



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 12, 2012

## Petrobras (PBR – Contrarian Buy) Deep Water Oil Growth at Deeply Depressed Stock Price

<i>Symbol</i>	PBR	<i>Ebitda Next Twelve Months ending 6/30/13 (US\$m)</i>	42,500
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	18.64	<i>Natural Gas and Oil Production/Ebitda (%)</i>	83
<i>Pricing Date</i>	6/11/12	<i>Adjusted Reserves/Production NTM</i>	12.6
<i>Shares (mm)</i>	6489	<i>EV/Ebitda</i>	4.6
<i>Market Capitalization (US\$m)</i>	121,000	<i>PV/Ebitda</i>	8.6
<i>Debt (US\$m)</i>	75,000	<i>Undeveloped Reserves (%)</i>	36
<i>Enterprise Value (EV) (US\$m)</i>	196,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	36.20
<i>Present Value (PV) (US\$m)</i>	367,000	<i>Present Value Proven Reserves(US\$/boe)</i>	21.22
<i>Net Present Value (US\$/share)</i>	45	<i>Present Value Proven Reserves(US\$/mcf)</i>	3.54
<i>Debt/Present Value</i>	0.20	<i>Earnings Next Twelve Months (US\$/sh)</i>	3.40
<i>McDep Ratio - EV/PV</i>	0.53	<i>Price/Earnings Next Twelve Months</i>	5
<i>Dividend Yield (%/year)</i>	5.6	<i>Indicated Annual Dividend (US\$/sh)</i>	1.04
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
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.			
The Brazilian Government and public sector entities owns half of Petrobras' equity.			
For historical research on Petrobras see <a href="http://www.mcdep.com/2pbr.htm">www.mcdep.com/2pbr.htm</a>			

### Summary and Recommendation

The upside of a doubling of oil volume for Contrarian Buy **Petrobras (PBR)** as a result of deep water discoveries off Brazil remains intact while stock price has become the most deeply depressed of large caps in our coverage. Considering investor's low confidence in the future, we have removed from estimated Net Present Value (NPV) the recognition of future production from billions of barrels discovered in the offshore Santos Basin Pre-Salt province beyond the fraction currently proven. Though we lower NPV to \$45 a share from \$62 as a result, the stock price at a new five-year low is still deeply discounted from NPV. Stock price may be influenced partly by government price controls on refined petroleum products that have restricted profits at higher crude oil price in the past three quarters, but tend to support profits when crude oil price declines as it has recently (see table [Next Twelve Months Operating and Financial Estimates](#) on page 3). Yet, the most important influence on PBR stock may be the simple idea that high growth stocks in high growth countries may go down in price more than counterparts with lower growth prospects in developed countries when financial markets are under stress and vice versa. The fact of a period of low confidence on the way to higher oil volume is no surprise, but the timing is not predictable. Stock market patterns of the past four years suggest an even chance of an advance or a decline in the summer months and a high chance of a gain in the fall. In any case, periods of low confidence usually turn into periods of high opportunity as we believe can be the case for PBR. The current 5.3% dividend looks secure, especially considering the need for a strong stock to underpin an ambitious capital program to develop offshore oil discoveries.

*(Discussion follows on PBR partner BG Group)*



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<i>Symbol</i>	BRGY	<i>Ebitda Next Twelve Months ending 6/30/13 (US\$mm)</i>	11,300
<i>Rating</i>		<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	19.32	<i>Natural Gas and Oil Production/Ebitda (%)</i>	63
<i>Pricing Date</i>	6/11/12	<i>Adjusted Reserves/Production NTM</i>	8.6
<i>Shares (mm)</i>	3416	<i>EV/Ebitda</i>	7.5
<i>Market Capitalization (US\$mm)</i>	66,000	<i>PV/Ebitda</i>	8.0
<i>Debt (US\$mm)</i>	18,000	<i>Undeveloped Reserves (%)</i>	55
<i>Enterprise Value (EV) (US\$mm)</i>	84,300	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	25.80
<i>Present Value (PV) (US\$mm)</i>	90,000	<i>Present Value Proven Reserves(US\$/boe)</i>	14.89
<i>Net Present Value (US\$/share)</i>	21	<i>Present Value Proven Reserves(US\$/mcfe)</i>	2.48
<i>Debt/Present Value</i>	0.20	<i>Earnings Next Twelve Months (US\$/sh)</i>	1.53
<i>McDep Ratio - EV/PV</i>	0.94	<i>Price/Earnings Next Twelve Months</i>	13
<i>Dividend Yield (%/year)</i>	1.2	<i>Indicated Annual Dividend (US\$/sh)</i>	0.24
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.			
Estimated present value presumes a long-term price for oil of US\$100 a barrel.			
For historical research on BG Group see <a href="http://www.mcdep.com/2bg.htm">www.mcdep.com/2bg.htm</a>			

## BG Group Blends Brazilian Oil Growth with LNG Growth

Our presumption of zero present value for Pre-Salt upside in PBR also triggers a reduction in NPV for PBR partner **BG Group (BRGY)**, formerly British Gas, to \$21 a share from \$25 (see table [Functional Cash Flow and Present Value](#) on page 4). Besides a hopefully rewarding position ultimately in Brazil, BG Group has unique concentration on the full value chain in liquefied natural gas from exploration and production through liquefaction, tanker transportation, trading and regasification. Since the stock seems better recognized at a McDep Ratio of 0.94, we have no officially explicit recommendation at this time.

## Strong Value, Low-Debt, Attractive Income, Price Trend for Contrarians

Comparative long-term values for oil and gas producers anywhere in our coverage are more attractive as measured by lower McDep Ratios after recent stock market declines (see [Table 1](#) on page 5). Low measures of Debt/Present Value signify financial strength for all buy recommendations (see [Table 2](#) on page 6). Dividend income from most producers beats a negative real return on the U.S. 10-year inflation protected security (see [Table 3](#) on page 7). Every stock in Meter Reader coverage, except ECA, trades below its 200-day average; a potentially negative sign for investors who fear further declines and a potentially positive sign for investors with a long-term outlook and a portfolio perspective (see [Table 4](#) on page 8).

Kurt H. Wulff, CFA



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<b>Petrobras</b>									
<b>Next Twelve Months Operating and Financial Estimates</b>									
<b>(International Financial Reporting Standards beginning 2010, US\$)</b>									
	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Next</i>
	<i>9/30/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/11</i>	<i>12/31/12</i>	<i>2012E</i>	<i>Months</i>
									<i>6/30/13</i>
<b>Volume</b>									
Natural Gas (mmcf)	2,736	2,802	<b>2,708</b>	2,772	2,772	2,772	2,772	<b>2,772</b>	<b>2,772</b>
Days	92	92	<b>365</b>	91	91	92	92	<b>366</b>	<b>365</b>
Oil (mmb)	194	202	<b>787</b>	201	201	203	203	<b>809</b>	<b>807</b>
Oil (mbd)	2,108	2,195	<b>2,157</b>	2,211	2,211	2,211	2,211	<b>2,211</b>	<b>2,211</b>
Total gas & oil (mmb)	236	245	<b>952</b>	243	243	246	246	<b>978</b>	<b>976</b>
Total gas & oil (mbd)	2,564	2,662	<b>2,608</b>	2,673	2,673	2,673	2,673	<b>2,673</b>	<b>2,673</b>
<b>Price</b>									
Natural gas (\$/mcf)	7.69	7.77	<b>6.29</b>	7.56	7.56	7.56	7.56	<b>7.56</b>	<b>7.56</b>
Oil (\$/bbl)									
WTI Cushing	89.76	94.06	<b>95.12</b>	102.93	97.42	83.56	84.46	<b>92.09</b>	<b>84.60</b>
Brent	113.46	109.31	<b>111.28</b>	118.49	112.15	96.19	97.22	<b>106.01</b>	<b>97.39</b>
Company	101.99	102.70	<b>101.55</b>	110.62	104.70	89.80	90.77	<b>98.93</b>	<b>90.91</b>
Total gas & oil (\$/bbl)	92.05	92.86	<b>90.51</b>	99.34	94.44	82.12	82.91	<b>89.66</b>	<b>83.04</b>
NY Harbor 3-2-1 (\$/bbl)	35.09	21.79	<b>25.56</b>	24.31	30.27	26.56	19.31	<b>25.11</b>	<b>20.91</b>
<b>Revenue (mm\$)</b>									
Natural gas	1,935	2,003	<b>6,219</b>	1,906	1,906	1,927	1,927	<b>7,666</b>	<b>7,645</b>
Oil	19,779	20,740	<b>79,958</b>	22,257	21,066	18,267	18,463	<b>80,053</b>	<b>73,370</b>
Total production	21,714	22,742	<b>86,177</b>	24,163	22,972	20,194	20,390	<b>87,720</b>	<b>81,015</b>
Other	17,419	13,662	<b>60,592</b>	13,201	13,201	13,201	13,201	<b>52,803</b>	<b>52,803</b>
Total	39,134	36,404	<b>146,770</b>	37,364	36,173	33,395	33,591	<b>140,523</b>	<b>133,818</b>
<b>Expense</b>									
Production	11,495	14,488	<b>49,363</b>	12,505	12,971	11,402	11,513	<b>48,391</b>	<b>45,744</b>
Other	17,473	14,108	<b>59,710</b>	15,678	11,401	11,401	11,401	<b>49,880</b>	<b>45,603</b>
<b>Ebitda (mm\$)</b>									
Production	10,220	8,255	<b>36,814</b>	11,658	10,001	8,792	8,877	<b>39,328</b>	<b>35,271</b>
Other	(54)	(447)	<b>883</b>	(2,477)	1,800	1,800	1,800	<b>2,923</b>	<b>7,200</b>
Total Ebitda	10,166	7,808	<b>37,697</b>	9,181	11,801	10,592	10,677	<b>42,251</b>	<b>42,471</b>
Exploration	479	834	<b>2,627</b>	571	571	571	571	<b>2,285</b>	<b>2,285</b>
Deprec., Deplet., & Amort.	2,652	3,280	<b>10,617</b>	2,683	2,683	2,683	2,683	<b>10,732</b>	<b>10,732</b>
Other non cash	2,384	(643)		(942)					
<b>Ebit</b>	4,651	4,337	<b>26,896</b>	6,869	8,547	7,337	7,423	<b>30,176</b>	<b>29,454</b>
<b>Ebt</b>	4,651	4,337	<b>26,896</b>	6,869	8,547	7,337	7,423	<b>30,176</b>	<b>29,454</b>
Income Tax	788	1,532	<b>6,811</b>	1,663	2,137	1,834	1,856	<b>7,490</b>	<b>7,363</b>
<b>Net Income (mm\$)</b>									
Production	6,565	5,937	<b>25,188</b>	7,272					
Other	(2,701)	(3,132)	<b>(5,103)</b>	(2,066)					
Total Net Income	3,863	2,805	<b>20,085</b>	5,206	6,410	5,503	5,567	<b>22,686</b>	<b>22,090</b>
<b>Shares (millions)</b>									
Per share (\$)	0.60	0.43	<b>3.09</b>	0.80	0.99	0.85	0.86	<b>3.50</b>	<b>3.40</b>
Ebitda Margin (E&P)	47%	36%	<b>43%</b>	48%	44%	44%	44%	<b>45%</b>	<b>44%</b>
Tax Rate	17%	35%	<b>25%</b>	24%	25%	25%	25%	<b>25%</b>	<b>25%</b>



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<b>Petrobras</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>	
Natural Gas	3,330	9.8	6.3	21,000	6%
Oil	31,940	13.2	9.3	296,000	81%
Downstream	7,200		6.9	50,000	14%
	42,470	12.6	8.6	367,000	100%
Debt (US\$mm)					75,000
Net Present Value (US\$mm)					292,000
Shares (mm)					6,489
Net Present Value - Standard Estimate (US\$/sh)					45
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					46

<b>BG Group plc</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>	
Rest of World Natural Gas	3,031	7.9	6.9	21,000	23%
Oil	4,060	10.4	9.1	37,000	41%
Downstream	4,209		7.6	32,000	36%
	11,300	8.6	8.0	90,000	100%
Debt (US\$mm)					18,000
Net Present Value (US\$mm)					72,000
Shares (mm)					3,416
Net Present Value - Standard Estimate (US\$/sh)					21
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					19



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Table 1									
McDep Large Cap Energy Stocks									
Geographic Domicile and Business Segments									
					Present Value by Segment (%)				
		Price	EV/	Enterprise	North	Rest			
Symbol/Rating		(US\$/sh)	Market	Value	Amer.	of World	Oil	Down-	McDep
B = Buy, CB (see below)		11-Jun	Cap	(\$mm)	Natural	Natural	Prod'n	stream	Ratio
		2012			Gas	Gas			
<b>U.S. and Europe Integrated</b>									
BG Group	BRGYY	19.32	1.28	84,300		23	41	36	0.94
Exxon Mobil Corporation	XOM CB	80.27	1.20	455,000	8	19	57	16	0.76
Royal Dutch Shell plc	RDS-A CB	63.20	1.31	259,000	3	22	56	18	0.68
Chevron Corporation	CVX CB	99.91	1.15	227,000	3	11	76	10	0.62
Statoil ASA (33%)	STO CB	22.48	1.54	36,400		35	65	-	0.62
BP plc	BP	38.29	1.69	207,000	4	9	62	25	0.59
Total S.A.	TOT CB	43.22	1.41	138,000		23	63	14	0.52
<i>Total or Median</i>				1,407,000			62		0.62
<b>Brazil/Russia/Australia/China</b>									
Woodside Petroleum Ltd.	WOPEY	32.44	1.29	33,000		60	40	-	0.77
CNOOC Limited (36%)	CEO	183.31	1.02	30,100		9	91	-	0.74
PetroChina Company Ltd (14%)	PTR CB	130.90	1.36	45,700		15	70	14	0.69
Petrobras	PBR CB	18.64	1.62	196,000		6	81	14	0.53
Gazprom (50%)	OGZPY CB	9.27	1.35	72,000		11	13	76	0.40
Lukoil Oil Company	LUKOY CB	51.95	1.01	41,700			71	29	0.35
<i>Total or Median</i>				419,000			71		0.61
<b>U.S. Independent</b>									
Chesapeake Energy Corp.	CHK	17.61	2.58	34,100	64		36	-	0.83
Anadarko Petroleum Corp.	APC	61.81	1.57	48,600	33		64	3	0.80
EOG Resources, Inc.	EOG CB	91.93	1.24	30,700	29	4	67	-	0.75
Occidental Petroleum Corp.	OXY CB	83.16	1.12	75,200	9	1	80	10	0.72
Southwestern Energy Company	SWN	26.39	1.18	10,900	100			-	0.70
ConocoPhillips	COP CB	53.88	1.50	102,000	13	13	74	-	0.66
Devon Energy Corporation	DVN CB	57.26	1.35	31,300	49		51	-	0.63
Marathon Oil Corporation	MRO CB	24.42	1.50	26,000	7	3	90	-	0.55
<i>Total or Median</i>				359,000			67		0.71
<b>Canada</b>									
Cenovus Energy Inc.	CVE CB	31.04	1.30	30,600	11		75	13	0.70
Imperial Oil Limited (30%)	IMO CB	40.95	1.18	12,300	2		84	14	0.70
EnCana Corporation	ECA B	20.08	1.61	23,800	90		10	-	0.66
Penn West Exploration	PWE	13.01	1.71	10,800	14		86	-	0.58
Suncor Energy	SU CB	27.42	1.31	56,300	2		83	15	0.50
Canadian Oil Sands Limited	COSWF CB	18.37	1.22	10,800			100	-	0.40
<i>Total or Median</i>				145,000			83		0.62
<b>Composite</b>				2,330,000	8	14	63	16	0.63

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



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<b>McDep Large Cap Energy Stocks</b>								
<b>Net Present Value and McDep Ratio</b>								
			Price (US\$/sh)	Shares	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/Rating		11-Jun 2012	(mm)				
B = Buy, CB (see below)								
<b>U.S. and Europe Integrated</b>								
BG Group plc	BRGY		19.32	3,416	66,000	21.00	0.20	0.94
Exxon Mobil Corporation	XOM	CB	80.27	4,716	379,000	110.00	0.13	0.76
Royal Dutch Shell plc	RDS-A	CB	63.20	3,120	197,000	102.00	0.16	0.68
Chevron Corporation	CVX	CB	99.91	1,979	198,000	170.00	0.08	0.62
Statoil ASA (33%)	STO	CB	22.48	1,050	23,600	44.00	0.22	0.62
BP plc	BP		38.29	3,207	123,000	84.00	0.24	0.59
Total S.A.	TOT	CB	43.22	2,265	98,000	100.00	0.15	0.52
<i>Total or Median</i>					<i>1,085,000</i>		<i>0.16</i>	<i>0.62</i>
<b>Brazil/Russia/Australia/China</b>								
Woodside Petroleum Ltd.	WOPEY		32.44	797	25,900	45.00	0.17	0.77
CNOOC Limited (36%)	CEO		183.31	161	29,500	250.00	0.02	0.74
PetroChina Company Ltd (14%)	PTR	CB	130.90	256	33,500	210.00	0.18	0.69
Petrobras	PBR	CB	18.64	6,489	121,000	45.00	0.20	0.53
Gazprom (50%)	OGZPY	CB	9.27	5,750	53,300	28.00	0.10	0.40
Lukoil Oil Company	LUKOY	CB	51.95	794	41,300	150.00	0.00	0.35
<i>Total or Median</i>					<i>305,000</i>		<i>0.14</i>	<i>0.61</i>
<b>U.S. Independent</b>								
Chesapeake Energy Corp.	CHK		17.61	753	13,300	27.00	0.51	0.83
Anadarko Petroleum Corp.	APC		61.81	501	31,000	86.00	0.29	0.80
EOG Resources, Inc.	EOG	CB	91.93	270	24,800	130.00	0.14	0.75
Occidental Petroleum Corp.	OXY	CB	83.16	811	67,400	120.00	0.07	0.72
Southwestern Energy Company	SWN		26.39	350	9,200	40.00	0.11	0.70
ConocoPhillips	COP	CB	53.88	1,270	68,000	96.00	0.22	0.66
Devon Energy Corporation	DVN	CB	57.26	405	23,200	102.00	0.16	0.63
Marathon Oil Corporation	MRO	CB	24.42	710	17,330	54.00	0.18	0.55
<i>Total or Median</i>					<i>254,200</i>		<i>0.17</i>	<i>0.71</i>
<b>Canada</b>								
Cenovus Energy Inc.	CVE	CB	31.04	760	23,600	48.00	0.16	0.70
Imperial Oil Limited (30%)	IMO	CB	40.95	256	10,500	62.00	0.11	0.70
EnCana Corporation	ECA	CB	20.08	736	14,800	37.00	0.25	0.66
Penn West Exploration	PWE		13.01	473	6,300	30.00	0.24	0.58
Suncor Energy	SU	CB	27.42	1,567	43,000	64.00	0.12	0.50
Canadian Oil Sands Limited	COSWF	CB	18.37	485	8,900	52.00	0.07	0.40
<i>Total or Median</i>					<i>107,000</i>		<i>0.14</i>	<i>0.62</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 Dividend Yield							
			Price	Adjustd			
			(US\$/sh)	Resrvs/	PV/	EV/	Dividend
	Symbol/Rating		11-Jun	Prod	Ebitda	Ebitda	P/E
	B = Buy, CB (see below)		2012	NTM	NTM	NTM	NTM
							(%)
<b>U.S. and Europe Integrated</b>							
BG Group plc	BRGY		19.32	8.6	8.0	7.5	13
Exxon Mobil Corporation	XOM	CB	80.27	13.0	8.4	6.5	11
Royal Dutch Shell plc	RDS-A	CB	63.20	10.0	7.4	5.0	9
Chevron Corporation	CVX	CB	99.91	9.2	8.0	5.0	10
BP plc	BP		38.29	11.0	8.4	4.9	7
Statoil ASA (33%)	STO	CB	22.48	6.2	6.7	4.2	8
Total S.A.	TOT	CB	43.22	10.1	7.9	4.1	7
	<i>Median</i>			<i>10.0</i>	<i>8.0</i>	<i>5.0</i>	<i>9</i>
<b>Brazil/Russia/Australia/China</b>							
Woodside Petroleum Ltd.	WOPEY		32.44	13.2	9.0	6.9	11
PetroChina Company Ltd (14%)	PTR	CB	130.90	13.0	7.6	5.3	11
Petrobras	PBR	CB	18.64	12.6	8.6	4.6	5
CNOOC Limited (36%)	CEO		183.31	6.9	6.2	4.6	9
Gazprom (50%)	OGZPY	CB	9.27	31.2	5.8	2.3	3
Lukoil Oil Company	LUKOY	CB	51.95	16.3	6.1	2.1	4
	<i>Median</i>			<i>13.1</i>	<i>6.9</i>	<i>4.6</i>	<i>7</i>
<b>U.S. Independent</b>							
Southwestern Energy Company	SWN		26.39	7.9	16.5	11.5	19
Chesapeake Energy Corp.	CHK		17.61	9.8	11.8	9.7	16
Anadarko Petroleum Corp.	APC		61.81	8.4	8.3	6.7	26
EOG Resources, Inc.	EOG	CB	91.93	9.0	7.8	5.9	22
Devon Energy Corporation	DVN	CB	57.26	9.9	9.1	5.8	11
Occidental Petroleum Corp.	OXY	CB	83.16	10.1	7.9	5.7	12
ConocoPhillips	COP	CB	53.88	12.2	8.4	5.5	10
Marathon Oil Corporation	MRO	CB	24.42	10.3	7.7	4.3	9
	<i>Median</i>			<i>9.8</i>	<i>8.4</i>	<i>5.8</i>	<i>14</i>
<b>Canada</b>							
EnCana Corporation	ECA	CB	20.08	8.4	15.9	10.5	4.0
Imperial Oil Limited (30%)	IMO	CB	40.95	36.9	11.9	8.3	11
Penn West Exploration	PWE		13.01	7.3	13.5	7.8	22
Cenovus Energy Inc.	CVE	CB	31.04	12.5	9.8	6.9	14
Suncor Energy	SU	CB	27.42	16.7	10.7	5.3	9
Canadian Oil Sands Limited	COSWF	CB	18.37	19.3	13.2	5.3	8
	<i>Median</i>			<i>14.6</i>	<i>12.6</i>	<i>7.3</i>	<i>11</i>
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 June 30, 2013; 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 12, 2012

	Symbol	Rating	Price	Enterprise Value/				McDep
			(\$/sh)	11-Jun	52Wk	52Wk	50 Day	
			2012	High	Low	Avg.	Avg.	Ratio
<b>U.S. and Europe Integrated</b>								
Exxon Mobil Corporation	XOM	CB	80.27	0.93	1.16	0.97	0.99	0.76
Chevron Corporation	CVX	CB	99.91	0.90	1.13	0.98	0.97	0.62
BP plc	BP		38.29	0.87	1.08	0.96	0.94	0.59
Royal Dutch Shell plc	RDS-A	CB	63.20	0.87	1.07	0.96	0.94	0.68
Statoil ASA (33%)	STO	CB	22.48	0.84	1.07	0.93	0.93	0.62
BG Group plc	BRGY		19.32	0.82	1.08	0.92	0.91	0.94
Total S.A.	TOT	CB	43.22	0.80	1.06	0.95	0.90	0.52
	<i>Median</i>			<i>0.87</i>	<i>1.08</i>	<i>0.96</i>	<i>0.94</i>	<i>0.62</i>
<b>Brazil/Russia/Australia/China</b>								
PetroChina Company Ltd (14%)	PTR	CB	130.90	0.89	1.12	0.96	0.98	0.69
CNOOC Limited (36%)	CEO		183.31	0.76	1.29	0.94	0.95	0.74
Woodside Petroleum Ltd.	WOPEY		32.44	0.74	1.09	0.96	0.94	0.77
Lukoil Oil Company	LUKOY	CB	51.95	0.76	1.12	0.91	0.91	0.35
Gazprom (50%)	OGZPY	CB	9.27	0.68	1.06	0.91	0.86	0.40
Petrobras	PBR	CB	18.64	0.65	1.00	0.89	0.81	0.53
	<i>Median</i>			<i>0.75</i>	<i>1.10</i>	<i>0.92</i>	<i>0.93</i>	<i>0.61</i>
<b>U.S. Independent</b>								
EOG Resources, Inc.	EOG	CB	91.93	0.80	1.28	0.91	0.93	0.75
Occidental Petroleum Corp.	OXY	CB	83.16	0.78	1.22	0.96	0.92	0.72
Devon Energy Corporation	DVN	CB	57.26	0.74	1.09	0.91	0.91	0.63
Marathon Oil Corporation	MRO	CB	24.42	0.77	1.17	0.92	0.90	0.55
Chesapeake Energy Corp.	CHK		17.61	0.71	1.10	0.99	0.88	0.83
Anadarko Petroleum Corp.	APC		61.81	0.78	1.06	0.93	0.88	0.80
Southwestern Energy Company	SWN		26.39	0.58	1.00	0.92	0.81	0.70
ConocoPhillips	COP	CB	53.88					0.66
	<i>Median</i>			<i>0.77</i>	<i>1.10</i>	<i>0.92</i>	<i>0.90</i>	<i>0.71</i>
<b>Canada</b>								
EnCana Corporation	ECA	CB	20.08	0.72	1.11	1.01	1.00	0.66
Imperial Oil Limited (30%)	IMO	CB	40.95	0.85	1.22	0.95	0.96	0.70
Cenovus Energy Inc.	CVE	CB	31.04	0.81	1.11	0.95	0.93	0.70
Suncor Energy	SU	CB	27.42	0.71	1.16	0.94	0.91	0.50
Canadian Oil Sands Limited	COSWF	CB	18.40	0.65	1.06	0.91	0.87	0.40
Penn West Exploration	PWE		13.01	0.68	1.04	0.90	0.82	0.58
	<i>Median</i>			<i>0.72</i>	<i>1.11</i>	<i>0.94</i>	<i>0.92</i>	<i>0.62</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

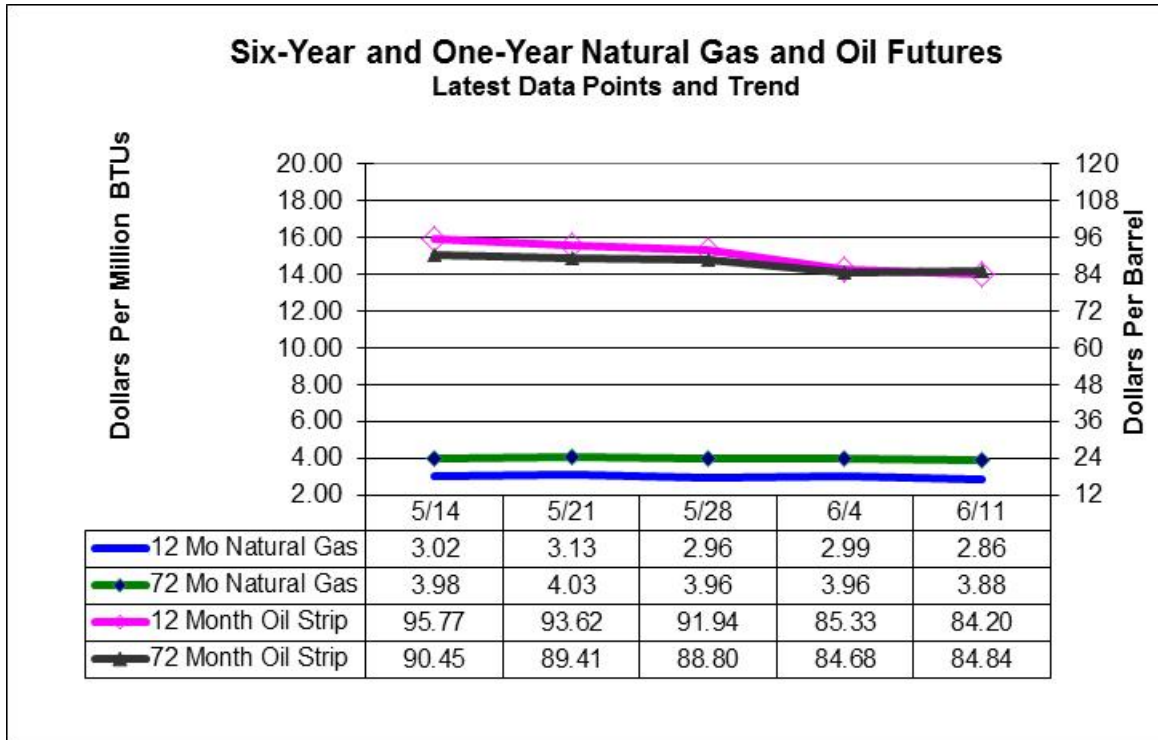
June 12, 2012

Index of Recent Research			
<b>Stock Ideas</b>			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
8-Jun	SJT	San Juan Basin Royalty Trust	Price Decline Action in SJT and Royalty Trusts (ISCW)
5-Jun	WOPEY	Woodside Petroleum Ltd.	Pluto LNG Delivering (Meter Reader)
25-May	HGT	Hugoton RoyaltyTrust	HGT Bargain (Income and Small Cap Weekly)
22-May	HGT	Hugoton RoyaltyTrust	Panic Selling on Possible Legal Settlement
18-May	BIREF	Birchcliff Energy	Contrarian Buy at Lower NPV (Income and Small Cap Weekly)
15-May	EOG	EOG Resources	Raise NPV to \$130 a Share on Oil Volume (Meter Reader)
11-May	DMLP	Dorchester Minerals, L.P.	Rising Oil Production (Income and Small Cap Wkly)
8-May	ECA	Encana	Long-Term Natural Gas Appeal (Meter Reader)
4-May	WLL	Whiting Petroleum	Oil Price Discount Narrows (Income and Small Cap Weekly)
1-May	COSWF	Canadian Oil Sands Limited	Dividend Raised 17%
1-May	RDS	Royal Dutch Shell	LNG and GTL Profit Gains (Meter Reader)
27-Apr	RRC	Range Resources	Shale Strength (Income and Small Cap Weekly)
20-Apr	XEC,WLL,ERF,RRC		Good Stuff (Income and Small Cap Weekly)
17-Apr	COP	ConocoPhillips	Largest North American Independent Producer Debut (MR)
13-Apr	ERF	Enerplus Corporation	Shale Oil Growth with Income Option (ISCW)
10-Apr	DVN	Devon Energy	Shale Oil Excitement at a Favorite Value Stock (Meter Reader)
3-Apr	PTR	PetroChina	Global Growth in Oil and Gas (Meter Reader)
30-Mar	BIREF,XEC,PETD,RRC,WLL		Independents Delivering Growth (ISCW)
27-Mar	IMO,COSWF	Imperial, Canadian Oil Sands Ltd.	Optimism on Kearn and Syncrude (Meter Reader)
23-Mar	CRT,HGT,MTR,PEYUF,SJT		Gut Check on Natural Gas (ISCW)
20-Mar	CVX	Chevron	Investing in Australian LNG for Growth (Meter Reader)
13-Mar	XOM	Exxon Mobil	Renewable Energy Cash Flow (Meter Reader)
9-Mar	BRY, DNR, WLL, FRHLF, LGCY		Vote for Oil (Income and Small Cap Weekly)
6-Mar	IMO	Imperial Oil	Kearn Startup Late This Year (Meter Reader)
20-Feb	OGZPY	Gazprom	Dividend Double Expected (Meter Reader)
17-Feb	XEC	Cimarex Energy	Permian Payoff (ISCW)
13-Feb	TOT	Total	Sharpening Competitive Edge (Meter Reader)
3-Feb	CRT	Cross Timbers Royalty Trust	Firm Oil Balances Soft Natural Gas (ISCW)
31-Jan	OXY	Occidental Petroleum	Delivering U.S. Oil Results (Meter Reader)
27-Jan	PETD	PDC Energy	Raise NPV to \$40 from \$36 on Reserves and Production (ISCW)
24-Jan	SU	Suncor Energy	Oil as a Political Weapon against Canada (Meter Reader)
17-Jan	MRO	Marathon Oil	Oil Resources and Shale Growth (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>			
5-Jun	WOPEY	Woodside Petroleum Ltd.	Pluto LNG Delivering
29-May			<i>No Meter Reader as we were traveling in Australia</i>
22-May	XOM, EOG, LUKOY, ECA		Buy Natural Gas and Oil on Gloomy Sentiment
15-May	EOG	EOG Resources	Raise NPV to \$130 a Share on Oil Volume
8-May	ECA	Encana	Long-Term Natural Gas Appeal
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>			
8-Jun	SJT	San Juan Basin Royalty Trust	Price Decline Action in SJT and Royalty Trusts
1-Jun			<i>No Income and Small Cap Weekly (traveling in Australia)</i>
25-May	HGT	Hugoton RoyaltyTrust	HGT Bargain
18-May	BIREF	Birchcliff Energy	Contrarian Buy at Lower NPV
11-May	DMLP	Dorchester Minerals, L.P.	Rising Oil Volume
For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Energy Income</a> .			



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