

Whiting Petroleum (WLL) Kodiak Acquisition Completed

<i>Symbol</i>	WLL	<i>Ebitda Next Twelve Months ending 12/31/15 (US\$mm)</i>	2,052
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (\$/sh)</i>	32.26	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	12/8/14	<i>Adjusted Reserves/Production NTM</i>	7.3
<i>Shares (mm)</i>	170	<i>EV/Ebitda</i>	5.4
<i>Market Capitalization (\$mm)</i>	5,480	<i>PV/Ebitda</i>	10.2
<i>Debt (\$mm)</i>	5,700	<i>Undeveloped Reserves (%)</i>	46
<i>Enterprise Value (EV) (\$mm)</i>	11,180	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	32.00
<i>Present Value (PV) (\$mm)</i>	21,000	<i>Present Value Proven Reserves(\$/boe)</i>	34.70
<i>Net Present Value (\$/share)</i>	90	<i>Oil and Gas Ebitda Margin (%)</i>	63
<i>Debt/Present Value</i>	0.27	<i>Earnings Next Twelve Months (US\$/sh)</i>	0.18
<i>McDep Ratio - EV/PV</i>	0.53	<i>Price/Earnings Next Twelve Months</i>	179
<i>Dividend Yield (%/year)</i>	0.0	<i>Indicated Annual Dividend (US\$/sh)</i>	0.00
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
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 analysis of Whiting since 2009 see www.mcdep.com/4wll.htm			

Summary and Recommendation

We believe that the stock of **Whiting Petroleum (WLL)**, though sinking rapidly recently, will be a rewarding investment over the next year or two. We see a parallel in 2014 to 2008, 1998 and 1986 when oil price and oil stocks declined sharply only to recover quickly thereafter. Meanwhile, confirmed by press release on December 8, the company has completed the acquisition of Kodiak Oil & Gas. WLL may now be the largest oil producer in the Bakken/Three Forks formation of North Dakota and Montana. We think the deal is reasonable because it adds high quality central Bakken acreage likely to be profitable at low oil price. Moreover, the price of the transaction has automatically adjusted to changing market conditions because the terms were an exchange of stock and not cash or debt for Kodiak shares. Yet, WLL stock price is less than half its value when the deal was struck. Of course, the decline might not be over yet. That is a risk the diversified McDep portfolio would withstand as rebuilding of oil positions is undertaken gradually. Moreover, the risk is almost entirely price as operations remain cash positive. In 2009, for example, Whiting continued to generate a 57% cash flow margin on a composite price of \$45 a barrel oil equivalent (see chart [Ebitda Margin](#) on page 2). Some projects may be cut back temporarily as in the Niobrara where some well rates are less than a thousand barrels daily, but not in those like the Tarpon Pad where rates ranged from 5,000–8,000 barrels daily (see list [Third Quarter Achievements](#) on page 2). Folding Kodiak into our analysis we see our estimated value in line with cash flow for 2015 and adjusted reserve life (see tables [Present Value](#) and [Operating and Financial Estimates](#) on pages 3). Whiting's McDep Ratio of 0.53 and unlevered cash flow multiple (EV/Ebitda) of 5.5 both appear low (see [Tables 1-4](#) on pages 4-7).

Kurt H. Wulff, CFA



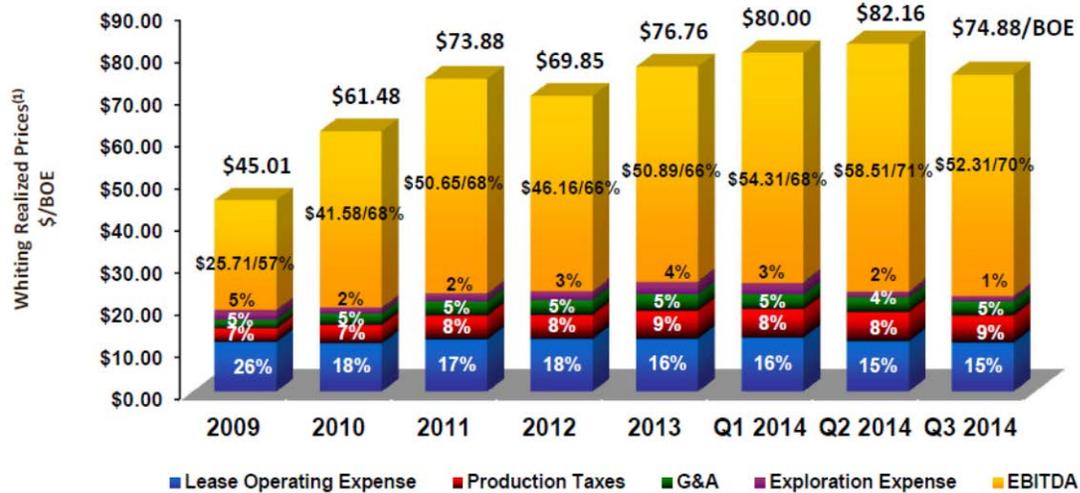
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A Weekly Analysis of Oil and Gas Stocks

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Consistently Delivering Strong EBITDA Margins ⁽¹⁾

Oil \$86.78/Bbl
NGL \$36.01/Bbl
Gas \$4.08/Mcf



(1) Includes hedging adjustments.

Four Significant Third Quarter 2014 Achievements

- Record Production Reaches 116,675 BOE/d in Q3 2014, up 6% over Q2 2014.
 - Record Bakken / Three Forks Production of 87,480 BOE/d, Up 33% YoY, 9% Sequentially.
- Slickwater Completions Generate Strong Initial Results.
 - Brehm 13-7H Well in Sanish Field IPs at 3,770 BOE/d on August 31, 2014.
 - Pronghorn Federal 44-11PH IPs 2,987 BOE/d on July 9, 2014.
 - Sundheim 21-27-1H Well in Missouri Breaks Field Posts 64% Greater 200-Day Cumulative Production than the Offset Well Completed Using Older Technology.
- Tarpon Pad Demonstrates Whiting Controls Sweet Spot of Williston Basin.
 - Flatland Federal 11-4HR IPs 7,120 BOE/d from the Middle Bakken on October 10, 2014.
 - Flatland Federal 11-4TFH IPs 7,824 BOE/d from Upper Three Forks on October 11, 2014.
 - Flatland Federal 11-4TFHU IPs 5,930 BOE/d from Lower Three Forks on October 12, 2014.
- Redtail Niobrara Development Area Production of 8,610 net BOE/d in Q3 2014, up 19% over Q2 2014
 - New Niobrara "C" Discovery. Razor 25B-2549 Achieved a Recent 10-Day Average Rate of 712 BOE/d.
 - New Codell/Fort Hays Discovery. Razor 25B-2551 Achieved a Recent 10-Day Average Rate of 570 BOE/d.
 - Current Production from Redtail Field has Exceeded 10,000 Net BOE/d.



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Whiting Petroleum Corporation					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$m)	R/P	Ebitda	Value	
				(US\$m)	
North American Natural Gas	113	8.0	12.4	1,400	7%
Oil	1,939	7.2	10.1	19,600	93%
	2,052	7.3	10.2	21,000	100%
Debt (US\$m)					5,700
Net Present Value (US\$m)					15,300
Shares (mm)					170
Net Present Value - Standard Estimate (US\$/sh)					90
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					89

Whiting Petroleum Corporation									
Next Twelve Months Operating and Financial Estimates									
	Q4	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next
	12/31/13	9/30/14	12/31/14	2014E	3/31/15	6/30/15	9/30/15	12/31/15	Twelve
									Months
									12/31/15
Volume									
Natural Gas (mmcf)	78	84	84	80	122	122	122	122	122
Oil (mbd)	88	103	108	99	148	155	155	163	156
Total (mb)	9.3	10.7	11.2	40.9	15.2	16.0	16.2	16.9	64
Total (mbd)	101	117	122	112	168	176	176	184	176
Price									
Henry Hub (\$/mmbtu)	3.60	4.07	4.02	4.43	3.61	3.41	3.47	3.61	3.52
Differential (\$/mmbtu)	(0.84)	(0.01)	(0.01)	(0.89)	(0.50)	(0.47)	(0.48)	(0.50)	(0.49)
Company (\$/mcf)	4.44	4.08	4.03	5.32	4.11	3.89	3.95	4.10	4.01
WTI Cushing (\$/bbl)	97.46	97.24	77.89	94.22	63.38	63.93	64.46	65.23	64.25
Differential	14.56	15.35	12.30	14.39	10.00	10.09	10.17	10.29	10.11
Company (\$/bbl)	82.89	81.89	65.60	79.82	53.38	53.84	54.29	54.94	54.14
Total (\$/bbl)	75.69	75.01	60.84	74.11	49.91	50.31	50.75	51.58	50.66
Revenue (\$mm)									
Natural Gas	32	31	31	156	45	43	44	46	179
Oil	671	774	651	2,879	711	761	776	825	3,073
Total	703	805	682	3,034	756	805	820	871	3,252
Expense									
Lease operating	116	124							
Production taxes	59	69							
General and administrative	30	37							
Total	205	230	193	853	300	300	300	300	1,200
Ebitda	498	575	489	2,181	456	505	520	571	2,052
Exploration	134	30	30	134	30	30	30	30	120
Deprec., Deplet., & Amort.	247	286	303	1,093	379	400	404	422	1,605
Other	(87)	(10)		(4)					-
Ebit	204	269	156	958	47	75	86	119	327
Interest	43	40	40	161	70	70	70	70	280
Ebt	161	229	116	797	(23)	5	16	49	47
Income Tax	56	80	41	279	(8)	2	6	17	16
Net Income (\$mm)	105	149	75	518	(15)	3	11	32	31
Per Share (\$)	0.88	1.24	0.63	4.32	(0.09)	0.02	0.06	0.19	0.18
Shares (millions)	119	120	120	120	170	170	170	170	170
Ebitda Margin	71%	71%	72%	72%	60%	63%	63%	66%	63%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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			<i>Price (US\$/sh)</i>	<i>Shares</i>	<i>Market Cap (US\$m)</i>	<i>Net Present Value (US\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
	<i>Symbol/Rating</i>		<i>8-Dec 2014</i>	<i>(mm)</i>				
	<i>B = Buy, CB (see below)</i>							
Global Integrated								
Exxon Mobil Corporation	XOM	CB	91.70	4,267	391,000	102.00	0.15	0.91
Royal Dutch Shell plc	RDS-A		65.60	3,167	208,000	95.00	0.21	0.76
Total S.A.	TOT		54.12	2,285	124,000	80.00	0.24	0.75
Chevron Corporation	CVX		106.80	1,896	203,000	150.00	0.13	0.75
Lukoil Oil Company	LUKOY	CB	44.05	776	34,200	135.00	0.07	0.37
	<i>Total or Median</i>				<i>960,000</i>		<i>0.15</i>	<i>0.75</i>
U.S. Independent								
EOG Resources, Inc.	EOG		88.19	550	48,500	110.00	0.09	0.82
Occidental Petroleum Corp.	OXY		76.11	778	59,200	100.00	0.06	0.78
ConocoPhillips	COP		65.03	1,247	81,000	100.00	0.21	0.72
Devon Energy Corporation	DVN	CB	56.60	411	23,300	100.00	0.30	0.70
Marathon Oil Corporation	MRO	CB	27.25	678	18,480	50.00	0.23	0.65
	<i>Total or Median</i>				<i>230,500</i>		<i>0.21</i>	<i>0.72</i>
Canada								
Imperial Oil Limited (30%)	IMO		42.94	255	11,000	52.00	0.17	0.86
EnCana Corporation	ECA	CB	13.44	736	9,900	30.00	0.34	0.64
Canadian Oil Sands Limited	COSWF	CB	8.73	485	4,200	20.00	0.22	0.56
Cenovus Energy Inc.	CVE		19.54	759	14,800	42.00	0.17	0.56
	<i>Total or Median</i>				<i>40,000</i>		<i>0.20</i>	<i>0.60</i>
Small Cap Independent Producers								
Cimarex Energy Company	XEC	CB	99.56	87	8,700	140.00	0.11	0.74
Range Resources	RRC	CB	55.30	166	9,200	100.00	0.18	0.63
Birchcliff Energy Ltd.	BIREF	CB	7.06	155	1,100	16.00	0.18	0.54
Whiting Petroleum Corporation	WLL	CB	32.27	170	5,500	90.00	0.27	0.53
Continental Resources (32%)	CLR	CB	33.74	119	4,000	85.00	0.16	0.50
California Resources	CRC		5.96	387	2,300	40.00	0.29	0.40
	<i>Total or Median</i>				<i>31,000</i>		<i>0.18</i>	<i>0.54</i>
RTF Cash Payers								
San Juan Basin Royalty Trust	SJT	CB	15.92	47	740	21.00	-	0.76
Dorchester Minerals, L.P.	DMLP	CB	23.11	31	710	32.00	-	0.72
Sabine Royalty Trust	SBR		41.00	15	600	64.00	-	0.64
Hugoton Royalty Trust	HGT		8.32	40	330	13.00	-	0.64
Permian Basin RT	PBT		9.90	47	460	18.00	-	0.55
Cross Timbers Royalty Trust	CRT		20.63	6	120	42.00	-	0.49
Enduro Royalty Trust	NDRO		5.50	33	180	14.00	-	0.39
	<i>Total or Median</i>				<i>3,100</i>		<i>-</i>	<i>0.64</i>

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 = Market cap and Debt to present value of oil and gas and other businesses



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Table 3									
McDep Energy Stocks									
Value Multiples and Dividend									
Ranked by EV/Ebitda									
			Price (US\$/sh)	Adjustd Resrvs/ Prod	PV/ Ebitda	EV/ Ebitda	P/E	Dividend	
	Symbol/Rating		8-Dec	NTM	NTM	NTM	NTM	NTM	
	B = Buy, CB (see below)		2014					(\$/sh)	
Global Integrated									
	Exxon Mobil Corporation	XOM	CB	91.70	14.5	9.1	8.4	17	2.76
	Chevron Corporation	CVX		106.80	9.2	9.3	7.0	17	4.28
	Total S.A.	TOT		54.12	10.5	8.7	6.6	15	3.04
	Royal Dutch Shell plc	RDS-A		65.60	10.5	8.4	6.4	15	3.76
	Lukoil Oil Company	LUKOY	CB	44.05	14.4	7.1	2.7	12	2.32
	<i>Median</i>				10.5	8.7	6.6	15	
U.S. Independent									
	EOG Resources, Inc.	EOG		88.19	7.1	9.6	7.9	23	0.67
	Devon Energy Corporation	DVN	CB	56.60	9.4	10.5	7.3	16	0.96
	Occidental Petroleum Corp.	OXY		76.11	10.6	9.2	7.1	18	2.88
	ConocoPhillips	COP		65.03	11.1	9.7	7.0	21	2.92
	Marathon Oil Corporation	MRO	CB	27.25	10.7	9.0	5.8	23	0.84
	<i>Median</i>				10.6	9.6	7.1	21	
Canada									
	Imperial Oil Limited (30%)	IMO		42.94	25.7	12.9	11.0	16	0.46
	Canadian Oil Sands Limited	COSWF	CB	8.73	19.4	17.6	9.9	157	0.71
	EnCana Corporation	ECA	CB	13.44	7.8	12.1	7.7	11	0.28
	Cenovus Energy Inc.	CVE		19.54	14.6	13.1	7.3	27	0.94
	<i>Median</i>				17.0	13.0	8.8	21	
Small Cap Independent Producers									
	Range Resources	RRC	CB	55.30	11.1	17.8	11.2	64	0.16
	Cimarex Energy Company	XEC	CB	99.56	6.0	10.0	7.4	38	0.64
	Birchcliff Energy Ltd.	BIREF	CB	7.06	12.7	11.3	6.1	20	-
	Continental Resources (32%)	CLR	CB	33.74	11.4	12.1	6.0	13	-
	Whiting Petroleum Corporation	WLL	CB	32.27	7.3	10.2	5.5	179	-
	California Resources	CRC		5.96	10.1	11.3	4.5	6	0.04
	<i>Median</i>				10.6	11.3	6.0	29	
RTF Cash Payers									
	San Juan Basin Royalty Trust	SJT	CB	15.92	10.6	19.1	14.4	16	1.01
	Dorchester Minerals, L.P.	DMLP	CB	23.11	7.8	18.9	13.7	24	1.36
	Sabine Royalty Trust	SBR		41.00	8.9	20.1	12.9	13	3.19
	Hugoton Royalty Trust	HGT		8.32	13.7	16.5	10.6	13	0.66
	Cross Timbers Royalty Trust	CRT		20.63	12.2	18.5	9.1	11	1.81
	Permian Basin RT	PBT		9.90	9.8	16.1	8.9	14	0.71
	Enduro Royalty Trust	NDRO		5.50	8.3	11.4	4.5	17	0.33
	<i>Median</i>				9.8	18.5	10.6	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 December 31, 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					
			(\$/sh)	Total					
	Symbol		8-Dec	Return	Enterprise Value/				McDep
	Rating		2014	YTD (%)	52Wk High	52Wk Low	50 Day Avg.	200 Day Avg.	Ratio
Global Integrated									
	XOM	CB	91.70	(7)	0.89	1.05	0.98	0.94	0.91
	RDS-A		65.60	(3)	0.84	1.00	0.95	0.89	0.76
	CVX		106.80	(11)	0.82	1.00	0.94	0.89	0.75
	TOT		54.12	(8)	0.80	1.01	0.95	0.88	0.75
	LUKOY	CB	44.05	(28)	0.74	1.01	0.93	0.85	0.37
	<i>Median</i>			(8)	0.82	1.01	0.95	0.89	0.75
U.S. Independent									
	COP		65.03	(4)	0.81	1.03	0.94	0.89	0.72
	DVN	CB	56.60	(8)	0.81	1.04	0.95	0.89	0.70
	EOG		88.19	6	0.76	1.11	0.94	0.88	0.82
	OXY		76.11	(14)	0.77	1.01	0.90	0.84	0.78
	MRO	CB	27.25	(21)	0.74	1.00	0.87	0.82	0.65
	<i>Median</i>			(8)	0.77	1.03	0.94	0.88	0.72
Canada									
	IMO		42.94	(2)	0.83	1.05	0.94	0.90	0.86
	ECA	CB	13.44	(25)	0.72	1.01	0.85	0.79	0.64
	CVE		19.54	(30)	0.68	1.01	0.85	0.76	0.56
	COSWF	CB	8.73	(50)	0.50	1.00	0.68	0.57	0.56
	<i>Median</i>			(27)	0.70	1.01	0.85	0.77	0.60
Small Cap Independent Producers									
	XEC	CB	99.56	(5)	0.70	1.07	0.89	0.82	0.74
	RRC	CB	55.30	(34)	0.66	1.00	0.86	0.76	0.63
	BIREF	CB	7.06	3	0.61	1.04	0.86	0.75	0.54
	WLL	CB	32.27	(48)	0.52	1.01	0.71	0.62	0.53
	CLR	CB	33.74	(40)	0.52	1.01	0.71	0.61	0.50
	CRC		5.96						0.40
	<i>Median</i>			(34)	0.61	1.01	0.86	0.75	0.54
RTF Cash Payers									
	SJT	CB	15.92	2	0.79	1.01	0.89	0.87	0.76
	HGT		8.32	23	0.69	1.17	0.91	0.87	0.64
	DMLP	CB	23.11	(5)	0.65	1.04	0.84	0.80	0.72
	SBR		41.00	(13)	0.64	1.02	0.81	0.76	0.64
	PBT		9.90	(17)	0.65	1.01	0.81	0.74	0.55
	CRT		20.63	(24)	0.54	1.03	0.76	0.66	0.49
	NDRO		5.50	(52)	0.38	1.01	0.62	0.46	0.39
	<i>Median</i>			(13)	0.65	1.02	0.81	0.76	0.64
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.									
Source: Bloomberg, Yahoo, McDep LLC									



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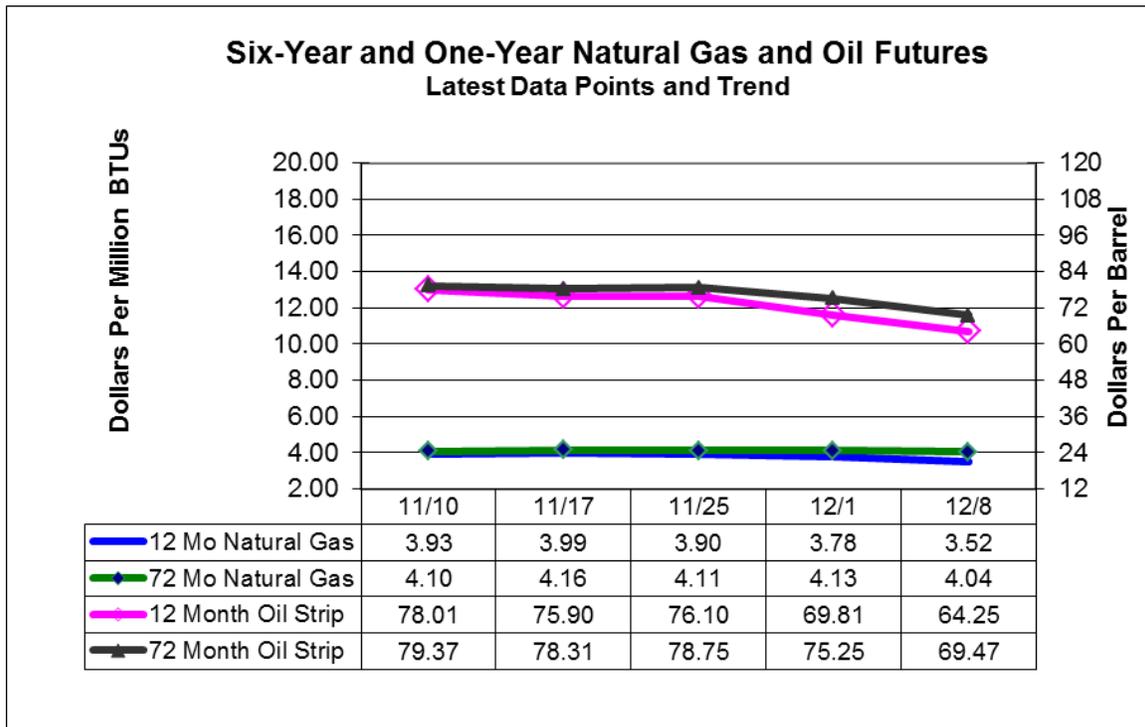
Index of Recent Research			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
Stock Ideas			
4-Dec	COSWF	Canadian Oil Sands Ltd.	Reduce NPV to C\$20, Dividend to 6%
25-Nov	COP	ConocoPhillips	Strong 4% Dividend Independent Producer
13-Nov	BIREF	Birchcliff Energy	Raise NPV to US\$16 on Alberta Natural Gas
11-Nov	COSWF	Canadian Oil Sands Ltd.	Record Monthly Production (Meter Reader)
4-Nov	CRC	California Resources Corporation	Pure Play Largest California Producer (Meter Reader)
28-Oct	CVE	Cenovus Energy	Same Stock Price, Twice the Production (Meter Reader)
21-Oct	TOT	Total	Chief Executive Dies
21-Oct	XEC	Cimarex Energy	Strong Independent Producer (Meter Reader)
14-Oct	DVN	Devon Energy	Rebalance Candidate (Meter Reader)
7-Oct	ECA	Encana Corporation	Suttles' Stamp (Meter Reader)
23-Sep	CLR	Continental Resources	Raise NPV to \$85 on 29% Growth (Meter Reader)
16-Sep	RDSA	Royal Dutch Shell plc	Ben's Growth Strategy (Meter Reader)
9-Sep	EOG	EOG Resources	Mr. Shale (Meter Reader)
2-Sep	LUKOY	Lukoil	Oil under Uncertainty (Meter Reader)
26-Aug	SJT	San Juan Basin Royalty Trust	Income and Shale (Meter Reader)
8-Aug	DMLP	Dorchester Minerals, L.P.	Robust Bakken and Permian Oil Growth
5-Aug	XOM	Exxon Mobil	Shale Oil Minerals (Meter Reader)
30-Jul	RRC	Range Resources	Transportation and Processing Lagging Fraccing
22-Jul	MRO	Marathon Oil	Frac Shale Oil, Sell Norway (Meter Reader)
15-Jul	WLL	Whiting Petroleum	Agrees to Acquire Kodiak Oil & Gas (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)
27-May	CVX	Chevron	Oil Price Turns Up (Meter Reader)
23-Apr	HGT	Hugoton Royalty Trust	Positive Arbitration Ruling
21-Apr	MTR	Mesa Royalty Trust	Underpayment Uncovered, Upside Commodity Leverage
18-Mar	PBT	Permian Basin Royalty Trust	Rising Oil Production, Understated Income (Meter Reader)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
2-Dec			Rebuild Oil and Gas Positions
25-Nov	COP	ConocoPhillips	Strong 4% Dividend Independent Producer
18-Nov	DMLP, SJT	RTF (Royalty Trust Fund)	DMLP, SJT and the RTF - High Income without Debt
11-Nov	COSWF	Canadian Oil Sands Ltd.	Record Monthly Production
4-Nov	CRC	California Resources Corporation	Pure Play Largest California Producer
28-Oct	CVE	Cenovus Energy	Same Stock Price, Twice the Production
21-Oct	XEC	Cimarex Energy	Strong Independent Producer
14-Oct	DVN	Devon Energy	Rebalance Candidate
7-Oct	ECA	Encana Corporation	Suttles' Stamp
30-Sep		RTF (Royalty Trust Fund)	Current Income and Future Fraccing
23-Sep	CLR	Continental Resources	Raise NPV to \$85 on 29% Growth
16-Sep	RDSA	Royal Dutch Shell plc	Ben's Growth Strategy
9-Sep	EOG	EOG Resources	Mr. Shale
2-Sep	LUKOY	Lukoil	Oil under Uncertainty
26-Aug	SJT	San Juan Basin Royalty Trust	Income and Shale
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18-Nov	DMLP, SJT	RTF (Royalty Trust Fund)	DMLP, SJT and the RTF - High Income without Debt (Meter Reader)
30-Sep		RTF (Royalty Trust Fund)	Current Income and Future Fraccing



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A Weekly Analysis of Oil and Gas Stocks

December 9, 2014



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