



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

January 22, 2013

Woodside Petroleum Ltd. (WOPEY - Hold) Politically-Secure, Clean Fuel Supplier

<i>Symbol</i>	WOPEY	<i>Ebitda Next Twelve Months ending 12/31/13 (US\$mm)</i>	4,800
<i>Rating</i>	Hold	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	37.26	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	1/18/13	<i>Adjusted Reserves/Production NTM</i>	13.4
<i>Shares (mm)</i>	808	<i>EV/Ebitda</i>	7.9
<i>Market Capitalization (US\$mm)</i>	30,100	<i>PV/Ebitda</i>	9.2
<i>Debt (US\$mm)</i>	7,500	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	37,600	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	51.66
<i>Present Value (PV) (US\$mm)</i>	43,800	<i>Present Value /Proven Reserves(US\$/boe)</i>	35.43
<i>Net Present Value (US\$/share)</i>	45	<i>Present Value/ Proven Reserves(US\$/mcf)</i>	5.90
<i>Debt/Present Value</i>	0.17	<i>Earnings Next Twelve Months (US\$/sh)</i>	2.78
<i>McDep Ratio - EV/PV</i>	0.86	<i>Price/Earnings Next Twelve Months</i>	13
<i>Dividend Yield (%/year)</i>	3.5	<i>Indicated Annual Dividend (US\$/sh)</i>	1.30
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			
For historical analysis of Woodside Petroleum since 2009 see www.mcdep.com/3wopey.htm			

Summary and Recommendation

Rising political insecurity in Africa and the Middle East increases the investment attraction of Hold-rated **Woodside Petroleum (WOPEY)**, safely domiciled and operating in peaceful Western Australia. At the same time, too much dependence on coal by China points to open-ended demand for Woodside's liquefied natural gas (LNG) and light oil, limited only by the ability of customers to pay for it. On the latter issue, governments around the world appear committed to policies that print money to pay higher energy prices, in effect. Meanwhile, Woodside had a good year in 2012, managing the startup of Pluto LNG, boosting cash flow some 30%, notching advantageous partnerships with Chinese and Japanese companies for new LNG development in Australia and acquiring a 30% interest in Israel's Leviathan natural gas discovery. Liquefying about 600 million cubic feet daily (mmcf) of natural gas and extracting 7 thousand barrels daily (mbd) of condensate, Pluto's contribution started in the second quarter of 2012 (see table [Quarterly Operations](#) on page 2). The signing of strategic partners and the securing of the eastern Mediterranean deal over global competitors attests to the success of Peter Coleman in his first full year as chief executive of Woodside after being recruited from ExxonMobil. Mr. Coleman and his team reported revenues and volumes on January 17 that encourage an optimistic outlook for cash flow and earnings to be reported on February 20 (see table [Half-Year Results](#) on page 2). Our estimate of Net Present Value of \$45 a share is strengthened by the actual achievement of higher cash flow from Pluto (see [Table 1](#) through [Table 3](#) on pages 3-5). Despite risks, including severe weather in the cyclone season now underway, Woodside stock price has favorable momentum (see [Table 4](#) on page 6).

Kurt H. Wulff, CFA



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Woodside Petroleum Ltd.									
Quarterly Operations									
(U.S Dollars)									
									<i>Twelve</i>
	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Months E</i>
	12/31/11	9/30/12	12/31/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	12/31/13
Volume									
Natural gas (bcf)	52	106	109	339	99	100	101	101	402
Natural Gas (mmcf)	560	1,150	1,190	926	1,100	1,100	1,100	1,100	1,100
Oil (mmb)	6.9	7.2	7.7	27.3	6.3	6.4	6.4	6.4	25.6
Oil (mbd)	75	78	84	75	70	70	70	70	70
Total gas & oil (mmboe)	15.5	24.8	25.9	83.8	22.8	23.1	23.3	23.3	92.5
Total gas & oil (mbd)	168	270	282	229	253	253	253	253	253
Price									
Natural gas (\$/mcf)									
Henry Hub (US\$/mmbtu)	3.55	2.80	3.40	2.79	3.49	3.63	3.75	3.92	3.70
Company (\$/mcf)	9.05	10.00	8.44	9.44	9.00	9.00	9.00	9.00	9.00
Oil (\$/bbl)									
WTI Cushing	94.06	92.22	88.18	94.16	95.17	96.46	96.61	95.81	96.01
Company	111.68	107.17	109.76	110.76	110.00	110.64	110.72	110.32	110.42
Total gas & oil (\$/bbl)	79.81	73.71	68.22	74.26	69.47	69.65	69.67	69.56	69.59
Revenue (\$mm)									
Natural Gas	468	1,055	922	3,201	891	901	911	911	3,614
Oil	769	773	845	3,022	693	705	713	710	2,821
Total	1,237	1,828	1,767	6,223	1,584	1,606	1,624	1,621	6,435

Woodside Petroleum Ltd.									
Half-Year Financial Results									
(U.S. Dollars beginning in 2010)									
									<i>Twelve</i>
	<i>H1</i>	<i>H2</i>	<i>Year</i>	<i>H1</i>	<i>H2E</i>	<i>Year</i>	<i>H1E</i>	<i>H2E</i>	<i>Months E</i>
	6/30/11	12/31/11	2011	6/30/12	12/31/12	2012E	6/30/13	12/31/13	12/31/13
Revenue (\$mm)									
Natural Gas	908	981	1,889	1,224	1,977	3,201	1,792	1,822	3,614
Oil	1,344	1,569	2,913	1,404	1,618	3,022	1,398	1,424	2,821
Total	2,253	2,549	4,802	2,628	3,595	6,223	3,190	3,245	6,435
Expense									
Ebitda	1,725	1,833	3,558	1,942	2,669	4,611	2,368	2,409	4,777
Exploration	213	374	587	130	260	390	170	170	340
Deprec., Deplet., & Amort.	279	348	627	461	570	1,031	570	570	1,140
Other non cash	(14)	-	(14)	5		5			-
Ebit	1,247	1,111	2,358	1,346	1,839	3,185	1,628	1,669	3,297
Interest	15	11	26	42	42	84	42	42	84
Ebt	1,232	1,100	2,332	1,304	1,797	3,101	1,586	1,627	3,213
Income Tax	390	287	677	439	539	978	476	488	964
Net Income	842	813	1,655	865	1,258	2,123	1,110	1,139	2,249
Shares (millions)	787	797	792	808	808	808	808	808	808
Per share (\$)	1.07	1.02	2.09	1.07	1.56	2.63	1.37	1.41	2.78
Ebitda Margin	77%	72%	74%	74%	74%	74%	74%	74%	74%
Tax Rate	32%	26%	29%	34%	30%	32%	30%	30%	30%



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Table 2								
McDep Large Cap Energy Stocks								
Net Present Value and McDep Ratio								
			Price			Net		
			(US\$/sh)		Market	Present	Debt/	
	Symbol/Rating		18-Jan	Shares	Cap	Value	Present	McDep
	B = Buy, CB (see below)		2013	(mm)	(US\$mm)	(US\$/sh)	Value	Ratio
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.80	4,597	417,000	110.00	0.12	0.85
PetroChina Company Ltd (14%)	PTR	H	144.29	256	37,000	210.00	0.21	0.75
Royal Dutch Shell plc	RDS-A	H	70.15	3,137	220,000	102.00	0.16	0.74
Chevron Corporation	CVX	H	115.24	1,960	226,000	170.00	0.08	0.70
Total S.A.	TOT	H	52.69	2,261	119,000	100.00	0.16	0.60
Petrobras	PBR	H	19.53	6,522	127,400	45.00	0.21	0.55
Gazprom (50%)	OGZPY	H	9.66	5,735	55,400	23.00	0.14	0.50
Lukoil Oil Company	LUKOY	B	66.70	775	51,700	150.00	0.01	0.45
<i>Total or Median</i>					<i>1,254,000</i>		<i>0.15</i>	<i>0.65</i>
U.S. Independent								
EOG Resources, Inc.	EOG	H	126.79	271	34,400	145.00	0.14	0.89
Occidental Petroleum Corp.	OXY	H	82.58	810	66,900	120.00	0.09	0.72
ConocoPhillips	COP	H	59.27	1,207	72,000	96.00	0.25	0.71
Marathon Oil Corporation	MRO	B	33.08	709	23,450	60.00	0.19	0.64
Devon Energy Corporation	DVN	CB	54.28	405	22,000	102.00	0.18	0.62
<i>Total or Median</i>					<i>218,800</i>		<i>0.18</i>	<i>0.71</i>
Canada/Norway/Australia								
Woodside Petroleum Ltd.	WOPEY	H	37.26	808	30,100	45.00	0.17	0.86
EnCana Corporation	ECA	H	19.39	736	14,300	30.00	0.30	0.75
Cenovus Energy Inc.	CVE	H	33.34	758	25,300	48.00	0.17	0.75
Imperial Oil Limited (30%)	IMO	B	44.01	255	11,200	62.00	0.12	0.74
Statoil ASA (33%)	STO	H	25.79	1,050	27,100	44.00	0.23	0.68
Suncor Energy	SU	B	34.00	1,538	52,300	64.00	0.12	0.59
Canadian Oil Sands Limited	COSWF	H	20.82	485	10,100	45.00	0.10	0.51
<i>Total or Median</i>					<i>170,000</i>		<i>0.17</i>	<i>0.74</i>
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million btu.								
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses								



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Table 3								
McDep Large Cap Energy Stocks								
Value Multiples and Dividend Yield								
			<i>Price</i>	<i>Adjustd</i>				
			<i>(US\$/sh)</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
	<i>Symbol/Rating</i>		<i>18-Jan</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	B = Buy, CB (see below)		<i>2013</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.80	13.6	7.9	6.7	12	2.5
PetroChina Company Ltd (14%)	PTR	H	144.29	12.8	7.4	5.6	11	3.5
Chevron Corporation	CVX	H	115.24	9.5	7.3	5.2	10	3.1
Royal Dutch Shell plc	RDS-A	H	70.15	10.1	6.6	4.9	9	4.9
Petrobras	PBR	H	19.53	13.4	8.7	4.8	6	5.3
Total S.A.	TOT	H	52.69	10.3	7.6	4.6	8	6.0
Lukoil Oil Company	LUKOY	B	66.70	16.4	6.1	2.8	5	3.7
Gazprom (50%)	OGZPY	H	9.66	31.2	5.1	2.5	3	6.1
	<i>Median</i>			<i>13.1</i>	<i>7.4</i>	<i>4.8</i>	<i>9</i>	<i>4.3</i>
U.S. Independent								
EOG Resources, Inc.	EOG	H	126.79	8.5	7.0	6.2	20	0.5
Devon Energy Corporation	DVN	CB	54.28	10.7	9.9	6.1	14	1.5
ConocoPhillips	COP	H	59.27	12.5	8.0	5.7	10	4.5
Occidental Petroleum Corp.	OXY	H	82.58	9.9	7.7	5.5	12	2.6
Marathon Oil Corporation	MRO	B	33.08	8.7	7.2	4.6	9	2.1
	<i>Median</i>			<i>9.9</i>	<i>7.7</i>	<i>5.7</i>	<i>12</i>	<i>2.1</i>
Canada/Norway/Australia								
EnCana Corporation	ECA	H	19.39	8.5	11.8	8.9		4.1
Imperial Oil Limited (30%)	IMO	B	44.01	18.7	10.6	7.9	10	1.1
Woodside Petroleum Ltd.	WOPEY	H	37.26	13.4	9.2	7.9	13	3.5
Cenovus Energy Inc.	CVE	H	33.34	12.4	9.3	6.9	16	2.7
Canadian Oil Sands Limited	COSWF	H	20.82	22.0	12.6	6.5	10	6.8
Suncor Energy	SU	B	34.00	17.3	9.8	5.8	10	1.5
Statoil ASA (33%)	STO	H	25.79	6.3	6.2	4.2	8	4.3
	<i>Median</i>			<i>13.4</i>	<i>9.8</i>	<i>6.9</i>	<i>10</i>	<i>3.5</i>
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2013; 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									
Total Return and Enterprise Value Momentum									
				Equity					
			Price	Total					
			(\$/sh)	Return	Enterprise Value/				
	Symbol		18-Jan	YTD	52Wk	52Wk	50 Day	200 Day	McDep
	Rating		2013	(%)	High	Low	Avg.	Avg.	Ratio
Global Integrated									
	LUKOY	B	66.70	(1)	0.99	1.32	1.04	1.12	0.45
	TOT	H	52.69	1	0.94	1.18	1.03	1.06	0.60
	PTR	H	144.29	0	0.96	1.16	1.03	1.06	0.75
	CVX	H	115.24	7	0.98	1.18	1.06	1.06	0.70
	XOM	B	90.80	5	0.97	1.15	1.03	1.04	0.85
	RDS-A	H	70.15	2	0.96	1.12	1.02	1.02	0.74
	OGZPY	H	9.66	(1)	0.77	1.09	1.03	0.99	0.50
	PBR	H	19.53	0	0.71	1.08	1.00	0.96	0.55
	<i>Median</i>			<i>1</i>	<i>0.96</i>	<i>1.16</i>	<i>1.03</i>	<i>1.05</i>	<i>0.65</i>
U.S. Independent									
	EOG	H	126.79	5	1.00	1.42	1.05	1.14	0.89
	MRO	B	33.08	8	0.95	1.26	1.05	1.11	0.64
	COP	H	59.27	2	0.99	1.10	1.02	1.04	0.71
	OXY	H	82.58	8	0.80	1.12	1.06	0.99	0.72
	DVN	CB	54.28	4	0.78	1.05	1.01	0.94	0.62
	<i>Median</i>			<i>5</i>	<i>0.95</i>	<i>1.12</i>	<i>1.05</i>	<i>1.04</i>	<i>0.71</i>
Canada/Norway/Australia									
	SU	B	34.00	3	0.93	1.23	1.02	1.06	0.59
	WOPEY	H	37.26	4	0.93	1.19	1.03	1.06	0.86
	STO	H	25.79	3	0.92	1.11	1.03	1.03	0.68
	COSWF	H	20.76	2	0.85	1.14	1.02	1.01	0.51
	CVE	H	33.34	(1)	0.87	1.12	1.00	1.00	0.75
	IMO	B	44.01	2	0.90	1.13	1.01	1.00	0.74
	ECA	H	19.39	(2)	0.87	1.07	0.96	0.95	0.75
	<i>Median</i>			<i>2</i>	<i>0.90</i>	<i>1.13</i>	<i>1.02</i>	<i>1.01</i>	<i>0.74</i>

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



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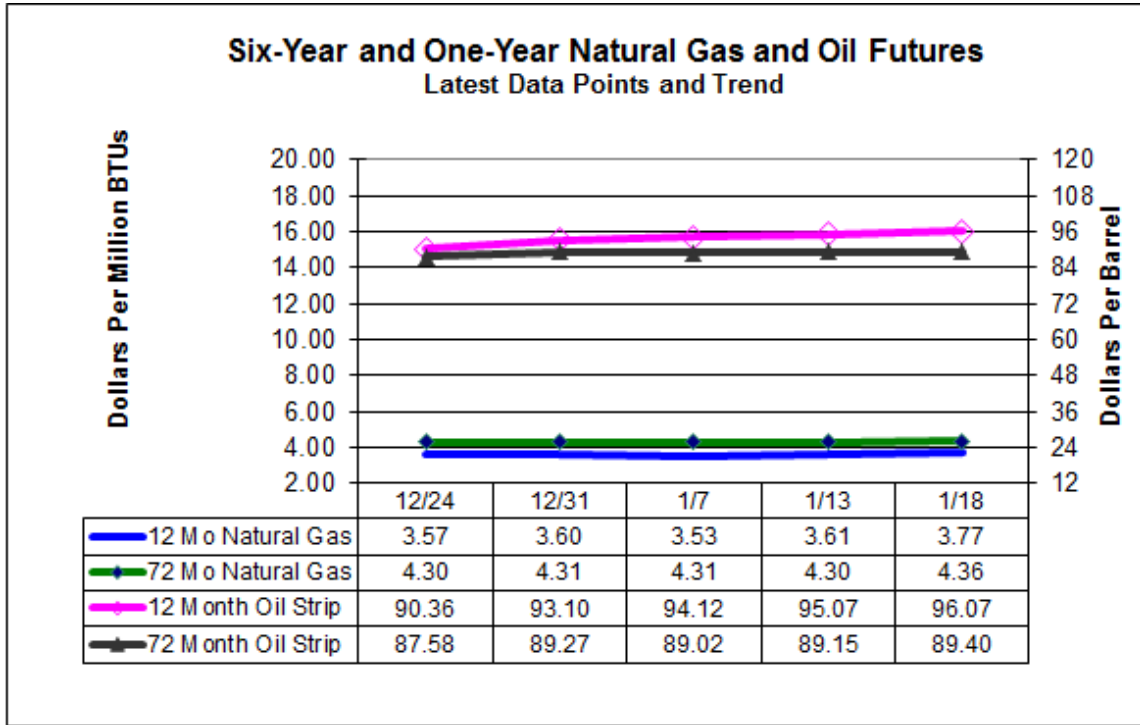
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Index of Recent Research			
Stock Ideas			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
18-Jan	DMLP	Dorchester Minerals, L.P.	Distribution Swings Up (Income and Small Cap Weekly)
17-Jan	SJT	San Juan Basin Royalty Trust	7.7% Holder Disclosed
15-Jan	ECA	Encana Corporation	Eresman Exits (Meter Reader)
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
8-Jan	DVN	Devon Energy	Quality North American Oil and Gas Supplier (Meter Reader)
28-Dec	FRHLF	Freehold Royalties Ltd.	Advantaged Ride on North American Oil Growth (ISCW)
18-Dec	STO	Statoil	Profitable Reinvestment (Meter Reader)
11-Dec	CVE	Cenovus	Canada Approves CNOOC and Petronas Deals (Meter Reader)
7-Dec	PBT	Permian Basin Royalty Trust	New Volume from Horizontal Fracking (ISCW)
27-Nov	XOM	Exxon Mobil	Making Money One Way or Another (Meter Reader)
20-Nov	MRO	Marathon Oil	Raise NPV to \$60 from \$54 on Volume (Meter Reader)
16-Nov	ERF	Enerplus Corporation	Bakken Sleeper (Income and Small Cap Weekly)
15-Nov	BIREF	Birchcliff Energy	Record Production, Raise Guidance
13-Nov	EOG	EOG Resources	Raise NPV to \$145 from \$130 on Eagle Ford Monster Wells (MR)
9-Nov	HK	Halcón Resources	Growing at Hawk Speed (Income and Small Cap Weekly)
6-Nov	HGT	Hugoton Royalty Trust	Interim Legal Ruling in Favor of Trust
2-Nov	RRC	Range Resources	Natural Gas Comeback Amplifies Volume Growth (ISCW)
30-Oct	COSWF	Canadian Oil Sands Limited	Discounted Pure Play on North American Oil with Income (MR)
23-Oct	PBR	Petrobras	Stock Price Recovering (Meter Reader)
16-Oct	RDS	Royal Dutch Shell	Clean Energy for Global Growth (Meter Reader)
12-Oct	CLR	Continental Resources	New Buy on Bakken Growth (ISCW)
9-Oct	IMO	Imperial Oil	Kearl, Downstream and Syncrude (Meter Reader)
2-Oct	CVX	Chevron	Top Performer Shows Further Promise (Meter Reader)
25-Sep	COP	ConocoPhillips	Thriving Shale Oil, Potential Shale Gas (Meter Reader)
21-Sep	WLL	Whiting Petroleum	Growing, Secure, Price-Sensitive, Light Oil (Inc and Small Cap Wkly)
7-Sep	PEYUF	Peyto Exploration and Developmer	Canada Deep Basin Fracker (Income and Small Cap Weekly)
4-Sep	LUKOY	Lukoil	Proven Competitor, Uncommon Value (Meter Reader)
28-Aug	PTR	PetroChina	Pent-Up Profits (Meter Reader)
21-Aug	TOT	Total	Buy \$100 NPV for \$50 Stock Price (Meter Reader)
14-Aug	APC	Anadarko Petroleum	Raise NPV to \$100 as Growth Trumps Legal Issues (Meter Reader)
7-Aug	SU	Suncor Energy	New CEO, New Focus on Shareholder Return (Meter Reader)
3-Aug	XEC	Cimarex Energy	West Texas Wolfcamp Shale Oil (ISCW)
31-Jul	OXY	Occidental Petroleum	California Oil Growth Accelerates (Meter Reader)
24-Jul	CEO	CNOOC Ltd.	60% Premium in \$21 Billion Deal (Meter Reader)
20-Jul	BRY	Berry Petroleum	Momentum Resuming (Income and Small Cap Weekly)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
15-Jan	ECA	Encana Corporation	Eresman Exits
8-Jan	DVN	Devon Energy	Quality North American Oil and Gas Supplier
1-Jan			Review Energy Weighting after 2012 Underperformance
25-Dec			Valuation Rankings
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
18-Jan	DMLP	Dorchester Minerals, L.P.	Distribution Swings Up
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner
4-Jan			Oil Price Perks Up - Six-Year Strip Touches 40-Week Average
28-Dec	FRHLF	Freehold Royalties Ltd.	Advantaged Ride on North American Oil Growth
For earlier editions, go to mcdep.com , click on Energy Income .			



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