



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

Devon Energy (DVN)

Shale Oil Excitement at a Favorite Value Stock

<i>Symbol</i>	DVN	<i>Ebitda Next Twelve Months ending 3/31/13 (US\$mm)</i>	6,600
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	24
<i>Price (\$/sh)</i>	70.29	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	4/9/12	<i>Adjusted Reserves/Production NTM</i>	10.1
<i>Shares (mm)</i>	405	<i>EV/Ebitda</i>	5.4
<i>Market Capitalization (\$mm)</i>	28,500	<i>PV/Ebitda</i>	7.4
<i>Debt (\$mm)</i>	7,200	<i>Undeveloped Reserves (%)</i>	26
<i>Enterprise Value (EV) (\$mm)</i>	35,700	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	25.50
<i>Present Value (PV) (\$mm)</i>	48,500	<i>Present Value Proven Reserves(\$/boe)</i>	16.10
<i>Net Present Value (\$/share)</i>	102	<i>Present Value Proven Reserves(\$/mcf)</i>	2.70
<i>Debt/Present Value</i>	0.15	<i>Earnings Next Twelve Months (US\$/sh)</i>	6.98
<i>McDep Ratio - EV/PV</i>	0.74	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	1.1	<i>Indicated Annual Dividend (US\$/sh)</i>	0.80
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\$100 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

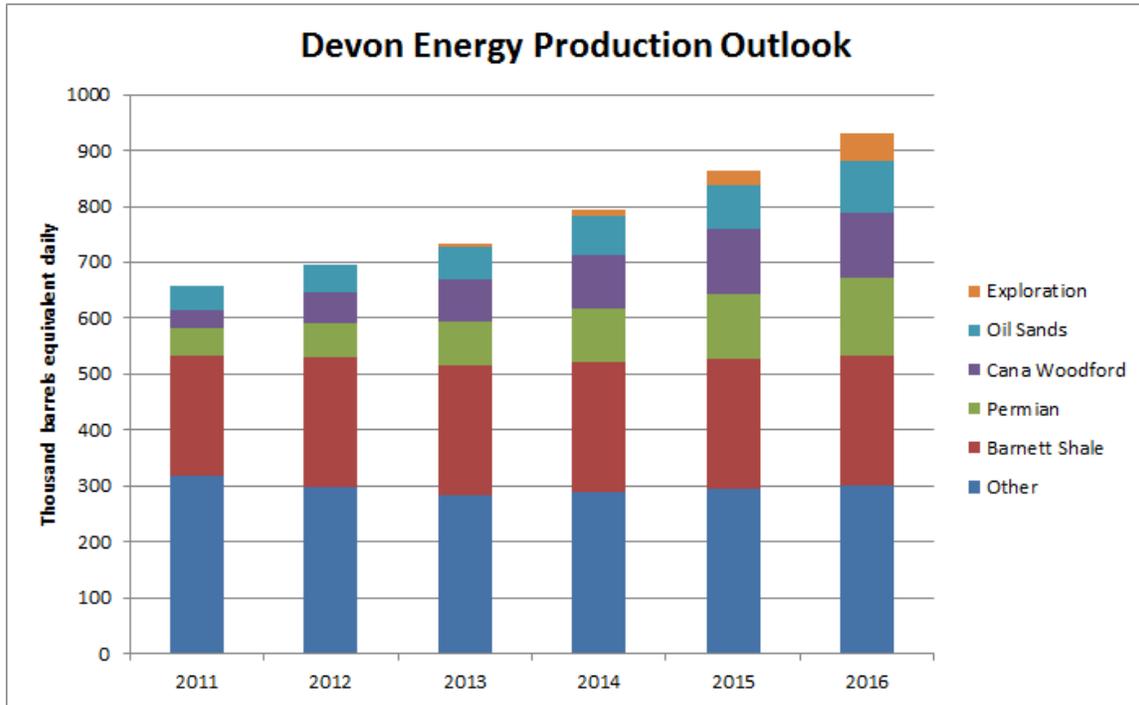
Buy-recommended **Devon Energy (DVN)**'s value appeal at a McDep Ratio of 0.74 becomes more exciting with increasing shale oil growth appeal. Management laid out details behind a new forecast of 7% a year growth in volume at a meeting with analysts in Houston on April 4 (see chart [Production Outlook](#) on page 2). A stronger volume trend points to a future upward revision in Net Present Value (NPV) as suggested by a wide gap between our estimate of \$102 and the higher number indicated by a linear approximation that depends on cash flow multiple and reserve life (see table [Functional Cash Flow and Present Value](#) on page 2). A complete shift of growth to liquids from natural gas is already showing up in recent and future quarterly results (see table [NTM Operating and Financial Estimates](#) on page 3). The largest single source of incremental U.S. oil production may ultimately be the most prolific historical producing area, the Permian Basin, where DVN is the most active horizontal driller and the second largest landholder among independent producers. Once criticized by academic naysayers for drilling too many "uneconomic" oil wells, U.S. producers now find those old wells to be a wealth of data on shale formations. As one example, Devon engineers and geoscientists have performed the detailed analysis of old data to uncover a whole new commercial oil frontier in the "Cline" shale of West Texas. It looks to us like the company is on the way to being an industry leader in shale oil just as it has done in shale gas with the largest position in the first commercial field, the Barnett. Helping the valuation case for DVN, McDep Ratio is low and debt is low (see [Table 1](#) and [Table 2](#) on pages 4 and 5), cash flow multiple (EV/Ebitda) is low relative to reserve life (see [Table 3](#) on page 6) and stock price is trending up compared to the 200-day average (see [Table 4](#) on page 7).

Kurt H. Wulff, CFA



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks
April 10, 2012



Devon Energy					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	1,590	10.5	15.7	25,000	52%
Oil	5,000	9.4	4.7	23,500	48%
	6,590	10.1	7.4	48,500	100%
Debt (US\$mm)					7,200
Net Present Value (US\$mm)					41,300
Shares (mm)					405
Net Present Value - Standard Estimate (US\$/sh)					102
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					127



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

Devon Energy									
Next Twelve Months Operating and Financial Results									
									<i>Next Twelve Months</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Year</i>	<i>Q1E</i>	
	<i>3/31/11</i>	<i>12/31/11</i>	<i>2011</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>9/30/12</i>	<i>2012E</i>	<i>3/31/13</i>	<i>3/31/13</i>
Volume									
Natural Gas (mmcf)									
U.S.	1,964	2,085	2,027	2,054	2,023	1,993	2,008	1,933	1,978
Canada	569	571	583	562	554	546	550	529	542
Total	2,533	2,656	2,610	2,616	2,577	2,538	2,565	2,463	2,520
Oil (mbd)	207	238	223	252	266	281	274	314	289
Total gas & oil (mmboe)	57	63	240	63	63	65	256	65	259
Total gas & oil (mboed)	629	681	658	688	695	704	700	724	709
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	4.11	3.55	4.04	2.73	2.17	2.42	2.55	3.35	2.70
U.S.	3.50	3.08	3.51	2.37	1.89	2.10	2.21	2.91	2.34
Canada	4.03	3.45	3.87	2.65	2.11	2.35	2.47	3.26	2.62
Total	3.62	3.16	3.59	2.43	1.94	2.16	2.27	2.99	2.40
Oil (\$/bbl)									
WTI Cushing	94.10	94.06	95.12	102.93	102.68	104.03	103.64	105.13	104.19
Worldwide	55.71	59.48	59.46	65.09	64.93	65.78	65.57	66.48	65.92
Total gas & oil (\$/mcf)	5.48	5.52	5.73	5.51	5.33	5.67	5.66	6.50	5.90
Revenue (\$mm)									
Natural Gas									
U.S.	619	591	2,598	443	348	386	1,625	507	1,689
Canada	206	181	825	136	106	118	498	155	517
Total	825	772	3,422	578	454	504	2,123	662	2,206
Oil	1,038	1,302	4,838	1,490	1,571	1,701	6,576	1,879	6,965
Total	1,863	2,074	8,260	2,069	2,025	2,205	8,698	2,541	9,171
Expense									
	540	635	2,318	582	570	620	2,447	715	2,580
Ebitda (\$mm)	1,323	1,439	5,942	1,487	1,456	1,585	6,252	1,826	6,591
Deprec., Deplet., & Amort.	529	626	2,294	626	626	626	2,504	626	2,504
Hedging and other	(174)	(234)	(652)	(200)	(222)	(132)	(588)	(200)	(588)
Ebit	967	1,048	4,300	1,061	1,051	1,090	4,335	1,400	4,675
Interest	81	82	352	82	82	82	328	82	328
Ebt	886	966	3,948	979	969	1,008	4,007	1,318	4,347
Income Tax	310	338	1,382	343	339	353	1,403	461	1,521
Net Income (\$mm)	576	628	2,566	636	630	656	2,605	857	2,825
Shares (millions)	430	405	418	405	405	405	405	405	405
Per Share (\$)	1.34	1.55	6.14	1.57	1.56	1.62	6.43	2.12	6.98
Ebitda Margin	71%	69%	72%	72%	72%	72%	72%	72%	72%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

McDep Large Cap Energy Stocks								
Net Present Value and McDep Ratio								
			<i>Price</i>			<i>Net</i>		
			<i>(US\$/sh)</i>		<i>Market</i>	<i>Present</i>	<i>Debt/</i>	
	<i>Symbol/Rating</i>		<i>9-Apr</i>	<i>Shares</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
	B = Buy, CB (see below)		<i>2012</i>	<i>(mm)</i>	<i>(US\$mm)</i>	<i>(US\$/sh)</i>	<i>Value</i>	<i>Ratio</i>
U.S. and Europe Integrated								
BG Group plc	BRGXF		22.40	3,415	76,500	25.00	0.17	0.91
Exxon Mobil Corporation	XOM	B	83.88	4,775	401,000	110.00	0.13	0.79
Royal Dutch Shell plc	RDS-A	CB	68.67	3,121	214,000	102.00	0.17	0.73
Statoil ASA (33%)	STO	B	26.11	1,050	27,400	44.00	0.23	0.69
Chevron Corporation	CVX	B	103.49	1,987	206,000	170.00	0.08	0.64
BP plc	BP		43.26	3,203	139,000	84.00	0.24	0.63
Total S.A.	TOT	CB	49.84	2,264	113,000	100.00	0.16	0.58
	<i>Total or Median</i>				<i>1,177,000</i>		<i>0.17</i>	<i>0.69</i>
Brazil/Russia/Australia/China								
Woodside Petroleum Ltd.	WOPEY		35.80	797	28,500	45.00	0.17	0.83
CNOOC Limited (36%)	CEO		200.60	162	32,400	250.00	0.01	0.80
PetroChina Company Ltd (14%)	PTR	B	139.84	256	35,800	210.00	0.19	0.73
Petrobras	PBR	CB	24.91	6,473	161,200	62.00	0.15	0.49
Gazprom (50%)	OGZPY	B	12.06	5,750	69,300	28.00	0.09	0.48
Lukoil Oil Company	LUKOY	B	60.33	809	48,800	150.00	0.02	0.41
	<i>Total or Median</i>				<i>376,000</i>		<i>0.12</i>	<i>0.61</i>
U.S. Independent								
Anadarko Petroleum Corp.	APC		75.83	498	37,800	86.00	0.30	0.92
EOG Resources, Inc.	EOG	B	107.44	270	29,000	120.00	0.14	0.91
Chesapeake Energy Corp.	CHK		21.47	750	16,100	27.00	0.47	0.89
Occidental Petroleum Corp.	OXY	CB	91.38	812	74,200	120.00	0.08	0.78
Southwestern Energy Company	SWN		29.03	350	10,200	40.00	0.10	0.75
Devon Energy Corporation	DVN	B	70.29	405	28,500	102.00	0.15	0.74
ConocoPhillips	COP	B	75.05	1,306	98,000	114.00	0.23	0.74
Marathon Oil Corporation	MRO	B	30.14	707	21,310	54.00	0.19	0.64
	<i>Total or Median</i>				<i>315,100</i>		<i>0.17</i>	<i>0.77</i>
Canada								
Cenovus Energy Inc.	CVE	CB	34.01	758	25,800	48.00	0.17	0.76
Penn West Exploration	PWE		17.68	471	9,300	30.00	0.24	0.74
Imperial Oil Limited (30%)	IMO	B	43.79	256	11,200	62.00	0.11	0.74
EnCana Corporation	ECA	CB	18.57	739	13,700	37.00	0.25	0.63
Suncor Energy	SU	CB	30.42	1,572	47,800	64.00	0.13	0.54
Canadian Oil Sands Limited	COSWF	CB	20.48	485	9,900	52.00	0.08	0.44
	<i>Total or Median</i>				<i>118,000</i>		<i>0.15</i>	<i>0.68</i>

CB=Contrarian Buy, Stock Price may in downtrend compared to 200-day average.
 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\$100 a barrel and natural gas, \$6 a million btu.



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

			<i>Price</i> <i>(US\$/sh)</i>	<i>Adjustd</i> <i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
	<i>Symbol/Rating</i>		<i>9-Apr</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	B = Buy, CB (see below)		<i>2012</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
U.S. and Europe Integrated								
BG Group plc	BRGXF		22.40	17.0	9.0	8.2	14	1.1
Exxon Mobil Corporation	XOM	B	83.88	12.8	7.2	5.7	9	2.2
Royal Dutch Shell plc	RDS-A	CB	68.67	10.2	6.6	4.8	8	5.0
BP plc	BP		43.26	10.9	7.1	4.5	6	3.9
Statoil ASA (33%)	STO	B	26.11	6.5	6.0	4.1	7	4.2
Chevron Corporation	CVX	B	103.49	9.1	6.4	4.1	7	3.1
Total S.A.	TOT	CB	49.84	10.2	6.8	3.9	6	6.1
	<i>Median</i>			<i>10.2</i>	<i>6.8</i>	<i>4.5</i>	<i>7</i>	<i>3.9</i>
Brazil/Russia/Australia/China								
Woodside Petroleum Ltd.	WOPEY		35.80	15.2	8.1	6.8	10	3.1
PetroChina Company Ltd (14%)	PTR	B	139.84	13.2	6.5	4.7	8	3.7
Petrobras	PBR	CB	24.91	13.2	9.3	4.6	6	4.1
CNOOC Limited (36%)	CEO		200.60	6.9	4.8	3.9	6	3.2
Gazprom (50%)	OGZPY	B	12.06	30.2	5.7	2.8	4	4.8
Lukoil Oil Company	LUKOY	B	60.33	16.6	5.4	2.2	4	3.3
	<i>Median</i>			<i>14.2</i>	<i>6.1</i>	<i>4.2</i>	<i>6</i>	<i>3.5</i>
U.S. Independent								
Southwestern Energy Company	SWN		29.03	8.0	15.4	11.6	18	-
Chesapeake Energy Corp.	CHK		21.47	10.0	9.0	8.1	9	1.6
Anadarko Petroleum Corp.	APC		75.83	8.7	7.1	6.5	21	0.5
EOG Resources, Inc.	EOG	B	107.44	9.4	6.2	5.7	17	0.6
Devon Energy Corporation	DVN	B	70.29	10.1	7.4	5.4	10	1.1
ConocoPhillips	COP	B	75.05	12.3	6.9	5.1	8	3.5
Occidental Petroleum Corp.	OXY	CB	91.38	10.2	6.2	4.8	9	2.4
Marathon Oil Corporation	MRO	B	30.14	10.7	6.2	4.0	7	2.3
	<i>Median</i>			<i>10.0</i>	<i>7.0</i>	<i>5.5</i>	<i>9</i>	<i>1.4</i>
Canada								
EnCana Corporation	ECA	CB	18.57	8.7	15.3	9.6	59	4.3
Cenovus Energy Inc.	CVE	CB	34.01	13.6	10.7	8.1	22	2.6
Imperial Oil Limited (30%)	IMO	B	43.79	40.2	9.9	7.3	9	1.1
Penn West Exploration	PWE		17.68	7.2	9.2	6.8	12	6.2
Canadian Oil Sands Limited	COSWF	CB	20.48	20.9	11.7	5.1	7	5.9
Suncor Energy	SU	CB	30.42	16.2	8.3	4.5	7	1.5
	<i>Median</i>			<i>14.9</i>	<i>10.3</i>	<i>7.0</i>	<i>11</i>	<i>3.5</i>
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 March 31, 2013; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

	Symbol	Rating	Price	Enterprise Value/				McDep
			(\$/sh)	9-Apr	52Wk	52Wk	50 Day	
			2012	High	Low	Avg.	Avg.	
U.S. and Europe Integrated								
Exxon Mobil Corporation	XOM	B	83.88	0.96	1.20	0.98	1.04	0.79
Statoil ASA (33%)	STO	B	26.11	0.92	1.18	0.97	1.03	0.69
BG Group plc	BRGXF		22.40	0.88	1.22	0.96	1.02	0.91
BP plc	BP		43.26	0.93	1.16	0.96	1.01	0.63
Chevron Corporation	CVX	B	103.49	0.93	1.17	0.97	1.00	0.64
Royal Dutch Shell plc	RDS-A	CB	68.67	0.91	1.14	0.97	0.99	0.73
Total S.A.	TOT	CB	49.84	0.82	1.17	0.94	0.98	0.58
	<i>Median</i>			<i>0.92</i>	<i>1.17</i>	<i>0.97</i>	<i>1.01</i>	<i>0.69</i>
Brazil/Russia/Australia/China								
Lukoil Oil Company	LUKOY	B	60.33	0.84	1.29	0.97	1.03	0.41
PetroChina Company Ltd (14%)	PTR	B	139.84	0.91	1.18	0.96	1.03	0.73
CNOOC Limited (36%)	CEO		200.60	0.76	1.42	0.93	1.01	0.80
Gazprom (50%)	OGZPY	B	12.06	0.74	1.30	0.95	1.00	0.48
Woodside Petroleum Ltd.	WOPEY		35.80	0.73	1.17	0.96	0.98	0.83
Petrobras	PBR	CB	24.91	0.70	1.13	0.90	0.92	0.49
	<i>Median</i>			<i>0.75</i>	<i>1.23</i>	<i>0.96</i>	<i>1.01</i>	<i>0.61</i>
U.S. Independent								
EOG Resources, Inc.	EOG	B	107.44	0.91	1.47	0.96	1.07	0.91
Marathon Oil Corporation	MRO	B	30.14	0.89	1.47	0.96	1.07	0.64
ConocoPhillips	COP	B	75.05	0.94	1.18	1.00	1.04	0.74
Devon Energy Corporation	DVN	B	70.29	0.81	1.29	1.00	1.03	0.74
Anadarko Petroleum Corp.	APC		75.83	0.90	1.20	0.94	0.99	0.92
Occidental Petroleum Corp.	OXY	CB	91.38	0.79	1.33	0.92	0.98	0.78
Chesapeake Energy Corp.	CHK		21.47	0.76	1.02	0.95	0.90	0.89
Southwestern Energy Company	SWN		29.03	0.62	1.02	0.90	0.81	0.75
	<i>Median</i>			<i>0.85</i>	<i>1.24</i>	<i>0.96</i>	<i>1.01</i>	<i>0.77</i>
Canada								
Imperial Oil Limited (30%)	IMO	B	43.79	0.82	1.29	0.95	1.01	0.74
Penn West Exploration	PWE		17.68	0.78	1.33	0.96	1.01	0.74
Cenovus Energy Inc.	CVE	CB	34.01	0.87	1.19	0.93	0.98	0.76
Suncor Energy	SU	CB	30.42	0.71	1.25	0.91	0.95	0.54
Canadian Oil Sands Limited	COSWF	CB	20.39	0.62	1.16	0.91	0.90	0.44
EnCana Corporation	ECA	CB	18.57	0.65	1.05	0.96	0.90	0.63
	<i>Median</i>			<i>0.74</i>	<i>1.22</i>	<i>0.94</i>	<i>0.96</i>	<i>0.68</i>

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



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012

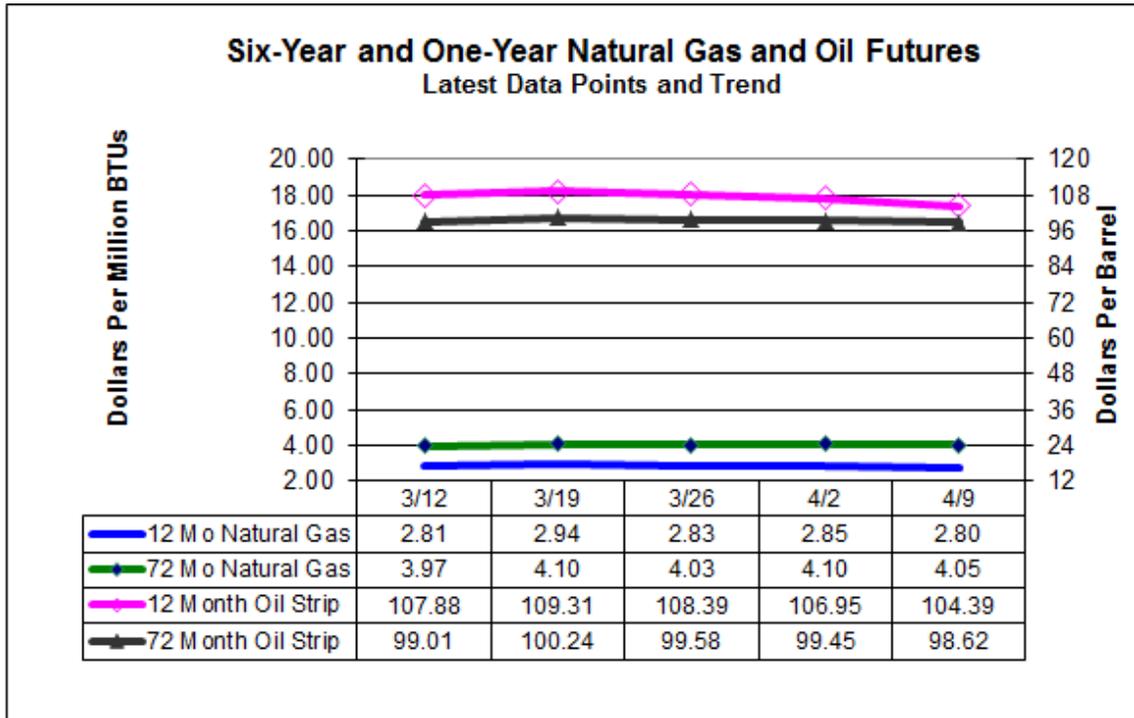
Index of Recent Research			
Date	Symbol	Subject	Theme
Stock Ideas			
6-Apr	SJT, HGT, NDRO, MTR		Enduring Energy in Bottom Line Royalty Trusts (ISCW)
3-Apr	PTR	PetroChina	Global Growth in Oil and Gas (Meter Reader)
30-Mar	BIREF,XEC,PETD,RRR,WLL		Independents Delivering Growth (ISCW)
27-Mar	IMO,COSWF	Imperial, Canadian Oil Sands Ltd.	Optimism on Kearn and Syncrude (Meter Reader)
23-Mar	CRT,HGT,MTR,PEYUF,SJT		Gut Check on Natural Gas (ISCW)
20-Mar	CVX	Chevron	Investing in Australian LNG for Growth (Meter Reader)
13-Mar	XOM	Exxon Mobil	Renewable Energy Cash Flow (Meter Reader)
9-Mar	BRY, DNR, WLL, FRHLF, LGCY		Vote for Oil (Income and Small Cap Weekly)
6-Mar	IMO	Imperial Oil	Kearn Startup Late This Year (Meter Reader)
2-Mar	DMLP	Dorchester Minerals, L.P.	Fourth Quarter Production Up 42% (Income and Small Cap Wkly)
28-Feb	COP	ConocoPhillips	Shale Oil Growth with Alaska Upside (Meter Reader)
24-Feb	BIREF	Birchcliff Energy	Reserves Up 37% in 2011 (Income and Small Cap Weekly)
20-Feb	OGZPY	Gazprom	Dividend Double Expected (Meter Reader)
17-Feb	XEC	Cimarex Energy	Permian Payoff (ISCW)
13-Feb	TOT	Total	Sharpening Competitive Edge (Meter Reader)
3-Feb	CRT	Cross Timbers Royalty Trust	Firm Oil Balances Soft Natural Gas (ISCW)
2-Feb	COSWF	Canadian Oil Sands Limited	Possible Year of High Volume Ahead
31-Jan	OXY	Occidental Petroleum	Delivering U.S. Oil Results (Meter Reader)
27-Jan	PETD	PDC Energy	Raise NPV to \$40 from \$36 on Reserves and Production (ISCW)
24-Jan	SU	Suncor Energy	Oil as a Political Weapon against Canada (Meter Reader)
20-Jan	ERF	Enerplus Corporation	Timlier on Equity Offering Discount (ISCW)
17-Jan	MRO	Marathon Oil	Oil Resources and Shale Growth (Meter Reader)
6-Jan	RRR	Range Resources	Rediscovered Mississippian Oil (Income and Small Cap Weekly)
3-Jan	DVN, TOT, CHK	Devon Energy, Total S.A.	Shale Deals (Meter Reader)
29-Nov	LUKOY, OGZPY	Lukoil, Gazprom	Oil and Gas Undervalued in Russian Stocks (Meter Reader)
23-Nov	WLL	Whiting Petroleum	North Dakota Shale Oil (Income and Small Cap Weekly)
15-Nov	CVE, IMO, SU, COSWF		Buy Canadian Oil on U.S. Presidential Disappointment (MR)
8-Nov	DVN, EOG, OXY, MRO		U.S. Independent Shale Buys (Meter Reader)
1-Nov	RDS	Royal Dutch Shell plc	Raise NPV to \$102 from \$96 on Reappearing Luster (MR)
25-Oct	ECA, PBR	Encana, Petrobras	Most Out-of-Favor Buys (Meter Reader)
18-Oct	APC, BP	Anadarko Petroleum, BP plc	Settle Oil Spill Dispute (Meter Reader)
3-Oct	STO	Statoil	Giant North Sea Oil Discovery (Meter Reader)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
3-Apr	PTR	PetroChina	Global Growth in Oil and Gas
27-Mar	IMO,COSWF	Imperial, Canadian Oil Sands Ltd.	Optimism on Kearn and Syncrude
20-Mar	CVX	Chevron	Investing in Australian LNG for Growth
13-Mar	XOM	ExxonMobil	Renewable Energy Cash Flow
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
6-Apr	SJT, HGT, NDRO, MTR		Enduring Energy in Bottom Line Royalty Trusts
30-Mar	BIREF,XEC,PETD,RRR,WLL		Independents Delivering Growth
23-Mar	CRT,HGT,MTR,PEYUF,SJT		Gut Check on Natural Gas
16-Mar			Bullish for U.S. Economic Growth
For earlier editions, go to mcdep.com , click on Energy Income .			



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 10, 2012



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.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

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