MCDEP LLC

Meter Reader

A Weekly Analysis of Oil and Gas Stocks

July 8, 2014

Devon Energy (DVN)
Five Core Focus

Symbol	DVN	*Ebitda Next Twelve Months ending 6/30/15 (US$mm)*	6,800
Rating	Buy	*North American Natural Gas/Ebitda (%)*	20
Price ($/sh)	78.28	*Natural Gas and Oil Production/Ebitda (%)*	100
Pricing Date	7/7/14	*Adjusted Reserves/Production NTM*	10.1
Shares (mm)	408	*EV/Ebitda*	6.6
Market Capitalization ($mm)	31,900	*PV/Ebitda*	7.9
Debt ($mm)	13,000	*Undeveloped Reserves (%)*	28
Enterprise Value (EV) ($mm)	44,900	*Natural Gas and Oil Ebitda ($/boe)*	30.10
Present Value (PV) ($mm)	53,800	*Present Value Proven Reserves($/boe)*	20.30
Net Present Value ($/share)	100	*Present Value Proven Reserves($/mcfe)*	3.40
Debt/Present Value	0.24	*Earnings Next Twelve Months (US$/sh)*	4.77
McDep Ratio - EV/PV	0.84	*Price/Earnings Next Twelve Months*	16
Dividend Yield (%/year)	1.2	*Indicated Annual Dividend (US$/sh)*	0.96
Note: Estimated cash flow and earnings tied to one-year futures prices for natural gas and oil.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US$90 a barrel and natural gas, $6 a million btu.			
For historical research on Devon since 2004 see http://www.mcdep.com/3dvn.htm			

Summary and Recommendation

A sharpened focus on five core areas and a public market price for midstream operations helps investors better understand value we estimate at $100 a share in buy-recommended **Devon Energy (DVN)**. Beginning last fall, management showed that midstream natural gas processing may be worth about $3 billion more in a publicly traded master limited partnership than the $4 billion we estimate (see table Present Value on page 2). Next, DVN acquired Eagle Ford oil for $6 billion as a new focus area. Finally, at the end of the quarter on June 30, the company announced the sale of non-focus U.S. natural gas production, which when combined with Canadian natural gas sold earlier in the year achieves total proceeds of about $5 billion. Eagle Ford shale oil joins Permian shale oil and Canadian oil sands as three oil focus areas. Barnett and Anadarko, which includes Cana, are the two natural gas focus areas. The oil purchase and the natural gas sales have the effect of reducing production on a heating equivalent basis while increasing revenues because oil is priced higher (see table Operating and Financial Estimates on page 2). At a McDep Ratio of 0.84, our estimates encourage continued buy interest in Devon and we like other large independent producers in our coverage (see Tables 1-4 on pages 3-6). Strengthening of economic growth in the next few years and the diminishing of transportation limits may brighten the outlook for shale oil, shale gas and oil sands. Parenthetically, we take heart that the *New York Times* on July 5 exposed the conflict of interest of a political opponent of North American fossil fuels. Billionaire Tom Steyer seemingly bankrolls his anti-American fuel campaign with profits from Australian coal mines.

Kurt H. Wulff, CFA

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Devon Energy Functional Cash Flow and Present Value					
	NTM Ebitda (US$mm)	*Adjusted R/P*	*PV/ Ebitda*	*Present Value (US$mm)*	
North American Natural Gas	1,380	9.1	11.6	16,000	30%
Oil	4,650	10.8	7.1	33,100	62%
Midstream	800		5.9	4,700	9%
	6,830	10.1	7.9	53,800	100%
Debt (US$mm)					13,000
Net Present Value (US$mm)					40,800
Shares (mm)					408
Net Present Value - Standard Estimate (US$/sh)					100
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US$/sh)					99

Devon Energy Next Twelve Months Operating and Financial Results										
	Q2 6/30/13	***Year 2013***	*Q1 3/31/14*	*Q2E 6/30/14*	*Q3E 9/30/14*	*Q4E 12/31/14*	***Year 2014E***	*Q1E 3/31/15*	*Q2E 6/30/15*	***Next Twelve Months 6/30/15***
Volume										
Natural Gas (bcf)	222	**874**	197	154	154	153	**659**	148	148	**603**
Natural Gas (mmcfd)	2,440	**2,393**	2,192	1,695	1,678	1,661	**1,805**	1,645	1,628	**1,653**
Oil (mb)	26	**107**	29	31	31	32	**123**	31	32	**126**
Oil (mbd)	291	**294**	325	337	340	344	**337**	347	351	**345**
Total gas & oil (mmboe)	63	**253**	62	56	57	57	**233**	56	57	**227**
Total gas & oil (mboed)	698	**693**	690	620	620	621	**637**	621	622	**621**
Price										
Natural gas ($/mcf)										
Henry Hub ($/mmbtu)	4.10	**3.65**	4.95	4.67	4.28	4.27	**4.54**	4.35	3.99	**4.22**
Company	3.48	**3.09**	4.30	4.06	3.72	3.71	**3.97**	3.78	3.46	**3.67**
Oil ($/bbl)										
WTI Cushing	94.22	**97.98**	98.74	102.98	103.33	101.47	**101.63**	99.39	97.55	**100.44**
Company	54.71	**54.30**	58.39	60.90	61.10	60.01	**60.12**	58.80	57.71	**59.40**
Total gas & oil ($/mcf)	5.83	**5.62**	6.86	7.37	7.27	7.20	**7.17**	7.14	6.93	**7.14**
Revenue ($mm)										
Natural Gas	773	**2,700**	848	626	575	567	**2,616**	559	513	**2,214**
Oil	1,449	**5,823**	1,708	1,868	1,913	1,898	**7,387**	1,837	1,842	**7,490**
Total	2,222	**8,523**	2,556	2,494	2,488	2,465	**10,003**	2,396	2,355	**9,704**
Expense	730	**2,823**	763	743	741	732	**2,979**	706	691	**2,870**
Ebitda ($mm)										
Production	1,371	**5,177**	1,610	1,551	1,547	1,533	**6,241**	1,490	1,464	**6,034**
Midstream	121	**523**	183	200	200	200	**783**	200	200	**800**
Total Ebitda	1,492	**5,700**	1,793	1,751	1,747	1,733	**7,024**	1,690	1,664	**6,834**
Deprec., Deplet., & Amort.	674	**2,780**	739	739	739	739	**2,956**	739	739	**2,956**
Hedging and other	(48)	**(179)**	101	130	128	121	**481**	100	87	**436**
Ebit	866	**3,099**	953	881	879	872	**3,586**	851	838	**3,441**
Interest	108	**433**	112	112	112	112	**448**	112	112	**448**
Ebt	758	**2,666**	841	769	767	760	**3,138**	739	726	**2,993**
Income Tax	265	**933**	294	269	269	266	**1,098**	259	254	**1,048**
Net Income ($mm)	492	**1,733**	547	500	499	494	**2,040**	480	472	**1,946**
Shares (millions)	407	**407**	408	408	408	408	**408**	408	408	**408**
Per Share ($)	1.21	**4.26**	1.34	1.23	1.22	1.21	**5.00**	1.18	1.16	**4.77**
Ebitda Margin (Production)	62%	**61%**	63%	62%	62%	62%	**62%**	62%	62%	**62%**
Tax Rate	35%	**35%**	35%	35%	35%	35%	**35%**	35%	35%	**35%**

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Table 1

McDep Energy Stocks

Enterprise Value, Segments, Yield and McDep Ratio

	Symbol/Rating	B = Buy, CB (see below)	*Price (US$/sh) 7-Jul 2014*	*EV/ Market Cap*	*Enterprise Value ($mm)*	*Present Value by Segment (%)* North Amer. Natural Gas	*Rest of World Natural Gas*	*Oil Prod'n*	*Down-stream*	*Dist. Yield NTM (%)*	*McDep Ratio*
Global Integrated											
Exxon Mobil Corporation	XOM	B	102.65	1.17	521,000	8	19	56	17	2.7	1.01
Total S.A.	TOT		71.06	1.30	210,000		22	62	16	4.7	0.91
Royal Dutch Shell plc	RDS-A		82.12	1.33	344,000	4	22	57	17	4.6	0.89
Chevron Corporation	CVX		130.47	1.18	293,000	4	11	72	13	3.3	0.89
Lukoil Oil Company	LUKOY	B	61.41	1.15	54,800			75	25	5.2	0.49
Total or Median				*1.18*	*1,423,000*			*62*	*17*	*4.6*	*0.89*
U.S. Independent											
EOG Resources, Inc.	EOG		115.73	1.08	68,600	18	4	78		0.4	1.05
ConocoPhillips	COP		86.10	1.31	140,000	15	14	71		3.2	0.89
Occidental Petroleum Corp.	OXY		101.59	1.12	90,200	8	1	83	9	2.8	0.86
Marathon Oil Corporation	MRO	B	39.57	1.35	37,100	8	4	89		1.9	0.84
Devon Energy Corporation	DVN	B	78.28	1.41	44,900	30		62	9	1.2	0.83
Total or Median				*1.31*	*381,000*	*15*		*78*		*1.9*	*0.86*
Canada/Australia											
Woodside Petroleum Ltd.	WOPEY		39.18	1.14	37,000		70	30		5.3	1.08
Imperial Oil Limited (30%)	IMO		53.34	1.22	16,700	2		79	18	0.9	1.02
EnCana Corporation	ECA	B	22.27	1.50	24,700	80		20		1.3	0.81
Cenovus Energy Inc.	CVE		32.05	1.30	31,600	9		76	15	3.1	0.81
Canadian Oil Sands Limited	COSWF	B	22.41	1.23	13,400			100		7.1	0.70
Total or Median				*1.23*	*123,000*			*76*		*3.1*	*0.81*
Small Cap Independent Producers											
Continental Resources (32%)	CLR	B	155.17	1.19	10,900	16		84		-	1.12
Halcón Resources	HK		7.05	2.31	6,800	6		94		-	1.00
Cimarex Energy Company	XEC	B	140.36	1.12	13,700	40		60		0.5	1.00
Birchcliff Energy Ltd.	BIREF	B	12.53	1.30	2,500	73		27		-	0.92
Whiting Petroleum Corporation	WLL	B	79.20	1.31	12,400	7		93		-	0.91
Peyto Exploration and Developr	PEYUF		36.90	1.16	6,500	81		19		2.4	0.89
Range Resources	RRC	B	84.03	1.28	17,500	62		38		0.2	0.87
WPX Energy Inc.	WPX		22.20	1.63	7,200	69		31		-	0.86
PDC Energy	PDCE		59.24	1.33	2,800	26		74		-	0.83
Total or Median				*1.30*	*80,000*	*40*		*60*		-	*0.91*
RTF Cash Payers											
Mesa RoyaltyTrust	MTR		29.27	1.00	60	71		29		7.9	1.05
Enduro Royalty Trust	NDRO		14.10	1.00	470	37		63		6.0	1.01
Freehold Royalties Ltd.	FRHLF		24.73	1.09	1,840	19		81		6.4	0.96
Dorchester Minerals, L.P.	DMLP	B	30.38	1.00	930	42		58		6.8	0.95
Sabine Royalty Trust	SBR		58.43	1.00	850	44		56		7.3	0.91
San Juan Basin Royalty Trust	SJT	B	18.75	1.00	870	100		-		7.0	0.89
Hugoton RoyaltyTrust	HGT		10.79	1.00	430	88		12		7.6	0.83
Cross Timbers Royalty Trust	CRT		33.74	1.00	200	64		36		7.4	0.80
Permian Basin RT	PBT		14.10	1.00	660	20		80		7.9	0.78
Total or Median				*1.00*	*6,300*	*44*		*56*		*7.3*	*0.91*

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

Estimated present value presumes a long-term price for oil of US$90 a barrel and natural gas, $6 a million btu.

McDep Ratio = **M**arket **c**ap and **De**bt to **p**resent value of oil and gas and other businesses

Table 2

McDep Energy Stocks

Net Present Value and McDep Ratio

	Symbol/Rating		*Price (US$/sh) 7-Jul 2014*	*Shares (mm)*	*Market Cap (US$mm)*	*Net Present Value (US$/sh)*	*Debt/ Present Value*	*McDep Ratio*
B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	102.65	4,328	444,000	102.00	0.15	1.01
Total S.A.	TOT		71.06	2,277	162,000	80.00	0.21	0.91
Royal Dutch Shell plc	RDS-A		82.12	3,145	258,000	95.00	0.22	0.89
Chevron Corporation	CVX		130.47	1,909	249,000	150.00	0.13	0.89
Lukoil Oil Company	LUKOY	B	61.41	776	47,700	135.00	0.06	0.49
Total or Median					*1,161,000*		*0.15*	*0.89*
U.S. Independent								
EOG Resources, Inc.	EOG		115.73	548	63,400	110.00	0.08	1.05
ConocoPhillips	COP		86.10	1,243	107,000	100.00	0.21	0.89
Occidental Petroleum Corp.	OXY		101.59	792	80,500	120.00	0.09	0.86
Marathon Oil Corporation	MRO	B	39.57	696	27,540	50.00	0.22	0.84
Devon Energy Corporation	DVN	B	78.28	408	31,900	100.00	0.24	0.83
Total or Median					*310,300*		*0.21*	*0.86*
Canada/Australia								
Woodside Petroleum Ltd.	WOPEY		39.18	823	32,200	36.00	0.13	1.08
Imperial Oil Limited (30%)	IMO		53.34	255	13,600	52.00	0.19	1.02
EnCana Corporation	ECA	B	22.27	736	16,400	30.00	0.27	0.81
Cenovus Energy Inc.	CVE		32.05	757	24,300	42.00	0.19	0.81
Canadian Oil Sands Limited	COSWF	B	22.41	485	10,900	34.00	0.13	0.70
Total or Median					*97,000*		*0.19*	*0.81*
Small Cap Independent Producers								
Continental Resources (32%)	CLR	B	155.17	59	9,200	135.00	0.18	1.12
Halcón Resources	HK		7.05	414	2,900	7.00	0.57	1.00
Cimarex Energy Company	XEC	B	140.36	87	12,200	140.00	0.11	1.00
Birchcliff Energy Ltd.	BIREF	B	12.53	156	2,000	14.00	0.21	0.92
Whiting Petroleum Corporation	WLL	B	79.20	120	9,500	90.00	0.21	0.91
Peyto Exploration and Development Corp.	PEYUF		36.90	152	5,600	42.00	0.13	0.89
Range Resources	RRC	B	84.03	162	13,600	100.00	0.19	0.87
WPX Energy Inc.	WPX		22.20	200	4,400	28.00	0.33	0.86
PDC Energy	PDCE		59.24	36	2,100	75.00	0.21	0.83
Total or Median					*62,000*		*0.21*	*0.91*
RTF Cash Payers								
Mesa RoyaltyTrust	MTR		29.27	2	60	28.00	-	1.05
Enduro Royalty Trust	NDRO		14.10	33	470	14.00	-	1.01
Freehold Royalties Ltd.	FRHLF		24.73	68	1,680	26.00	0.08	0.96
Dorchester Minerals, L.P.	DMLP	B	30.38	31	930	32.00	-	0.95
Sabine Royalty Trust	SBR		58.43	15	850	64.00	-	0.91
San Juan Basin Royalty Trust	SJT	B	18.75	47	870	21.00	-	0.89
Hugoton RoyaltyTrust	HGT		10.79	40	430	13.00	-	0.83
Cross Timbers Royalty Trust	CRT		33.74	6	200	42.00	-	0.80
Permian Basin RT	PBT		14.10	47	660	18.00	-	0.78
Total or Median					*6,200*		-	*0.91*

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

Estimated present value presumes a long-term price for oil of US$90 a barrel and natural gas, $6 a million btu.

McDep Ratio = **M**arket **c**ap and **De**bt to **p**resent value of oil and gas and other businesses

Table 3

McDep Energy Stocks
Value Multiples and Dividend
Ranked by EV/Ebitda

	Symbol/Rating		*Price (US$/sh) 7-Jul 2014*	*Adjustd Resrvs/ Prod NTM*	*PV/ Ebitda NTM*	*EV/ Ebitda NTM*	*P/E NTM*	*Dividend NTM ($/sh)*
B = Buy, CB (see below)								
Global Integrated								
Exxon Mobil Corporation	XOM	B	102.65	14.0	7.0	7.1	12	2.76
Total S.A.	TOT		71.06	10.3	6.5	5.9	12	3.32
Royal Dutch Shell plc	RDS-A		82.12	10.3	6.6	5.9	11	3.76
Chevron Corporation	CVX		130.47	9.1	6.6	5.9	12	4.28
Lukoil Oil Company	LUKOY	B	61.41	15.5	5.6	2.7	5	3.19
Median				*10.3*	*6.6*	*5.9*	*12*	
U.S. Independent								
EOG Resources, Inc.	EOG		115.73	7.8	6.4	6.7	21	2.88
Devon Energy Corporation	DVN	B	78.28	10.1	7.9	6.6	16	0.96
Occidental Petroleum Corp.	OXY		101.59	10.7	7.1	6.1	13	2.76
ConocoPhillips	COP		86.10	11.3	6.8	6.1	12	0.50
Marathon Oil Corporation	MRO	B	39.57	10.6	6.3	5.3	12	0.76
Median				*10.6*	*6.8*	*6.1*	*13*	
Canada/Australia								
Imperial Oil Limited (30%)	IMO		53.34	24.5	9.7	9.9	14	0.49
Woodside Petroleum Ltd.	WOPEY		39.18	9.5	7.5	8.0	16	2.06
EnCana Corporation	ECA	B	22.27	7.2	9.8	8.0	15	0.28
Canadian Oil Sands Limited	COSWF	B	22.41	18.2	9.5	6.7	11	1.59
Cenovus Energy Inc.	CVE		32.05	13.7	8.3	6.7	15	1.00
Median				*13.7*	*9.5*	*8.0*	*15*	
Small Cap Independent Producers								
Range Resources	RRC	B	84.03	13.6	11.9	10.4	68	0.16
Peyto Exploration and Development Corp.	PEYUF		36.90	10.0	10.0	8.9	21	0.90
Birchcliff Energy Ltd.	BIREF	B	12.53	14.5	9.5	8.7	24	-
PDC Energy	PDCE		59.24	17.5	9.9	8.2	31	-
Continental Resources (32%)	CLR	B	155.17	11.4	7.1	8.0	19	-
Halcón Resources	HK		7.05	5.8	7.9	7.9	15	-
WPX Energy Inc.	WPX		22.20	8.6	8.5	7.3		-
Cimarex Energy Company	XEC	B	140.36	7.0	7.0	7.0	18	0.64
Whiting Petroleum Corporation	WLL	B	79.20	8.1	5.5	5.0	12	-
Median				*10.0*	*8.5*	*8.0*	*20*	
RTF Cash Payers								
Sabine Royalty Trust	SBR		58.43	10.2	15.0	13.7	14	4.27
San Juan Basin Royalty Trust	SJT	B	18.75	10.7	14.6	13.1	14	1.30
Dorchester Minerals, L.P.	DMLP	B	30.38	8.3	12.8	12.1	17	2.07
Hugoton RoyaltyTrust	HGT		10.79	14.4	13.6	11.3	13	0.82
Cross Timbers Royalty Trust	CRT		33.74	12.2	14.0	11.2	13	2.51
Freehold Royalties Ltd.	FRHLF		24.73	5.7	11.3	10.8	20	1.58
Mesa RoyaltyTrust	MTR		29.27	6.9	10.2	10.8	13	2.30
Permian Basin RT	PBT		14.10	9.8	10.1	7.9	13	1.12
Enduro Royalty Trust	NDRO		14.10	7.4	7.7	7.8	17	0.84
Median				*9.8*	*12.8*	*11.2*	*14*	

CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended June 30, 2015; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses

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Table 4

McDep Energy Stocks

Total Return and Enterprise Value Momentum

Ranked by EV/200-Day Average

			Price	*Equity Total Return*	*Enterprise Value/*				
	Symbol	*Rating*	*($/sh) 7-Jul 2014*	*YTD (%)*	*52Wk High*	*52Wk Low*	*50 Day Avg.*	*200 Day Avg.*	*McDep Ratio*
Global Integrated									
Royal Dutch Shell plc	RDS-A		82.12	18	0.99	1.21	1.02	1.10	0.89
Total S.A.	TOT		71.06	19	0.97	1.32	1.00	1.09	0.91
Chevron Corporation	CVX		130.47	6	0.98	1.16	1.03	1.07	0.89
Exxon Mobil Corporation	XOM	B	102.65	3	0.98	1.17	1.01	1.06	1.01
Lukoil Oil Company	LUKOY	B	61.41	(3)	0.93	1.21	1.06	1.04	0.49
Median				*6*	*0.98*	*1.21*	*1.02*	*1.07*	*0.89*
U.S. Independent									
EOG Resources, Inc.	EOG		115.73	38	0.98	1.59	1.07	1.22	1.05
ConocoPhillips	COP		86.10	24	1.00	1.27	1.05	1.14	0.89
Devon Energy Corporation	DVN	B	78.28	27	0.98	1.28	1.04	1.13	0.83
Marathon Oil Corporation	MRO	B	39.57	13	0.99	1.18	1.04	1.08	0.84
Occidental Petroleum Corp.	OXY		101.59	8	0.97	1.17	1.02	1.06	0.86
Median				*24*	*0.98*	*1.27*	*1.04*	*1.13*	*0.86*
Canada/Australia									
Imperial Oil Limited (30%)	IMO		53.34	21	0.99	1.28	1.05	1.14	1.02
Canadian Oil Sands Limited	COSWF	B	22.41	23	0.98	1.20	1.03	1.10	0.70
Cenovus Energy Inc.	CVE		32.05	14	0.99	1.19	1.05	1.09	0.81
Woodside Petroleum Ltd.	WOPEY		39.18	16	0.97	1.18	1.01	1.07	1.08
EnCana Corporation	ECA	B	22.27	24	0.93	1.20	0.97	1.07	0.81
Median				*21*	*0.98*	*1.20*	*1.03*	*1.09*	*0.81*
Small Cap Independent Producers									
Birchcliff Energy Ltd.	BIREF	B	12.53	83	0.93	1.57	1.01	1.27	0.92
Cimarex Energy Company	XEC	B	140.36	34	0.97	1.84	1.06	1.22	1.00
Continental Resources (32%)	CLR	B	155.17	38	0.98	1.55	1.07	1.22	1.12
Halcón Resources	HK		7.05	83	0.97	1.31	1.06	1.17	1.00
Whiting Petroleum Corporation	WLL	B	79.20	28	0.97	1.43	1.04	1.14	0.91
Peyto Exploration and Development	PEYUF		36.90	22	0.96	1.32	1.01	1.12	0.89
WPX Energy Inc.	WPX		22.20	9	0.94	1.18	1.01	1.07	0.86
Range Resources	RRC	B	84.03	(0)	0.90	1.12	0.95	1.00	0.87
PDC Energy	PDCE		59.24	11	0.84	1.22	0.95	0.99	0.83
Median				*28*	*0.96*	*1.32*	*1.01*	*1.14*	*0.91*
RTF Cash Payers									
Hugoton RoyaltyTrust	HGT		10.79	53	0.90	1.55	0.99	1.25	0.83
Mesa RoyaltyTrust	MTR		29.27	48	0.78	1.47	0.94	1.18	1.05
Dorchester Minerals, L.P.	DMLP	B	30.38	21	0.99	1.29	1.07	1.17	0.95
Sabine Royalty Trust	SBR		58.43	20	0.91	1.22	1.03	1.12	0.91
Freehold Royalties Ltd.	FRHLF		24.73	23	0.96	1.24	1.04	1.11	0.96
Enduro Royalty Trust	NDRO		14.10	21	0.89	1.24	1.11	1.10	1.01
Cross Timbers Royalty Trust	CRT		33.74	20	0.88	1.27	0.98	1.08	0.80
San Juan Basin Royalty Trust	SJT	B	18.75	16	0.93	1.21	0.98	1.07	0.89
Permian Basin RT	PBT		14.10	14	0.87	1.17	1.00	1.03	0.78
Median				*21*	*0.90*	*1.24*	*1.00*	*1.11*	*0.91*

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

Source: Bloomberg, Yahoo, McDep LLC

McDEP LLC

Meter Reader

A Weekly Analysis of Oil and Gas Stocks

July 8, 2014

Index of Recent Research

Stock Ideas			
Date	*Symbol*	*Subject*	*Theme*
1-Jul	COSWF	Canadian Oil Sands Ltd.	Returning to Favor (Meter Reader)
24-Jun	DMLP	Dorchester Minerals, L.P.	Raise NPV to $32 on Minerals (Meter Reader)
24-Jun	FRHLF	Freehold Royalties Ltd	Raise NPV to $26 on Minerals (Meter Reader)
17-Jun	PEYUF	Peyto Exploration	Raise NPV to $42 on More Energy Growth (Meter Reader)
10-Jun	OXY	Occidental Petroleum	Raise NPV to $120, Spinoff Filed (Meter Reader)
3-Jun	ECA	Encana Corporation	Hidden Value Surfaces (Meter Reader)
27-May	CVX	Chevron	Oil Price Turns Up (Meter Reader)
20-May	BIREF	Birchcliff Energy	Raise NPV to $14 on Accelerating Volume (Meter Reader)
13-May	XEC	Cimarex Energy	Raise NPV to $140 on Cana Double (Meter Reader)
23-Apr	HGT	Hugoton Royalty Trust	Positive Arbitration Ruling
22-Apr	RRC	Range Resources	Testing Utica (Meter Reader)
21-Apr	MTR	Mesa Royalty Trust	Underpayment Uncovered, Upside Commodity Leverage
15-Apr	COP	ConocoPhillips	Shale Upside, Exploration Promise, Dividend Strength (Meter Reader)
8-Apr	WLL	Whiting Petroleum	Fraccing by the Nanometer (Meter Reader)
25-Mar	CVE	Cenovus Energy	Oil Growth Slowed by Transit States (Meter Reader)
18-Mar	PBT	Permian Basin Royalty Trust	Rising Oil Production, Understated Income (Meter Reader)
11-Mar	LUKOY	Lukoil	Economic Opportunity in Political Risk (Meter Reader)
4-Mar	EOG	EOG Resources	Raise NPV to $220 on Shale Oil Leadership (Meter Reader)
21-Feb	PDCE	PDC Energy	Raise NPV to $75 on More Shale Oil
11-Feb	SJT	San Juan Basin Royalty Trust	Strategic Resource in a Cold Winter (Meter Reader)
4-Feb	XOM	Exxon Mobil	Largest and Strongest Oil and Gas Producer (Meter Reader)
21-Jan	RDSA	Royal Dutch Shell plc	Lower NPV to $95 on Profit Warning (Meter Reader)
17-Dec	MRO	Marathon Oil	New CEO Accelerates Shale Growth (Meter Reader)
26-Nov	DVN	Devon Energy	Acquires $6 Billion Eagle Ford Position (Meter Reader)
19-Nov	CLR	Continental Resources	High Density "Ears Back" Drilling Pace (Meter Reader)
4-Oct	NDRO	Enduro Royalty Trust	Worth Another Look after Stock Price Decline
27-Sep	WPX	WPX Energy	San Juan Basin Innovator (Income and Small Cap Weekly)
13-Sep	CRT	Cross Timbers Royalty Trust	Fracking Upside in Permian and Scoop (Income and Small Cap Weekly)
23-Jul	WOPEY	Woodside Petroleum, Ltd.	Distributing LNG Cash (Meter Reader)
21-May	IMO	Imperial Oil	Timely on Bitumen Price (Meter Reader)
30-Apr	TOT	Total	Recovery Potential (Meter Reader)
	For historical research by stock, go to mcdep.com, click on Stock Ideas, click on stock by name.		
Meter Reader			
1-Jul	COSWF	Canadian Oil Sands Ltd.	Returning to Favor
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29-Apr			Prune for Portfolio Profit
	For earlier editions, go to mcdep.com, click on Meter Reader.		
Industry Ideas			
24-Jun	DMLP, FRHLF, PBT, CRT, NDRO		Raise NPV, Trustee Approved, Permian Wells
4-Jun	PBT, CRT	Permian BRT, Cross Timbers RT	Vote Your Proxy
17-Apr	PBT, SBR, CRT, HGT		Proxy Voting Underway
9-Jan		RTF Cash Payers	Trustee Change Proposed

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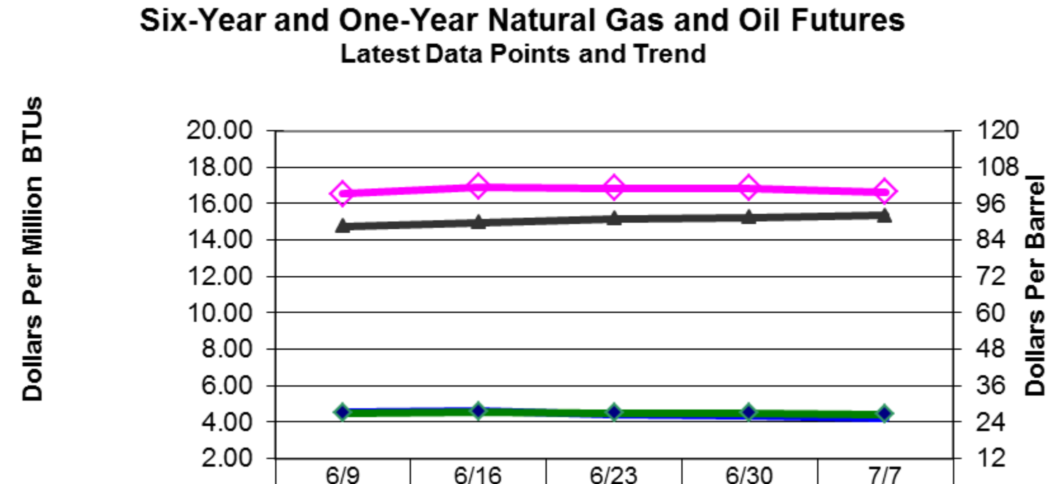

	6/9	6/16	6/23	6/30	7/7
12 Mo Natural Gas	4.53	4.62	4.41	4.35	4.19
72 Mo Natural Gas	4.51	4.58	4.51	4.49	4.43
12 Month Oil Strip	99.18	101.50	101.21	101.12	99.85
72 Month Oil Strip	88.53	89.89	90.97	91.51	92.09

Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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