



# Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 21, 2009

## China Buying Oil and Gas (CEO, PTR)

### Summary and Recommendation

Buy recommendations **CNOOC Ltd. (CEO)** and **PetroChina (PTR)** have stepped up overseas purchases of oil and gas properties at advantageous prices for shareholders, we believe. Actually, it is the government-owned parent company in each case making the purchases. All but the most politically sensitive acquisitions are likely to be transferred to the publicly held subsidiaries, CEO and PTR. The unique relationship between the Chinese government and the publicly traded companies means the properties may be transferred closer to when production is achieved, thus sparing CEO and PTR from reporting spending without matching revenue.

In the second quarter of 2009, the parents of CEO and PTR along with Sinopec engaged in \$14.6 billion of transactions involving oil and gas production resources outside China, *Platt's Oilgram* tallies. Announced July 17, the 50:50 joint venture of CEO's parent with refiner Sinopec agreed to pay \$1.3 billion for a 20% stake in Angola Block 32 offshore West Africa. Buy-recommended **Marathon (MRO)** is the seller of the 20% stake while retaining 10%. Remaining owners of Block 32, including buy recommendations **Total (TOT)** with 30% and **ExxonMobil (XOM)** with 15% could be the purchasers instead if they exercise their rights of first refusal over a partner's disposal.

At a McDep Ratio of 0.78, PTR is a competitive buy while at a McDep Ratio of 0.99 CEO appears priced near Net Present Value of \$135. The continuing prospect of a public offering of CEO shares in the Shanghai market may buoy the stock further. In advance of six-months financial results expected at the end of August, we print our current models supporting our valuation of PTR and CEO (see tables pages 2-3, PTR and pages 3-4, CEO).

We also believe that trends are generally positive for oil and gas stocks as the global economy recovers from a bout of excessive financial leverage. Latest settlement prices for the average of futures for the next six years are \$78 a barrel and \$6.59 a million btu (see chart on last page, Six-Year and One-Year Natural Gas and Oil Futures). Oil is trading above the 40-week average of \$70 while natural gas is just under the 40-week average of \$6.97.

Kurt H. Wulff, CFA



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PetroChina Company Limited									
Half-Yearly Financial Results									
	H2	H1	H2	Year	H1E	H2E	Year	H1E	Twelve
	12/31/07	6/30/08	12/31/08	2008	6/30/09	12/31/09	2009E	6/30/10	Months E
									6/30/10
NY Harbor 3-2-1 (\$/bbl)	10.42	11.26	8.47	<b>9.86</b>	9.33	6.59	<b>7.96</b>	5.82	<b>6.20</b>
<b>Revenue (RMB)</b>									
Upstream (from quarterly table)	244,800	308,642	264,629	<b>573,271</b>	148,479	175,837	<b>324,317</b>	186,865	<b>362,702</b>
Downstream Value Added	197,511	240,880	240,880	<b>481,760</b>	240,880	240,880	<b>481,760</b>	240,880	<b>481,760</b>
Total	442,311	549,522	521,624	<b>1,071,146</b>	389,359	416,717	<b>806,076</b>	427,745	<b>844,462</b>
<b>Expense</b>	305,588	420,216	381,876	<b>802,092</b>	300,120	313,798	<b>613,918</b>	319,312	<b>633,111</b>
<b>Ebitda (RMB)</b>									
Exploration and Production	102,416	153,726	156,717	<b>310,443</b>	74,240	87,919	<b>162,158</b>	93,432	<b>181,351</b>
Other	34,307	(24,420)	(16,969)	<b>(41,389)</b>	15,000	15,000	<b>30,000</b>	15,000	<b>30,000</b>
Total	136,723	129,306	139,748	<b>269,054</b>	89,240	102,919	<b>192,158</b>	108,432	<b>211,351</b>
Exploration	10,041	12,848	9,031	<b>21,879</b>	9,031	9,031	<b>18,062</b>	9,031	<b>18,062</b>
Deprec., Deplet., & Amort.	35,397	42,754	51,849	<b>94,603</b>	51,849	51,849	<b>103,698</b>	51,849	<b>103,698</b>
Other non cash									
<b>Ebit</b>	91,285	73,704	78,868	<b>152,572</b>	28,360	42,039	<b>70,398</b>	47,552	<b>89,591</b>
Interest	2,364	231	2,732	<b>2,963</b>	2,732	2,732	<b>5,464</b>	2,732	<b>5,464</b>
<b>Ebt</b>	88,921	73,473	76,136	<b>149,609</b>	25,628	39,307	<b>64,934</b>	44,820	<b>84,127</b>
Income Tax	25,126	19,858	15,320	<b>35,178</b>	8,970	13,757	<b>22,727</b>	15,687	<b>29,444</b>
<b>Net Income (RMB)</b>									
Exploration and Production	127,440	130,231	109,967	<b>240,198</b>					
Other	39,009	(43,905)	(36,993)	<b>(80,898)</b>					
Unallocated	(102,654)	(32,711)	(12,158)	<b>(44,869)</b>					
Total	63,795	53,615	60,816	<b>114,431</b>	16,658	25,549	<b>42,207</b>	29,133	<b>54,682</b>
<b>Shares (millions)</b>	1,823	1,830	1,830	<b>1,830</b>	1,830	1,830	<b>1,830</b>	1,830	<b>1,830</b>
Earnings per share (RMB)	35.00	29.30	33.23	<b>62.53</b>	9.10	13.96	<b>23.06</b>	15.92	<b>29.88</b>
Ebitda Margin (E&P)	42%	50%	59%	<b>54%</b>	50%	50%	<b>50%</b>	50%	<b>50%</b>
Tax Rate	28%	27%	20%	<b>24%</b>	35%	35%	<b>35%</b>	35%	<b>35%</b>



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PetroChina Company Limited									
Quarterly Operations									
	Q2	Q1	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Twelve
	6/30/08	3/31/09	6/30/09	9/30/09	12/31/09	2009E	3/31/10	6/30/10	Months E
									6/30/10
<b>Volume</b>									
Natural gas (bcf)	438	523	482	490	546	2,040	575	530	2,141
Natural Gas (mmcf)	4,816	5,811	5,298	5,321	5,930	5,590	6,392	5,828	5,865
Days	91	90	91	92	92	365	90	91	365
Oil (mmb)	219	206	208	211	211	835	206	208	835
Oil (mbd)	2,401	2,289	2,289	2,289	2,289	2,289	2,289	2,289	2,289
Total gas & oil (mmb)	292	293	289	292	302	1,175	302	297	1,192
Total gas & oil (mbd)	3,204	3,257	3,172	3,176	3,277	3,221	3,354	3,260	3,266
<b>Price</b>									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	10.93	4.90	3.50	3.54	4.29	4.06	5.27	5.26	4.59
Company	3.68	3.28	3.44	3.62	3.80	3.54	3.99	4.19	3.90
Oil (\$/bbl)									
WTI Cushing	123.97	42.96	59.52	61.12	62.53	56.53	64.78	66.32	63.69
Company	98.91	37.10	51.41	51.41	52.59	48.18	54.48	55.78	53.55
Total gas & oil (\$/bbl)	79.66	31.92	42.85	43.11	43.60	40.38	44.78	46.64	44.54
NY Harbor 3-2-1 (\$/bbl)	14.94	9.18	9.49	8.85	4.32	7.96	4.26	7.37	6.20
<b>Revenue (\$mm)</b>									
Natural Gas	1,614	1,715	1,660	1,770	2,072	7,218	2,294	2,220	8,356
Oil	21,611	7,643	10,707	10,825	11,074	40,249	11,224	11,618	44,741
Total	23,225	9,358	12,368	12,595	13,146	47,467	13,517	13,838	53,096
RMB/\$US	6.96	6.84	6.83	6.83	6.83	6.83	6.83	6.83	6.83
Total Upstream (RMB)	161,645	64,009	84,470	86,036	89,801	324,317	92,336	94,529	362,702

PetroChina					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
Natural Gas	4,200	20.5	9.5	40,000	13%
Oil	22,300	11.7	10.1	225,000	74%
Downstream	4,400		9.1	40,000	13%
	30,900	14.3	9.9	305,000	100%
Debt (US\$mm)					30,000
Net Present Value (US\$mm)					275,000
Shares (mm)					1,830
Net Present Value - Standard Estimate (US\$/sh)					150
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					155



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CNOOC Limited									
Half-Year Financial Results									
	H2	H1	H2	Year	H1E	H2E	Year	H1E	Twelve Months E
	12/31/07	6/30/08	12/31/08	2008	6/30/09	12/31/09	2009E	6/30/10	6/30/10
<b>Revenue (mmRMB)</b>									
Natural Gas (from Q table)	2,663	2,906	3,456	<b>6,362</b>	3,099	3,648	<b>6,747</b>	3,957	<b>7,604</b>
Oil (from Q table)	37,402	52,648	43,588	<b>96,236</b>	27,439	35,446	<b>62,885</b>	38,901	<b>74,347</b>
Other	(250)	(1,091)	(676)	<b>(1,767)</b>			-	-	-
Total	39,815	54,464	46,367	<b>100,831</b>	30,538	39,093	<b>69,632</b>	42,857	<b>81,951</b>
<b>Expense</b>	10,157	12,776	16,744	<b>29,520</b>	10,078	12,901	<b>22,978</b>	14,143	<b>27,044</b>
<b>Ebitda</b>	29,658	41,688	29,623	<b>71,311</b>	20,461	26,193	<b>46,653</b>	28,715	<b>54,907</b>
Exploration	2,211	1,342	2,068	<b>3,410</b>	2,068	2,068	<b>4,136</b>	2,068	<b>4,136</b>
Deprec., Deplet., & Amort.	3,838	4,350	5,708	<b>10,058</b>	5,708	5,708	<b>11,416</b>	5,708	<b>11,416</b>
<b>Ebit</b>	23,609	35,996	21,847	<b>57,843</b>	12,685	18,417	<b>31,101</b>	20,939	<b>39,355</b>
Interest	-	-	-	-	-	-	-	-	-
<b>Ebt</b>	23,609	35,996	21,847	<b>57,843</b>	12,685	18,417	<b>31,101</b>	20,939	<b>39,355</b>
Income Tax	6,590	8,229	5,276	<b>13,505</b>	3,805	5,525	<b>9,330</b>	6,282	<b>11,807</b>
<b>Net Income</b>	17,019	27,767	16,571	<b>44,338</b>	8,879	12,892	<b>21,771</b>	14,657	<b>27,549</b>
<b>Shares (millions)</b>	44,787	44,786	44,786	<b>44,786</b>	44,786	44,786	<b>44,786</b>	44,786	<b>44,786</b>
Per share (RMB)	0.38	0.62	0.37	<b>0.99</b>	0.20	0.29	<b>0.49</b>	0.33	<b>0.62</b>
Ebitda Margin	74%	77%	64%	<b>71%</b>	67%	67%	<b>67%</b>	67%	<b>67%</b>
Tax Rate	28%	23%	24%	<b>23%</b>	30%	30%	<b>30%</b>	30%	<b>30%</b>



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CNOOC Limited										
Quarterly Operations										
										<i>Twelve</i>
	<i>Q2</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Months E</i>	
	<i>6/30/08</i>	<i>3/31/09</i>	<i>6/30/09</i>	<i>9/30/09</i>	<i>12/31/09</i>	<i>2009E</i>	<i>3/31/10</i>	<i>6/30/10</i>	<i>6/30/10</i>	
<b>Volume</b>										
Natural gas (bcf)	58	51	65	65	65	246	64	72	267	
Natural Gas (mmcf)	635	563	710	710	710	674	710	794	731	
Days	91	90	91	92	92	365	90	91	365	
Oil (mmb)	37	42	43	46	49	179	48	49	192	
Oil (mbd)	408	469	469	496	529	491	539	540	526	
Total gas & oil (mmboe)	47	51	53	56	60	220	59	61	236	
Total gas & oil (mbd))	514	562	588	614	647	603	657	672	647	
<b>Price</b>										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	10.93	4.90	3.50	3.54	4.29	4.06	5.27	5.26	4.59	
Company	3.67	3.89	3.97	4.05	4.13	4.02	4.21	4.29	4.17	
Oil (\$/bbl)										
WTI Cushing	123.97	42.96	59.52	61.12	62.53	56.53	64.78	66.32	63.69	
Company	115.71	41.56	52.97	54.40	55.65	51.38	57.65	59.02	56.72	
Total gas & oil (\$/mcf)	16.07	6.42	7.85	8.10	8.33	7.72	8.64	8.75	8.46	
<b>Revenue (\$mm)</b>										
Natural Gas	212	197	256	264	270	987	269	310	1,113	
Oil	4,297	1,753	2,262	2,480	2,708	9,204	2,796	2,899	10,884	
Total	4,509	1,950	2,519	2,745	2,978	10,191	3,065	3,209	11,997	
RMB/\$	6.96	6.84	6.83	6.83	6.83	6.83	6.83	6.83	6.83	
<b>Revenue (RMB)</b>										
Natural Gas	1,476	1,348	1,751	1,806	1,842	6,747	1,838	2,119	7,604	
Oil	29,908	11,987	15,452	16,944	18,501	62,885	19,098	19,803	74,347	
Total	31,385	13,335	17,203	18,750	20,343	69,632	20,936	21,921	81,951	

CNOOC Limited					
Functional Cash Flow and Present Value					
				<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	740	13.6	9.5	7,000	12%
Oil	7,260	6.0	7.4	53,500	88%
	8,000	7.5	7.6	60,500	100%
Debt (US\$mm)					-
Net Present Value (US\$mm)					60,500
Shares (mm)					448
Net Present Value - Standard Estimate (US\$/sh)					135
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					116



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<b>Table 1</b>										
<b>McDep Energy Portfolio</b>										
<b>Geographic Domicile and Business Segments</b>										
						<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>20-Jul</i>	<i>Market</i>	<i>Value</i>	<i>Amer.</i>	<i>of World</i>				
	<i>H = Hold</i>	<i>2009</i>	<i>Cap</i>	<i>(\$mm)</i>	<i>Natural</i>	<i>Natural</i>	<i>Oil</i>	<i>Down-</i>	<i>McDep</i>	
					<i>Gas</i>	<i>Gas</i>	<i>Prod'n</i>	<i>stream</i>	<i>Ratio</i>	
<b>U.S. Integrated</b>										
Exxon Mobil Corporation	XOM	B	68.94	1.12	384,000	5	22	50	24	0.79
Chevron Corporation	CVX	H	65.64	1.25	164,000	4	12	66	19	0.72
Marathon Oil Corporation	MRO	B	30.81	1.52	33,200	8	7	59	27	0.68
ConocoPhillips	COP	B	43.19	1.80	116,000	10	10	63	17	0.56
<i>Total or Median *</i>	<i>31%</i>	<i>9%</i>	<i>11%</i>		<i>697,000</i>					<i>0.70</i>
<b>Europe</b>										
BG Group	BRGXF	B	17.48	1.13	66,700		27	46	27	0.81
BP plc	BP	B	50.15	1.41	223,000	7	12	65	16	0.76
Royal Dutch Shell plc	RDS-A	B	51.37	1.31	206,000	2	24	41	33	0.71
Total S.A.	TOT	B	55.90	1.26	157,000		25	53	22	0.67
StatoilHydro ASA (33%)	STO	B	20.47	1.39	29,800		53	47	-	0.66
<i>Total or Median *</i>	<i>31%</i>	<i>12%</i>	<i>19%</i>		<i>683,000</i>					<i>0.71</i>
<b>Brazil/China/Russia</b>										
CNOOC Limited (34%)	CEO	B	133.43	1.00	20,300		12	88	-	0.99
PetroChina Company Ltd (14%)	PTR	B	113.85	1.14	33,300		13	74	13	0.78
Petrobras	PBR	B	41.50	1.20	219,000		7	77	16	0.75
Lukoil Oil Company	LUKOY	B	48.40	1.15	47,300			62	38	0.39
Gazprom (50%)	OGZPY	B	20.53	1.26	76,000		79	21	-	0.37
<i>Total or Median *</i>	<i>18%</i>	<i>12%</i>	<i>19%</i>		<i>396,000</i>					<i>0.75</i>
<b>U.S. Independent</b>										
XTO Energy Inc.	XTO	B	40.08	1.48	34,300	75		25	-	0.90
Anadarko Petroleum Corp.	APC	B	47.34	1.71	37,300	49		46	5	0.87
Occidental Petroleum Corp.	OXY	B	69.52	1.10	62,100	9	1	80	9	0.81
EOG Resources	EOG	B	72.30	1.13	20,400	73	4	23	-	0.81
Chesapeake Energy Corp.	CHK		20.37	2.16	26,200	87		13	-	0.76
Devon Energy Corporation	DVN	B	56.25	1.36	34,100	62		38	-	0.65
<i>Total or Median *</i>	<i>10%</i>	<i>14%</i>	<i>19%</i>		<i>214,000</i>					<i>0.81</i>
<b>Canada</b>										
Encana Corporation	ECA	B	52.64	1.31	51,600	64		31	5	0.88
Imperial Oil Limited (30%)	IMO	B	39.21	1.08	10,900	-		83	17	0.83
Canadian Natural Resources	CNQ	B	58.83	1.40	44,500	20		80	-	0.80
Suncor Energy pro forma	SU	B	31.75	1.33	66,200	6		86	7	0.68
Canadian Oil Sands Trust	COSWF	B	24.41	1.11	13,100			100	-	0.61
Petro-Canada (to be SU@1.28)	PCZ	B	40.55							
<i>Total or Median *</i>	<i>8%</i>	<i>12%</i>	<i>19%</i>		<i>186,000</i>					<i>0.80</i>
<b>Income and Small Cap (see separate weekly analysis)</b>										
	<i>2%</i>	<i>42%</i>	<i>15%</i>		<i>36,800</i>	<i>40</i>		<i>60</i>		<i>0.75</i>
<b>Composite</b>										
<i>Enterprise Value Weighting</i>	<i>100%</i>				<i>2,212,800</i>	<i>10</i>	<i>16</i>	<i>57</i>	<i>17</i>	<i>0.71</i>
<i>Equal Weighting</i>		<i>100%</i>				<i>32</i>	<i>7</i>	<i>53</i>	<i>7</i>	<i>0.74</i>
<i>Equal Weighted Buys</i>			<i>100%</i>			<i>23</i>	<i>11</i>	<i>56</i>	<i>10</i>	<i>0.73</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.

Please see disclosures on the final page.

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<b>McDep Energy Portfolio</b>								
<b>Net Present Value and McDep Ratio</b>								
			Price			Net		
	Symbol/Rating		(US\$/sh)	Shares	Market	Present	Debt/	
	B = Buy		20-Jul		Cap	Value	Present	McDep
	H = Hold		2009	(mm)	(US\$mm)	(US\$/sh)	Value	Ratio
<b>U.S. Integrated</b>								
Exxon Mobil Corporation	XOM	B	68.94	4,959	342,000	89.00	0.09	0.79
Chevron Corporation	CVX	H	65.64	2,000	131,000	97.00	0.14	0.72
Marathon Oil Corporation	MRO	B	30.81	712	21,940	53.00	0.23	0.68
ConocoPhillips	COP	B	43.19	1,495	65,000	105.00	0.25	0.56
<i>Total or Median</i>					560,000		0.19	0.70
<b>Europe</b>								
BG Group plc	BRGXF	B	17.48	3,384	59,140	22.00	0.09	0.81
BP plc	BP	B	50.15	3,153	158,000	72.00	0.22	0.76
Royal Dutch Shell plc	RDS-A	B	51.37	3,063	157,000	79.00	0.17	0.71
Total S.A.	TOT	B	55.90	2,235	125,000	90.00	0.14	0.67
StatoilHydro ASA (33%)	STO	B	20.47	1,051	21,510	35.00	0.18	0.66
<i>Total or Median</i>					521,000		0.17	0.71
<b>Brazil/China/Russia</b>								
CNOOC Limited (34%)	CEO	B	133.43	152	20,320	135.00	-	0.99
PetroChina Company Ltd (14%)	PTR	B	113.85	256	29,170	150.00	0.10	0.78
Petrobras	PBR	B	41.50	4,387	182,060	58.00	0.13	0.75
Lukoil Oil Company	LUKOY	B	48.40	847	41,000	135.00	0.05	0.39
Gazprom (50%)	OGZPY	B	20.53	2,925	60,100	64.00	0.08	0.37
<i>Total or Median</i>					333,000		0.08	0.75
<b>U.S. Independent</b>								
XTO Energy Inc.	XTO	B	40.08	578	23,170	47.00	0.29	0.90
Anadarko Petroleum Corp.	APC	B	47.34	460	21,800	59.00	0.36	0.87
Occidental Petroleum Corp.	OXY	B	69.52	814	56,600	87.00	0.07	0.81
EOG Resources	EOG	B	72.30	250	18,100	92.00	0.09	0.81
Chesapeake Energy Corp.	CHK		20.37	597	12,160	34.00	0.41	0.76
Devon Energy Corporation	DVN	B	56.25	444	25,000	98.00	0.17	0.65
<i>Total or Median</i>					156,800		0.23	0.81
<b>Canada</b>								
Encana Corporation	ECA	B	52.64	751	39,500	62.00	0.21	0.88
Imperial Oil Limited (30%)	IMO	B	39.21	257	10,070	48.00	0.06	0.83
Canadian Natural Resources	CNQ	B	58.83	541	31,800	80.00	0.23	0.80
Suncor Energy pro forma	SU	B	31.75	1,565	49,680	52.00	0.17	0.68
Canadian Oil Sands Trust	COSWF	B	24.41	482	11,770	42.00	0.06	0.61
Petro-Canada (to be SU@1.28)	PCZ	B	40.55					
<i>Total or Median</i>					143,000		0.17	0.80

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, \$8 a million btu.



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Table 3								
McDep Energy Portfolio								
Value Multiples and Distribution Yield								
			Price	Adjustd				Divd or
	Symbol/Rating		(US\$/sh)	Resrvs/	PV/	EV/		Distrib
	B = Buy		20-Jul	Prod	Ebitda	Ebitda	P/E	NTM
	H = Hold		2009	NTM	NTM	NTM	NTM	(%)
<b>U.S. Integrated</b>								
Exxon Mobil Corporation	XOM	B	68.94	11.9	9.1	7.3	13	2.3
Chevron Corporation	CVX	H	65.64	9.9	8.1	5.8	13	4.0
Marathon Oil Corporation	MRO	B	30.81	9.2	8.0	5.4	13	3.1
ConocoPhillips	COP	B	43.19	10.5	9.3	5.2	9	4.4
	<i>Total or Median</i>			<i>10.2</i>	<i>8.6</i>	<i>5.6</i>	<i>13</i>	<i>3.5</i>
<b>Europe</b>								
BG Group plc	BRGXF	B	17.48	9.1	9.0	7.3	15	1.0
BP plc	BP	B	50.15	9.8	7.9	6.1	10	6.7
Total S.A.	TOT	B	55.90	9.3	8.1	5.4	10	5.7
Royal Dutch Shell plc	RDS-A	B	51.37	7.6	7.5	5.3	11	6.5
StatoilHydro ASA (33%)	STO	B	20.47	7.4	6.3	4.2	9	5.5
	<i>Total or Median</i>			<i>9.1</i>	<i>7.9</i>	<i>5.4</i>	<i>10</i>	<i>5.7</i>
<b>Brazil/China/Russia</b>								
Petrobras	PBR	B	41.50	9.4	12.4	9.3	17	4.0
PetroChina Company Ltd (14%)	PTR	B	113.85	14.3	9.8	7.7	26	3.6
CNOOC Limited (34%)	CEO	B	133.43	7.5	7.5	7.4	15	3.9
Lukoil Oil Company	LUKOY	B	48.40	16.4	11.5	4.5	10	2.5
Gazprom (50%)	OGZPY	B	20.53	24.6	11.6	4.3	6	1.6
	<i>Total or Median</i>			<i>14.3</i>	<i>11.5</i>	<i>7.4</i>	<i>15</i>	<i>3.6</i>
<b>U.S. Independent</b>								
XTO Energy Inc.	XTO	B	40.08	11.5	12.0	10.8	17	1.2
Chesapeake Energy Corp.	CHK		20.37	11.7	12.9	9.8	31	1.5
EOG Resources	EOG	B	72.30	9.8	11.3	9.1	145	0.8
Anadarko Petroleum Corp.	APC	B	47.34	9.2	9.3	8.1		1.5
Occidental Petroleum Corp.	OXY	B	69.52	10.9	8.6	7.0	16	1.8
Devon Energy Corporation	DVN	B	56.25	8.8	9.7	6.3	17	1.1
	<i>Total or Median</i>			<i>10.3</i>	<i>10.5</i>	<i>8.6</i>	<i>17</i>	<i>1.4</i>
<b>Canada</b>								
Imperial Oil Limited (30%)	IMO	B	39.21	18.2	14.5	12.0	25	0.9
Canadian Oil Sands Trust	COSWF	B	24.41	21.5	16.2	9.8	15	8.5
Encana Corporation	ECA	B	52.64	9.0	10.3	9.1	16	3.0
Canadian Natural Resources	CNQ	B	58.83	7.9	11.4	9.1	21	0.6
Suncor Energy pro forma	SU	B	31.75	-	10.8	7.3	52	0.6
Petro-Canada (to be SU@ 1.28)	PCZ	B	40.55					
	<i>Total or Median</i>			<i>9.0</i>	<i>11.4</i>	<i>9.1</i>	<i>21</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

Please see disclosures on the final page.

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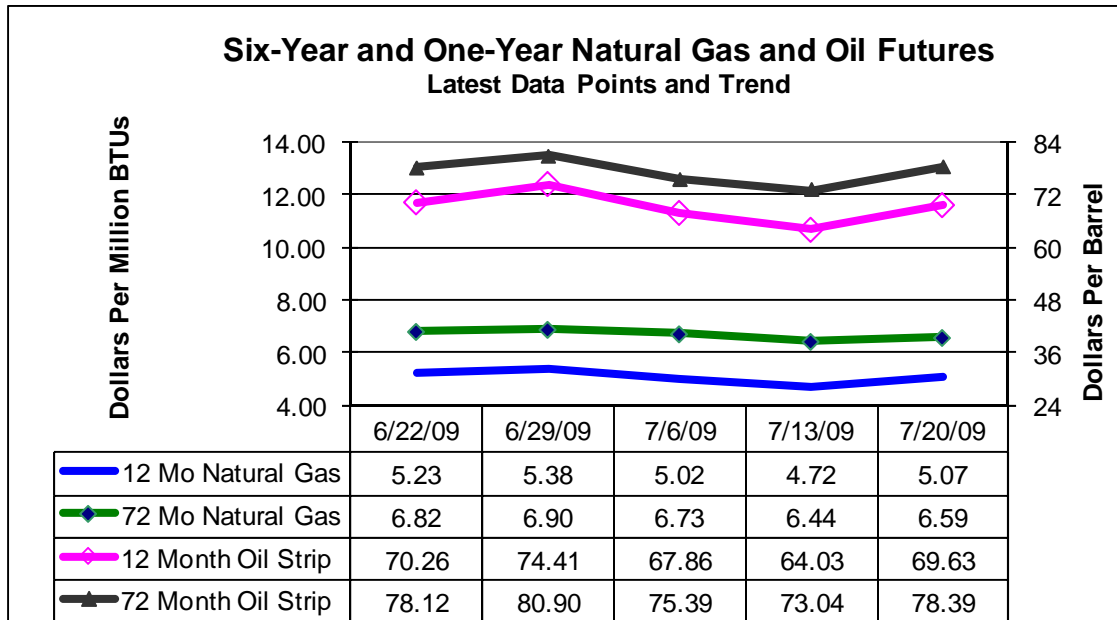
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<b>Index of Recent Research</b>			
<b>Stock Ideas</b>			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
10-Jul	SJT	San Juan Basin Royalty Trust	Rounding the Bend (Income and Small Cap Weekly)
10-Jul	HGT	Hugoton Royalty Trust	Rounding the Bend (Income and Small Cap Weekly)
3-Jul	EAC	Encore Acquisition Company	Raise NPV for EAC and ENP on Timely Deals (ISCW)
19-Jun	* PWE	Penn West Energy Trust	Play It by Income in Canadian Light Oil (ISC Weekly)
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	* 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	* 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	* 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
4-Mar	* BIR.TO	Birchcliff Energy Ltd.	Alberta Reduces Royalties (Taxes) on New Wells
<b>Meter Reader</b>			
21-Jul		Weekly	
14-Jul		Weekly	Reduce PV of North American Natural Gas 20%
7-Jul		Weekly	Mr. Obama Goes to Moscow
30-Jun	*	Weekly	Natural Gas Innovators' Dilemma
<b>Income and Small Cap Weekly</b>			
17-Jul		Weekly	Stocks Undervalued on \$6.60 Six-Year Natural Gas
10-Jul		HGT and SJT	Rounding the Bend
3-Jul		Encore (EAC, ENP)	Raise NPV on Timely Deals
26-Jun	*	Weekly	Volume Decline Boosts Product Price, Trims Cash
<b>Industry Ideas</b>			
2-Apr	*	Presentation	Making Money in Oil and Gas Stocks
	*	Archived on www.mcdep.com	



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