



Rating: Buy
 S&P 500: 1298

PetroChina Company Ltd.
\$300 a Share in Shanghai

<i>Symbol</i>	PTR	<i>Ebitda Next Twelve Months ending 12/31/08 (US\$m)</i>	48,000
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	0
<i>Price (US\$/sh)</i>	120.63	<i>Natural Gas and Oil Production/Ebitda (%)</i>	82
<i>Pricing Date</i>	3/19/08	<i>Adjusted Reserves/Production NTM</i>	15.4
<i>Shares (mm)</i>	1830	<i>EV/Ebitda</i>	5.0
<i>Market Capitalization (US\$m)</i>	221,000	<i>PV/Ebitda</i>	7.7
<i>Debt (US\$m)</i>	17,000	<i>Undeveloped Reserves (%)</i>	37
<i>Enterprise Value (EV) (US\$m)</i>	237,000	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	34.65
<i>Present Value (PV) (US\$m)</i>	364,000	<i>Present Value Proven Reserves(US\$/boe)</i>	14.02
<i>Net Present Value (US\$/share)</i>	190	<i>Present Value Proven Reserves(US\$/mcf)</i>	2.34
<i>Debt/Present Value</i>	0.05	<i>Earnings Next Twelve Months (US\$/sh)</i>	12.14
<i>McDep Ratio - EV/PV</i>	0.65	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	4.2	<i>Indicated Annual Dividend (US\$/sh)</i>	5.09
Note: Estimated cash flow and earnings tied to one-year futures prices for oil.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
The Peoples Republic of China holds 86% of the outstanding shares.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of PTR since 2001 see www.mcdep.com/3ptr.htm			

Summary and Recommendation

Buy-rated **PetroChina (PTR)**, having estimated Net Present Value (NPV) of US\$190 a share, closed on March 19 in Shanghai at \$320 an equivalent share, as we understand from *Bloomberg*. While the stock price in the restricted Chinese market may seem high, the stock price in New York has fallen enough for us to restore our buy recommendation. Second half 2007 results released today demonstrated continued high cash flow limited by an excise tax on crude oil as well as price controls on refined products and natural gas (see tables Quarterly Operations and Half-Yearly Financial Results). We await the annual report or other further disclosures for natural gas price and for earnings by segment according to international accounting standards. Year-end oil and gas reserves grew along with production. NPV is supported mostly by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). In times of nervous markets, PTR is financially strong with negligible debt, sells products in sturdy demand and is developing new supply at a competitive pace.

Kurt H. Wulff, CFA



PetroChina Company Limited									
Quarterly Operations									
	Q4	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Twelve Months E
	12/31/06	9/30/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	12/31/08
Volume									
Natural gas (bcf)	375	378	451	1,627	457	426	416	496	1,795
Natural Gas (mmcf)	4,079	4,110	4,901	4,458	5,018	4,683	4,521	5,391	4,904
Days	92	92	92	365	91	91	92	92	366
Oil (mmb)	204	212	207	839	205	205	207	207	823
Oil (mbd)	2,213	2,308	2,248	2,298	2,248	2,248	2,248	2,248	2,248
Total gas & oil (mmb)	266	275	282	1,110	281	276	276	289	1,122
Total gas & oil (mbd)	2,893	2,993	3,065	3,041	3,084	3,028	3,001	3,146	3,065
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	6.57	6.16	6.97	6.87	8.02	9.19	9.41	9.77	9.10
Company	2.49	2.57	2.57	2.56	2.57	2.57	2.57	2.57	2.57
Oil (\$/bbl)									
WTI Cushing	59.99	75.48	90.75	72.28	98.23	104.30	101.39	99.88	100.95
Company	54.44	67.42	78.50	65.27	84.97	90.22	87.71	86.40	87.32
Total gas & oil (\$/bbl)	45.15	55.52	61.69	53.07	66.11	70.95	69.56	66.13	68.15
Revenue (\$mm)									
Natural Gas	933	972	1,159	4,158	1,174	1,096	1,069	1,275	4,614
Oil	11,084	14,314	16,234	54,748	17,380	18,455	18,138	17,868	71,841
Total	12,017	15,286	17,394	58,907	18,554	19,551	19,207	19,143	76,456
Total(RMB)	94,455	115,565	129,235	447,206	131,180	138,226	135,794	135,340	540,540
RMB/\$US	7.86	7.56	7.43	7.59	7.07	7.07	7.07	7.07	7.07

PetroChina Company Limited									
Half-Yearly Financial Results									
	H1	H2	Year	H1	H2	Year	H1E	H2E	Twelve Months E
	6/30/06	12/31/06	2006	6/30/07	12/31/07	2007	6/30/08	12/31/08	12/31/08
NY Harbor 3-2-1 (\$/bbl)	11.39	9.61	10.50	18.32	10.42	14.37	7.44	8.86	8.15
Revenue (RMB)									
Upstream (from quarterly table)	215,275	210,804	426,079	202,406	244,800	447,206	269,406	269,406	538,813
Downstream Value Added	111,270	151,629	262,899	190,320	197,511	387,831	197,511	197,511	395,022
Total	326,545	362,433	688,978	392,726	442,311	835,037	466,918	466,918	933,835
Expense	175,640	237,908	413,548	243,804	305,588	549,392	278,204	319,460	597,664
Ebitda (RMB)									
Exploration and Production	148,156	118,222	266,378	121,852	102,416	224,268	161,644	113,151	274,794
Other	2,749	6,303	9,052	27,070	34,307	61,377	27,070	34,307	61,377
Total	150,905	124,525	275,430	148,922	136,723	285,645	188,714	147,458	336,171
Exploration	8,750	10,072	18,822	10,607	10,041	20,648	10,041	10,041	20,082
Deprec., Deplet., & Amort.	29,910	31,478	61,388	31,228	35,397	66,625	35,397	35,397	70,794
Other non cash									
Ebit	112,245	82,975	195,220	107,087	91,285	198,372	143,276	102,020	245,295
Interest	889	2,331	3,220	1,231	2,364	3,595	1,231	2,364	3,595
Ebt	111,356	80,644	192,000	105,856	88,921	194,777	142,045	99,656	241,700
Income Tax	30,675	19,101	49,776	24,026	25,126	49,152	49,716	34,880	84,595
Net Income (RMB)									
Exploration and Production	124,452	95,408	219,860	96,436	127,440				
Other	(9,159)	(5,961)	(15,120)	15,451	39,009				
Unallocated	(34,612)	(27,904)	(62,516)	(30,057)	(102,654)				
Total	80,681	61,543	142,224	81,830	63,795	145,625	92,329	64,776	157,105
Shares (millions)									
Earnings per share (RMB)	1,793	1,810	1,800	1,779	1,823	1,798	1,830	1,830	1,830
Ebitda Margin (E&P)	45.00	34.00	79.00	46.00	35.00	81.00	50.45	35.40	85.85
Ebitda Margin (E&P)	69%	56%	63%	60%	42%	50%	60%	42%	51%
Tax Rate	28%	24%	26%	23%	28%	25%	35%	35%	35%



PetroChina					
Functional Cash Flow and Present Value					
				<i>Present</i>	
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Value</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>(US\$mm)</i>	
Natural Gas	2,300	23.2	10.9	25,000	7%
Oil	36,500	12.6	7.9	290,000	79%
Downstream	8,700		5.7	50,000	14%
	47,500	15.4	7.7	365,000	100%
Debt (US\$mm)					17,000
Net Present Value (US\$mm)					348,000
Shares (mm)					1,830
Net Present Value - Standard Estimate (US\$/sh)					190
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					166

Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. 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.

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