



Meter Reader

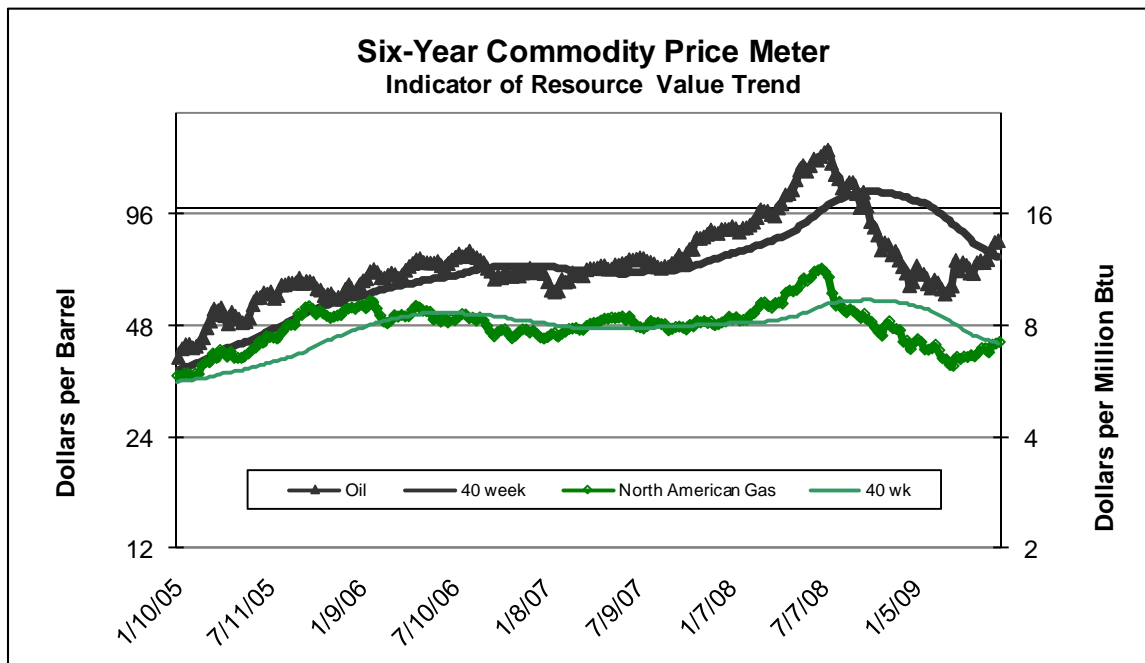
A Weekly Analysis of Large Cap Oil and Gas Stocks
June 16, 2009

Long-Term Natural Gas Price in Uptrend

Summary and Recommendation

Commodity markets signal a brighter future for buy recommendations **Encana (ECA)**, **ConocoPhillips (COP)** and **Devon Energy (DVN)**, the first, second and third largest North American natural gas producers by volume. The latest weekly price in our tally of the average monthly futures price for natural gas for the next six years at \$7.18 has edged above the latest 40-week average thereby reversing a ten-month downtrend by that measure (see chart below, Six-Year Commodity Price Meter and on last page Six-Year and One-Year Natural Gas and Oil Futures). Ironically, the symbolic indicator of bullish future conditions arises as Encana told investors at the Canadian Association of Petroleum Producers conference in Calgary on June 15 that it may reduce natural gas production as a result of low price.

Kurt H. Wulff, CFA





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Table 1										
McDep Energy Portfolio										
Geographic Domicile and Business Segments										
						<i>Present Value by Segment (%)</i>				
	<i>Symbol/Rating</i>	<i>Price</i>	<i>EV/</i>	<i>Enterprise</i>	<i>North</i>	<i>Rest</i>				
	<i>B = Buy</i>	<i>15-Jun</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>of World</i>	<i>Oil</i>	<i>Down-</i>	<i>McDep</i>	
	<i>H = Hold</i>	<i>2009</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Prod'n</i>	<i>stream</i>	<i>Ratio</i>	
					<i>Gas</i>	<i>Gas</i>				
U.S. Integrated										
Exxon Mobil Corporation	XOM	B	72.81	1.12	403,000	6	21	49	23	0.83
Chevron Corporation	CVX	H	71.08	1.23	175,000	4	11	66	18	0.76
Marathon Oil Corporation	MRO	B	31.58	1.50	33,800	10	7	57	26	0.68
ConocoPhillips	COP	B	43.10	1.80	116,000	13	10	61	16	0.54
<i>Total or Median *</i>	<i>32%</i>	<i>9%</i>	<i>12%</i>		<i>728,000</i>					<i>0.72</i>
Europe										
BG Group	BRGXF	B	18.04	1.12	68,600		27	46	27	0.84
BP plc	BP	B	49.85	1.41	222,000	8	12	64	15	0.74
Royal Dutch Shell plc	RDS-A	B	51.97	1.31	208,000	3	24	40	33	0.71
StatoilHydro ASA (33%)	STO	B	20.87	1.37	30,200		54	46	-	0.67
Total S.A.	TOT	B	54.75	1.26	154,000		25	53	22	0.66
<i>Total or Median *</i>	<i>30%</i>	<i>12%</i>	<i>20%</i>		<i>683,000</i>					<i>0.71</i>
Brazil/China/Russia										
CNOOC Limited (34%)	CEO	B	133.30	1.00	20,300		12	88	-	0.99
PetroChina Company Ltd (14%)	PTR	B	114.45	1.14	33,500		13	74	13	0.79
Petrobras	PBR	B	42.15	1.20	222,000		7	77	16	0.76
Lukoil Oil Company	LUKOY	B	49.80	1.15	48,500			62	38	0.40
Gazprom (50%)	OGZPY	B	22.40	1.25	82,000		79	21	-	0.40
<i>Total or Median *</i>	<i>18%</i>	<i>12%</i>	<i>16%</i>		<i>406,000</i>					<i>0.76</i>
U.S. Independent										
Anadarko Petroleum Corp.	APC	B	49.35	1.68	38,200	55		41	4	0.80
XTO Energy Inc.	XTO	B	42.19	1.45	35,500	79		21	-	0.78
Occidental Petroleum Corp.	OXY	B	67.08	1.10	60,100	12	1	78	9	0.77
EOG Resources	EOG	B	76.25	1.12	21,400	77	3	19	-	0.72
Chesapeake Energy Corp.	CHK	B	22.98	2.02	27,800	89		11	-	0.67
Devon Energy Corporation	DVN	B	63.69	1.32	37,400	67		33	-	0.62
<i>Total or Median *</i>	<i>10%</i>	<i>14%</i>	<i>16%</i>		<i>220,000</i>					<i>0.74</i>
Canada										
Imperial Oil Limited (30%)	IMO	B	40.01	1.07	11,000	5		79	16	0.84
Encana Corporation	ECA	B	53.27	1.30	52,100	69		26	4	0.76
Canadian Natural Resources	CNQ	B	55.05	1.42	42,300	24		76	-	0.72
Suncor Energy pro forma	SU	B	33.13	1.31	68,100	6		86	7	0.70
Canadian Oil Sands Trust	COSWF	B	24.81	1.11	13,200			100	-	0.61
Petro-Canada (to be SU@1.28)	PCZ	B	41.73							
<i>Total or Median *</i>	<i>8%</i>	<i>12%</i>	<i>20%</i>		<i>187,000</i>					<i>0.72</i>
Income and Small Cap (see separate weekly analysis)										
	<i>2%</i>	<i>42%</i>	<i>16%</i>		<i>40,700</i>	<i>46</i>		<i>54</i>		<i>0.74</i>
Composite										
<i>Enterprise Value Weighting</i>	<i>100%</i>				<i>2,264,700</i>	<i>12</i>	<i>16</i>	<i>56</i>	<i>17</i>	<i>0.71</i>
<i>Equal Weighting</i>		<i>100%</i>				<i>35</i>	<i>7</i>	<i>50</i>	<i>7</i>	<i>0.72</i>
<i>Equal Weighted Buys</i>			<i>100%</i>			<i>18</i>	<i>12</i>	<i>59</i>	<i>11</i>	<i>0.72</i>

* Percentages in Symbol column refer to current market Enterprise Value weightings; Rating column, equal weightings.

* Percentages in Price column refer to equal weighted buys.

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Table 2								
McDep Energy Portfolio								
Net Present Value and McDep Ratio								
			Price			Net		
	Symbol/Rating		(US\$/sh)	Shares	Market	Present	Debt/	
	B = Buy	15-Jun			Cap	Value	Present	McDep
	H = Hold	2009		(mm)	(US\$mm)	(US\$/sh)	Value	Ratio
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	72.81	4,959	361,000	90.00	0.09	0.83
Chevron Corporation	CVX	H	71.08	2,000	142,000	98.00	0.14	0.76
Marathon Oil Corporation	MRO	B	31.58	712	22,480	54.00	0.23	0.68
ConocoPhillips	COP	B	43.10	1,495	64,000	109.00	0.24	0.54
<i>Total or Median</i>					589,000		0.18	0.72
Europe								
BG Group plc	BRGXF	B	18.04	3,384	61,060	22.00	0.09	0.84
BP plc	BP	B	49.85	3,153	157,000	74.00	0.22	0.74
Royal Dutch Shell plc	RDS-A	B	51.97	3,063	159,000	80.00	0.17	0.71
StatoilHydro ASA (33%)	STO	B	20.87	1,051	21,940	35.00	0.18	0.67
Total S.A.	TOT	B	54.75	2,235	122,000	90.00	0.14	0.66
<i>Total or Median</i>					521,000		0.17	0.71
Brazil/China/Russia								
CNOOC Limited (34%)	CEO	B	133.30	152	20,300	135.00	-	0.99
PetroChina Company Ltd (14%)	PTR	B	114.45	256	29,320	150.00	0.10	0.79
Petrobras	PBR	B	42.15	4,387	184,910	58.00	0.13	0.76
Lukoil Oil Company	LUKOY	B	49.80	847	42,000	135.00	0.05	0.40
Gazprom (50%)	OGZPY	B	22.40	2,925	65,500	64.00	0.08	0.40
<i>Total or Median</i>					342,000		0.08	0.76
U.S. Independent								
Anadarko Petroleum Corp.	APC	B	49.35	460	22,700	70.00	0.33	0.80
XTO Energy Inc.	XTO	B	42.19	578	24,390	60.00	0.24	0.78
Occidental Petroleum Corp.	OXY	B	67.08	814	54,600	89.00	0.07	0.77
EOG Resources	EOG	B	76.25	250	19,100	110.00	0.08	0.72
Chesapeake Energy Corp.	CHK		22.98	597	13,720	46.00	0.34	0.67
Devon Energy Corporation	DVN	B	63.69	444	28,300	116.00	0.15	0.62
<i>Total or Median</i>					162,800		0.20	0.74
Canada								
Imperial Oil Limited (30%)	IMO	B	40.01	257	10,270	48.00	0.06	0.84
Encana Corporation	ECA	B	53.27	751	40,000	75.00	0.18	0.76
Canadian Natural Resources	CNQ	B	55.05	541	29,800	85.00	0.21	0.72
Suncor Energy pro forma	SU	B	33.13	1,565	51,840	52.00	0.17	0.70
Canadian Oil Sands Trust	COSWF	B	24.81	482	11,960	42.00	0.06	0.61
Petro-Canada (to be SU@1.28)	PCZ	B	41.73					
<i>Total or Median</i>					144,000		0.17	0.72

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\$75 a barrel and natural gas, \$10 a million btu.

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Table 3

McDep Energy Portfolio Value Multiples and Distribution Yield

			<i>Price</i>	<i>Adjustd</i>				<i>Divd or</i>
	<i>Symbol/Rating</i>		<i>(US\$/sh)</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Distrib</i>
	B = Buy		<i>15-Jun</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	H = Hold		<i>2009</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	72.81	11.9	8.2	6.8	12	2.2
Chevron Corporation	CVX	H	71.08	9.9	7.3	5.6	12	3.7
Marathon Oil Corporation	MRO	B	31.58	9.2	7.2	4.9	10	3.0
ConocoPhillips	COP	B	43.10	10.5	8.6	4.6	7	4.4
	<i>Total or Median</i>			<i>10.2</i>	<i>7.8</i>	<i>5.3</i>	<i>11</i>	<i>3.3</i>
Europe								
BG Group plc	BRGXF	B	18.04	9.1	8.6	7.2	14	1.0
BP plc	BP	B	49.85	9.8	7.2	5.4	8	6.7
Royal Dutch Shell plc	RDS-A	B	51.97	7.6	7.0	5.0	9	6.5
Total S.A.	TOT	B	54.75	9.3	7.4	4.9	9	5.7
StatoilHydro ASA (33%)	STO	B	20.87	7.4	5.8	3.9	8	5.4
	<i>Total or Median</i>			<i>9.1</i>	<i>7.2</i>	<i>5.0</i>	<i>9</i>	<i>5.7</i>
Brazil/China/Russia								
Petrobras	PBR	B	42.15	9.4	11.1	8.4	15	3.9
PetroChina Company Ltd (14%)	PTR	B	114.45	14.3	9.8	7.7	26	3.6
CNOOC Limited (34%)	CEO	B	133.30	7.5	6.6	6.5	12	3.9
Gazprom (50%)	OGZPY	B	22.40	24.6	11.5	4.6	7	1.5
Lukoil Oil Company	LUKOY	B	49.80	16.4	10.7	4.3	9	2.4
	<i>Total or Median</i>			<i>14.3</i>	<i>10.7</i>	<i>6.5</i>	<i>12</i>	<i>3.6</i>
U.S. Independent								
XTO Energy Inc.	XTO	B	42.19	11.5	12.0	9.3	17	1.2
Chesapeake Energy Corp.	CHK		22.98	11.7	12.7	8.5	18	1.3
EOG Resources	EOG	B	76.25	9.8	11.2	8.1	48	0.8
Anadarko Petroleum Corp.	APC	B	49.35	9.2	8.8	7.1		1.5
Occidental Petroleum Corp.	OXY	B	67.08	10.9	7.6	5.9	13	1.9
Devon Energy Corporation	DVN	B	63.69	8.8	9.4	5.8	13	1.0
	<i>Total or Median</i>			<i>10.3</i>	<i>10.3</i>	<i>7.6</i>	<i>17</i>	<i>1.2</i>
Canada								
Imperial Oil Limited (30%)	IMO	B	40.01	18.2	13.0	11.0	22	0.9
Canadian Oil Sands Trust	COSWF	B	24.81	21.5	12.6	7.8	10	8.2
Encana Corporation	ECA	B	53.27	9.0	10.1	7.7	13	3.0
Canadian Natural Resources	CNQ	B	55.05	7.9	10.2	7.4	14	0.6
Suncor Energy pro forma	SU	B	33.13	-	8.8	6.2	41	0.5
Petro-Canada (to be SU@1.28)	PCZ	B	41.73					
	<i>Total or Median</i>			<i>9.0</i>	<i>10.2</i>	<i>7.7</i>	<i>14</i>	<i>0.9</i>

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2010; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses



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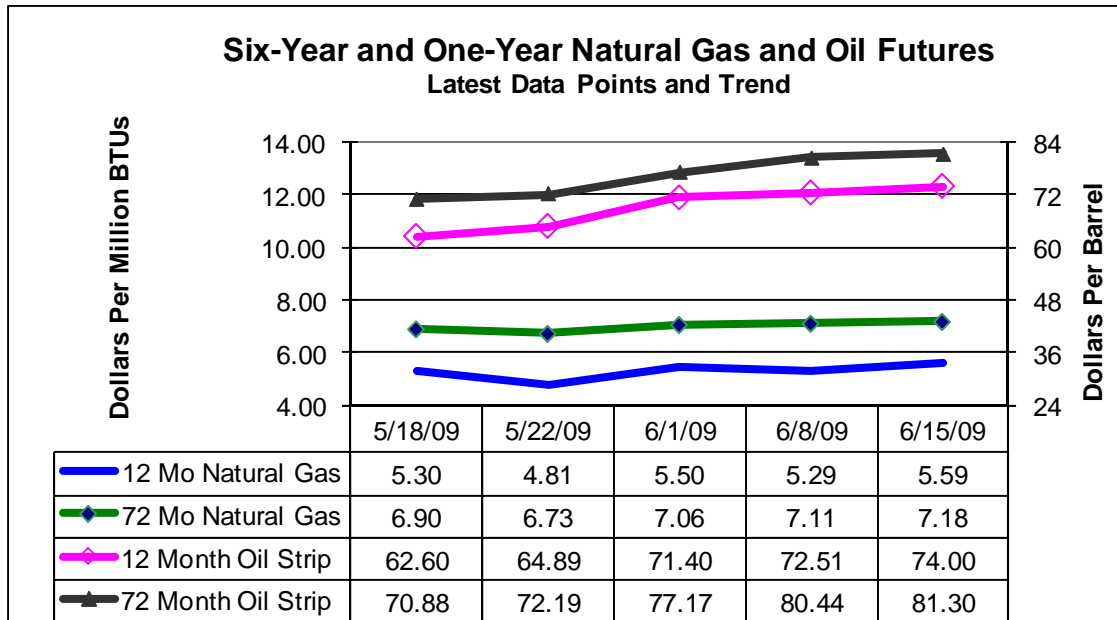
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Index of Recent Research					
Stock Ideas					
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>		
12-Jun	COSWF	Canadian Oil Sands Trust	Raise Estimated Distribution to US\$2.06 from 0.55 (ISCW)		
5-Jun	DMLP	Dorchester Minerals, L.P.	New Buy on Shale Formation Backlog (ISC Weekly)		
2-Jun	RDSA	Royal Dutch Shell plc	Restore Buy (Meter Reader)		
2-Jun	BP	BP p.l.c.	Restore Buy (Meter Reader)		
2-Jun	MRO	Marathon Oil Corporation	Restore Buy (Meter Reader)		
12-May	* OXY	Occidental Petroleum Corporation	Restore Buy (Meter Reader)		
12-May	* LUKOY	Lukoil Oil Company	Restore Buy (Meter Reader)		
11-May	* STO	StatoilHydro ASA	Alternative Energy Practical Idealist		
8-May	* EAC	Encore Acquisition Company	Restore Buy (Income and Small Cap Weekly)		
8-May	* SU	Suncor Energy	Restore Buy on New Price Trend		
8-May	* PCZ	Petro-Canada	Restore Buy on New Price Trend		
8-May	* IMO	Imperial Oil Limited	Restore Buy on New Price Trend		
8-May	* CNQ	Canadian Natural Resources	Restore Buy on New Price Trend		
7-May	* APC	Anadarko Petroleum Corporation	Restore Buy on New Price Trend		
6-May	* PWE	Penn West Energy Trust	Transitioning to Exploration and Production Company		
6-May	* XTO	XTO Energy Inc.	Restore Buy on New Price Trend		
6-May	* DVN	Devon Energy Corporation	Efficient Producer		
6-May	* TOT	Total S.A.	Resilience to Recession		
5-May	* XEC	Cimarex Energy Company	Ready to Drill Shale		
5-May	* EOG	EOG Resources Inc.	Ready to Develop More Oil and Gas		
5-May	* BRGXF	BG Group	New Buy on Global LNG and Brazil Oil		
5-May	* PBR	Petrobras	New Buy on Oil Growth		
1-May	* CVX	Chevron Corporation	Creating Energy Wealth Globally		
1-May	* BRY	Berry Petroleum	Getting through Tough Times		
30-Apr	* IMO	Imperial Oil Limited	Investing through the Cycle		
30-Apr	* XOM	Exxon Mobil Corporation	Strong Performer in Tough Times		
29-Apr	* OGZPY	Gazprom	Expect Modest Results for 2009		
29-Apr	* CEO	CNOOC Ltd	Reinstate Buy on Rising Outlook		
28-Apr	* PTR	PetroChina Company Limited	Tax and Price Control Relief		
23-Apr	* COP	ConocoPhillips	Overlooked Rich Resources		
22-Apr	* ECA	EnCana Corporation	Billion Dollar Hedge Gain		
17-Apr	* SJT	San Juan Basin Royalty Trust	Lower Net Present Value to \$26 from \$34 a Unit (Weekly)		
17-Apr	* HGT	Hugoton Royalty Trust	Natural Gas Price Limits Distributions (ISC Weekly)		
4-Mar	* BIR.TO	Birchcliff Energy Ltd.	Alberta Reduces Royalties (Taxes) on New Wells		
Meter Reader					
16-Jun		Weekly			
9-Jun		Weekly	Energy Policy Warning		
2-Jun		Marathon, BP and Royal Dutch	Restore Buys		
26-May	*	Weekly	Lagging U.S. Integrated Oil Stocks		
Income and Small Cap Weekly					
12-Jun		Canadian Oil Sands Trust	Raise Estimated Distribution to US\$2.06 from 0.55		
5-Jun		Dorchester Minerals, L.P.	New Buy on Shale Formation Backlog		
29-May		Weekly	Deal Conditions Ripe		
22-May	*	Weekly	Hedge U.S. Dollar with Canadian Income and Small Cap		
Industry Ideas					
2-Apr	*	Presentation	Making Money in Oil and Gas Stocks		
	*	Archived on www.mcdep.com			



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Research Methodology/Ratings Description: McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the forty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.