



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 5, 2012

Woodside Petroleum Ltd. (WOPEY) Pluto LNG Delivering

| | | | |
|---|--------|--|-------|
| <i>Symbol</i> | WOPEY | <i>Ebitda Next Twelve Months ending 6/30/13 (US\$mm)</i> | 4,800 |
| <i>Rating</i> | | <i>North American Natural Gas/Ebitda (%)</i> | 0 |
| <i>Price (US\$/sh)</i> | 30.34 | <i>Natural Gas and Oil Production/Ebitda (%)</i> | 100 |
| <i>Pricing Date</i> | 6/4/12 | <i>Adjusted Reserves/Production NTM</i> | 13.2 |
| <i>Shares (mm)</i> | 797 | <i>EV/Ebitda</i> | 6.6 |
| <i>Market Capitalization (US\$mm)</i> | 24,200 | <i>PV/Ebitda</i> | 9.0 |
| <i>Debt (US\$mm)</i> | 7,500 | <i>Undeveloped Reserves (%)</i> | 0 |
| <i>Enterprise Value (EV) (US\$mm)</i> | 31,700 | <i>Natural Gas and Oil Ebitda (US\$/boe)</i> | 51.76 |
| <i>Present Value (PV) (US\$mm)</i> | 43,400 | <i>Present Value /Proven Reserves(US\$/boe)</i> | 35.11 |
| <i>Net Present Value (US\$/share)</i> | 45 | <i>Present Value/ Proven Reserves(US\$/mcf)</i> | 5.85 |
| <i>Debt/Present Value</i> | 0.17 | <i>Earnings Next Twelve Months (US\$/sh)</i> | 3.08 |
| <i>McDep Ratio - EV/PV</i> | 0.73 | <i>Price/Earnings Next Twelve Months</i> | 10 |
| <i>Dividend Yield (%/year)</i> | 3.6 | <i>Indicated Annual Dividend (US\$/sh)</i> | 1.10 |
| 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\$100 a barrel | | | |
| For historical analysis of Woodside Petroleum since 2009 see www.mcdep.com/3wopey.htm | | | |

Summary and Recommendation

Notwithstanding volatile global financial markets, the common stock of Woodside Petroleum Ltd. (WOPEY) becomes more appealing with the successful startup of the Pluto liquefied natural gas plant, which would boost oil and gas volume 40% for the independent oil and gas producer. Having just shipped its third cargo, the plant appeared to be operating smoothly as we strolled through it in Karratha, Western Australia on May 29. The more than one-third increase in cash flow (Ebitda) we project despite lower oil futures price strengthens the credibility of our estimate of Net Present Value (NPV) of \$45 a share (see tables [Half-Year Financial Results](#) and [Quarterly Operations](#) on page 4). Meanwhile, McDep Ratio has declined to 0.73 from 0.83 in late April (see *Meter Reader*, [Woodside](#), April 24, 2012). More broadly the company offers a unique combination of major oil quality assets and technology in deep water production and LNG opportunity along with independent size and corporate structure all under new Exxon-trained management. Naturally, there are risks of execution, reinvestment, and oil and gas pricing.

Known as the Australian LNG Company

Woodside operates six of the seven LNG trains (connected chains of compression, heat exchange and distillation equipment) operating in Australia – Pluto (90% owned) and five trains in the next door Karratha Plant (16% owned) for the Northwest Shelf Project. The oldest train has been operating for 28 years and will have its life extended after refurbishment. We were first interested in covering the company for its participation in the rapidly growing LNG market. Normally, LNG is a major oil company activity because of its requirement for large capital



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outlays along with specialized technology and project management skills. In Woodside, investors can make a more concentrated investment in energy growth.

Less Known as a Deep Water Oil and Gas Producer

Like LNG, Deep Water is also the province of major oil companies, primarily. Yet, Woodside operates five offshore platforms, four floating production and storage and offloading vessels (FPSO) for oil and 70 subsea wellheads. The experience leads to increasingly sophisticated and productive results. The offshore platform for Pluto is unmanned and is operated remotely from 120 miles away by the same skilled persons controlling the valves at the Pluto LNG plant. All of Pluto's two billion cubic feet daily of input is produced from just four giant natural gas wells, each moving as much as hundreds of typical onshore wells.

Management to Meet the Challenge

Major oil company opportunity requires major oil company management skill. When Woodside was having trouble meeting the budget and timetable for Pluto, the company recruited a new chief executive from ExxonMobil. Mr. Peter Coleman's experience at the global giant included senior responsibility for worldwide projects after his prior years with Esso Australia. At least six of eleven top managers presenting to analysts in Perth on May 28 have previous experience with ExxonMobil.

Allocating Cash Flow to Growth, Dividends, Stock Repurchase and Debt Repayment

Once a capital intensive project like an LNG train starts operating, it returns large amounts of cash flow for a long time. Woodside allocates about \$900 million a year to pay a cash dividend that yields 3.6% at the current stock price. That leaves \$2.5 billion after tax for growth if attractive opportunities can be found or to be applied to stock repurchase or debt repayment. Development projects around existing operations are usually attractive investments and Woodside has two underway around the North West Shelf production. Next a Final Investment Decision (FID) may be made next year on the Browse LNG project also in Western Australia. Sunrise LNG in the Timor Sea continues to be under discussion.

Mr. Coleman and his colleagues have some creative ideas to take Woodside's major oil company skill in LNG and Deep Water production to partners who want those skills and may not want to ally with a giant corporation. For example, a partnership with an Israeli company to explore and develop offshore natural gas in the Eastern Mediterranean may be underway. Mr. Coleman is especially interested in working further with Mitsui and Mitsubishi who are investing \$2 billion in Woodside's Browse venture.

If reinvestment is not managed well, a company like Woodside would better serve its stockholders with higher dividends and stock repurchase, which would let investors decide on where to reinvest. Woodside management may not know more than investors about the outlook



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for commodity price and general economic and business conditions. Yet, a capable management with the strong credentials of the Woodside team seems positioned to identify and execute high return projects especially suited to an independent company with major oil company skills.

Global Growth with Low Home Country Political Risk

Though not without problems, Australia has among the lowest political risk of countries around the world. Since we don't explicitly adjust our valuation for political risk, Woodside's higher McDep Ratio than for most non-U.S. companies probably reflects investor's relative comfort with the political stability of the country. Australia is among the U.S.'s greatest friends and a place where visiting Americans can feel at home.

Outlook for LNG Pricing

Woodside receives a price for its natural gas, mostly LNG, some four times that for U.S. natural gas. Competition could narrow that difference, but it may take some years before competition can become effective. Pluto is one of only two new plants in the world starting up in 2012, apparently.

The next new LNG plant in the northwest of the country may be Chevron's Gorgon project. From an aerial perspective we saw construction underway, carefully confined to a limited area on environmentally sensitive Barrow Island.

Meanwhile, across the continent in the northeast a new LNG industry using coal seam gas is rising in Queensland. At the port city of Gladstone we checked the progress of three LNG plants under construction on Curtis Island adjacent to each other and to the site of a fourth potential facility. Though the pace of expansion may be rapid, LNG's share of energy in China can readily expand from less than 1% compared to coal at some 80%. Already the largest customer for LNG, Japan is looking for more as the preferred substitute to nuclear, now in disrepute.

Strong Value, Low-Debt, Attractive Income, Price Trend for Contrarians

Comparative long-term values for oil and gas producers anywhere in our coverage are more attractive as measured by lower McDep Ratios after recent stock market declines (see [Table 1](#) on page 5). Woodside's 0.17 Debt/Present Value signifies financial strength with low exposure to restrictions from lenders (see [Table 2](#) on page 6). Dividend income from most producers beats a negative real return on the U.S. 10-year inflation protected security (see [Table 3](#) on page 7). Every stock in Meter Reader coverage trades below its 200-day average; a potentially negative sign for investors who fear further declines and a potentially positive sign for investors with a long-term outlook and a portfolio perspective (see [Table 4](#) on page 8).

Kurt H. Wulff, CFA



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| Woodside Petroleum Ltd. | | | | | | | | | |
|----------------------------------|-------|---------|----------|-------|---------|----------|-------|---------|-----------------|
| Half-Year Financial Results | | | | | | | | | |
| (U.S. Dollars beginning in 2010) | | | | | | | | | |
| | Year | H1 | H2 | Year | H1E | H2E | Year | H1E | Twelve Months E |
| | 2010 | 6/30/11 | 12/31/11 | 2011 | 6/30/12 | 12/31/12 | 2012E | 6/30/13 | 6/30/13 |
| Revenue (\$mm) | | | | | | | | | |
| Natural Gas | 1,773 | 988 | 1,048 | 2,036 | 1,218 | 1,470 | 2,689 | 1,645 | 3,115 |
| Oil | 2,420 | 1,264 | 1,502 | 2,766 | 1,342 | 1,627 | 2,970 | 1,769 | 3,396 |
| Other | - | 1 | (1) | - | | | - | | - |
| Total | 4,193 | 2,253 | 2,549 | 4,802 | 2,561 | 3,098 | 5,658 | 3,414 | 6,512 |
| Expense | 1,018 | 528 | 716 | 1,244 | 660 | 798 | 1,458 | 880 | 1,678 |
| Ebitda | 3,175 | 1,725 | 1,833 | 3,558 | 1,901 | 2,300 | 4,201 | 2,535 | 4,834 |
| Exploration | 329 | 213 | 374 | 587 | 172 | 172 | 344 | 172 | 344 |
| Deprec., Deplet., & Amort. | 782 | 279 | 348 | 627 | 483 | 483 | 966 | 483 | 966 |
| Other non cash | (835) | (14) | - | (14) | | | - | | - |
| Ebit | 2,898 | 1,247 | 1,111 | 2,358 | 1,246 | 1,645 | 2,891 | 1,880 | 3,524 |
| Interest | 113 | 15 | 11 | 26 | 11 | 11 | 22 | 11 | 22 |
| Ebt | 2,320 | 1,232 | 1,100 | 2,332 | 1,235 | 1,634 | 2,869 | 1,869 | 3,502 |
| Income Tax | 697 | 390 | 287 | 677 | 371 | 490 | 861 | 561 | 1,051 |
| Net Income | 1,623 | 842 | 813 | 1,655 | 865 | 1,144 | 2,008 | 1,308 | 2,452 |
| Shares (millions) | 773 | 787 | 797 | 792 | 797 | 797 | 797 | 797 | 797 |
| Per share (\$) | 2.10 | 1.07 | 1.02 | 2.09 | 1.08 | 1.43 | 2.52 | 1.64 | 3.08 |
| Ebitda Margin | 76% | 77% | 72% | 74% | 74% | 74% | 74% | 74% | 74% |
| Tax Rate | 30% | 32% | 26% | 29% | 30% | 30% | 30% | 30% | 30% |

| Woodside Petroleum Ltd. | | | | | | | | | |
|--------------------------|----------|--------|---------|---------|---------|--------|---------|---------|-----------------|
| Quarterly Operations | | | | | | | | | |
| (U.S. Dollars) | | | | | | | | | |
| | Q4 | Year | Q1 | Q2E | Q3E | Year | Q1E | Q2E | Twelve Months E |
| | 12/31/11 | 2011 | 3/31/12 | 6/30/12 | 9/30/12 | 2012E | 3/31/13 | 6/30/13 | 6/30/13 |
| Volume | | | | | | | | | |
| Natural gas (bcf) | 55 | 232 | 53 | 63 | 76 | 282 | 92 | 92 | 350 |
| Natural Gas (mmcf) | 601 | 636 | 578 | 695 | 822 | 772 | 1,024 | 1,006 | 960 |
| Days | 92 | 365 | 91 | 91 | 92 | 366 | 90 | 91 | 365 |
| Oil (mmb) | 7.4 | 25.9 | 5.3 | 6.4 | 7.7 | 28.6 | 9.0 | 9.1 | 35.0 |
| Oil (mbd) | 80 | 71 | 59 | 70 | 84 | 78 | 100 | 100 | 96 |
| Total gas & oil (mmboe) | 16.6 | 64.6 | 14.1 | 16.9 | 20.3 | 75.7 | 24.4 | 24.4 | 93.4 |
| Total gas & oil (mbd) | 180 | 177 | 155 | 186 | 221 | 207 | 271 | 268 | 256 |
| Price | | | | | | | | | |
| Natural gas (\$/mcf) | | | | | | | | | |
| Henry Hub (US\$/mmbtu) | 3.55 | 4.04 | 2.73 | 2.21 | 2.39 | 2.53 | 3.25 | 3.31 | 2.94 |
| Company (\$/mcf) | 9.01 | 8.77 | 10.81 | 10.27 | 8.77 | 9.52 | 8.94 | 8.97 | 8.89 |
| Oil (\$/bbl) | | | | | | | | | |
| WTI Cushing | 94.06 | 95.12 | 102.93 | 97.81 | 83.56 | 92.19 | 85.12 | 85.42 | 84.64 |
| Company | 100.07 | 106.84 | 117.80 | 112.00 | 95.71 | 103.80 | 97.54 | 97.87 | 97.02 |
| Total gas & oil (\$/bbl) | 74.52 | 74.33 | 84.89 | 80.59 | 68.97 | 74.76 | 69.85 | 70.27 | 69.72 |
| Revenue (\$mm) | | | | | | | | | |
| Natural Gas | 499 | 2,036 | 568 | 650 | 664 | 2,689 | 824 | 821 | 3,115 |
| Oil | 739 | 2,766 | 629 | 714 | 737 | 2,970 | 878 | 891 | 3,396 |
| Total | 1,237 | 4,802 | 1,197 | 1,364 | 1,400 | 5,658 | 1,702 | 1,712 | 6,512 |



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| Table 1 | | | | | | | | | |
|---|----------|-----------|--------|------------|------------------------------|----------|--------|--------|-------|
| McDep Large Cap Energy Stocks | | | | | | | | | |
| Geographic Domicile and Business Segments | | | | | | | | | |
| | | | | | Present Value by Segment (%) | | | | |
| | | Price | EV/ | Enterprise | North | Rest | | | |
| Symbol/Rating | | (US\$/sh) | Market | Value | Amer. | of World | Oil | Down- | McDep |
| B = Buy, CB (see below) | | 4-Jun | Cap | (\$mm) | Natural | Natural | Prod'n | stream | Ratio |
| | | 2012 | | | Gas | Gas | | | |
| U.S. and Europe Integrated | | | | | | | | | |
| BG Group | BRGXF | 18.61 | 1.29 | 81,900 | | 23 | 44 | 33 | 0.79 |
| Exxon Mobil Corporation | XOM CB | 77.83 | 1.21 | 443,000 | 8 | 19 | 57 | 16 | 0.74 |
| Royal Dutch Shell plc | RDS-A CB | 61.34 | 1.32 | 253,000 | 3 | 22 | 56 | 18 | 0.67 |
| Statoil ASA (33%) | STO CB | 22.27 | 1.54 | 36,000 | | 35 | 65 | - | 0.61 |
| Chevron Corporation | CVX CB | 96.58 | 1.15 | 220,000 | 3 | 11 | 76 | 10 | 0.60 |
| BP plc | BP | 36.58 | 1.72 | 202,000 | 4 | 9 | 62 | 25 | 0.57 |
| Total S.A. | TOT CB | 42.60 | 1.41 | 136,000 | | 23 | 63 | 14 | 0.51 |
| <i>Total or Median</i> | | | | 1,372,000 | | | 62 | | 0.61 |
| Brazil/Russia/Australia/China | | | | | | | | | |
| Woodside Petroleum Ltd. | WOPEY | 30.34 | 1.31 | 32,000 | | 60 | 40 | - | 0.73 |
| CNOOC Limited (36%) | CEO | 174.30 | 1.02 | 28,700 | | 9 | 91 | - | 0.70 |
| PetroChina Company Ltd (14%) | PTR CB | 125.86 | 1.38 | 44,400 | | 15 | 70 | 14 | 0.67 |
| Petrobras | PBR CB | 19.37 | 1.60 | 201,000 | | 6 | 80 | 14 | 0.42 |
| Gazprom (50%) | OGZPY CB | 9.02 | 1.34 | 70,000 | | 11 | 13 | 76 | 0.39 |
| Lukoil Oil Company | LUKOY CB | 51.88 | 1.01 | 41,700 | | | 71 | 29 | 0.35 |
| <i>Total or Median</i> | | | | 418,000 | | | 71 | | 0.55 |
| U.S. Independent | | | | | | | | | |
| Chesapeake Energy Corp. | CHK | 16.52 | 2.68 | 33,300 | 64 | | 36 | - | 0.81 |
| Anadarko Petroleum Corp. | APC | 57.12 | 1.61 | 46,200 | 33 | | 64 | 3 | 0.76 |
| EOG Resources, Inc. | EOG CB | 90.40 | 1.24 | 30,300 | 29 | 4 | 67 | - | 0.74 |
| Southwestern Energy Company | SWN | 27.22 | 1.18 | 11,200 | 100 | | | - | 0.71 |
| Occidental Petroleum Corp. | OXY CB | 80.16 | 1.12 | 72,800 | 9 | 1 | 80 | 10 | 0.69 |
| Devon Energy Corporation | DVN CB | 58.36 | 1.34 | 31,700 | 49 | | 51 | - | 0.64 |
| ConocoPhillips | COP CB | 51.30 | 1.52 | 99,000 | 13 | 13 | 74 | - | 0.64 |
| Marathon Oil Corporation | MRO CB | 23.84 | 1.51 | 25,600 | 7 | 3 | 90 | - | 0.54 |
| <i>Total or Median</i> | | | | 350,000 | | | 67 | | 0.70 |
| Canada | | | | | | | | | |
| Cenovus Energy Inc. | CVE CB | 29.35 | 1.31 | 29,200 | 12 | | 75 | 13 | 0.67 |
| Imperial Oil Limited (30%) | IMO CB | 38.45 | 1.19 | 11,700 | 2 | | 84 | 14 | 0.66 |
| EnCana Corporation | ECA CB | 18.95 | 1.65 | 22,900 | 90 | | 10 | - | 0.63 |
| Penn West Exploration | PWE | 12.75 | 1.73 | 10,400 | 14 | | 86 | - | 0.56 |
| Suncor Energy | SU CB | 26.62 | 1.32 | 54,900 | 2 | | 83 | 15 | 0.48 |
| Canadian Oil Sands Limited | COSWF CB | 18.16 | 1.21 | 10,700 | | | 100 | - | 0.39 |
| <i>Total or Median</i> | | | | 140,000 | | | 83 | | 0.60 |
| Composite | | | | 2,280,000 | 8 | 14 | 63 | 16 | 0.60 |

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



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| Table 2 | | | | | | | | |
|--------------------------------------|-------------------------|----|-----------|--------|------------------|-----------|-------------|-------------|
| McDep Large Cap Energy Stocks | | | | | | | | |
| Net Present Value and McDep Ratio | | | | | | | | |
| | | | Price | | | Net | | |
| | | | (US\$/sh) | | Market | Present | Debt/ | |
| | Symbol/Rating | | 4-Jun | Shares | Cap | Value | Present | McDep |
| | B = Buy, CB (see below) | | 2012 | (mm) | (US\$mm) | (US\$/sh) | Value | Ratio |
| U.S. and Europe Integrated | | | | | | | | |
| BG Group plc | BRGXF | | 18.61 | 3,416 | 63,600 | 25.00 | 0.18 | 0.79 |
| Exxon Mobil Corporation | XOM | CB | 77.83 | 4,716 | 367,000 | 110.00 | 0.13 | 0.74 |
| Royal Dutch Shell plc | RDS-A | CB | 61.34 | 3,120 | 191,000 | 102.00 | 0.16 | 0.67 |
| Statoil ASA (33%) | STO | CB | 22.27 | 1,050 | 23,400 | 44.00 | 0.21 | 0.61 |
| Chevron Corporation | CVX | CB | 96.58 | 1,979 | 191,000 | 170.00 | 0.08 | 0.60 |
| BP plc | BP | | 36.58 | 3,207 | 117,000 | 84.00 | 0.24 | 0.57 |
| Total S.A. | TOT | CB | 42.60 | 2,265 | 97,000 | 100.00 | 0.15 | 0.51 |
| | <i>Total or Median</i> | | | | <i>1,050,000</i> | | <i>0.16</i> | <i>0.61</i> |
| Brazil/Russia/Australia/China | | | | | | | | |
| Woodside Petroleum Ltd. | WOPEY | | 30.34 | 797 | 24,200 | 45.00 | 0.17 | 0.73 |
| CNOOC Limited (36%) | CEO | | 174.30 | 161 | 28,100 | 250.00 | 0.02 | 0.70 |
| PetroChina Company Ltd (14%) | PTR | CB | 125.86 | 256 | 32,300 | 210.00 | 0.18 | 0.67 |
| Petrobras | PBR | CB | 19.37 | 6,489 | 125,700 | 62.00 | 0.16 | 0.42 |
| Gazprom (50%) | OGZPY | CB | 9.02 | 5,750 | 51,900 | 28.00 | 0.10 | 0.39 |
| Lukoil Oil Company | LUKOY | CB | 51.88 | 794 | 41,200 | 150.00 | 0.00 | 0.35 |
| | <i>Total or Median</i> | | | | <i>303,000</i> | | <i>0.13</i> | <i>0.55</i> |
| U.S. Independent | | | | | | | | |
| Chesapeake Energy Corp. | CHK | | 16.52 | 753 | 12,400 | 27.00 | 0.51 | 0.81 |
| Anadarko Petroleum Corp. | APC | | 57.12 | 501 | 28,600 | 86.00 | 0.29 | 0.76 |
| EOG Resources, Inc. | EOG | CB | 90.40 | 270 | 24,400 | 130.00 | 0.14 | 0.74 |
| Southwestern Energy Company | SWN | | 27.22 | 350 | 9,500 | 40.00 | 0.11 | 0.71 |
| Occidental Petroleum Corp. | OXY | CB | 80.16 | 811 | 65,000 | 120.00 | 0.07 | 0.69 |
| Devon Energy Corporation | DVN | CB | 58.36 | 405 | 23,600 | 102.00 | 0.16 | 0.64 |
| ConocoPhillips | COP | CB | 51.30 | 1,270 | 65,000 | 96.00 | 0.22 | 0.64 |
| Marathon Oil Corporation | MRO | CB | 23.84 | 710 | 16,930 | 54.00 | 0.18 | 0.54 |
| | <i>Total or Median</i> | | | | <i>245,400</i> | | <i>0.17</i> | <i>0.70</i> |
| Canada | | | | | | | | |
| Cenovus Energy Inc. | CVE | CB | 29.35 | 760 | 22,300 | 48.00 | 0.16 | 0.67 |
| Imperial Oil Limited (30%) | IMO | CB | 38.45 | 256 | 9,800 | 62.00 | 0.10 | 0.66 |
| EnCana Corporation | ECA | CB | 18.95 | 736 | 13,900 | 37.00 | 0.25 | 0.63 |
| Penn West Exploration | PWE | | 12.75 | 473 | 6,000 | 30.00 | 0.24 | 0.56 |
| Suncor Energy | SU | CB | 26.62 | 1,567 | 41,700 | 64.00 | 0.12 | 0.48 |
| Canadian Oil Sands Limited | COSWF | CB | 18.16 | 485 | 8,800 | 52.00 | 0.07 | 0.39 |
| | <i>Total or Median</i> | | | | <i>103,000</i> | | <i>0.14</i> | <i>0.60</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.



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| Table 3 | | | | | | | | |
|---|---------------|----|-----------|-------------|-------------|------------|-----------|------------|
| McDep Large Cap Energy Stocks | | | | | | | | |
| Value Multiples and Dividend Yield | | | | | | | | |
| | | | Price | Adjustd | | | | |
| | | | (US\$/sh) | Resrvs/ | PV/ | EV/ | Dividend | |
| Symbol/Rating | | | 4-Jun | Prod | Ebitda | Ebitda | P/E | |
| B = Buy, CB (see below) | | | 2012 | NTM | NTM | NTM | NTM | |
| | | | | | | | (%) | |
| U.S. and Europe Integrated | | | | | | | | |
| BG Group plc | BRGXF | | 18.61 | 8.6 | 9.2 | 7.2 | 12 | 1.3 |
| Exxon Mobil Corporation | XOM | CB | 77.83 | 13.0 | 8.4 | 6.3 | 11 | 2.9 |
| Royal Dutch Shell plc | RDS-A | CB | 61.34 | 10.0 | 7.4 | 4.9 | 9 | 5.6 |
| Chevron Corporation | CVX | CB | 96.58 | 9.2 | 8.0 | 4.8 | 9 | 3.7 |
| BP plc | BP | | 36.58 | 11.0 | 8.4 | 4.8 | 7 | 4.6 |
| Statoil ASA (33%) | STO | CB | 22.27 | 6.2 | 6.7 | 4.1 | 8 | 4.6 |
| Total S.A. | TOT | CB | 42.60 | 10.1 | 7.9 | 4.0 | 7 | 6.7 |
| | <i>Median</i> | | | <i>10.0</i> | <i>8.0</i> | <i>4.8</i> | <i>9</i> | <i>4.6</i> |
| Brazil/Russia/Australia/China | | | | | | | | |
| Woodside Petroleum Ltd. | WOPEY | | 30.34 | 13.2 | 9.0 | 6.6 | 10 | 3.6 |
| PetroChina Company Ltd (14%) | PTR | CB | 125.86 | 13.0 | 7.6 | 5.1 | 10 | 4.1 |
| Petrobras | PBR | CB | 19.37 | 12.6 | 11.2 | 4.7 | 6 | 5.4 |
| CNOOC Limited (36%) | CEO | | 174.30 | 6.9 | 6.2 | 4.4 | 9 | 3.9 |
| Gazprom (50%) | OGZPY | CB | 9.02 | 31.2 | 6.0 | 2.3 | 3 | 5.5 |
| Lukoil Oil Company | LUKOY | CB | 51.88 | 16.3 | 6.1 | 2.1 | 4 | 4.3 |
| | <i>Median</i> | | | <i>13.1</i> | <i>6.9</i> | <i>4.6</i> | <i>7</i> | <i>4.2</i> |
| U.S. Independent | | | | | | | | |
| Southwestern Energy Company | SWN | | 27.22 | 7.9 | 16.1 | 11.5 | 19 | - |
| Chesapeake Energy Corp. | CHK | | 16.52 | 9.8 | 11.6 | 9.4 | 15 | 2.1 |
| Anadarko Petroleum Corp. | APC | | 57.12 | 8.4 | 8.3 | 6.3 | 23 | 0.6 |
| EOG Resources, Inc. | EOG | CB | 90.40 | 9.0 | 7.8 | 5.8 | 22 | 0.8 |
| Devon Energy Corporation | DVN | CB | 58.36 | 9.9 | 9.0 | 5.8 | 11 | 1.4 |
| Occidental Petroleum Corp. | OXY | CB | 80.16 | 10.1 | 7.9 | 5.5 | 12 | 2.7 |
| ConocoPhillips | COP | CB | 51.30 | 12.2 | 8.4 | 5.3 | 10 | 5.1 |
| Marathon Oil Corporation | MRO | CB | 23.84 | 10.3 | 7.7 | 4.2 | 9 | 2.9 |
| | <i>Median</i> | | | <i>9.8</i> | <i>8.3</i> | <i>5.8</i> | <i>14</i> | <i>1.7</i> |
| Canada | | | | | | | | |
| EnCana Corporation | ECA | CB | 18.95 | 8.4 | 15.6 | 9.8 | | 4.2 |
| Imperial Oil Limited (30%) | IMO | CB | 38.45 | 36.9 | 11.9 | 7.9 | 10 | 1.2 |
| Penn West Exploration | PWE | | 12.75 | 7.3 | 13.6 | 7.6 | 22 | 8.1 |
| Cenovus Energy Inc. | CVE | CB | 29.35 | 12.5 | 9.8 | 6.6 | 13 | 2.9 |
| Canadian Oil Sands Limited | COSWF | CB | 18.16 | 19.3 | 13.2 | 5.2 | 8 | 7.4 |
| Suncor Energy | SU | CB | 26.62 | 16.7 | 10.7 | 5.2 | 9 | 1.6 |
| | <i>Median</i> | | | <i>14.6</i> | <i>12.6</i> | <i>7.1</i> | <i>10</i> | <i>3.6</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 June 30, 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

June 5, 2012

| Table 4 | | | | | | | | |
|---|---------------|--------|------------------|-------------------|-------------|-------------|-------------|-------------|
| McDep Large Cap Energy Stocks | | | | | | | | |
| Rank by Enterprise Value to 200 Day Average | | | | | | | | |
| | | | Price (\$/sh) | Enterprise Value/ | | | | |
| | Symbol | | 4-Jun | 52Wk | 52Wk | 50 Day | 200 Day | McDep |
| | | Rating | 2012 | High | Low | Avg. | Avg. | Ratio |
| U.S. and Europe Integrated | | | | | | | | |
| Exxon Mobil Corporation | XOM | CB | 77.83 | 0.90 | 1.13 | 0.94 | 0.97 | 0.74 |
| Chevron Corporation | CVX | CB | 96.58 | 0.88 | 1.10 | 0.94 | 0.95 | 0.60 |
| Statoil ASA (33%) | STO | CB | 22.27 | 0.84 | 1.07 | 0.91 | 0.92 | 0.61 |
| BP plc | BP | | 36.58 | 0.84 | 1.05 | 0.93 | 0.92 | 0.57 |
| Royal Dutch Shell plc | RDS-A | CB | 61.34 | 0.85 | 1.04 | 0.93 | 0.92 | 0.67 |
| Total S.A. | TOT | CB | 42.60 | 0.79 | 1.05 | 0.93 | 0.89 | 0.51 |
| BG Group plc | BRGXF | | 18.61 | 0.80 | 1.05 | 0.88 | 0.89 | 0.79 |
| | <i>Median</i> | | | <i>0.84</i> | <i>1.05</i> | <i>0.93</i> | <i>0.92</i> | <i>0.61</i> |
| Brazil/Russia/Australia/China | | | | | | | | |
| PetroChina Company Ltd (14%) | PTR | CB | 125.86 | 0.86 | 1.09 | 0.93 | 0.96 | 0.67 |
| Lukoil Oil Company | LUKOY | CB | 51.88 | 0.76 | 1.12 | 0.90 | 0.91 | 0.35 |
| CNOOC Limited (36%) | CEO | | 174.30 | 0.72 | 1.23 | 0.88 | 0.90 | 0.70 |
| Woodside Petroleum Ltd. | WOPEY | | 30.34 | 0.68 | 1.03 | 0.90 | 0.89 | 0.73 |
| Gazprom (50%) | OGZPY | CB | 9.02 | 0.66 | 1.04 | 0.87 | 0.84 | 0.39 |
| Petrobras | PBR | CB | 19.37 | 0.66 | 1.02 | 0.89 | 0.82 | 0.42 |
| | <i>Median</i> | | | <i>0.70</i> | <i>1.07</i> | <i>0.89</i> | <i>0.90</i> | <i>0.55</i> |
| U.S. Independent | | | | | | | | |
| EOG Resources, Inc. | EOG | CB | 90.40 | 0.79 | 1.27 | 0.88 | 0.92 | 0.74 |
| Devon Energy Corporation | DVN | CB | 58.36 | 0.75 | 1.11 | 0.91 | 0.92 | 0.64 |
| Occidental Petroleum Corp. | OXY | CB | 80.16 | 0.76 | 1.18 | 0.92 | 0.89 | 0.69 |
| Marathon Oil Corporation | MRO | CB | 23.84 | 0.76 | 1.15 | 0.89 | 0.89 | 0.54 |
| Chesapeake Energy Corp. | CHK | | 16.52 | 0.70 | 1.08 | 0.96 | 0.86 | 0.81 |
| Anadarko Petroleum Corp. | APC | | 57.12 | 0.74 | 1.01 | 0.87 | 0.83 | 0.76 |
| Southwestern Energy Company | SWN | | 27.22 | 0.59 | 1.02 | 0.93 | 0.82 | 0.71 |
| ConocoPhillips | COP | CB | 51.30 | | | | | 0.64 |
| | <i>Median</i> | | | <i>0.75</i> | <i>1.11</i> | <i>0.91</i> | <i>0.89</i> | <i>0.70</i> |
| Canada | | | | | | | | |
| EnCana Corporation | ECA | CB | 18.95 | 0.68 | 1.06 | 0.97 | 0.96 | 0.63 |
| Imperial Oil Limited (30%) | IMO | CB | 38.45 | 0.81 | 1.16 | 0.90 | 0.91 | 0.66 |
| Suncor Energy | SU | CB | 26.62 | 0.70 | 1.13 | 0.90 | 0.89 | 0.48 |
| Cenovus Energy Inc. | CVE | CB | 29.35 | 0.77 | 1.06 | 0.90 | 0.89 | 0.67 |
| Canadian Oil Sands Limited | COSWF | CB | 18.17 | 0.63 | 1.05 | 0.88 | 0.86 | 0.39 |
| Penn West Exploration | PWE | | 12.75 | 0.63 | 1.01 | 0.85 | 0.80 | 0.56 |
| | <i>Median</i> | | | <i>0.69</i> | <i>1.06</i> | <i>0.90</i> | <i>0.89</i> | <i>0.60</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

June 5, 2012

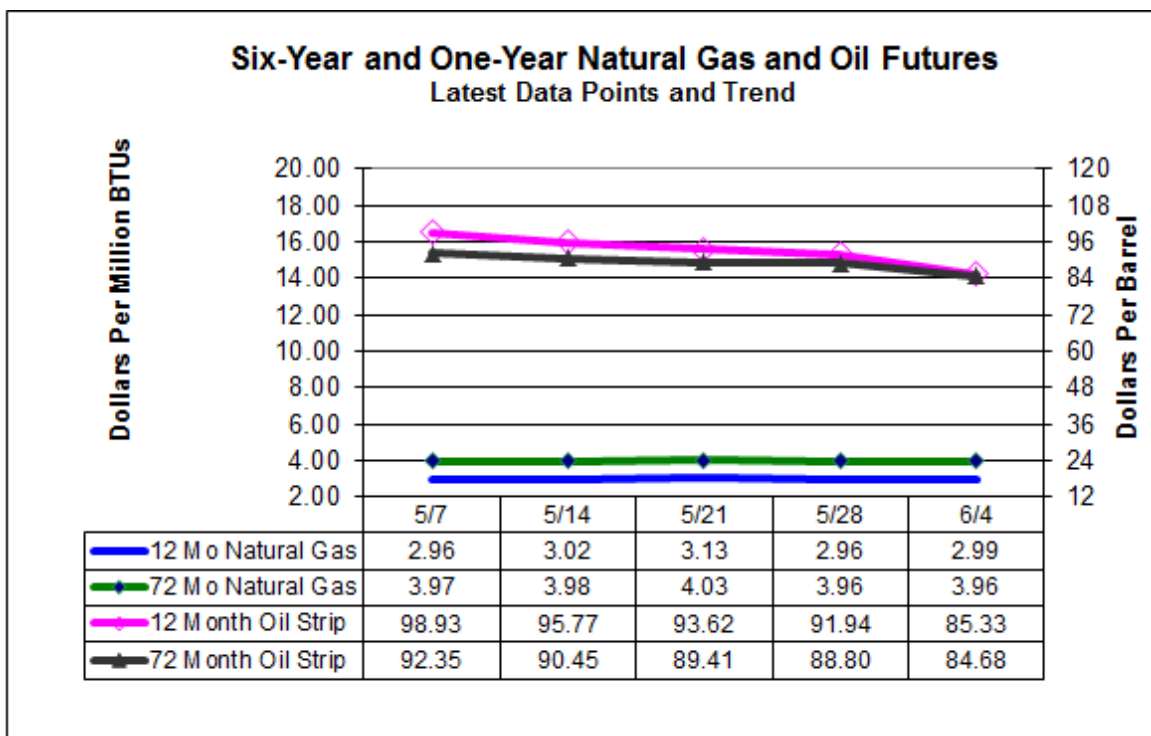
| Index of Recent Research | | | |
|---|----------------------------|-----------------------------------|--|
| Stock Ideas | | | |
| <u>Date</u> | <u>Symbol</u> | <u>Subject</u> | <u>Theme</u> |
| 25-May | HGT | Hugoton RoyaltyTrust | HGT Bargain (Income and Small Cap Weekly) |
| 22-May | HGT | Hugoton RoyaltyTrust | Panic Selling on Possible Legal Settlement |
| 18-May | BIREF | Birchcliff Energy | Contrarian Buy at Lower NPV (Income and Small Cap Weekly) |
| 15-May | EOG | EOG Resources | Raise NPV to \$130 a Share on Oil Volume (Meter Reader) |
| 11-May | DMLP | Dorchester Minerals, L.P. | Rising Oil Production (Income and Small Cap Wkly) |
| 8-May | ECA | Encana | Long-Term Natural Gas Appeal (Meter Reader) |
| 4-May | WLL | Whiting Petroleum | Oil Price Discount Narrows (Income and Small Cap Weekly) |
| 1-May | COSWF | Canadian Oil Sands Limited | Dividend Raised 17% |
| 1-May | RDS | Royal Dutch Shell | LNG and GTL Profit Gains (Meter Reader) |
| 27-Apr | RRC | Range Resources | Shale Strength (Income and Small Cap Weekly) |
| 24-Apr | WOPEY | Woodside Petroleum | Pluto LNG Imminent (Meter Reader) |
| 20-Apr | XEC,WLL,ERF,RRC | | Good Stuff (Income and Small Cap Weekly) |
| 17-Apr | COP | ConocoPhillips | Largest North American Independent Producer Debut (MR) |
| 13-Apr | ERF | Enerplus Corporation | Shale Oil Growth with Income Option (ISCW) |
| 10-Apr | DVN | Devon Energy | Shale Oil Excitement at a Favorite Value Stock (Meter Reader) |
| 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,RRC,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) |
| 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) |
| 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) |
| 17-Jan | MRO | Marathon Oil | Oil Resources and Shale Growth (Meter Reader) |
| For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name. | | | |
| Meter Reader | | | |
| 29-May | | | <i>No Meter Reader as we were traveling in Australia</i> |
| 22-May | XOM, EOG, LUKOY, ECA | | Buy Natural Gas and Oil on Gloomy Sentiment |
| 15-May | EOG | EOG Resources | Raise NPV to \$130 a Share on Oil Volume |
| 8-May | ECA | Encana | Long-Term Natural Gas Appeal |
| 1-May | RDS | Royal Dutch Shell | LNG and GTL Profit Gains |
| For earlier editions, go to mcdep.com , click on Meter Reader . | | | |
| Income and Small Cap Weekly | | | |
| 1-Jun | | | <i>No Income and Small Cap Weekly (traveling in Australia)</i> |
| 25-May | HGT | Hugoton RoyaltyTrust | HGT Bargain |
| 18-May | BIREF | Birchcliff Energy | Contrarian Buy at Lower NPV |
| 11-May | DMLP | Dorchester Minerals, L.P. | Rising Oil Volume |
| 4-May | WLL | Whiting Petroleum | Oil Price Discount Narrows |
| For earlier editions, go to mcdep.com , click on Energy Income . | | | |



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

June 5, 2012



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