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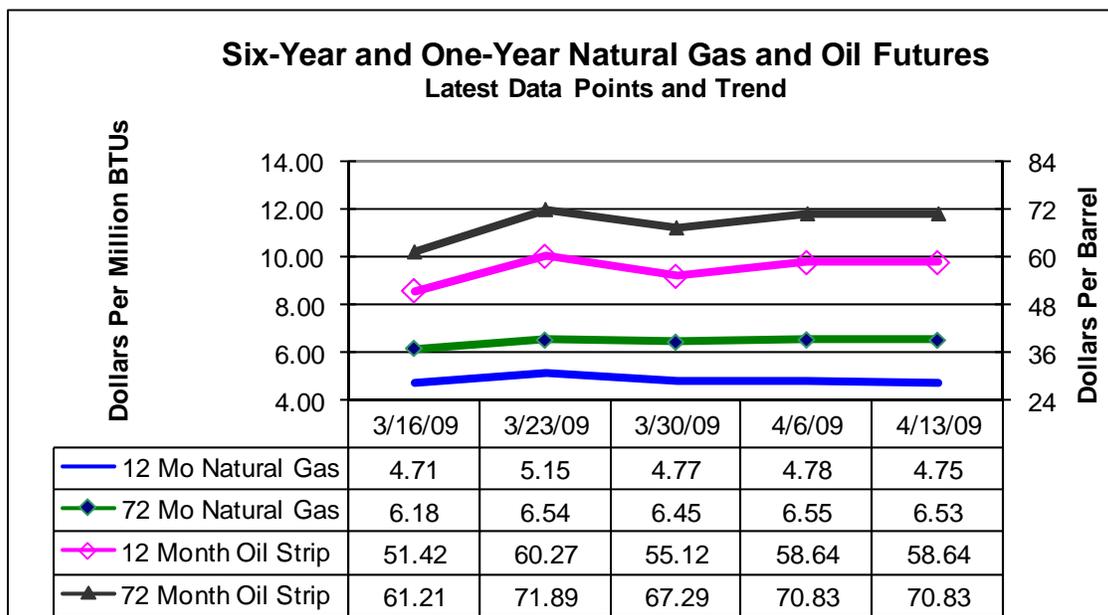
A Weekly Analysis of Large Cap Oil and Gas Stocks
 April 14, 2009

Six-Year Natural Gas Holding above Low Price

Summary and Recommendation

Despite new lows last week for the near-month futures price for Louisiana natural gas, the average of futures prices for the next six years is holding above its weekly low set on March 16 (see chart below, Six-Year and One-Year Natural Gas and Oil Futures and chart on page 6, Six-Year Commodity Price Meter). Logically, the six-year price should be more relevant to stock price than the near-month price set at a seasonally low period. Large cap buy recommendations sensitive to North American natural gas price are **EOG Resources (EOG)**, **Devon Energy (DVN)** and **Encana (ECA)**.

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Table 1										
McDep Energy Portfolio										
Geographic Domicile and Business Segments										
						Present Value by Segment (%)				
	Symbol/Rating	Price (US\$/sh)	EV/ Market	Enterprise Value (\$mm)	North Amer. Natural Gas	Rest of World Natural Gas	Oil Prod'n	Down- stream	McDep Ratio	
	B = Buy H = Hold	13-Apr 2009	Cap							
U.S. Integrated										
Exxon Mobil Corporation	XOM	B	68.02	1.11	380,000	5	27	47	21	0.77
Chevron Corporation	CVX	H	67.98	1.22	182,000	4	12	65	19	0.73
Marathon Oil Corporation	MRO	H	28.85	1.53	31,100	7	6	60	27	0.64
ConocoPhillips	COP	B	40.06	1.85	110,000	13	10	61	17	0.52
<i>Total or Median *</i>	<i>35%</i>	<i>10%</i>	<i>17%</i>		<i>703,000</i>					<i>0.69</i>
Europe										
BG Group	BRGXF		15.75	1.12	59,800		32	41	27	0.84
BP plc	BP	H	39.92	1.52	189,000	8	15	62	16	0.64
StatoilHydro ASA (33%)	STO	B	18.22	1.45	27,800		50	50	-	0.61
Total S.A.	TOT	B	49.51	1.28	141,000		25	53	22	0.61
Royal Dutch Shell plc	RDS-A	H	43.55	1.35	180,000	3	23	45	29	0.55
<i>Total or Median *</i>	<i>29%</i>	<i>12%</i>	<i>17%</i>		<i>598,000</i>					<i>0.61</i>
Brazil/China/Russia										
CNOOC Limited (34%)	CEO	H	109.08	1.00	16,600		12	88	-	0.81
Petrobras	PBR		35.90	1.21	191,000		13	77	10	0.76
PetroChina Company Ltd (14%)	PTR	B	87.61	1.19	26,600		13	74	13	0.62
Lukoil Oil Company	LUKOY	H	49.05	1.15	48,000			54	46	0.40
Gazprom (50%)	OGZPY	B	17.69	1.24	64,000		80	20	-	0.32
<i>Total or Median *</i>	<i>17%</i>	<i>12%</i>	<i>17%</i>		<i>346,000</i>					<i>0.62</i>
U.S. Independent										
Anadarko Petroleum Corp.	APC	H	43.96	1.75	35,300	58		37	5	0.75
Occidental Petroleum Corp.	OXY	H	58.72	1.12	53,300	9	1	81	9	0.68
XTO Energy Inc.	XTO	H	33.08	1.61	30,800	79		21	-	0.66
Chesapeake Energy Corp.	CHK		20.74	2.19	26,200	91		9	-	0.64
EOG Resources	EOG	B	61.97	1.15	17,800	75	5	20	-	0.60
Devon Energy Corporation	DVN	B	48.81	1.40	30,300	67		33	-	0.50
<i>Total or Median *</i>	<i>10%</i>	<i>15%</i>	<i>17%</i>		<i>194,000</i>					<i>0.65</i>
Canada										
Imperial Oil Limited (30%)	IMO	H	37.32	1.07	10,400	5		80	16	0.79
Encana Corporation	ECA	B	46.07	1.36	46,900	69		26	4	0.68
Canadian Natural Resources	CNQ	H	45.34	1.46	35,800	24		76	-	0.62
Canadian Oil Sands Trust	COSWF	B	23.35	1.10	12,400			100	-	0.58
Suncor Energy pro forma	SU	H	26.17	1.35	55,000	6		85	8	0.57
Petro-Canada (to be SU@1.28)	PCZ	H	32.17							
<i>Total or Median *</i>	<i>8%</i>	<i>12%</i>	<i>17%</i>		<i>161,000</i>					<i>0.62</i>
Income and Small Cap (see separate weekly analysis)										
	<i>1%</i>	<i>39%</i>	<i>17%</i>		<i>29,000</i>	<i>44</i>		<i>56</i>		<i>0.59</i>
Composite										
<i>Enterprise Value Weighting</i>	<i>100%</i>				<i>2,031,000</i>	<i>11</i>	<i>18</i>	<i>55</i>	<i>16</i>	<i>0.64</i>
<i>Equal Weighting</i>		<i>100%</i>				<i>35</i>	<i>8</i>	<i>50</i>	<i>7</i>	<i>0.63</i>
<i>Equal Weighted Buys</i>			<i>100%</i>			<i>33</i>	<i>17</i>	<i>44</i>	<i>6</i>	<i>0.59</i>



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Table 2								
McDep Energy Portfolio								
Net Present Value and McDep Ratio								
			Price			Net		
	Symbol/Rating		(US\$/sh)		Market	Present	Debt/	
	B = Buy	13-Apr	Shares	Cap	Value	Present	McDep	
	H = Hold	2009	(mm)	(US\$mm)	(US\$/sh)	Value	Ratio	
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	68.02	5,045	343,000	90.00	0.07	0.77
Chevron Corporation	CVX	H	67.98	2,206	150,000	98.00	0.13	0.73
Marathon Oil Corporation	MRO	H	28.85	707	20,400	54.00	0.22	0.64
ConocoPhillips	COP	B	40.06	1,486	60,000	109.00	0.24	0.52
<i>Total or Median</i>					573,000		0.18	0.69
Europe								
BG Group plc	BRGXF		15.75	3,379	53,210	19.00	0.09	0.84
BP plc	BP	H	39.92	3,119	125,000	74.00	0.22	0.64
StatoilHydro ASA (33%)	STO	B	18.22	1,051	19,150	35.00	0.19	0.61
Total S.A.	TOT	B	49.51	2,235	111,000	90.00	0.13	0.61
Royal Dutch Shell plc	RDS-A	H	43.55	3,064	133,000	92.00	0.14	0.55
<i>Total or Median</i>					441,000		0.14	0.61
Brazil/China/Russia								
CNOOC Limited (34%)	CEO	H	109.08	152	16,610	135.00	-	0.81
Petrobras	PBR		35.90	4,387	157,490	50.00	0.13	0.76
PetroChina Company Ltd (14%)	PTR	B	87.61	256	22,450	150.00	0.10	0.62
Lukoil Oil Company	LUKOY	H	49.05	850	42,000	135.00	0.05	0.40
Gazprom (50%)	OGZPY	B	17.69	2,940	52,000	64.00	0.06	0.32
<i>Total or Median</i>					291,000		0.06	0.62
U.S. Independent								
Anadarko Petroleum Corp.	APC	H	43.96	460	20,200	70.00	0.32	0.75
Occidental Petroleum Corp.	OXY	H	58.72	812	47,700	89.00	0.07	0.68
XTO Energy Inc.	XTO	H	33.08	577	19,090	60.00	0.25	0.66
Chesapeake Energy Corp.	CHK		20.74	575	11,930	46.00	0.35	0.64
EOG Resources	EOG	B	61.97	250	15,500	110.00	0.08	0.60
Devon Energy Corporation	DVN	B	48.81	444	21,700	116.00	0.14	0.50
<i>Total or Median</i>					136,100		0.20	0.65
Canada								
Imperial Oil Limited (30%)	IMO	H	37.32	262	9,760	48.00	0.05	0.79
Encana Corporation	ECA	B	46.07	751	34,600	75.00	0.18	0.68
Canadian Natural Resources	CNQ	H	45.34	541	24,500	85.00	0.20	0.62
Canadian Oil Sands Trust	COSWF	B	23.35	482	11,250	42.00	0.05	0.58
Suncor Energy pro forma	SU	H	26.17	1,563	40,890	52.80	0.15	0.57
Petro-Canada (to be SU@1.28)	PCZ	H	32.17					
<i>Total or Median</i>					121,000		0.15	0.62
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\$75 a barrel and natural gas, \$10 a million btu.								



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Table 3								
McDep Energy Portfolio								
Value Multiples and Distribution Yield								
			Price	Adjustd			Divd or	
	Symbol/Rating		(US\$/sh)	Resrvs/	PV/	EV/	Distrib	
	B = Buy	13-Apr	Prod	Ebitda	Ebitda	P/E	NTM	
	H = Hold	2009	NTM	NTM	NTM	NTM	(%)	
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	68.02	12.0	10.2	7.9	16	2.4
Chevron Corporation	CVX	H	67.98	10.1	10.1	7.4	16	3.8
ConocoPhillips	COP	B	40.06	10.6	10.7	5.6	11	4.7
Marathon Oil Corporation	MRO	H	28.85	8.5	7.7	4.9	11	3.3
	<i>Total or Median</i>			<i>10.3</i>	<i>10.1</i>	<i>6.5</i>	<i>14</i>	<i>3.6</i>
Europe								
BG Group plc	BRGXF		15.75	7.4	9.5	8.1	16	1.1
BP plc	BP	H	39.92	9.8	9.5	6.1	11	8.4
Total S.A.	TOT	B	49.51	9.3	9.1	5.5	12	6.2
StatoilHydro ASA (33%)	STO	B	18.22	7.5	7.7	4.7	14	6.1
Royal Dutch Shell plc	RDS-A	H	43.55	7.6	7.9	4.3	9	7.7
	<i>Total or Median</i>			<i>7.6</i>	<i>9.1</i>	<i>5.5</i>	<i>12</i>	<i>6.2</i>
Brazil/China/Russia								
Petrobras	PBR		35.90	10.2	12.2	9.2	21	2.4
CNOOC Limited (34%)	CEO	H	109.08	7.6	7.9	6.4	13	4.7
PetroChina Company Ltd (14%)	PTR	B	87.61	14.0	9.5	5.9	18	4.7
Lukoil Oil Company	LUKOY	H	49.05	16.7	11.3	4.5	10	2.3
Gazprom (50%)	OGZPY	B	17.69	24.6	7.5	2.4	3	1.8
	<i>Total or Median</i>			<i>14.0</i>	<i>9.5</i>	<i>5.9</i>	<i>13</i>	<i>2.4</i>
U.S. Independent								
XTO Energy Inc.	XTO	H	33.08	11.9	15.7	10.4	17	1.5
Chesapeake Energy Corp.	CHK		20.74	11.5	15.7	10.1	86	1.4
Anadarko Petroleum Corp.	APC	H	43.96	9.3	11.3	8.4		1.6
EOG Resources	EOG	B	61.97	10.0	13.5	8.0	76	0.9
Occidental Petroleum Corp.	OXY	H	58.72	11.4	9.8	6.7	16	2.2
Devon Energy Corporation	DVN	B	48.81	8.8	12.2	6.1	31	1.3
	<i>Total or Median</i>			<i>10.7</i>	<i>12.8</i>	<i>8.2</i>	<i>31</i>	<i>1.5</i>
Canada								
Imperial Oil Limited (30%)	IMO	H	37.32	19.1	15.1	11.9	22	0.9
Canadian Oil Sands Trust	COSWF	B	23.35	23.2	19.0	11.0	19	2.1
Encana Corporation	ECA	B	46.07	9.1	12.6	8.6	47	3.5
Canadian Natural Resources	CNQ	H	45.34	8.0	13.7	8.5	20	0.7
Suncor Energy pro forma	SU	H	26.17	-	13.1	7.5	19	0.6
Petro-Canada (to be SU@1.28)	PCZ	H	32.17					
	<i>Total or Median</i>			<i>9.1</i>	<i>13.7</i>	<i>8.6</i>	<i>20</i>	<i>0.9</i>
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended March 31, 2010; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



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Index of Recent Research

Stock Ideas

<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
8-Apr	LUKOY	Lukoil Oil Company	Making Money after Interruption
31-Mar	CEO	CNOOC Ltd	13% Volume Growth Projected for 2009
25-Mar	PTR	PetroChina Company Limited	Fundamental to the Growth of China
23-Mar	PCZ	Petro-Canada	Suncor to Acquire Petro-Canada
23-Mar	SU	Suncor Energy	Suncor to Acquire Petro-Canada
5-Mar	* CNQ	Canadian Natural Resources	Horizon Produces First Oil
5-Mar	* OGZPY	Gazprom	Tax Risk Diversification
4-Mar	* BIR.TO	Birchcliff Energy Ltd.	Alberta Reduces Royalties (Taxes) on New Wells
25-Feb	* BRY	Berry Petroleum	Resource Rich, Credit Sensitive
19-Feb	* PWE	Penn West Energy Trust	Distribution Keyed to US\$45 Oil
19-Feb	* XTO	XTO Energy Inc.	Hedging Helping
18-Feb	* XEC	Cimarex Energy Company	Lower NPV to \$55 a Share
17-Feb	* STO	StatoilHydro ASA	Low Cost Offshore Operator
12-Feb	* ECA	EnCana Corporation	Steady Production and Reserves
12-Feb	* TOT	Total S.A.	Dividend and Investment Strength
11-Feb	* EAC	Encore Acquisition Company	Lower NPV to \$44 a Share
5-Feb	* EOG	EOG Resources Inc.	Raise NPV on Higher Reserves
4-Feb	* DVN	Devon Energy Corporation	Harvesting Accounting Losses
3-Feb	* MRO	Marathon Oil Corporation	Raise NPV to \$54 a Share
3-Feb	* BP	BP p.l.c.	Cash Flow Balance at \$50 to \$60 Oil in 2009
3-Feb	* APC	Anadarko Petroleum Corporation	Deep Water Explorer
30-Jan	* CVX	Chevron Corporation	Downstream Surprise
30-Jan	* XOM	Exxon Mobil Corporation	Natural Gas Leader
29-Jan	* IMO	Imperial Oil Limited	Extra Price Sensitivity in Heavy Oil
29-Jan	* OXY	Occidental Petroleum Corporation	Resilience and Financial Strength
29-Jan	* RDSA	Royal Dutch Shell plc	Dividend Trend Beats Inflation
28-Jan	* COSWF	Canadian Oil Sands Trust	Quarterly Distribution of C\$0.15 a Unit
28-Jan	* COP	ConocoPhillips	Harvesting Accounting Losses
9-Jan	* SJT	San Juan Basin Royalty Trust	Clean Fuel Pure Play (Income and Small Cap Weekly)
26-Dec	* HGT	Hugoton Royalty Trust	Under Year-End Price Pressure (Income Weekly)

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14-Apr		Weekly	
7-Apr		Weekly	Preparing to Meet
31-Mar		Weekly	Spring Arrives Every Year
24-Mar	*	Weekly	Canada Deals

Income and Small Cap Weekly

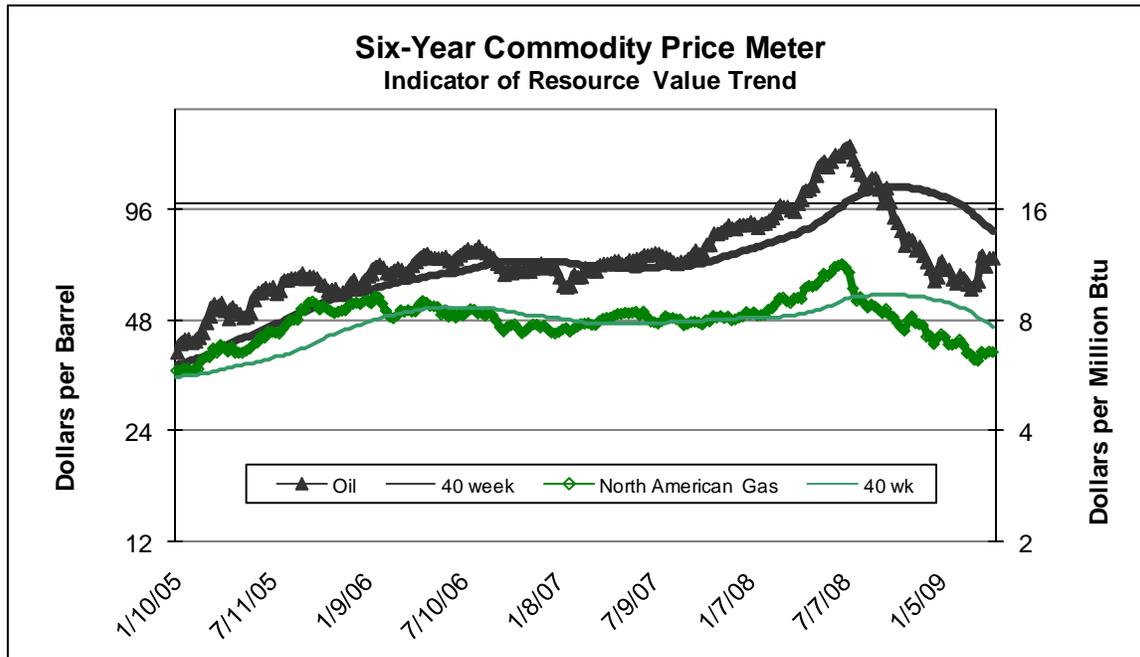
10-Apr		Weekly	Long-Life, Clean Oil Sands
3-Apr		Weekly	Brief Notes from Calgary
27-Mar		Weekly	Calgary Presentation
20-Mar	*	Weekly	Small Cap Independent Producers Rising

* Archived on www.mcdep.com



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