares (mm)</i> | 1830 | <i>EV/Ebitda</i> | 4.5 |
| <i>Market Capitalization (US\$mm)</i> | 256,000 | <i>PV/Ebitda</i> | 6.3 |
| <i>Debt (US\$mm)</i> | 77,000 | <i>Undeveloped Reserves (%)</i> | 42 |
| <i>Enterprise Value (EV) (US\$mm)</i> | 333,000 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 45.10 |
| <i>Present Value (PV) (US\$mm)</i> | 461,000 | <i>Present Value Proven Reserves(US\$/boe)</i> | 16.76 |
| <i>Net Present Value (US\$/share)</i> | 210 | <i>Present Value Proven Reserves(US\$/mcfe)</i> | 2.79 |
| <i>Debt/Present Value</i> | 0.17 | <i>Earnings Next Twelve Months (US\$/sh)</i> | 18.25 |
| <i>McDep Ratio - EV/PV</i> | 0.72 | <i>Price/Earnings Next Twelve Months</i> | 8 |
| <i>Dividend Yield (%/year)</i> | 3.9 | <i>Indicated Annual Dividend (US\$/sh)</i> | 5.47 |
| Note: Estimated cash flow and earnings tied to one-year futures prices for oil. | | | |
| Reported results may vary widely from estimates. Estimated present value per share revised only infrequently. | | | |
| The Peoples Republic of China holds 86% of the outstanding shares. | | | |
| Estimated present value presumes a long-term price for oil of US\$100 a barrel. | | | |
| For historical analysis of PTR since 2001 see www.mcdep.com/3ptr.htm | | | |

Summary and Recommendation

Slowly, but surely the government of China is relaxing crude oil excise tax and price controls to the delayed benefit of Buy-recommended **PetroChina (PTR)** and other oil and gas producers. Disclosed on January 5, the “special oil income levy” declines from \$23.50 a barrel to \$17.50 on oil priced at \$100. Eventually it should decline to zero, at least in net energy consumers like China, so that it no longer acts to depress domestic production and promote expensive imports. On natural gas, China has initiated market pricing in two provinces while it continues to control domestic prices below market levels in the remainder of the country. Price controls induce shortages by curtailing supply while promoting demand. Such shortages in diesel fuel hasten the drive to move prices of refined product closer to market levels. We see that a favorable oil price outlook, rapid growth in natural gas and improved refined product pricing may combine to boost earnings as much as a third in 2012 (see table [Next Twelve Months Operating and Financial Estimates](#) on page 2). Cash flow in connection with reserve life supports estimated Net Present Value (NPV) of \$210 a share compared to current price of \$140 (see [Functional Cash Flow and Present Value](#) on page 3). We like PTR stock for participation in emerging market growth.

Oil price of \$97 a barrel for the next six years crosses above the 40-week average of \$96 (see charts [Six-Year Commodity Price Meter](#) on page 3 and [Six-Year and One-Year Natural Gas and Oil Futures](#) on page 9). McDep Ratio and other valuation measures signal attractive value in PTR and other recommended stocks (see [Tables 1-3](#) on pages 4-6). PTR stock also trades on an improving trend above its 200-day average after 5 months below (see [Table 4](#) on page 7).

Kurt H. Wulff, CFA



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| PetroChina Company Limited | | | | | | | | | |
|--|----------|----------|----------|------------------|---------|---------|---------|----------|------------------|
| Next Twelve Months Operating and Financial Estimates | | | | | | | | | |
| | Q4 | Q3 | Q4E | Year | Q1E | Q2E | Q3E | Q4E | Twelve |
| | 12/31/10 | 9/30/11 | 12/31/11 | 2011E | 3/31/12 | 6/30/12 | 9/30/12 | 12/31/12 | Months E |
| | | | | | | | | | 12/31/12 |
| Volume | | | | | | | | | |
| Natural gas (bcf) | 537 | 549 | 590 | 2,325 | 609 | 711 | 604 | 649 | 2,573 |
| Natural Gas (mmcf) | 5,832 | 5,967 | 6,415 | 6,370 | 6,693 | 7,814 | 6,564 | 7,056 | 7,031 |
| Days | 92 | 92 | 92 | 365 | 91 | 91 | 92 | 92 | 366 |
| Oil (mmb) | 218 | 224 | 224 | 894 | 222 | 222 | 224 | 224 | 891 |
| Oil (mbd) | 2,373 | 2,435 | 2,435 | 2,449 | 2,435 | 2,435 | 2,435 | 2,435 | 2,435 |
| Total gas & oil (mmb) | 308 | 316 | 322 | 1,282 | 323 | 340 | 325 | 332 | 1,320 |
| Total gas & oil (mbd) | 3,345 | 3,429 | 3,504 | 3,511 | 3,550 | 3,737 | 3,529 | 3,611 | 3,607 |
| Price | | | | | | | | | |
| Natural gas (\$/mcf) | | | | | | | | | |
| Henry Hub (\$/mmbtu) | 3.80 | 4.19 | 3.55 | 4.04 | 3.05 | 3.17 | 3.30 | 3.53 | 3.26 |
| Company | 4.80 | 5.11 | 5.11 | 4.85 | 5.11 | 5.11 | 5.11 | 5.11 | 5.11 |
| Oil (\$/bbl) | | | | | | | | | |
| WTI Cushing | 85.10 | 89.76 | 94.06 | 95.12 | 101.36 | 102.00 | 102.18 | 101.66 | 101.80 |
| Company | 76.36 | 108.12 | 113.29 | 106.16 | 122.09 | 122.86 | 123.08 | 122.45 | 122.62 |
| Total gas & oil (\$/bbl) | 62.54 | 85.65 | 88.08 | 82.86 | 93.36 | 90.73 | 94.43 | 92.55 | 92.74 |
| NY Harbor 3-2-1 (\$/bbl) | 11.15 | 35.09 | 21.79 | 25.56 | 18.87 | 21.38 | 19.15 | 14.79 | 18.55 |
| Revenue (\$mm) | | | | | | | | | |
| Natural Gas | 2,575 | 2,805 | 3,015 | 11,274 | 3,112 | 3,633 | 3,086 | 3,317 | 13,148 |
| Oil | 16,669 | 24,219 | 25,377 | 94,910 | 27,051 | 27,221 | 27,570 | 27,429 | 109,270 |
| Total | 19,244 | 27,024 | 28,393 | 106,184 | 30,163 | 30,854 | 30,656 | 30,746 | 122,418 |
| RMB/\$US | 6.66 | 6.42 | 6.32 | 6.45 | 6.32 | 6.32 | 6.32 | 6.32 | 6.32 |
| Total Upstream (RMB) | 128,168 | 173,495 | 179,377 | 684,694 | 190,560 | 194,924 | 193,673 | 194,243 | 773,400 |
| Other (Downstream) | 289,148 | 325,498 | 325,498 | 1,271,420 | 325,498 | 325,498 | 325,498 | 325,498 | 1,301,992 |
| Total Revenue (RMB) | 417,316 | 530,661 | 504,875 | 1,987,783 | 516,058 | 520,422 | 519,171 | 519,740 | 2,075,392 |
| Expense | | | | | | | | | |
| | 330,409 | 437,211 | 392,651 | 1,602,454 | 403,396 | 405,638 | 399,996 | 400,288 | 1,609,318 |
| Ebitda (RMB) | | | | | | | | | |
| Exploration and Production | | 91,992 | 87,224 | 333,012 | 92,662 | 94,784 | 94,176 | 94,452 | 376,074 |
| Other | | 1,457 | 25,000 | 52,316 | 20,000 | 20,000 | 25,000 | 25,000 | 90,000 |
| Total | 86,907 | 93,450 | 112,224 | 385,329 | 112,662 | 114,784 | 119,176 | 119,452 | 466,074 |
| Exploration | 4,194 | 2,973 | 2,973 | 24,034 | 2,973 | 2,973 | 2,973 | 2,973 | 11,892 |
| Deprec., Deplet., & Amort. | 30,569 | 36,212 | 36,212 | 138,926 | 36,212 | 36,212 | 36,212 | 36,212 | 144,848 |
| Other non cash | (391) | | | - | | | | | - |
| Ebit | 52,535 | 54,265 | 73,039 | 222,369 | 73,477 | 75,599 | 79,991 | 80,267 | 309,334 |
| Interest | 2,426 | 1,979 | 1,979 | 8,186 | 1,979 | 1,979 | 1,979 | 1,979 | 7,916 |
| Ebt | 50,109 | 52,286 | 71,060 | 214,183 | 71,498 | 73,620 | 78,012 | 78,288 | 301,418 |
| Income Tax | 11,609 | 15,686 | 21,318 | 61,558 | 21,449 | 22,086 | 23,403 | 23,487 | 90,425 |
| Net Income (RMB) | | | | | | | | | |
| Exploration and Production | | 57,107 | | | | | | | |
| Other | | (10,300) | | | | | | | |
| Unallocated | | (10,207) | | | | | | | |
| Total | 38,500 | 36,600 | 49,742 | 152,625 | 50,048 | 51,534 | 54,608 | 54,802 | 210,992 |
| Shares (millions) | | | | | | | | | |
| | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 | 1,830 |
| Earnings per share (RMB) | 21 | 20 | 27 | 83 | 27 | 28 | 30 | 30 | 115 |
| Ebitda Margin (E&P) | | 53% | 49% | 49% | 49% | 49% | 49% | 49% | 49% |
| Tax Rate | 23% | 30% | 30% | 29% | 30% | 30% | 30% | 30% | 30% |

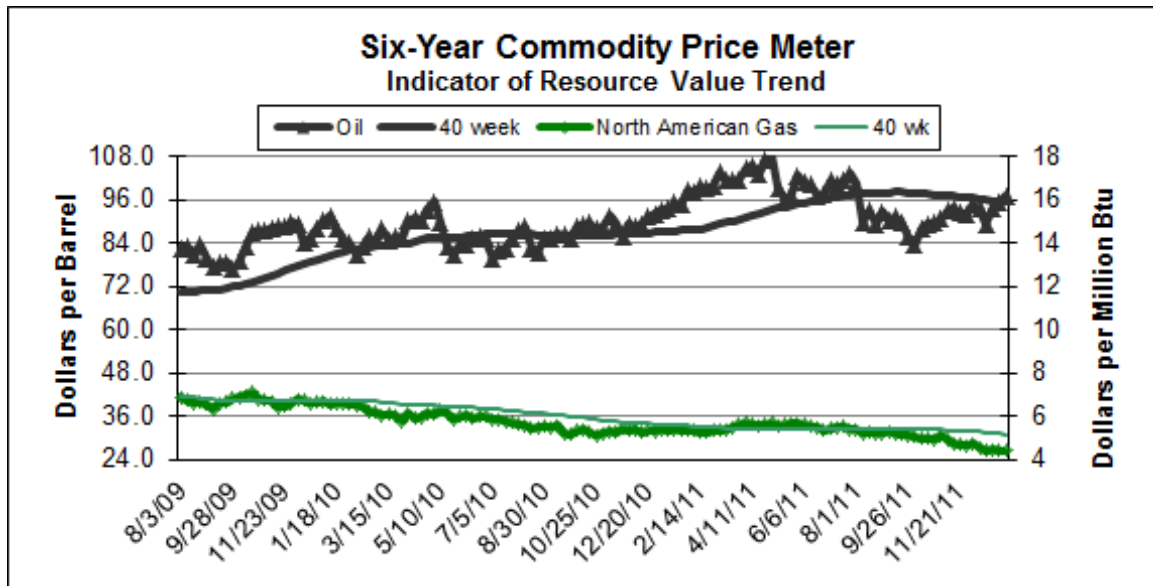


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| PetroChina | | | | | |
|---|-------------------|-----------------|---------------|-----------------|---------|
| Functional Cash Flow and Present Value | | | | | |
| | <i>NTM Ebitda</i> | <i>Adjusted</i> | <i>PV/</i> | <i>Present</i> | |
| | <i>(US\$mm)</i> | <i>R/P</i> | <i>Ebitda</i> | <i>Value</i> | |
| | | | | <i>(US\$mm)</i> | |
| Natural Gas | 6,400 | 18.8 | 10.2 | 65,000 | 14% |
| Oil | 53,200 | 10.6 | 6.0 | 321,000 | 70% |
| Downstream | 14,200 | | 5.3 | 75,000 | 16% |
| | 73,800 | 13.3 | 6.2 | 461,000 | 100% |
| Debt (US\$mm) | | | | | 77,000 |
| Net Present Value (US\$mm) | | | | | 384,000 |
| Shares (mm) | | | | | 1,830 |
| Net Present Value - Standard Estimate (US\$/sh) | | | | | 210 |
| NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh) | | | | | 212 |





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| | Symbol/Rating | Price (US\$/sh) | 9-Jan 2012 | Market EV/ Cap | Enterprise Value (\$mm) | Present Value by Segment (%) | | | | McDep Ratio |
|--------------------------------------|---------------|--------------------|---------------|----------------------|-------------------------------|------------------------------|------------------|---------------|-----------------|----------------|
| | | | | | | North Amer. | Rest of World | Oil Prod'n | Down- stream | |
| | | | | | | | | | | |
| U.S. Integrated | | | | | | | | | | |
| Exxon Mobil Corporation | XOM B | 85.50 | 1.17 | | 486,000 | 8 | 19 | 57 | 16 | 0.80 |
| ConocoPhillips | COP B | 72.94 | 1.43 | | 140,000 | 12 | 11 | 59 | 17 | 0.72 |
| Chevron Corporation | CVX B | 109.49 | 1.11 | | 243,000 | 2 | 10 | 78 | 9 | 0.67 |
| <i>Total or Median</i> | | | | | 869,000 | | | 59 | | 0.72 |
| Europe | | | | | | | | | | |
| BG Group | BRGXF | 22.68 | 1.20 | | 93,100 | | 34 | 46 | 21 | 0.92 |
| Royal Dutch Shell plc | RDS-A B | 73.98 | 1.27 | | 294,000 | 3 | 20 | 59 | 18 | 0.77 |
| Statoil ASA (33%) | STO B | 25.92 | 1.44 | | 39,300 | | 34 | 66 | - | 0.67 |
| BP plc | BP | 44.06 | 1.64 | | 229,000 | 3 | 10 | 64 | 23 | 0.64 |
| Total S.A. | TOT B | 51.25 | 1.32 | | 153,000 | | 21 | 66 | 13 | 0.58 |
| <i>Total or Median</i> | | | | | 808,000 | | | 64 | | 0.67 |
| Brazil/Russia/Australia/China | | | | | | | | | | |
| CNOOC Limited (36%) | CEO | 195.69 | 1.01 | | 31,900 | | 9 | 91 | - | 0.78 |
| Woodside Petroleum Ltd. | WOPEY | 31.55 | 1.26 | | 31,000 | | 64 | 36 | - | 0.75 |
| PetroChina Company Ltd (14%) | PTR B | 139.89 | 1.30 | | 46,600 | | 14 | 70 | 16 | 0.72 |
| Petrobras | PBR CB | 26.88 | 1.37 | | 238,000 | | 8 | 77 | 15 | 0.51 |
| Gazprom (50%) | OGZPY CB | 11.09 | 1.22 | | 78,000 | | 64 | 19 | 17 | 0.45 |
| Lukoil Oil Company | LUKOY CB | 55.05 | 1.07 | | 46,900 | | | 72 | 28 | 0.38 |
| <i>Total or Median</i> | | | | | 472,000 | | | 70 | | 0.62 |
| U.S. Independent | | | | | | | | | | |
| Anadarko Petroleum Corp. | APC | 80.77 | 1.47 | | 59,000 | 32 | | 64 | 3 | 0.96 |
| Chesapeake Energy Corp. | CHK | 23.56 | 1.94 | | 34,400 | 68 | | 32 | - | 0.93 |
| EOG Resources, Inc. | EOG B | 102.17 | 1.20 | | 31,500 | 36 | 4 | 60 | - | 0.87 |
| Southwestern Energy Company | SWN | 33.08 | 1.12 | | 13,000 | 100 | | | - | 0.84 |
| Occidental Petroleum Corp. | OXY B | 96.93 | 1.09 | | 85,700 | 8 | 1 | 82 | 9 | 0.82 |
| Devon Energy Corporation | DVN CB | 65.84 | 1.22 | | 33,400 | 52 | | 48 | - | 0.69 |
| Marathon Oil Corporation | MRO B | 30.63 | 1.24 | | 27,100 | 6 | 4 | 90 | - | 0.62 |
| <i>Total or Median</i> | | | | | 284,000 | | | 71 | | 0.84 |
| Canada | | | | | | | | | | |
| Penn West Exploration | PWE | 20.77 | 1.41 | | 13,700 | 14 | | 86 | - | 0.76 |
| Imperial Oil Limited (30%) | IMO B | 45.47 | 1.13 | | 13,200 | 3 | | 86 | 11 | 0.76 |
| Cenovus Energy Inc. | CVE CB | 33.93 | 1.26 | | 32,300 | 14 | | 77 | 9 | 0.75 |
| EnCana Corporation | ECA CB | 18.71 | 1.76 | | 24,300 | 88 | | 12 | - | 0.64 |
| Suncor Energy | SU CB | 31.18 | 1.27 | | 62,500 | 2 | | 87 | 11 | 0.55 |
| Canadian Oil Sands Limited | COSWF CB | 23.32 | 1.13 | | 12,800 | | | 100 | - | 0.48 |
| <i>Total or Median</i> | | | | | 159,000 | | | 82 | | 0.70 |
| Composite | | | | | 2,592,000 | 8 | 15 | 63 | 14 | 0.68 |

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.



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| McDep Large Cap Energy Stocks | | | | | | | | |
|--|--------------------------------|----|------------------|---------------|-----------------|------------------|----------------|--------------|
| Net Present Value and McDep Ratio | | | | | | | | |
| | | | <i>Price</i> | | | <i>Net</i> | | |
| | | | <i>(US\$/sh)</i> | | <i>Market</i> | <i>Present</i> | <i>Debt/</i> | |
| | <i>Symbol/Rating</i> | | <i>9-Jan</i> | <i>Shares</i> | <i>Cap</i> | <i>Value</i> | <i>Present</i> | <i>McDep</i> |
| | <i>B = Buy, CB (see below)</i> | | <i>2012</i> | <i>(mm)</i> | <i>(US\$mm)</i> | <i>(US\$/sh)</i> | <i>Value</i> | <i>Ratio</i> |
| U.S. Integrated | | | | | | | | |
| Exxon Mobil Corporation | XOM | B | 85.50 | 4,843 | 414,000 | 110.00 | 0.12 | 0.80 |
| ConocoPhillips | COP | B | 72.94 | 1,345 | 98,000 | 114.00 | 0.21 | 0.72 |
| Chevron Corporation | CVX | B | 109.49 | 1,999 | 219,000 | 170.00 | 0.07 | 0.67 |
| <i>Total or Median</i> | | | | | <i>731,000</i> | | <i>0.12</i> | <i>0.72</i> |
| Europe | | | | | | | | |
| BG Group plc | BRGXF | | 22.68 | 3,412 | 77,400 | 25.00 | 0.16 | 0.92 |
| Royal Dutch Shell plc | RDS-A | B | 73.98 | 3,124 | 231,000 | 102.00 | 0.16 | 0.77 |
| Statoil ASA (33%) | STO | B | 25.92 | 1,050 | 27,200 | 44.00 | 0.21 | 0.67 |
| BP plc | BP | | 44.06 | 3,170 | 140,000 | 84.00 | 0.25 | 0.64 |
| Total S.A. | TOT | B | 51.25 | 2,261 | 116,000 | 100.00 | 0.14 | 0.58 |
| <i>Total or Median</i> | | | | | <i>592,000</i> | | <i>0.16</i> | <i>0.67</i> |
| Brazil/Russia/Australia/China | | | | | | | | |
| CNOOC Limited (36%) | CEO | | 195.69 | 162 | 31,600 | 250.00 | 0.01 | 0.78 |
| Woodside Petroleum Ltd. | WOPEY | | 31.55 | 787 | 24,800 | 45.00 | 0.16 | 0.75 |
| PetroChina Company Ltd (14%) | PTR | B | 139.89 | 256 | 35,800 | 210.00 | 0.17 | 0.72 |
| Petrobras | PBR | CB | 26.88 | 6,465 | 173,800 | 62.00 | 0.14 | 0.51 |
| Gazprom (50%) | OGZPY | CB | 11.09 | 5,750 | 63,800 | 28.00 | 0.08 | 0.45 |
| Lukoil Oil Company | LUKOY | CB | 55.05 | 799 | 44,000 | 150.00 | 0.02 | 0.38 |
| <i>Total or Median</i> | | | | | <i>374,000</i> | | <i>0.11</i> | <i>0.62</i> |
| U.S. Independent | | | | | | | | |
| Anadarko Petroleum Corp. | APC | | 80.77 | 498 | 40,200 | 86.00 | 0.30 | 0.96 |
| Chesapeake Energy Corp. | CHK | | 23.56 | 753 | 17,700 | 27.00 | 0.45 | 0.93 |
| EOG Resources, Inc. | EOG | B | 102.17 | 257 | 26,300 | 120.00 | 0.14 | 0.87 |
| Southwestern Energy Company | SWN | | 33.08 | 350 | 11,600 | 40.00 | 0.09 | 0.84 |
| Occidental Petroleum Corp. | OXY | B | 96.93 | 813 | 78,800 | 120.00 | 0.07 | 0.82 |
| Devon Energy Corporation | DVN | CB | 65.84 | 415 | 27,300 | 102.00 | 0.13 | 0.69 |
| Marathon Oil Corporation | MRO | B | 30.63 | 714 | 21,870 | 54.00 | 0.12 | 0.62 |
| <i>Total or Median</i> | | | | | <i>223,800</i> | | <i>0.13</i> | <i>0.84</i> |
| Canada | | | | | | | | |
| Penn West Exploration | PWE | | 20.77 | 469 | 9,700 | 30.00 | 0.22 | 0.76 |
| Imperial Oil Limited (30%) | IMO | B | 45.47 | 256 | 11,700 | 62.00 | 0.09 | 0.76 |
| Cenovus Energy Inc. | CVE | CB | 33.93 | 758 | 25,700 | 48.00 | 0.15 | 0.75 |
| EnCana Corporation | ECA | CB | 18.71 | 738 | 13,800 | 37.00 | 0.28 | 0.64 |
| Suncor Energy | SU | CB | 31.18 | 1,582 | 49,300 | 64.00 | 0.12 | 0.55 |
| Canadian Oil Sands Limited | COSWF | CB | 23.32 | 485 | 11,300 | 52.00 | 0.06 | 0.48 |
| <i>Total or Median</i> | | | | | <i>122,000</i> | | <i>0.13</i> | <i>0.70</i> |

CB=Contrarian Buy, Stock Price may in downtrend compared to 200-day average.
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses
 Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.



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| Table 3 | | | | | | | | |
|---|-------------------------|----|--------------------|----------------------------|----------------------|----------------------|------------|----------------------------------|
| McDep Large Cap Energy Stocks | | | | | | | | |
| Value Multiples and Distribution Yield | | | | | | | | |
| | | | Price (US\$/sh) | Adjustd Resrvs/ Prod | PV/ Ebitda NTM | EV/ Ebitda NTM | P/E NTM | Divd or Distrib NTM (%) |
| | Symbol/Rating | | 9-Jan 2012 | NTM | NTM | NTM | NTM | |
| | B = Buy, CB (see below) | | | | | | | |
| U.S. Integrated | | | | | | | | |
| Exxon Mobil Corporation | XOM | B | 85.50 | 14.3 | 6.9 | 5.6 | 9 | 2.2 |
| ConocoPhillips | COP | B | 72.94 | 12.6 | 7.1 | 5.1 | 9 | 3.6 |
| Chevron Corporation | CVX | B | 109.49 | 8.8 | 6.1 | 4.1 | 7 | 3.0 |
| | <i>Total or Median</i> | | | 12.6 | 6.9 | 5.1 | 9 | 3.0 |
| Europe | | | | | | | | |
| BG Group plc | BRGXF | | 22.68 | 16.8 | 9.5 | 8.8 | 16 | 1.0 |
| Royal Dutch Shell plc | RDS-A | B | 73.98 | 9.0 | 6.0 | 4.6 | 8 | 4.5 |
| BP plc | BP | | 44.06 | 11.4 | 6.8 | 4.4 | 6 | 3.8 |
| Statoil ASA (33%) | STO | B | 25.92 | 6.6 | 6.0 | 4.1 | 8 | 4.0 |
| Total S.A. | TOT | B | 51.25 | 9.9 | 6.7 | 3.9 | 6 | 5.7 |
| | <i>Total or Median</i> | | | 9.9 | 6.7 | 4.4 | 8 | 4.0 |
| Brazil/Russia/Australia/China | | | | | | | | |
| Woodside Petroleum Ltd. | WOPEY | | 31.55 | 20.6 | 8.4 | 6.3 | 10 | 3.5 |
| Petrobras | PBR | CB | 26.88 | 13.6 | 9.3 | 4.7 | 6 | 4.7 |
| PetroChina Company Ltd (14%) | PTR | B | 139.89 | 13.3 | 6.3 | 4.5 | 8 | 3.9 |
| CNOOC Limited (36%) | CEO | | 195.69 | 6.9 | 5.1 | 4.0 | 7 | 3.3 |
| Gazprom (50%) | OGZPY | CB | 11.09 | 30.2 | 5.8 | 2.6 | 4 | 2.7 |
| Lukoil Oil Company | LUKOY | CB | 55.05 | 16.6 | 5.7 | 2.2 | 4 | 3.4 |
| | <i>Total or Median</i> | | | 15.1 | 6.0 | 4.2 | 6 | 3.4 |
| U.S. Independent | | | | | | | | |
| Southwestern Energy Company | SWN | | 33.08 | 7.2 | 13.4 | 11.3 | 20 | - |
| Chesapeake Energy Corp. | CHK | | 23.56 | 9.7 | 8.7 | 8.1 | 8 | 1.5 |
| Anadarko Petroleum Corp. | APC | | 80.77 | 7.2 | 7.3 | 7.0 | 23 | 0.4 |
| EOG Resources, Inc. | EOG | B | 102.17 | 9.0 | 6.7 | 5.9 | 19 | 0.6 |
| Devon Energy Corporation | DVN | CB | 65.84 | 10.2 | 8.2 | 5.7 | 11 | 1.0 |
| Occidental Petroleum Corp. | OXY | B | 96.93 | 11.1 | 6.7 | 5.5 | 11 | 1.9 |
| Marathon Oil Corporation | MRO | B | 30.63 | 9.8 | 5.7 | 3.5 | 7 | 2.0 |
| | <i>Total or Median</i> | | | 9.7 | 7.3 | 5.9 | 11 | 1.0 |
| Canada | | | | | | | | |
| Imperial Oil Limited (30%) | IMO | B | 45.47 | 43.0 | 12.0 | 9.1 | 14 | 0.9 |
| Cenovus Energy Inc. | CVE | CB | 33.93 | 21.3 | 11.2 | 8.4 | 23 | 2.3 |
| EnCana Corporation | ECA | CB | 18.71 | 12.2 | 12.5 | 8.0 | 39 | 4.3 |
| Penn West Exploration | PWE | | 20.77 | 8.4 | 9.5 | 7.2 | 16 | 5.1 |
| Suncor Energy | SU | CB | 31.18 | 24.5 | 9.1 | 5.0 | 8 | 1.4 |
| Canadian Oil Sands Limited | COSWF | CB | 23.32 | 27.8 | 10.3 | 4.9 | 7 | 5.0 |
| | <i>Total or Median</i> | | | 22.9 | 10.7 | 7.6 | 15 | 3.3 |
| 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, 2012; 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 Stocks | | | | | | | | | |
| Rank by Enterprise Value to 200 Day Average | | | | | | | | | |
| | | | Price | Enterprise Value/ | | | | | |
| | Symbol | | (\$/sh) | 9-Jan | 52Wk | 52Wk | 50 Day | 200 Day | |
| | | Rating | 2012 | High | Low | Avg. | Avg. | McDep | |
| | | | | | | | | Ratio | |
| U.S. Integrated | | | | | | | | | |
| | Chevron Corporation | CVX | B | 109.49 | 0.99 | 1.23 | 1.05 | 1.07 | 0.67 |
| | Exxon Mobil Corporation | XOM | B | 85.50 | 0.97 | 1.23 | 1.05 | 1.07 | 0.80 |
| | ConocoPhillips | COP | B | 72.94 | 0.92 | 1.16 | 1.02 | 1.02 | 0.72 |
| | <i>Median</i> | | | | 0.97 | 1.23 | 1.05 | 1.07 | 0.72 |
| Europe | | | | | | | | | |
| | Royal Dutch Shell plc | RDS-A | B | 73.98 | 0.96 | 1.21 | 1.04 | 1.05 | 0.77 |
| | BG Group plc | BRGXF | | 113.39 | 0.89 | 1.23 | 1.05 | 1.03 | 0.92 |
| | Statoil ASA (33%) | STO | B | 25.92 | 0.91 | 1.18 | 1.01 | 1.03 | 0.67 |
| | BP plc | BP | | 44.06 | 0.93 | 1.17 | 1.02 | 1.02 | 0.64 |
| | Total S.A. | TOT | B | 51.25 | 0.84 | 1.20 | 1.01 | 0.98 | 0.58 |
| | <i>Median</i> | | | | 0.92 | 1.20 | 1.03 | 1.03 | 0.70 |
| Brazil/Russia/Australia/China | | | | | | | | | |
| | PetroChina Company Ltd (14%) | PTR | B | 139.89 | 0.91 | 1.19 | 1.08 | 1.04 | 0.72 |
| | CNOOC Limited (36%) | CEO | | 195.69 | 0.72 | 1.38 | 1.04 | 0.94 | 0.78 |
| | Lukoil Oil Company | LUKOY | CB | 55.05 | 0.74 | 1.18 | 1.01 | 0.92 | 0.38 |
| | Petrobras | PBR | CB | 26.88 | 0.70 | 1.20 | 1.02 | 0.92 | 0.51 |
| | Gazprom (50%) | OGZPY | CB | 11.09 | 0.68 | 1.22 | 0.99 | 0.88 | 0.45 |
| | Woodside Petroleum Ltd. | WOPEY | | 31.55 | 0.66 | 1.06 | 0.94 | 0.82 | 0.75 |
| | <i>Median</i> | | | | 0.71 | 1.19 | 1.01 | 0.92 | 0.62 |
| U.S. Independent | | | | | | | | | |
| | Anadarko Petroleum Corp. | APC | | 80.77 | 0.96 | 1.25 | 1.02 | 1.04 | 0.96 |
| | EOG Resources, Inc. | EOG | B | 102.17 | 0.86 | 1.41 | 1.03 | 1.03 | 0.87 |
| | Marathon Oil Corporation | MRO | B | 30.63 | 0.90 | 1.41 | 1.03 | 1.03 | 0.62 |
| | Occidental Petroleum Corp. | OXY | B | 96.93 | 0.83 | 1.41 | 1.03 | 1.02 | 0.82 |
| | Devon Energy Corporation | DVN | CB | 65.84 | 0.74 | 1.23 | 1.02 | 0.92 | 0.69 |
| | Chesapeake Energy Corp. | CHK | | 23.56 | 0.79 | 1.04 | 0.97 | 0.89 | 0.93 |
| | Southwestern Energy Company | SWN | | 41.65 | 0.70 | 1.06 | 0.90 | 0.85 | 0.84 |
| | <i>Median</i> | | | | 0.83 | 1.25 | 1.02 | 1.02 | 0.84 |
| Canada | | | | | | | | | |
| | Imperial Oil Limited (30%) | IMO | B | 45.47 | 0.84 | 1.35 | 1.07 | 1.03 | 0.76 |
| | Penn West Exploration | PWE | | 20.77 | 0.78 | 1.40 | 1.08 | 1.00 | 0.76 |
| | Cenovus Energy Inc. | CVE | CB | 33.93 | 0.86 | 1.19 | 1.03 | 0.98 | 0.75 |
| | Canadian Oil Sands Limited | COSWF | CB | 23.34 | 0.69 | 1.31 | 1.08 | 0.91 | 0.48 |
| | Suncor Energy | SU | CB | 31.18 | 0.69 | 1.28 | 1.03 | 0.91 | 0.55 |
| | EnCana Corporation | ECA | CB | 18.71 | 0.67 | 1.03 | 0.98 | 0.82 | 0.64 |
| | <i>Median</i> | | | | 0.78 | 1.28 | 1.03 | 0.98 | 0.75 |

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 10, 2012

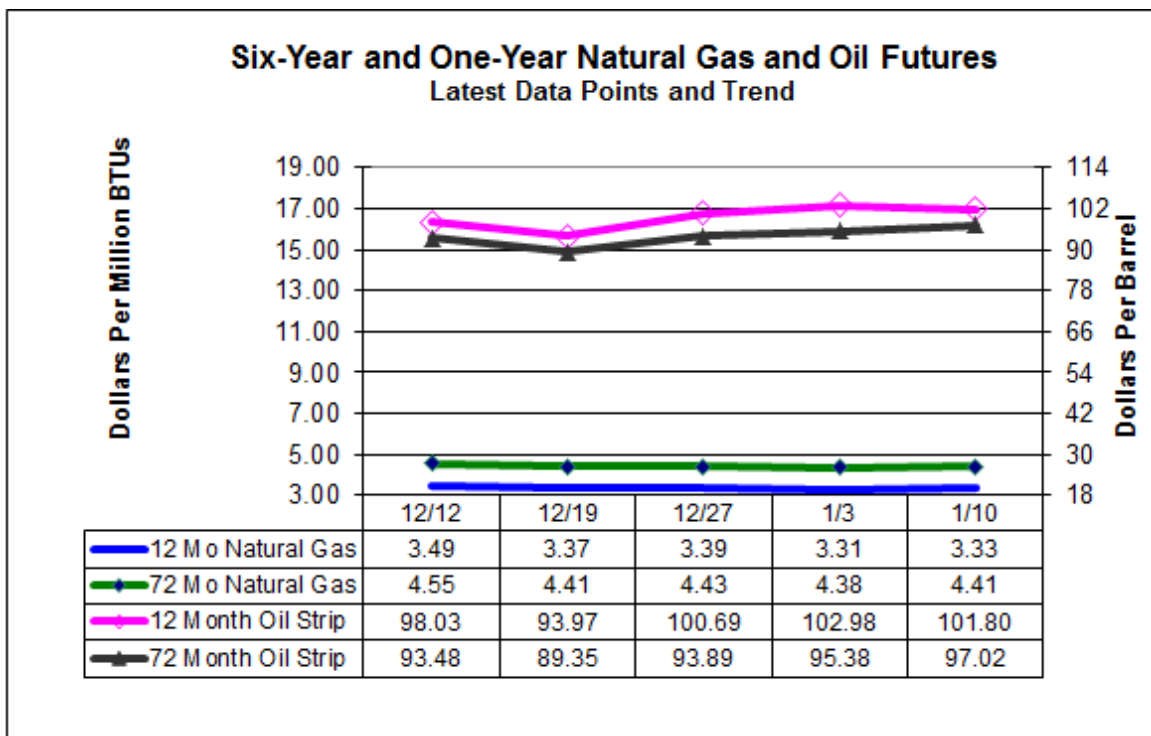
| Index of Recent Research | | | |
|---|---------------------------------------|-------------------------------|--|
| Stock Ideas | | | |
| <i>Date</i> | <i>Symbol</i> | <i>Subject</i> | <i>Theme</i> |
| 5-Jan | RRC | Range Resources | Rediscovered Mississippian Oil (Income and Small Cap Weekly) |
| 3-Jan | DVN, TOT, CHK | Devon Energy, Total S.A. | Shale Deals (Meter Reader) |
| 9-Dec | PETD | PDC Energy | Raise NPV to \$36 from \$32 on Wattenberg Drilling (ISCW) |
| 8-Dec | COSWF | Canadian Oil Sands Limited | Dividend Upside in 2012 |
| 6-Dec | COP | ConocoPhillips | Buy Ahead of Downstream Spinoff (Meter Reader) |
| 2-Dec | XEC | Cimarex Energy | Hedged against Frackophobia (ISCW) |
| 29-Nov | LUKOY, OGZPY | Lukoil, Gazprom | Oil and Gas Undervalued in Russian Stocks (Meter Reader) |
| 23-Nov | WLL | Whiting Petroleum | North Dakota Shale Oil (Income and Small Cap Weekly) |
| 22-Nov | XOM | Exxon Mobil | Stash Your Cash in ExxonMobil Stock (Meter Reader) |
| 18-Nov | DMLP | Dorchester Minerals, L.P. | Insider Accumulation (Income and Small Cap Weekly) |
| 15-Nov | CVE, IMO, SU, COSWF | | Buy Canadian Oil on U.S. Presidential Disappointment (MR) |
| 8-Nov | DVN, EOG, OXY, MRO | | U.S. Independent Shale Buys (Meter Reader) |
| 4-Nov | NDRO | Enduro Royalty Trust | New Bottom Line Cash Payer (Income and Small Cap Weekly) |
| 1-Nov | RDS | Royal Dutch Shell plc | Raise NPV to \$102 from \$96 on Reappearing Luster (MR) |
| 25-Oct | ECA, PBR | Encana, Petrobras | Most Out-of-Favor Buys (Meter Reader) |
| 18-Oct | APC, BP | Anadarko Petroleum, BP plc | Settle Oil Spill Dispute (Meter Reader) |
| 14-Oct | ERF | Enerplus Corporation | Marcellus, Bakken and Canada with 8% Income (ISCW) |
| 3-Oct | STO | Statoil | Giant North Sea Oil Discovery (Meter Reader) |
| 7-Oct | BIREF | Birchcliff Energy | Seeks Offers to Acquire the Company (ISCW) |
| 30-Sep | RRC, WLL, XEC, LINE, LGCY | | 5 Ideas from IPAA San Francisco |
| 23-Sep | SJT, HGT | San Juan Basin RT, Hugoton RT | Transfer Buy to SJT from HGT (Income and Small Cap Wkly) |
| 16-Sep | FRHLF, PBT, SBR, DMLP, CRT | | Volume Upside in Top Line Cash Payers (Income and Small Cap) |
| 13-Sep | EOG | EOG Resources | Horizontal Leads Renewed U.S. Oil Growth (Meter Reader) |
| 30-Aug | PTR | PetroChina | China Growth at Low Stock Market Value (Meter Reader) |
| 9-Aug | HK | Petrohawk | Discontinue on Pending Acquisition at NPV Premium (ISCW) |
| 9-Aug | RRC | Range Resources | Raise NPV to \$70 from \$60 a Share (Income and Small Cap) |
| 2-Aug | CVX | Chevron | Raise NPV to \$170 from \$154 on Cash Flow Margin |
| 2-Aug | TOT | Total | Lower NPV to \$100 from \$111 on Cash Flow Margin (MR) |
| 21-Jun | WOPEY | Woodside Petroleum | Remove Buy on Costs and Delay (Meter Reader) |
| 17-Jun | PEYUF | Peyto Exploration | Update Growth (Income and Small Cap) |
| For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name. | | | |
| Meter Reader | | | |
| 3-Jan | DVN, TOT, CHK | Devon Energy, Total S.A. | Shale Deals |
| 27-Dec | | | Natural Gas Buys and Contrarian Buys for 2012 |
| 20-Dec | | | Centenarians Win Large Cap Race in 2011 |
| 13-Dec | | | No Fluff |
| For earlier editions, go to mcdep.com , click on Meter Reader . | | | |
| Income and Small Cap Weekly | | | |
| 5-Jan | RRC | Range Resources | Rediscovered Mississippian Oil |
| 29-Dec | | | Income for 2012 |
| 22-Dec | | | New NPV for \$6 Long-Term Natural Gas Price |
| 16-Dec | | | Hits Offset Misses in Small Cap Producers |
| For earlier editions, go to mcdep.com , click on Energy Income . | | | |
| Industry Ideas | | | |
| 10-Oct | China Buys More Oil and Gas in Canada | | Sinopec Bids for Daylight Energy |



Meter Reader

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January 10, 2012



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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