

Rating: Buy
 S&P 500: 1235

PetroChina Company Ltd.

Raise Net Present Value to \$120 a Share

<i>Symbol</i>	PTR	<i>Ebitda Next Twelve Months ending 6/30/06 (US\$m)</i>	32,000
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	92.67	<i>Natural Gas and Oil Production/Ebitda (%)</i>	85
<i>Pricing Date</i>	8/1/05	<i>Adjusted Reserves/Production NTM</i>	13.7
<i>Shares (mm)</i>	1758	<i>EV/Ebitda</i>	5.4
<i>Market Capitalization (US\$m)</i>	163,000	<i>PV/Ebitda</i>	7.0
<i>Debt (US\$m)</i>	9,000	<i>Undeveloped Reserves (%)</i>	27
<i>Enterprise Value (EV) (US\$m)</i>	172,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	27.13
<i>Present Value (PV) (US\$m)</i>	220,000	<i>Present Value Proven Reserves(US\$/boe)</i>	11.91
<i>Net Present Value (US\$/share)</i>	120	<i>Present Value Proven Reserves(US\$/mcf)</i>	1.98
<i>Debt/Present Value</i>	0.04	<i>Earnings Next Twelve Months (US\$/sh)</i>	9.08
<i>McDep Ratio - EV/PV</i>	0.78	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	3.4	<i>Indicated Annual Dividend (US\$/sh)</i>	3.18

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.

The Peoples Republic of China holds 90% of the outstanding shares.

Summary and Recommendation

We raise our estimated net present value of buy-recommended **PetroChina Company Ltd. (PTR)** to \$120 a share from \$94 on the basis of an expected long-term real price for oil of \$50 a barrel up from \$40 for Light Sweet Crude. We also raise our long-term real price for natural gas to \$10 a million BTU, up from \$8 for the Henry Hub location. Our long-term real price expectation for the 3-2-1 refining crack (margin) in New York Harbor is now \$10 a barrel up from \$8. The stock has 29% appreciation potential to net present value. Financial risk is low though there is obvious political risk.

Kurt H. Wulff, CFA

PetroChina

Functional Cash Flow and Present Value

	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$m)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$m)</i>	
Natural Gas	1,500	20.0	13.3	20,000	9%
Oil	23,200	12.3	6.8	158,000	72%
Downstream	6,900		6.1	42,000	19%
	31,600	13.7	7.0	220,000	100%
Debt (US\$m)				9,000	
Net Present Value (US\$m)				211,000	
Shares (mm)				1,758	
Net Present Value (US\$/sh)				120	

Please see disclosures on the final page.

Oil and Gas Producers
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/</i>		<i>Price</i>		<i>Market</i>	<i>Net</i>		
	<i>Rating</i>		<i>(\$/sh)</i>	<i>Shares</i>	<i>Cap</i>	<i>Present</i>	<i>Debt/</i>	<i>McDep</i>
			<i>1-Aug</i>	<i>(mm)</i>	<i>(\$mm)</i>	<i>Value</i>	<i>Present</i>	<i>Ratio</i>
			<i>2005</i>			<i>(\$/sh)</i>	<i>Value</i>	
Producer/Refiners - Large Cap and Mid Cap								
Kinder Morgan, Inc.	KMI	S2	88.61	123	10,910	20.00	0.76	1.83
Imperial Oil Limited (30%)	IMO	B	86.93	104	9,000	84.00	0.09	1.03
Marathon Oil Corporation	MRO	B	59.67	367	21,900	65.00	0.27	0.94
Petro-Canada	PCZ	B	73.30	263	19,280	84.00	0.18	0.90
PetroChina Company Ltd (10%)	PTR	B	92.67	176	16,290	120.00	0.04	0.78
Suncor Energy	SU	B	50.43	461	23,250	68.00	0.10	0.77
Norsk Hydro ASA	NHY	B	95.98	251	24,090	130.00	0.12	0.77
ConocoPhillips	COP	B	63.00	1,419	89,400	100.00	0.15	0.69
Lukoil Oil Company	LUKOY	B	41.75	830	35,000	65.00	0.02	0.65
			<i>Total or Median</i>		<i>249,000</i>		<i>0.12</i>	<i>0.78</i>

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