

## Terms of Trade

### Summary and Recommendation

We see eventual constructive outcome for energy stocks and global growth from current controversy over the terms of international trade. By our understanding, the U.S. had an abundance of gold at the end of WWII when the developed world outside North America had destroyed itself. To promote global growth and rebuilding, America allowed easy access to imports and tolerated restrictions on exports. Seventy years later, we no longer have a disproportionate amount of gold and there is little justification for an imbalance in the terms of trade. Getting from here to there is a popular subject in the daily drumbeat of news and opinion. We believe that an overweighting of energy stocks can be a useful segment of the equity portion of a diversified portfolio of investments for growth with protection.

Most likely, in our opinion, the strength of higher economic growth accompanying lower taxes and reduced regulation will overcome concerns about the potential temporarily negative impact from trade disputes. Growth is good for energy demand and positive for price.

At the same time, interruption of trade could extend to interruption of the delicate balance in oil supply that could also be positive for price. Oil price seems close to equilibrium today, while momentum appears to be up. Should our optimism be thwarted, the protective part of the portfolio will keep us in business and provide resources to take advantage of equity price changes.

We like stocks in each of our five groups. Stocks with low McDep Ratios and lagging performance in 2018 include **ExxonMobil (XOM)**, **Pioneer Natural Resources (PXD)**, **Cimarex Energy (XEC)**, **Range Resources (RRC)** and **San Juan Basin Royalty Trust (SJT)** (see [Tables 1-4](#) on pages 2-5). Past analyses provide more detail (see [Index of Recent Research](#) on page 6).

Kurt H. Wulff, CFA



# Meter Reader

Monthly Analysis of Oil and Gas Stocks

July 10, 2018

**Table 1**  
**McDep Energy Stocks**  
**Ranked by McDep Ratio**

|                             |                        | Price<br>(US\$/sh) | Market<br>Cap<br>(US\$m) | Enterprise<br>Value<br>(\$mm) | EV/<br>Market<br>Cap | EV/<br>Ebitda<br>NTM | PV/<br>Ebitda<br>NTM | Oil<br>Prod'n/<br>Ebitda<br>(%) | Dist.<br>Yield<br>NTM<br>(%) | McDep<br>Ratio<br>(EV/PV) |
|-----------------------------|------------------------|--------------------|--------------------------|-------------------------------|----------------------|----------------------|----------------------|---------------------------------|------------------------------|---------------------------|
|                             | Symbol/Rating          | 9-Jul<br>2018      |                          |                               |                      |                      |                      |                                 |                              |                           |
| <b>Integrated</b>           |                        |                    |                          |                               |                      |                      |                      |                                 |                              |                           |
|                             | XOM                    | 82.90              | 354,000                  | 445,000                       | 1.26                 | 8.2                  | 8.8                  | 49                              | 4.0                          | 0.94                      |
|                             | CVX                    | 125.99             | 241,000                  | 304,000                       | 1.26                 | 7.2                  | 8.3                  | 62                              | 3.6                          | 0.87                      |
|                             | SU                     | 41.19              | 68,000                   | 87,000                        | 1.28                 | 6.8                  | 8.0                  | 78                              | 2.7                          | 0.86                      |
|                             | RDS-B                  | 74.35              | 311,000                  | 428,000                       | 1.37                 | 7.0                  | 8.8                  | 51                              | 5.1                          | 0.80                      |
|                             | <i>Total or Median</i> |                    | <i>974,000</i>           | <i>1,264,000</i>              | <i>1.27</i>          | <i>7.1</i>           | <i>8.6</i>           | <i>57</i>                       | <i>3.8</i>                   | <i>0.86</i>               |
| <b>Large Independent</b>    |                        |                    |                          |                               |                      |                      |                      |                                 |                              |                           |
|                             | OXY                    | 85.25              | 65,400                   | 79,100                        | 1.21                 | 8.4                  | 7.6                  | 79                              | 3.6                          | 1.11                      |
|                             | EOG                    | 126.13             | 75,400                   | 82,500                        | 1.09                 | 8.3                  | 8.5                  | 91                              | 0.4                          | 0.97                      |
|                             | PXD                    | 189.24             | 32,400                   | 35,000                        | 1.08                 | 7.8                  | 8.2                  | 94                              | 0.0                          | 0.95                      |
|                             | COP                    | 71.00              | 84,000                   | 107,000                       | 1.27                 | 7.4                  | 8.1                  | 76                              | 1.6                          | 0.91                      |
|                             | <i>Total or Median</i> |                    | <i>257,200</i>           | <i>303,600</i>                | <i>1.15</i>          | <i>8.0</i>           | <i>8.2</i>           | <i>85</i>                       | <i>1.0</i>                   | <i>0.96</i>               |
| <b>Mid-Size Independent</b> |                        |                    |                          |                               |                      |                      |                      |                                 |                              |                           |
|                             | HES                    | 69.19              | 21,400                   | 29,800                        | 1.39                 | 11.5                 | 9.8                  | 89                              | 1.4                          | 1.17                      |
|                             | CLR                    | 64.08              | 24,000                   | 30,300                        | 1.26                 | 7.8                  | 8.4                  | 83                              | -                            | 0.93                      |
|                             | DVN                    | 45.30              | 23,900                   | 28,900                        | 1.21                 | 7.8                  | 9.9                  | 86                              | 0.7                          | 0.79                      |
|                             | XEC                    | 102.01             | 9,700                    | 11,200                        | 1.15                 | 6.0                  | 7.9                  | 82                              | 0.6                          | 0.76                      |
|                             | MRO                    | 21.91              | 18,670                   | 25,400                        | 1.36                 | 5.2                  | 8.3                  | 90                              | 0.9                          | 0.62                      |
|                             | <i>Total or Median</i> |                    | <i>97,700</i>            | <i>125,600</i>                | <i>1.26</i>          | <i>7.8</i>           | <i>8.4</i>           | <i>86</i>                       | <i>0.7</i>                   | <i>0.79</i>               |
| <b>Small Independent</b>    |                        |                    |                          |                               |                      |                      |                      |                                 |                              |                           |
|                             | CRC                    | 47.20              | 2,200                    | 8,500                         | 3.9                  | 5.9                  | 7.6                  | 92                              | -                            | 0.78                      |
|                             | WLL                    | 53.59              | 4,900                    | 8,200                         | 1.69                 | 4.9                  | 7.4                  | 97                              | -                            | 0.66                      |
|                             | RRC                    | 17.54              | 4,300                    | 9,000                         | 2.08                 | 6.4                  | 10.3                 | 46                              | 0.5                          | 0.62                      |
|                             | BIREF                  | 3.61               | 1,000                    | 1,600                         | 1.64                 | 5.0                  | 9.6                  | 50                              | 2.1                          | 0.52                      |
|                             | <i>Total or Median</i> |                    | <i>12,400</i>            | <i>27,300</i>                 | <i>1.88</i>          | <i>5.5</i>           | <i>8.6</i>           | <i>71</i>                       | <i>0.2</i>                   | <i>0.64</i>               |
| <b>Income</b>               |                        |                    |                          |                               |                      |                      |                      |                                 |                              |                           |
|                             | SBR                    | 46.92              | 680                      | 680                           | 1.00                 | 12.8                 | 13.6                 | 72                              | 7.8                          | 0.94                      |
|                             | PBT                    | 9.16               | 430                      | 430                           | 1.00                 | 11.2                 | 12.2                 | 80                              | 8.9                          | 0.92                      |
|                             | DMLP                   | 19.40              | 630                      | 630                           | 1.00                 | 9.0                  | 11.1                 | 84                              | 9.5                          | 0.81                      |
|                             | SJT                    | 6.01               | 280                      | 280                           | 1.00                 | 12.4                 | 16.6                 | -                               | 7.9                          | 0.75                      |
|                             | CRT                    | 14.25              | 90                       | 90                            | 1.00                 | 7.4                  | 12.9                 | 37                              | 11.3                         | 0.57                      |
|                             | <i>Total or Median</i> |                    | <i>2,100</i>             | <i>2,100</i>                  | <i>1.00</i>          | <i>11.2</i>          | <i>12.9</i>          | <i>72</i>                       | <i>8.9</i>                   | <i>0.81</i>               |

EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation, amort.  
 Estimated Ebitda (cash flow) tied to NTM futures prices for oil and natural gas. NTM = Next Twelve Months ending 6/30/19.  
 Estimated Present Value (PV) presumes a long-term price for oil of US\$70 a barrel and natural gas, \$4.00 a million btu.  
 McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses. For historical research see [www.mcdep.com](http://www.mcdep.com)



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|  | Symbol/Rating          | Price         | Upstream NTM      |                   |               |        | Down-                        | Total                   | Distrib./<br>Ebitda<br>(%) | Distrib.<br>NTM<br>(\$/sh) |
|--|------------------------|---------------|-------------------|-------------------|---------------|--------|------------------------------|-------------------------|----------------------------|----------------------------|
|  |                        | (US\$/sh)     | Volume<br>(mmboe) | Equiv.            | Ebitda        | Ebitda | stream<br>Uplift<br>(\$/boe) | Ebitda<br>NTM<br>(\$mm) |                            |                            |
|  |                        | 9-Jul<br>2018 |                   | Price<br>(\$/boe) | Margin<br>(%) |        |                              |                         |                            |                            |
| <b>Integrated</b>  |                        |               |                   |                   |               |        |                              |                         |                            |                            |
| Royal Dutch Shell  | RDS-B                  | 74.35         | 1371              | 47.23             | 69            | 32.70  | 11.67                        | 44,844                  | 26                         | 3.76                       |
| Exxon Mobil Corporation  | XOM                    | 82.90         | 1448              | 50.57             | 51            | 25.60  | 11.70                        | 37,079                  | 26                         | 3.28                       |
| Chevron Corporation  | CVX                    | 125.99        | 1059              | 52.07             | 62            | 32.30  | 7.27                         | 34,213                  | 20                         | 4.48                       |
| Suncor Energy  | SU                     | 41.19         | 300               | 59.20             | 56            | 33.28  | 9.16                         | 9,971                   | 14                         | 1.10                       |
|  | <i>Total or Median</i> |               | 4179              | 51.32             | 59            | 32.50  | 10.41                        | 126,107                 | 23                         |                            |
| <b>Large Independent</b>   |                        |               |                   |                   |               |        |                              |                         |                            |                            |
| ConocoPhillips   | COP                    | 71.00         | 458               | 49.69             | 64            | 31.70  | 0.00                         | 14,503                  | 9                          | 1.14                       |
| EOG Resources, Inc.  | EOG                    | 126.13        | 280               | 48.11             | 74            | 35.61  | 0.00                         | 9,974                   | 3                          | 0.56                       |
| Occidental Petroleum Corp.   | OXY                    | 85.25         | 262               | 49.62             | 60            | 29.60  | 6.10                         | 7,765                   | 25                         | 3.08                       |
| Pioneer Natural Resources  | PXD                    | 189.24        | 124               | 48.82             | 74            | 36.00  | 0.00                         | 4,472                   | 0                          | 0.08                       |
|  | <i>Total or Median</i> |               | 1124              | 49.22             | 69            | 33.65  | 0.00                         | 36,715                  | 6                          |                            |
| <b>Mid-Size Independent</b>  |                        |               |                   |                   |               |        |                              |                         |                            |                            |
| Marathon Oil Corporation   | MRO                    | 21.91         | 167               | 42.40             | 69            | 29.40  | 0.00                         | 4,907                   | 3                          | 0.20                       |
| Continental Resources  | CLR                    | 64.08         | 108               | 44.13             | 81            | 35.80  | 0.00                         | 3,880                   | -                          | -                          |
| Devon Energy Corporation   | DVN                    | 45.30         | 210               | 30.76             | 58            | 17.70  | 0.00                         | 3,708                   | 5                          | 0.32                       |
| Hess Corporation   | HES                    | 69.19         | 97                | 46.58             | 57            | 26.60  | 0.00                         | 2,587                   | 12                         | 1.00                       |
| Cimarex Energy Company   | XEC                    | 102.01        | 86                | 31.83             | 68            | 21.80  | 0.00                         | 1,882                   | 3                          | 0.64                       |
|  | <i>Total or Median</i> |               | 668               | 42.40             | 68            | 26.60  | 0.00                         | 16,965                  | 3                          |                            |
| <b>Small Independent</b>   |                        |               |                   |                   |               |        |                              |                         |                            |                            |
| Whiting Petroleum Corporation  | WLL                    | 53.59         | 50                | 50.06             | 68            | 34.10  | 0.00                         | 1,689                   | -                          | -                          |
| Range Resources  | RRC                    | 17.54         | 139               | 19.24             | 53            | 10.20  | 0.00                         | 1,415                   | 1                          | 0.08                       |
| California Resources   | CRC                    | 47.20         | 50                | 55.41             | 52            | 28.80  | 0.00                         | 1,428                   | -                          | -                          |
| Birchcliff Energy Ltd.   | BIREF                  | 3.61          | 23                | 19.06             | 73            | 14.00  | 0.00                         | 315                     | 6                          | 0.08                       |
|  | <i>Total or Median</i> |               | 260               | 34.65             | 61            | 21.40  | 0.00                         | 4,848                   | 1                          |                            |
| <b>Income</b>  |                        |               |                   |                   |               |        |                              |                         |                            |                            |
| Dorchester Minerals, L.P.  | DMLP                   | 19.40         | 2.34              | 40.75             | 73            | 29.75  | 0.00                         | 70                      | 85                         | 1.84                       |
| Sabine Royalty Trust   | SBR                    | 46.92         | 1.77              | 35.18             | 86            | 30.34  | 0.00                         | 54                      | 100                        | 3.68                       |
| Permian Basin RT   | PBT                    | 9.16          | 1.23              | 47.01             | 66            | 31.16  | 0.00                         | 38                      | 99                         | 0.81                       |
| San Juan Basin Royalty Trust   | SJT                    | 6.01          | 3.72              | 12.05             | 50            | 6.05   | 0.00                         | 23                      | 98                         | 0.47                       |
| Cross Timbers Royalty Trust  | CRT                    | 14.25         | 0.43              | 42.22             | 64            | 26.90  | 0.00                         | 12                      | 83                         | 1.61                       |
|  | <i>Total or Median</i> |               | 9                 | 40.75             | 66            | 29.75  | 0.00                         | 196                     | 98                         |                            |
| For historical research see <a href="http://www.mcdep.com">www.mcdep.com</a> |                        |               |                   |                   |               |        |                              |                         |                            |                            |



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**Table 3**  
**McDep Energy Stocks**  
**Net Present Value Per Share**

|                             |                               | Price<br>(US\$/sh) |                |                |            |     | Devel.<br>Resrvs/<br>Prod | Undev/<br>Devel.<br>Resrvs | Nat<br>Gas/<br>Ebitda | Top<br>Line/<br>Ebitda | Net<br>Present<br>Value |
|-----------------------------|-------------------------------|--------------------|----------------|----------------|------------|-----|---------------------------|----------------------------|-----------------------|------------------------|-------------------------|
|                             | Symbol/Rating                 | 9-Jul<br>2018      | Shares<br>(mm) | Debt<br>(\$mm) | P/E<br>NTM | NTM | (%)                       | (%)                        | (%)                   | (US\$/sh)              |                         |
| <b>Integrated</b>           |                               |                    |                |                |            |     |                           |                            |                       |                        |                         |
|                             | Chevron Corporation           | CVX                | 125.99         | 1,913          | 62,659     | 15  | 7.1                       | 57                         | 24                    |                        | 150.00                  |
|                             | Royal Dutch Shell             | RDS-B              | 74.35          | 4,189          | 116,710    | 12  | 7.2                       | 22                         | 31                    |                        | 100.00                  |
|                             | Exxon Mobil Corporation       | XOM                | 82.90          | 4,270          | 90,941     | 13  | 9.6                       | 52                         | 28                    |                        | 90.00                   |
|                             | Suncor Energy                 | SU                 | 41.19          | 1,644          | 19,095     | 11  | 8.5                       | 87                         |                       |                        | 50.00                   |
|                             | <i>Median</i>                 |                    |                |                |            |     | 7.9                       | 55                         |                       |                        |                         |
| <b>Large Independent</b>    |                               |                    |                |                |            |     |                           |                            |                       |                        |                         |
|                             | Pioneer Natural Resources     | PXD                | 189.24         | 171            | 2,600      | 19  | 7.3                       | 9                          | 6                     |                        | 200.00                  |
|                             | EOG Resources, Inc.           | EOG                | 126.13         | 598            | 7,071      | 19  | 4.9                       | 43                         | 10                    |                        | 130.00                  |
|                             | ConocoPhillips                | COP                | 71.00          | 1,186          | 23,143     | 14  | 7.7                       | 31                         | 24                    |                        | 80.00                   |
|                             | Occidental Petroleum Corp.    | OXY                | 85.25          | 767            | 13,700     | 16  | 7.4                       | 35                         | 4                     |                        | 75.00                   |
|                             | <i>Median</i>                 |                    |                |                |            |     | 7.3                       | 33                         |                       |                        |                         |
| <b>Mid-Size Independent</b> |                               |                    |                |                |            |     |                           |                            |                       |                        |                         |
|                             | Cimarex Energy Company        | XEC                | 102.01         | 96             | 1,498      | 11  | 4.8                       | 35                         | 18                    |                        | 140.00                  |
|                             | Continental Resources         | CLR                | 64.08          | 374            | 6,333      | 20  | 5.6                       | 121                        | 17                    |                        | 70.00                   |
|                             | Devon Energy Corporation      | DVN                | 45.30          | 528            | 5,000      | 17  | 8.3                       | 24                         | 14                    |                        | 60.00                   |
|                             | Hess Corporation              | HES                | 69.19          | 310            | 8,399      |     | 7.4                       | 59                         | 11                    |                        | 55.00                   |
|                             | Marathon Oil Corporation      | MRO                | 21.91          | 852            | 6,734      | 11  | 5.4                       | 60                         | 10                    |                        | 40.00                   |
|                             | <i>Median</i>                 |                    |                |                |            |     | 5.6                       | 59                         |                       |                        |                         |
| <b>Small Independent</b>    |                               |                    |                |                |            |     |                           |                            |                       |                        |                         |
|                             | Whiting Petroleum Corporation | WLL                | 53.59          | 91             | 3,367      | 21  | 6.8                       | 84                         | 3                     |                        | 100.00                  |
|                             | California Resources          | CRC                | 47.20          | 46             | 6,300      |     | 8.9                       | 41                         | 8                     |                        | 100.00                  |
|                             | Range Resources               | RRC                | 17.54          | 247            | 4,657      | 15  | 10.0                      | 83                         | 54                    |                        | 40.00                   |
|                             | Birchcliff Energy Ltd.        | BIREF              | 3.61           | 268            | 620        | 14  | 7.2                       | 228                        | 49                    |                        | 9.00                    |
|                             | <i>Median</i>                 |                    |                |                |            |     | 8.0                       | 83                         |                       |                        |                         |
| <b>Income</b>               |                               |                    |                |                |            |     |                           |                            |                       |                        |                         |
|                             | Sabine Royalty Trust          | SBR                | 46.92          | 15             | -          | 13  | 10.1                      | 3                          | 37                    | 100                    | 50.00                   |
|                             | Cross Timbers Royalty Trust   | CRT                | 14.25          | 6              | -          | 9   | 11.6                      | -                          | 69                    | 83                     | 25.00                   |
|                             | Dorchester Minerals, L.P.     | DMLP               | 19.40          | 32             | -          | 13  | 6.9                       | -                          | 21                    | 76                     | 24.00                   |
|                             | Permian Basin RT              | PBT                | 9.16           | 47             | -          | 11  | 6.7                       | -                          | 21                    | 41                     | 10.00                   |
|                             | San Juan Basin Royalty Trust  | SJT                | 6.01           | 47             | -          | 13  | 11.2                      | -                          | 100                   | -                      | 8.00                    |
|                             | <i>Median</i>                 |                    |                |                |            |     | 10.1                      |                            |                       |                        |                         |

P/E = Stock Price to Earnings. For historical research see [www.mcdep.com](http://www.mcdep.com).



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| Table 4  |                     |                  |                  |                        |   |                                  |                           |                                     |                |
|--|---------------------|------------------|------------------|------------------------|---|----------------------------------|---------------------------|-------------------------------------|----------------|
| McDep Energy Stocks                            |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Total Return Year-to-Date 2018                 |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Ranked by Unlevered Total Return               |                     |                  |                  |                        |   |                                  |                           |                                     |                |
|  |                     | Price<br>(\$/sh) | Price<br>(\$/sh) | Price<br>Change<br>(%) | Cash<br>Distrib.<br>(%)                   | Equity<br>Total<br>Return<br>(%) | Debt<br>Return<br>(\$/sh) | Unlevered<br>Total<br>Return<br>(%) | McDep<br>Ratio |
|  | Symbol/Rati         | 9-Jul<br>2018    | 29-Dec<br>2017   |                        |   |                                  |                           |                                     |                |
| <b>Integrated</b>                              |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Suncor Energy                                  | SU                  | 41.19            | 36.72            | 12                     | 2   | 14                               | 12                        | 10                                  | 0.86           |
| Royal Dutch Shell                              | RDS-B               | 74.35            | 68.29            | 9                      | 3   | 12                               | 28                        | 8                                   | 0.80           |
| Chevron Corporation                            | CVX                 | 125.99           | 125.19           | 1                      | 2   | 2                                | 33                        | 2                                   | 0.87           |
| Exxon Mobil Corporation                        | XOM                 | 82.90            | 83.64            | (1)                    | 2   | 1                                | 21                        | 1                                   | 0.94           |
|  | <i>Median</i>       |                  |                  | 5                      |   | 7                                |                           | 5                                   | 0.86           |
| <b>Large Independent</b>                       |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| ConocoPhillips                                 | COP                 | 71.00            | 54.89            | 29                     | 1   | 30                               | 20                        | 22                                  | 0.91           |
| EOG Resources, Inc.                            | EOG                 | 126.13           | 107.91           | 17                     | 0   | 17                               | 12                        | 16                                  | 0.97           |
| Occidental Petroleum Corp.                     | OXY                 | 85.25            | 73.66            | 16                     | 2   | 18                               | 18                        | 14                                  | 1.11           |
| Pioneer Natural Resources                      | PXD                 | 189.24           | 172.85           | 9                      | 0   | 10                               | 15                        | 9                                   | 0.95           |
|  | <i>Median</i>       |                  |                  | 16                     |   | 18                               |                           | 15                                  | 0.96           |
| <b>Mid-Size Independent</b>                    |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Hess Corporation                               | HES                 | 69.19            | 47.47            | 46                     | 1   | 47                               | 27                        | 30                                  | 1.17           |
| Marathon Oil Corporation                       | MRO                 | 21.91            | 16.93            | 29                     | 1   | 30                               | 8                         | 20                                  | 0.62           |
| Continental Resources                          | CLR                 | 64.08            | 52.97            | 21                     | -   | 21                               | 17                        | 16                                  | 0.93           |
| Devon Energy Corporation                       | DVN                 | 45.30            | 41.40            | 9                      | 0   | 10                               | 9                         | 8                                   | 0.79           |
| Cimarex Energy Company                         | XEC                 | 102.01           | 122.01           | (16)                   | 0   | (16)                             | 16                        | (14)                                | 0.76           |
|  | <i>Median</i>       |                  |                  | 21                     |   | 21                               |                           | 16                                  | 0.79           |
| <b>Small Independent</b>                       |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Whiting Petroleum Corporation                  | WLL                 | 53.59            | 26.48            | 102                    | -   | 102                              | 37                        | 43                                  | 0.66           |
| California Resources                           | CRC                 | 47.20            | 19.44            | 143                    | -   | 143                              | 137                       | 18                                  | 0.78           |
| Birchcliff Energy Ltd.                         | BIREF               | 3.61             | 3.50             | 3                      | 1   | 4                                | 2                         | 3                                   | 0.52           |
| Range Resources                                | RRC                 | 17.54            | 17.06            | 3                      | 0   | 3                                | 19                        | 1                                   | 0.62           |
|  | <i>Median</i>       |                  |                  | 53                     |   | 53                               |                           | 10                                  | 0.64           |
| <b>Income</b>                                  |                     |                  |                  |                        |   |                                  |                           |                                     |                |
| Dorchester Minerals, L.P.                      | DMLP                | 19.40            | 15.20            | 28                     | 5   | 33                               | -                         | 33                                  | 0.81           |
| Sabine Royalty Trust                           | SBR                 | 46.92            | 44.60            | 5                      | 3   | 8                                | -                         | 8                                   | 0.94           |
| Permian Basin RT                               | PBT                 | 9.16             | 8.87             | 3                      | 4   | 7                                | -                         | 7                                   | 0.92           |
| Cross Timbers Royalty Trust                    | CRT                 | 14.25            | 14.69            | (3)                    | 4   | 1                                | -                         | 1                                   | 0.57           |
| San Juan Basin Royalty Trust                   | SJT                 | 6.01             | 8.24             | (27)                   | 3   | (24)                             | -                         | (24)                                | 0.75           |
|  | <i>Median</i>       |                  |                  | 3                      |   | 7                                |                           | 7                                   | 0.81           |
|  | <i>Grand Median</i> |                  |                  | 9                      |   | 11                               |                           | 9                                   | 0.83           |
| <b>Natural Gas (\$/mmbtu)</b>                  |                     | 2.83             | 2.95             | (4)                    |   |                                  |                           |                                     |                |
| <b>Oil -West Texas Intermediate (\$/bbl)</b>   |                     | 74.07            | 60.09            | 23                     |   |                                  |                           |                                     |                |
| Total Stock Market - U.S.                      | VTI                 | 144.09           | 137.25           | 5                      | 1   | 6                                |                           |                                     |                |
| Developed Markets - ex US                      | VEA                 | 43.48            | 44.86            | (3)                    | 2   | (1)                              |                           |                                     |                |
| Emerging Markets                               | VWO                 | 43.05            | 45.91            | (6)                    | 1   | (5)                              |                           |                                     |                |
| Total Stock Market - World                     | VT                  | 74.82            | 74.26            | 1                      | 1   | 2                                |                           |                                     |                |
| Source: McDep LLC, Yahoo, CME Group, Bloomberg |                     |                  |                  |                        | For historical research see www.mcdep.com |                                  |                           |                                     |                |



# Meter Reader

Monthly Analysis of Oil and Gas Stocks

July 10, 2018

| Index of Recent Research |   |                             |                                   |   |
|--------------------------|---|-----------------------------|-----------------------------------|---|
| <i>Date</i>              | <i>Series</i>   | <i>Symbol</i>               | <i>Subject</i>                    | <i>Theme</i>  |
| 6-Jul                    | ISI   | CVX                         | Chevron                           | Oil Value Upside                                    |
| 2-Jul                    | Meter Reader Special  |                             | Outperformance in First Half 2018 | Attractive Value, Auspicious Momentum               |
| 21-Jun                   | II  | CRT, DMLP, PBT, SBR, SJT    |                                   | 8% Cash in Uncertain Times                          |
| 12-Jun                   | Meter Reader  |                             |                                   | Positive Charts                                     |
| 6-Jun                    | ISI   | RDS                         | Royal Dutch Shell                 | Bright Future in Integrated Gas                     |
| 30-May                   | ISI   | BIREF                       | Birchcliff Energy                 | A Play on Narrowing the Gap                         |
| 24-May                   | ISI   | DMLP                        | Dorchester Minerals, L.P.         | Riding the Shale Trend                              |
| 15-May                   | Meter Reader  |                             |                                   | \$70 Oil Here                                       |
| 9-May                    | ISI   | XEC                         | Cimarex Energy                    | Quality Company, Lagging Stock                      |
| 4-May                    | ISI   | MRO                         | Marathon Oil                      | Raise NPV to \$40 a Share from \$30                 |
| 30-Apr                   | ISI   | XOM                         | ExxonMobil                        | Reduce NPV to \$90 from \$100 a Share               |
| 24-Apr                   | II  | CRT, DMLP, PBT, SBR, SJT    |                                   | 8% Median Distribution Yield                        |
| 19-Apr                   | ISI   | DMLP                        | Dorchester Minerals, L.P.         | 11% Distribution Reinforced                         |
| 17-Apr                   | II  | COP,EOG,OXY,PXD             |                                   | Positive Trends for Large Cap Independent Producers |
| 10-Apr                   | Meter Reader  |                             |                                   | Transition to Moderate Growth and Inflation         |
| 3-Apr                    | II  | SJT, CRT                    |                                   | Regional Natural Gas Price Softness                 |
| 21-Mar                   | II  | BIREF, CRC, RRC, WLL        |                                   | Small Cap High Reward, High Risk                    |
| 15-Mar                   | Meter Reader  |                             |                                   | ExxonMobil  |
| 12-Mar                   | ISI   | DMLP                        | Dorchester Minerals, L.P.         | Raise Distribution Yield to 11%                     |
| 1-Mar                    | ISI   | EOG                         | EOG Resources                     | Raise NPV to \$130 on Production                    |
| 28-Feb                   | II  | CLR, XEC, HES, DVN, MRO     |                                   | Oil Price Upside for Mid-Size Independent Producers |
| 20-Feb                   | II  | CRT, DMLP, PBT, SBR, SJT    |                                   | 7% Distributions Inflation Protected                |
| 13-Feb                   | Meter Reader  |                             |                                   | Insulate Inflation                                  |
| 5-Feb                    | ISI   | HES                         | Hess Corporation                  | Repositioning for Reward                            |
| 2-Feb                    | ISI   | COP                         | ConocoPhillips                    | Raise NPV to \$80 on Higher Cash Flow               |
| 25-Jan                   | II  | CVX, RDS, SU, XOM           |                                   | Integrated Oil Value Creators                       |
| 19-Jan                   | ISI   | DMLP                        | Dorchester Minerals, L.P.         | Highest Distribution in Three Years                 |
| 16-Jan                   | Meter Reader  |                             |                                   | Growth is Good                                      |
| 2-Jan                    | Meter Reader Special  |                             |                                   | New Look at Beginning of Year 2018                  |
| 29-Dec                   | Meter Reader Special  |                             |                                   | Trending Up at End of Year 2017                     |
| 20-Dec                   | II  | CRT, DMLP, PBT, SBR, SJT    |                                   | Top Line Premium and Bottom Line Upside             |
| 12-Dec                   | Meter Reader  |                             |                                   | Oil and Gas Gains in 2018                           |
| 5-Dec                    | ISI   | RDS                         | Royal Dutch Shell                 | Share Buyback Ahead                                 |
| 27-Nov                   | ISI   | CLR                         | Continental Resources             | Oil Price Helps                                     |
| 16-Nov                   | Meter Reader  |                             |                                   | Buy ETF or Global Integrated Stock                  |
| 12-Nov                   | ISI   | BIREF                       | Birchcliff Energy                 | Downward Price Pressure Lifting                     |
| 6-Nov                    | ISI   | DMLP                        | Dorchester Minerals, L.P.         | Royalty Growth Ratified                             |
| 2-Nov                    | ISI   | MRO                         | Marathon Oil                      | Shale Oil Value                                     |
| 26-Oct                   | ISI   | SU                          | Suncor Energy Inc.                | Record Production                                   |
| 24-Oct                   | ISI   | CRT                         | Cross Timbers Royalty Trust       | Free Cash Flow                                      |
| 17-Oct                   | II  | COP, DVN, EOG, MRO,PXD, OXY |                                   | Oil Price Moderators                                |
| 10-Oct                   | Meter Reader  |                             |                                   | Stock Price Momentum Picking Up                     |
| 4-Oct                    | ISI   | COP                         | ConocoPhillips                    | Cash to the Owners                                  |
|                          | MR = Meter Reader (published monthly on or about second or third Tuesday)   |                             |                                   |   |
|                          | ISI = Independent Stock Idea  |                             |                                   |   |
|                          | II = Industry Idea  |                             |                                   |   |
|                          | 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. |                             |                                   |   |



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