



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 16, 2013

## Buy Canadian Oil Sands Ltd. (COSWF), Hold Suncor (SU) Change from Hold to Buy, Buy to Hold

<i>Symbol</i>	COSWF	<i>Ebitda Next Twelve Months ending 6/30/14 (US\$mm)</i>	1,960
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/share)</i>	19.28	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	7/15/13	<i>Adjusted Reserves/Production NTM</i>	20.1
<i>Shares (mm)</i>	485	<i>EV/Ebitda</i>	6.0
<i>Market Capitalization (US\$mm)</i>	9,400	<i>PV/Ebitda</i>	9.6
<i>Debt (US\$mm)</i>	2,300	<i>Undeveloped Reserves (%)</i>	0
<i>Enterprise Value (EV) (US\$mm)</i>	11,700	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	56.64
<i>Present Value (PV) (US\$mm)</i>	18,800	<i>Present Value Proven Reserves(US\$/boe)</i>	27.13
<i>Net Present Value (US\$/share)</i>	34	<i>Ebitda Margin NTM (%)</i>	51
<i>Debt/Present Value</i>	0.12	<i>Earnings Next Twelve Months (US\$/share)</i>	2.04
<i>McDep Ratio - EV/PV</i>	0.62	<i>Price/Earnings Next Twelve Months</i>	9
<i>Dividend Yield (%/year)</i>	7.0	<i>Dividend Next Twelve Months (US\$/share)</i>	1.34
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.			
For historical analysis of COS since 2002 see <a href="http://www.mcdep.com/4cos.htm">www.mcdep.com/4cos.htm</a>			

### Summary and Recommendation

We transfer our buy recommendation to **Canadian Oil Sands Ltd. (COSWF)** from **Suncor Energy (SU)** for near-term timing and longer-term upside of smaller size and pure play characteristics. One timing factor is the sale on July 9 of a 6.5% block of COSWF held by Newmont Mining that may have been keeping a lid on stock price in recent months. Another timing factor is higher volume for COSWF in the next twelve months with first half 2013 maintenance mostly or all completed. Value is attractive in both stocks at identical McDep Ratios of 0.62. We like COSWF in a diversified portfolio for indefinitely long-life of no-decline production, highest quality oil sands product, low debt and a dividend of 7% that may jump higher in 2015 with the completion of capital projects. For the company's valuable assets that are generating a lot of cash flow, we place Net Present Value (NPV) at \$34 a share. That estimate necessarily depends on oil volume and price as well as operating costs among other factors.

### Newmont Takes a Capital Gain

Recall that gold miner Newmont, together with Canadian investor, Seymour Schulich, bought some 10% of predecessor Canadian Oil Sands Trust in 2004 (see *Stock Idea*, 10/6/2004). The split-adjusted cost basis was approximately \$9 a share and cumulative distributions since then have been about \$12 a share. Part of the rationale for purchase was to protect gold mining operations from energy cost increases. That has worked well

considering the exceptional oil price gains of the past decade. Now we see comparatively stable oil price ahead with surprises always possible, but not expected.

Newmont sold its block to a syndicate of bankers at a price of C\$20.10 after the close on July 9. Trading initially at a lower price on the announcement of the deal, the stock has traded back up to the deal price suggesting that the block has been placed mostly successfully with institutional investors.

### **Volume Likely on the Upswing**

Severe winter weather contributed to lower than expected oil production in the first quarter. Planned three-year maintenance work on Coker 8-1, one of three cokers, the most important operating units, resulted in lower volume in the second quarter (see table Operating and Financial Estimates on page 4). Management has made no change in its guidance issued quarterly for full year results that depend on stronger volume in the second half. That trend could carry through the first half of 2014 barring adverse surprises. The next major maintenance is not due until the third quarter of 2014 when Coker 8-2 ends its three-year run.

Operations of the Syncrude Joint Venture, 37% owned by COSWF, are managed under agreement by **ExxonMobil (XOM)** through 70% owned **Imperial Oil (IMO)** which owns 25% of Syncrude. In recent presentations, COSWF chief executive Marcel Coutu targets future production at 90% of Syncrude's 350,000 barrels daily capacity, up from 83% actually achieved for the past several years.

Mr. Coutu also stresses that Syncrude's resources amount to a hundred years of production at the current rate (see slide Reserves and Resource Base on page 5). We count only the proven quantities in our adjusted reserve life to compare our estimate of present value for COSWF to that for other producers (see table Present Value on page 5).

### **Highest Quality Oil Sands Product**

Syncrude's mines produce bitumen, a heavy, high sulfur crude oil. Bitumen is then upgraded to Synthetic Crude Oil (SCO), a premium, light, sweet crude oil, in a plant near the mine site. SCO is lighter and sweeter than West Texas Intermediate, the benchmark North American crude oil traded in the futures market. Depending on markets, upgrading may double the value of bitumen (see slide Syncrude Upgrader on page 6). Nor can profits from the Syncrude upgrader be easily reproduced because new upgraders are expensive to build in the cold climate of northern Alberta.



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## **Dividend Power Jumps in 2015**

COSWF's dividend policy is to pay out free cash flow, defined as cash flow from operations minus capital expenditures. Meanwhile, capital spending is expected to drop by C\$700 million in 2015 (see slide Major Projects Spending on page 6). As a result, dividend capacity is expected to increase by enough to double the current annual dividend of C\$1.40 a share.

## **Change Suncor Recommendation to Hold from Buy**

Because our current large cap strategy is to recommend two stocks in each of three groups, we have chosen to change our recommendation of Suncor to make way for our renewed buy emphasis on COSWF (see Tables 1-4 on page 7-10). The prospect for Suncor as an investment remains the same as we outlined a few weeks ago (see *Meter Reader*, 6/18/13). Stock market performance of Suncor has been quite similar to that of COSWF for the past five years. Yet, COSWF is a smaller, pure play while SU is the largest Canadian oil company with a downstream refining and marketing business and other sources of production beside mining and upgrading in the plant adjacent to Syncrude north of Fort McMurray. Size and business concentration makes COSWF a more likely acquisition candidate, which could be a surprise source of upside for investors.

Kurt H. Wulff, CFA



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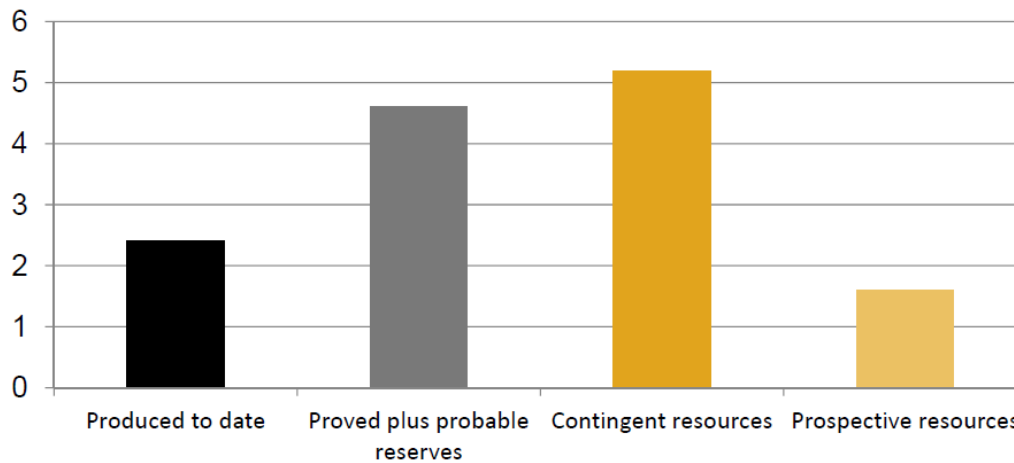
July 16, 2013

Canadian Oil Sands Ltd.										
Next Twelve Months Operating and Financial Estimates										
(Canadian Dollars)										
	Q2	Year	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Next
	6/30/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	2013E	3/31/14	6/30/14	Twelve
										Months
										6/30/14
<b>Volume</b>										
Syncrude (mmb)	21.7	<b>104.9</b>	23.4	24.8	28.4	28.4	<b>105.1</b>	27.0	24.8	<b>108.7</b>
Syncrude (mbd)	239	<b>287</b>	260	273	309	309	<b>288</b>	300	273	<b>298</b>
Days	91	<b>366</b>	90	91	92	92	<b>365</b>	90	91	<b>365</b>
Company share (%)	37.6	<b>36.9</b>	36.8	36.7	36.7	36.7	<b>36.7</b>	36.7	36.7	<b>36.7</b>
Company Oil (mmb)	8.15	<b>38.7</b>	8.61	9.13	10.44	10.44	<b>38.6</b>	9.92	9.13	<b>39.9</b>
Company Oil (mbd)	89.6	<b>105.7</b>	95.7	100.3	113.5	113.5	<b>105.8</b>	110.2	100.3	<b>109.4</b>
<b>Price</b>										
WTI Cushing (US\$/bbl)	93.32	<b>94.16</b>	94.41	94.22	105.74	103.01	<b>99.35</b>	98.82	96.15	<b>100.93</b>
Currency (US\$/C\$)	0.99	<b>1.00</b>	0.99	0.98	0.96	0.96	<b>0.97</b>	0.96	0.96	<b>0.96</b>
WTI Cushing (C\$/bbl)	94.25	<b>94.12</b>	95.13	96.41	110.19	107.35	<b>102.27</b>	102.98	100.20	<b>105.18</b>
Differential	(3.80)	<b>(2.26)</b>	0.98	0.10	1.00	1.00	<b>1.32</b>	1.00	1.00	<b>1.19</b>
Company Oil Price (C\$/bbl)	90.45	<b>91.86</b>	96.11	96.51	111.19	108.35	<b>103.59</b>	103.98	101.20	<b>106.37</b>
<b>Revenue (C\$m)</b>										
Sales	737	<b>3,554</b>	828	881	1,161	1,132	<b>4,002</b>	1,031	924	<b>4,248</b>
Crown Royalties	16	<b>202</b>	23	42	84	80	<b>229</b>	65	49	<b>277</b>
Net Revenue	721	<b>3,352</b>	805	839	1,077	1,052	<b>3,773</b>	967	875	<b>3,971</b>
<b>Operating Expense (C\$m)</b>										
Production	413	<b>1,511</b>	355	400	516	504	<b>1,775</b>	460	418	<b>1,898</b>
Administration and Insurance	10	<b>36</b>	16	8	8	8	<b>40</b>	10	8	<b>34</b>
<b>Ebitda</b>	298	<b>1,805</b>	434	431	553	540	<b>1,958</b>	497	450	<b>2,039</b>
Development Expense	26	<b>101</b>	26	42	42	42	<b>152</b>	39	42	<b>165</b>
Deprec., Deplet., & Amort.	93	<b>403</b>	122	122	122	122	<b>488</b>	122	122	<b>488</b>
Exchange on U.S. Debt	26	<b>(25)</b>	28				<b>28</b>			
Other	4	<b>(2)</b>	7				<b>7</b>			
<b>Ebit</b>	150	<b>1,329</b>	250	267	389	376	<b>1,283</b>	336	286	<b>1,386</b>
Interest	9	<b>26</b>	3	3	3	3	<b>12</b>	2	2	<b>10</b>
<b>Ebt</b>	141	<b>1,303</b>	247	264	386	373	<b>1,271</b>	334	284	<b>1,376</b>
Income Tax	39	<b>318</b>	68	66	97	93	<b>324</b>	83	71	<b>344</b>
<b>Net Income (C\$m)</b>	102	<b>985</b>	179	198	290	280	<b>947</b>	250	213	<b>1,032</b>
<b>Shares (millions)</b>	485	<b>485</b>	485	485	485	485	<b>485</b>	485	485	<b>485</b>
Earnings per share (C\$)	0.21	<b>2.03</b>	0.37	0.41	0.60	0.58	<b>1.95</b>	0.52	0.44	<b>2.13</b>
Ebitda Margin (E&P)	41%	<b>54%</b>	54%	51%	51%	51%	<b>52%</b>	51%	51%	<b>51%</b>
Tax Rate	28%	<b>24%</b>	27%	25%	25%	25%	<b>26%</b>	25%	25%	<b>25%</b>
<b>Cash Flow (C\$m)</b>										
Net Income	102	<b>985</b>	179	198	290	280	<b>947</b>	250	213	<b>1,032</b>
Deprec., Deplet., & Amort.	93	<b>403</b>	122	122	122	122	<b>488</b>	122	122	<b>488</b>
Exchange on U.S. Debt	26	<b>(25)</b>					<b>28</b>			<b>-</b>
Deferred tax and other	27	<b>228</b>	(24)	(26)	5	1	<b>(44)</b>	(9)	(21)	<b>(24)</b>
Cash Flow from Operations	247	<b>1,591</b>	277	294	416	403	<b>1,391</b>	364	314	<b>1,496</b>
Capital Expenditures	292	<b>1,086</b>	268	310	310	310	<b>1,198</b>	300	310	<b>1,230</b>
Free Cash Flow	(45)	<b>505</b>	9	(16)	106	93	<b>193</b>	64	4	<b>266</b>
Cash Flow per share	0.51	<b>3.28</b>	0.57	0.61	0.86	0.83	<b>2.87</b>	0.75	0.65	<b>3.09</b>
Free Cash Flow per share	(0.09)	<b>1.04</b>	0.02	(0.03)	0.22	0.19	<b>0.40</b>	0.13	0.01	<b>0.55</b>
<b>Dividend (C\$/share)</b>	0.35	<b>1.35</b>	0.35	0.35	0.35	0.35	<b>1.40</b>	0.35	0.35	<b>1.40</b>

## Large reserve and resource base supports decades of production



Billions of Synthetic Crude Oil Barrels



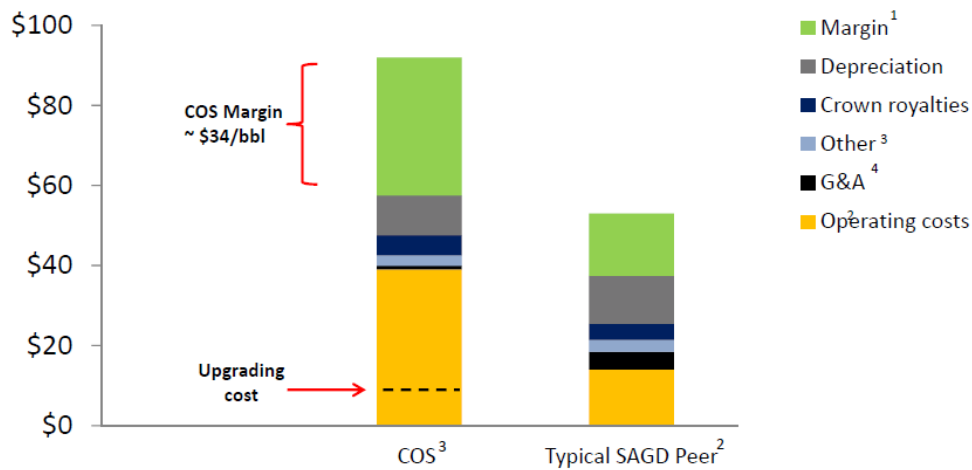
*All amounts gross to Syncrude. Canadian Oil Sands Limited, through its wholly-owned partnership, holds a 36.74% interest in the Syncrude Project. Based on independent reserves and resources estimates by GLJ Petroleum Consultants, Ltd. as of Dec. 31/12. See reserves and resources cautionary advisory in Canadian Oil Sands' Annual Information Form dated Feb. 21/13 and the definitions and forward-looking information advisory.*

Canadian Oil Sands Ltd.					
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>	
Oil	1,960	20.1	9.6	18,790	100%
Debt (US\$mm)					2,300
Net Present Value (US\$mm)					16,490
Shares (mm)					485
Net Present Value (US\$/sh)					34
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					34

## Syncrude upgrader delivers significant value



per bbl



1. Margin equals realized selling price less Operating costs, G&A, Other, Crown royalties, and Depreciation; all from 2012 publicly available data with adjustments for comparability, as noted below.
2. Typical SAGD based on average of Cenovus (Christina Lake and Foster Creek), MEG and Suncor In-situ.
3. "Other" for COS refers to development expenses, for Suncor non-production costs, and for MEG share-based comp and R&D.
4. G&A costs are allocated to oil sands divisions on a pro-rata basis; COS G&A as indicated.

## Major projects spending profile



\$ billions

	Spent to Dec. 31, 2012	2013	2014	2015	TOTAL
Canadian Oil Sands' share	\$1.0	\$0.9	\$0.9	\$0.2	\$3.0

Costs exclude regular maintenance (estimated to average about \$0.4 billion COS share) and capitalized interest.



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<b>Table 1</b>										
<b>McDep Large Cap Energy Stocks</b>										
<b>Enterprise Value, Business Segments and McDep Ratio</b>										
							<i>Present Value by Segment (%)</i>			
			<i>Price</i>	<i>EV/</i>	<i>Enterprise</i>	<i>North</i>	<i>Rest</i>			
<i>Symbol/Rating</i>			<i>(US\$/sh)</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>of World</i>			
<i>B = Buy, CB (see below)</i>			<i>15-Jul</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Oil</i>	<i>Down-</i>	<i>McDep</i>
			<i>2013</i>			<i>Gas</i>	<i>Gas</i>	<i>Prod'n</i>	<i>stream</i>	<i>Ratio</i>
<b>Global Integrated</b>										
Exxon Mobil Corporation	XOM	B	93.25	1.19	498,000	7	19	54	20	0.93
Chevron Corporation	CVX	H	124.68	1.14	277,000	4	11	72	13	0.85
PetroChina Company Ltd (14%)	PTR	H	117.73	1.53	46,200		13	79	8	0.83
Royal Dutch Shell plc	RDS-A	H	66.39	1.34	280,000	4	22	55	19	0.73
Petrobras	PBR	H	13.39	2.21	193,000		7	80	13	0.72
Total S.A.	TOT	H	50.67	1.38	159,000		22	61	17	0.70
Lukoil Oil Company	LUKOY	CB	61.40	1.06	50,600			75	25	0.47
Gazprom (50%)	OGZPY	H	7.53	1.45	63,000		14	19	66	0.47
<i>Total or Median</i>				<i>1.36</i>	<i>1,567,000</i>			<i>67</i>	<i>18</i>	<i>0.72</i>
<b>U.S. Independent</b>										
EOG Resources, Inc.	EOG	H	143.54	1.16	45,300	22	3	75	-	0.91
Occidental Petroleum Corp.	OXY	H	90.51	1.14	82,900	8	1	80	11	0.85
Marathon Oil Corporation	MRO	B	36.57	1.41	36,600	9	4	87	-	0.79
ConocoPhillips	COP	H	65.26	1.43	114,000	14	12	74	-	0.73
Devon Energy Corporation	DVN	B	56.10	1.46	33,300	52		48	-	0.70
<i>Total or Median</i>				<i>1.41</i>	<i>312,000</i>	<i>14</i>		<i>75</i>		<i>0.79</i>
<b>Canada/Norway/Australia</b>										
Woodside Petroleum Ltd.	WOPEY	H	34.45	1.19	34,000		63	37	-	0.88
Imperial Oil Limited (30%)	IMO	CB	41.81	1.26	13,500	2		79	19	0.84
Cenovus Energy Inc.	CVE	H	31.08	1.32	31,000	13		67	20	0.79
EnCana Corporation	ECA	H	17.14	1.73	21,800	84		16	-	0.70
Statoil ASA (33%)	STO	H	21.54	1.57	35,500		33	67	-	0.67
Canadian Oil Sands Limited	COSWF	CB	19.28	1.25	11,700			100	-	0.62
Suncor Energy	SU	H	31.00	1.31	61,900	2		77	21	0.62
<i>Total or Median</i>				<i>1.31</i>	<i>209,000</i>			<i>67</i>		<i>0.70</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\$90 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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<b>McDep Large Cap Energy Stocks</b>								
<b>Net Present Value and McDep Ratio</b>								
			<i>Price</i>			<i>Net</i>		
	<i>Symbol/Rating</i>		<i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i>	<i>Present</i>	<i>Debt/</i>	<i>McDep</i>
	B = Buy, CB (see below)		<i>15-Jul</i>	<i>(mm)</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>Ratio</i>
			<i>2013</i>		<i>(US\$mm)</i>	<i>(US\$/sh)</i>	<i>Value</i>	
<b>Global Integrated</b>								
Exxon Mobil Corporation	XOM	B	93.25	4,485	418,000	102.00	0.15	0.93
Chevron Corporation	CVX	H	124.68	1,944	242,000	150.00	0.11	0.85
PetroChina Company Ltd (14%)	PTR	H	117.73	256	30,200	155.00	0.29	0.83
Royal Dutch Shell plc	RDS-A	H	66.39	3,157	210,000	100.00	0.18	0.73
Petrobras	PBR	H	13.39	6,522	87,300	25.00	0.39	0.72
Total S.A.	TOT	H	50.67	2,269	115,000	80.00	0.19	0.70
Lukoil Oil Company	LUKOY	CB	61.40	776	47,700	135.00	0.03	0.47
Gazprom (50%)	OGZPY	H	7.53	5,735	43,200	20.00	0.15	0.47
<i>Total or Median</i>					<i>1,193,000</i>		<i>0.17</i>	<i>0.72</i>
<b>U.S. Independent</b>								
EOG Resources, Inc.	EOG	H	143.54	272	39,000	160.00	0.13	0.91
Occidental Petroleum Corp.	OXY	H	90.51	805	72,900	108.00	0.10	0.85
Marathon Oil Corporation	MRO	B	36.57	712	26,040	50.00	0.23	0.79
ConocoPhillips	COP	H	65.26	1,215	79,000	100.00	0.22	0.73
Devon Energy Corporation	DVN	B	56.10	406	22,800	92.00	0.22	0.70
<i>Total or Median</i>					<i>239,700</i>		<i>0.22</i>	<i>0.79</i>
<b>Canada/Norway/Australia</b>								
Woodside Petroleum Ltd.	WOPEY	H	34.45	820	28,200	40.00	0.14	0.88
Imperial Oil Limited (30%)	IMO	CB	41.81	255	10,700	52.00	0.17	0.84
Cenovus Energy Inc.	CVE	H	31.08	758	23,600	42.00	0.19	0.79
EnCana Corporation	ECA	H	17.14	736	12,600	30.00	0.29	0.70
Statoil ASA (33%)	STO	H	21.54	1,050	22,600	38.00	0.24	0.67
Canadian Oil Sands Limited	COSWF	CB	19.28	485	9,400	34.00	0.12	0.62
Suncor Energy	SU	H	31.00	1,521	47,200	56.00	0.15	0.62
<i>Total or Median</i>					<i>154,000</i>		<i>0.17</i>	<i>0.70</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\$90 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									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Dividend NTM	
	Symbol/Rating		15-Jul 2013	NTM	NTM	NTM	NTM	(%)	
B = Buy, CB (see below)									
<b>Global Integrated</b>									
	Exxon Mobil Corporation	XOM	B	93.25	13.3	6.9	6.4	11	2.7
	PetroChina Company Ltd (14%)	PTR	H	117.73	12.5	6.4	5.3	9	3.9
	Chevron Corporation	CVX	H	124.68	9.1	5.8	4.9	9	2.4
	Petrobras	PBR	H	13.39	11.1	6.4	4.6	4	3.6
	Royal Dutch Shell plc	RDS-A	H	66.39	9.6	6.1	4.4	8	5.4
	Total S.A.	TOT	H	50.67	9.4	6.1	4.3	7	6.1
	Lukoil Oil Company	LUKOY	CB	61.40	15.9	5.3	2.5	5	4.5
	Gazprom (50%)	OGZPY	H	7.53	31.0	4.4	2.0	3	4.9
	<i>Median</i>				<i>11.8</i>	<i>6.1</i>	<i>4.5</i>	<i>8</i>	<i>4.2</i>
<b>U.S. Independent</b>									
	Devon Energy Corporation	DVN	B	56.10	10.2	9.5	6.6	15	1.2
	EOG Resources, Inc.	EOG	H	143.54	8.0	6.4	5.8	18	0.5
	Occidental Petroleum Corp.	OXY	H	90.51	10.3	6.7	5.7	12	2.8
	ConocoPhillips	COP	H	65.26	11.7	7.5	5.4	10	4.0
	Marathon Oil Corporation	MRO	B	36.57	9.1	6.2	5.0	11	1.9
	<i>Median</i>				<i>10.2</i>	<i>6.7</i>	<i>5.7</i>	<i>12</i>	<i>1.9</i>
<b>Canada/Norway/Australia</b>									
	Imperial Oil Limited (30%)	IMO	CB	41.81	21.8	9.6	8.1	10	1.1
	EnCana Corporation	ECA	H	17.14	6.7	11.1	7.8		4.7
	Woodside Petroleum Ltd.	WOPEY	H	34.45	9.6	8.2	7.2	15	3.8
	Cenovus Energy Inc.	CVE	H	31.08	13.4	8.2	6.5	17	3.0
	Canadian Oil Sands Limited	COSWF	CB	19.28	20.1	9.6	6.0	9	7.0
	Suncor Energy	SU	H	31.00	15.8	7.6	4.7	8	1.9
	Statoil ASA (33%)	STO	H	21.54	6.2	5.4	3.6	6	5.2
	<i>Median</i>				<i>13.4</i>	<i>8.2</i>	<i>6.5</i>	<i>10</i>	<i>3.8</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 June 30, 2014; 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		15-Jul	YTD	52Wk	52Wk	50 Day	200 Day	McDep	
	Rating		2013	(%)	High	Low	Avg.	Avg.	Ratio	
<b>Global Integrated</b>										
	Chevron Corporation	CVX	H	124.68	17	0.98	1.20	1.02	1.07	0.85
	Exxon Mobil Corporation	XOM	B	93.25	9	0.99	1.10	1.02	1.03	0.93
	Total S.A.	TOT	H	50.67	1	0.94	1.14	1.01	1.01	0.70
	Royal Dutch Shell plc	RDS-A	H	66.39	(1)	0.92	1.04	1.00	0.99	0.73
	Lukoil Oil Company	LUKOY	CB	61.40	(9)	0.91	1.13	1.01	0.98	0.47
	PetroChina Company Ltd (14%)	PTR	H	117.73	(17)	0.86	1.11	1.00	0.93	0.83
	Gazprom (50%)	OGZPY	H	7.53	(23)	0.75	1.11	1.02	0.91	0.47
	Petrobras	PBR	H	13.39	(30)	0.72	1.05	0.91	0.86	0.72
	<i>Median</i>				(5)	0.92	1.11	1.01	0.98	0.72
<b>U.S. Independent</b>										
	EOG Resources, Inc.	EOG	H	143.54	19	0.98	1.46	1.06	1.13	0.91
	Marathon Oil Corporation	MRO	B	36.57	20	0.99	1.30	1.03	1.08	0.79
	Occidental Petroleum Corp.	OXY	H	90.51	20	0.95	1.21	0.99	1.07	0.85
	ConocoPhillips	COP	H	65.26	15	1.00	1.15	1.04	1.07	0.73
	Devon Energy Corporation	DVN	B	56.10	9	0.91	1.07	1.00	1.00	0.70
	<i>Median</i>				19	0.98	1.21	1.03	1.07	0.79
<b>Canada/Norway/Australia</b>										
	Imperial Oil Limited (30%)	IMO	CB	41.81	(2)	0.87	1.10	1.05	1.00	0.84
	Suncor Energy	SU	H	31.00	(5)	0.89	1.11	1.01	0.98	0.62
	Cenovus Energy Inc.	CVE	H	31.08	(6)	0.87	1.10	1.04	0.98	0.79
	Woodside Petroleum Ltd.	WOPEY	H	34.45	(0)	0.88	1.10	0.99	0.97	0.88
	Canadian Oil Sands Limited	COSWF	CB	19.27	(2)	0.86	1.06	0.99	0.96	0.62
	Statoil ASA (33%)	STO	H	21.54	(10)	0.85	1.05	0.98	0.93	0.67
	EnCana Corporation	ECA	H	17.14	(11)	0.80	1.02	0.97	0.92	0.70
	<i>Median</i>				(5)	0.87	1.10	0.99	0.97	0.70

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



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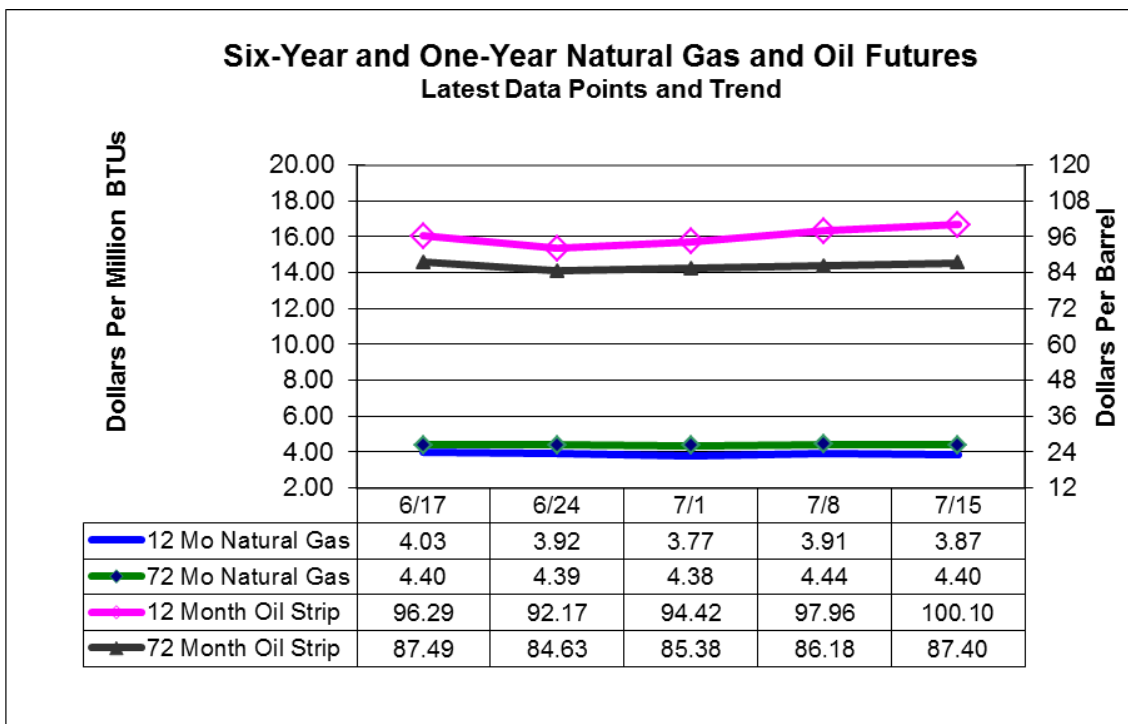
<b>Index of Recent Research</b>			
<b>Stock Ideas</b>			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
12-Jul	PBT	Permian Basin Royalty Trust	Stock Price Recovering from Short-Term Overreaction
9-Jul	MRO	Marathon Oil	Bakken Strengthens (Meter Reader)
5-Jul	LINE	Linn Energy	Stock Undervalued while SEC Probes (Income and Small Stock Weekly)
21-Jun	RRC	Range Resources	Superlatives (Income and Small Cap Weekly)
18-Jun	SU	Suncor Energy	Conservative Growth and Income (Meter Reader)
14-Jun	SJT	San Juan Basin Royalty Trust	First Mancos Frac Flows 30% Oil (Income and Small Cap Weekly)
11-Jun	XOM	Exxon Mobil	5% a Year Growth per Share (Meter Reader)
7-Jun	XEC	Cimarex Energy	Uncovering Culberson Value (Income and Small Cap Weekly)
4-Jun	DVN	Devon Energy	Natural Gas Strength, Oil Growth (Meter Reader)
31-May	HGT	Hugoton Royalty Trust	Beating the Bear (Income and Small Cap Weekly)
28-May	LUKOY	Lukoil	20% Dividend Increase (Meter Reader)
24-May	BIREF	Birchcliff Energy	Small Cap North American Natural Gas (Income and Small Cap Weekly)
21-May	IMO	Imperial Oil	Timely on Bitumen Price (Meter Reader)
17-May	DMLP	Dorchester Minerals, L.P.	U.S. Oil Ascending (Income and Small Cap Weekly)
14-May	EOG	EOG Resources	Raise NPV to \$180 on More Big Wells (Meter Reader)
10-May	CLR	Continental Resources	Raise NPV to \$110 from \$100 on Oil Growth (ISCW)
7-May	RDSA	Royal Dutch Shell plc	Raise NPV to \$110 a Share from \$102 (Meter Reader)
3-May	NDRO	Enduro Royalty Trust	RTF Stock for Permian Oil (Income and Small Cap Weekly)
30-Apr	TOT	Total	Recovery Potential (Meter Reader)
26-Apr	WLL	Whiting Petroleum	Synergistic Fracker (Income and Small Cap Weekly)
23-Apr	COSWF	Canadian Oil Sands Limited	Long-Term Oil Investment (Meter Reader)
19-Apr	HK	Halcón Resources	Fourth Core Area - El Halcón ("The Hawk") (Inc. and Small Cap Wkly)
16-Apr	CVX	Chevron	Deflation Resistance (Meter Reader)
12-Apr	MTR	Mesa Royalty Trust	RTF Stealth Play on Long-Life Natural Gas (Income and Small Cap Wkly)
5-Apr	SBR	Sabine Royalty Trust	Accelerating Volume Growth (Income and Small Cap Weekly)
2-Apr	OXY	Occidental Petroleum	Six-Year Oil Price Returns to Uptrend (Meter Reader)
28-Mar	PEYUF	Peyto Exploration and Development	Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)
15-Mar	CRT	Cross Timbers Royalty Trust	San Juan Basin Gem (Income and Small Cap Weekly)
1-Mar	ERF	Enerplus Corporation	Back on Track, Discontinue Buy (Income and Small Cap Weekly)
21-Feb	BRY	Berry Petroleum	Linn Energy to Acquire Berry for McDep Ratio of 0.77
19-Feb	ECA	Encana Corporation	Survived the Downside, Ready for the Upside (Meter Reader)
5-Feb	COP	ConocoPhillips	Raise NPV to \$105 from \$96 on Performance (Meter Reader)
22-Jan	WOPEY	Woodside Petroleum, Ltd.	Politically-Secure, Clean Fuel Supplier (Meter Reader)
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
28-Dec	FRHLF	Freehold Royalties Ltd.	Advantaged Ride on North American Oil Growth (ISCW)
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>			
9-Jul	MRO	Marathon Oil	Bakken Strengthens
2-Jul			Large Cap Oil and Gas Strategy
25-Jun			Reduce Long-Term Oil Price to \$90 a Barrel
18-Jun	SU	Suncor Energy	Conservative Growth and Income
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>			
12-Jul	PBT	Permian Basin Royalty Trust	Stock Price Recovering from Short-Term Overreaction
5-Jul	LINE	Linn Energy	Stock Undervalued while SEC Probes
28-Jun			Innovators Profiting from Shale Oil at \$90 a Barrel
21-Jun	RRC	Range Resources	Superlatives
For earlier editions, go to <a href="http://mcdep.com">mcdep.com</a> , click on <a href="#">Energy Income</a> .			



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