

Oil Price Cycle Advances

Summary and Recommendation

We recommend that investors build toward a target level of energy stocks in a diversified portfolio drawing from each of our five groups. Representation may be skewed toward Global Integrated and U.S. Independent for lower risk and toward Small Cap Independent, RTF (Royalty Trust Fund) Cash Payers and Canada for more appreciation potential. Each group has its exceptions on the risk spectrum. McDep Ratios and NPV (Net Present Value) tied to a long-term oil price of \$90 a barrel and natural gas of \$6 a million btu indicate total return potential. Though the long-term assumptions look high compared to current price, our estimates of unlevered cash flow for 2015 are tied to recent futures prices. Oil futures advanced to \$55.12 for the year from \$49.60 last month. Natural gas remains depressed at \$2.81 a million btu for natural gas compared to \$2.90. We highlight four stocks, each from a different group, that we believe can be money makers in an advancing cycle, **Cross Timbers Royalty Trust (CRT)**, **California Resources Corporation (CRC)**, **ConocoPhillips (COP)** and **Chevron (CVX)**.

Unnoticed Cash Payer with Low Operating and Financial Risk

An overlooked nugget among our stocks, we believe, **Cross Timbers Royalty Trust (CRT)** offers high income by our estimated 6.6% distribution yield and high appreciation signaled by a 0.46 McDep Ratio. Production is concentrated on long-life natural gas and oil in the San Juan Basin, Permian Basin and SCOOP (South Central Oklahoma Oil Province) (see table Operating and Financial Estimates on page 3). Operating risk is low because 86% of value is concentrated on Top Line resources where investment and operating cost are borne by larger oil and gas producers. Financial risk is low because royalty trusts have no debt. High stock price volatility seems to be driven by small market cap and absence of research coverage from Wall Street firms, rather than by any fundamental factor we can identify.

Out-of-Favor Spinoff

California Resources Corporation's (CRC) debut as a public company late last year could not have been timed for when oil and gas stocks were less popular. The spinoff from **Occidental Petroleum (OXY)** is priced at a low McDep Ratio of 0.41. The company is a pure play on longer life oil and gas resources in California. While that state has been slow to permit the full potential of fracking to increase oil and gas production, existing production generates a lot of cash flow and can remain stable or grow modestly with reinvestment in conventional technology (see table Operating and Financial Estimates on page 4). At the same time, CRC has the highest financial risk among McDep stocks by a wide margin at EV/Market Cap at 3.5 times (see Table 1 on page 7) and at the high end of the range for Debt/Present Value at 0.29 times (see Table 2 on page 8). We think Oxy has to cover the downside risk from too much debt, if necessary, because spinoffs cannot be set up without sponsor accountability. Thus, CRC stock looks like an enticing speculation on ultimate success after a rocky start.



McDEP
LLC

Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

Positive Evolution from Storied Predecessors

ConocoPhillips (COP) is a well-managed, focused, 4.3% dividend paying, large independent producer evolved over forty years from two domestic integrated companies, Continental Oil and Phillips Petroleum, along with acquired companies with Alaska and San Juan Basin resources. Fourth quarter results reported on January 29 displayed oil volume gains and resilient cash flow margin at the beginning of oil price decline (see table Operating and Financial Estimates on page 5). Reflecting lower cash flow indicated for 2015, management exercised its flexibility to reduce spending. Ample financial strength protects higher value, longer lead time projects in progress. Management expects 2-4% a year growth for the next few years while cutbacks in spending will affect growth primarily after 2017. Whether volume is growing or not, COP is an efficient cash flow generating machine with ample capacity to continue the dividend that is the highest among independent producers.

Growth to 2017

Chevron (CVX) chief executive John Watson on the quarterly call January 30 recapped the basic rationale for oil investment. He believes that global economic activity will grow and that oil will also grow, albeit at a slower rate. Yet, without any investment, oil supply declines some 15% a year. With regular reinvestment, oil decline can be held to perhaps 4% a year. At the same time \$50 a barrel does not support investment in the complex projects to make major additions to supply. The current price prompts CVX to reduce spending on new projects while its financial strength enables it to finish projects under construction. In particular, the company's highest immediate priority is to finish the Gorgon liquefied natural gas (LNG) project in Australia to allow first sales by mid-2015. Mr. Watson is also high on Permian Basin drilling (with **Cimarex (XEC)**). Global projects underway propel volume to 3.1 million barrels daily in 2017 from 2.6 now (see table Operating and Financial Estimates on page 6). Slowing of investment in new projects will restrict growth after 2017. Like other rich resource holders, CVX generates cash without volume growth and it has the low debt financial strength to wait for oil markets to give the signal to invest again. The company's 3.9% dividend is secure.

Kurt H. Wulff, CFA



Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

Cross Timbers Royalty Trust										
Next Twelve Months Operating and Financial Performance										
	Q4	Year	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/13	2013	9/30/14	12/31/14	2014E	3/31/15	6/30/15	9/30/15	12/31/15	12/31/15
Volume										
Natural Gas (bcf)	0.41	1.64	0.46	0.37	1.63	0.41	0.41	0.41	0.41	1.65
Natural Gas (mmcf)	4.5	4.5	5.1	4.0	4.5	4.5	4.5	4.5	4.5	4.5
Days	92	365	91	92	366	92	91	91	92	366
Oil (mb)	58	208	57	58	221	57	56	58	58	230
Oil (mbd)	0.64	0.57	0.62	0.64	0.61	0.62	0.63	0.63	0.64	0.63
Days	91	365	92	91	365	92	90	92	91	365
Total (bcf)	0.76	2.89	0.80	0.71	2.96	0.76	0.75	0.76	0.76	3.03
Price										
Natural Gas (HH lagged three months)										
Henry Hub (\$/mmbtu)	3.58	3.60	4.67	4.07	4.32	4.02	2.88	2.65	2.76	3.08
Differential (%)	(85)	(76)	(42)	(52)	(62)	(52)	(52)	(52)	(52)	(52)
CRT (\$/mcf)	6.60	6.33	6.63	6.18	7.00	6.10	4.37	4.02	4.20	4.67
Oil (\$/bbl) (WTI lagged two months)										
WTI Cushing	104.44	96.58	103.10	91.23	97.76	60.83	51.93	54.86	58.04	56.42
CRT	100.65	89.83	95.22	86.62	91.46	57.76	49.31	52.09	55.11	53.58
Total (\$/mcf)	11.27	10.06	10.57	10.21	10.70	7.70	6.11	6.17	6.48	6.61
Revenue (\$mm)										
Natural Gas	2.71	10.40	3.05	2.26	11.40	2.52	1.79	1.65	1.74	7.70
Oil	5.84	18.69	5.43	5.02	20.21	3.29	2.78	3.03	3.20	12.31
Total	8.55	29.08	8.48	7.28	31.61	5.82	4.57	4.68	4.94	20.01
Cost (\$mm)										
Tax, transport & other	1.20	3.74	0.99	1.02	4.06	0.81	0.64	0.65	0.69	2.80
Production	1.30	5.49	1.39	1.16	5.34	0.91	0.69	0.71	0.76	3.07
Total	2.50	9.23	2.38	2.18	9.40	1.72	1.33	1.37	1.45	5.87
Cash flow (\$mm)										
Development	1.36	3.48	0.67	0.67	3.15	0.67	1.00	1.00	1.00	3.67
Excess or other	0.04	(0.01)			(0.26)					
Net proceeds (\$mm)	4.65	16.39	5.43	4.43	19.32	3.43	2.24	2.31	2.49	10.47
Royalty income (\$mm)										
Royalty/Net proceeds	87%	87%	86%	87%	85%	77%	77%	77%	77%	77%
Administration	0.08	0.40	0.14	0.11	0.52	0.11	0.11	0.11	0.11	0.44
Distributable income (\$mm)	3.97	13.89	4.54	3.38	15.88	2.53	1.61	1.67	1.81	7.62
Units (millions)	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Royalty income (\$/unit)										
Natural Gas										
TL TX	0.06	0.26								
TL OK	0.02	0.12								
TL NM	0.19	0.75								
BL TX	0.00	0.00								
BL OK	0.00	0.01								
Oil										
TL TX	0.19	0.67								
TL OK	0.04	0.12								
TL NM	0.03	0.07								
BL TX	0.05	0.07								
BL OK	0.09	0.31								
Administration	0.02	0.07								
Distribution (\$/unit)	0.66	2.31	0.76	0.56	2.65	0.42	0.27	0.28	0.30	1.27



Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

California Resources Corporation										
Next Twelve Months Operating and Financial Estimates										
										Next
	Q1	Q2	Q3	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Months
	3/31/14	6/30/14	9/30/14	12/31/14	2014E	3/31/15	6/30/15	9/30/15	12/31/15	12/31/15
Volume										
Natural Gas (mmcf)	242	243	249	249	246	249	249	249	249	249
Oil (mbd)	114	114	119	122	117	125	128	131	135	130
Total (mb)	13.9	14.1	14.8	15.0	57.8	15.0	15.4	15.9	16.2	62.5
Total (mbd)	154	155	161	163	158	167	170	173	176	171
Price										
Henry Hub (\$/mmbtu)	4.95	4.67	4.07	4.02	4.43	2.88	2.65	2.76	2.94	2.81
Differential (\$/mmbtu)	0.17	0.02	(0.17)	(0.17)	(0.03)	(0.12)	(0.11)	(0.12)	(0.12)	(0.12)
Company (\$/mcf)	4.78	4.66	4.24	4.18	4.46	3.00	2.76	2.88	3.06	2.92
WTI Cushing (\$/bbl)	98.74	102.98	97.24	73.18	93.04	50.19	53.67	57.11	59.49	55.12
Differential	3.41	6.80	8.81	6.63	6.81	4.55	4.86	5.17	5.39	4.88
Company (\$/bbl)	95.33	96.18	88.44	66.55	86.23	45.65	48.81	51.94	54.10	50.24
Total (\$/bbl)	77.91	78.29	72.15	56.03	70.83	38.76	40.92	43.62	45.68	42.32
Revenue (\$mm)										
Natural Gas	104	103	97	96	400	67	62	66	70	266
Oil	978	998	968	747	3,691	514	569	628	670	2,381
Total	1,082	1,101	1,065	843	4,091	581	632	694	740	2,646
Expense										
Production	256	262	262							
Production taxes	52	55	56							
General and administrative	86	77	79							
Total	394	394	397	337	1,522	279	303	333	355	1,270
Ebitda	688	707	668	506	2,569	302	328	361	385	1,376
Exploration	31	15	25	25	96	20	20	20	20	80
Deprec., Deplet., & Amort.	289	293	304	304	1,190	304	304	304	304	1,216
Other	20	1	83		103					-
Ebit	343	378	289	177	1,187	(22)	4	37	61	80
Interest				-	-	-	-	-	-	-
Ebt	343	378	289	177	1,187	(22)	4	37	61	80
Income Tax	120	132	101	62	416	(8)	2	13	21	28
Net Income (\$mm)	223	246	188	115	772	(14)	3	24	40	52
Per Share (\$)	-	-	-	0.30		(0.04)	0.01	0.06	0.10	0.13
Shares (millions)										
Ebitda Margin	64%	64%	63%	60%	63%	52%	52%	52%	52%	52%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Monthly Analysis of Oil and Gas Stocks

February 10, 2015

ConocoPhillips										
Next Twelve Months Operating and Financial Estimates										
	Q4	Year	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/13	2013	9/30/14	12/31/14	2014	3/31/15	6/30/15	9/30/14	12/31/15	12/31/15
Volume										
Natural Gas (mmcf)										
North America	2,267	2,308	2,240	2,282	2,251	2,300	2,300	2,200	2,200	2,250
Overseas	1,754	1,760	1,647	1,758	1,780	1,800	1,800	1,700	1,800	1,775
Total	4,021	4,068	3,887	4,040	4,031	4,100	4,100	3,900	4,000	4,024
Oil (mbd)	848	852	847	916	890	940	940	940	940	940
Total gas & oil (bcf)	838	3,351	825	877	3,420	877	886	878	887	3,528
Total gas & oil (mbd)	1,518	1,530	1,495	1,589	1,562	1,623	1,623	1,590	1,607	1,611
Price										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	3.60	3.65	4.07	4.02	4.43	2.88	2.65	2.76	2.94	2.81
North America	3.41	3.32	3.85	3.57	4.26	2.56	2.35	2.45	2.61	2.49
Overseas	9.08	9.20	8.72	9.11	9.29	9.11	9.11	9.11	9.11	9.11
Total	5.88	5.87	5.91	5.98	6.48	5.44	5.32	5.36	5.54	5.41
Oil (\$/bbl)										
WTI Cushing	97.46	97.98	97.24	73.18	93.04	50.19	53.67	57.11	59.49	55.12
Worldwide	82.32	85.38	80.66	59.47	77.71	41.92	44.83	47.70	49.69	46.06
Total gas & oil (\$/mcf)	10.26	10.52	10.18	8.25	10.17	6.33	6.57	6.89	7.14	6.73
Revenue (\$mm)										
Natural Gas										
North America	710	2,797	793	749	3,503	529	492	497	528	2,045
Overseas	1,465	5,912	1,321	1,474	6,034	1,477	1,493	1,426	1,509	5,904
Total	2,175	8,709	2,113	2,223	9,537	2,006	1,985	1,922	2,037	7,950
Oil	6,422	26,559	6,285	5,012	25,235	3,547	3,835	4,125	4,297	15,804
Other	5,388	22,979	4,518	4,617	20,745	4,617	4,617	4,617	4,617	18,467
Total	13,985	58,248	12,917	11,851	55,517	10,169	10,436	10,664	10,951	42,221
Expense	8,906	38,109	7,738	7,489	34,331	7,393	7,527	7,641	7,784	30,344
Ebitda (\$mm)	5,079	20,139	5,179	4,362	21,186	2,776	2,910	3,024	3,167	11,877
Exploration	321	1,232	459	773	2,045	300	300	300	400	1,300
Deprec., Deplet., & Amort.	1,893	7,434	2,096	2,271	8,329	2,271	2,271	2,271	2,271	9,084
Ebit	2,865	11,473	2,624	1,318	10,812	205	339	453	496	1,493
Interest	192	612	149	173	648	173	173	173	173	692
Ebt	2,673	10,861	2,475	1,145	10,164	32	166	280	323	801
Income Tax	936	3,801	866	401	3,558	11	58	98	113	280
Net Income (\$mm)	1,737	7,059	1,609	744	6,607	21	108	182	210	520
Shares (millions)	1,241	1,239	1,247	1,240	1,244	1,240	1,240	1,240	1,240	1,240
Per share (\$)	1.40	5.70	1.29	0.60	5.31	0.02	0.09	0.15	0.17	0.42
Ebitda Margin (E&P)	59%	57%	62%	60%	61%	50%	50%	50%	50%	50%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Monthly Analysis of Oil and Gas Stocks

February 10, 2015

Chevron										
Next Twelve Months Operating and Financial Estimates										
	Q4	Year	Q3	Q4	Year	Q1E	Q2E	Q3E	Q4E	Next Twelve Months
	12/31/13	2013	9/30/14	12/31/14	2014	3/31/15	6/30/15	9/30/15	12/31/15	12/31/15
Volume										
Natural Gas (mmcf)										
U.S.	1,261	1,246	1,278	1,266	1,250	1,266	1,266	1,266	1,266	1,266
Rest of World	3,836	3,946	3,935	3,834	3,917	4,041	3,861	3,935	3,834	3,917
Total	5,097	5,192	5,213	5,100	5,167	5,307	5,127	5,201	5,100	5,183
Oil (mbd)	1,726	1,731	1,699	1,732	1,710	1,732	1,732	1,732	1,732	1,732
Total gas & oil (mbd)	2,576	2,597	2,568	2,582	2,571	2,617	2,587	2,599	2,582	2,596
Price										
Natural gas (\$/mcf)										
Henry Hub (\$/mmbtu)	3.60	3.65	4.07	4.02	4.43	2.88	2.65	2.76	2.94	2.81
U.S.	3.35	3.37	3.46	3.34	3.90	2.39	2.20	2.30	2.34	2.31
Rest of World	5.75	5.91	5.73	5.38	5.78	5.38	5.38	5.38	5.38	5.38
Total	5.16	5.30	5.17	4.87	5.32	4.67	4.60	4.63	4.63	4.63
Oil (\$/bbl)										
WTI Cushing	97.46	97.98	97.24	73.18	93.04	50.19	53.67	57.11	59.49	55.12
Worldwide	97.84	98.51	91.80	67.66	88.59	46.40	49.62	52.80	54.99	50.98
Total gas & oil (\$/bbl)	75.78	76.27	71.24	55.01	69.61	40.18	42.34	44.45	46.03	43.26
Revenue (\$mm)										
Natural Gas										
U.S.	389	1,531	407	389	1,779	273	254	268	273	1,067
Rest of World	2,029	8,511	2,074	1,898	8,263	1,957	1,890	1,948	1,898	7,692
Total	2,418	10,042	2,481	2,287	10,042	2,229	2,144	2,215	2,171	8,759
Oil	15,537	62,252	14,350	10,781	55,279	7,233	7,821	8,413	8,763	32,230
Other	38,203	156,555	37,848	33,021	146,649	33,021	33,021	33,021	33,021	132,083
Total	56,158	228,848	54,679	46,088	211,970	42,483	42,985	43,649	43,954	173,072
Expense (\$mm)										
Production	8,399	30,099	7,173	6,460	27,618	4,921	5,182	5,527	5,685	21,314
Other	36,122	150,069	35,579	30,448	138,686	30,521	30,521	30,521	30,521	122,083
Ebitda (\$mm)										
Exploration and Production	9,556	42,194	9,658	6,607	37,703	4,542	4,783	5,102	5,248	19,675
Other	2,081	6,486	2,270	2,573	7,963	2,500	2,500	2,500	2,500	10,000
Total Ebitda	11,638	48,681	11,927	9,180	45,666	7,042	7,283	7,602	7,748	29,675
Exploration	726	1,861	366	510	1,985	510	510	510	510	2,040
Deprec., Deplet., & Amort.	3,635	14,186	3,948	4,873	16,793	4,198	4,198	4,198	4,198	16,793
Ebit	7,277	32,634	7,613	3,797	26,888	2,334	2,575	2,894	3,040	10,842
Interest	-	-	-	-	-	-	-	-	-	-
Ebt	7,277	32,634	7,613	3,797	26,888	2,334	2,575	2,894	3,040	10,842
Income Tax	2,547	11,422	2,665	1,329	9,411	817	901	1,013	1,064	3,795
Net Income (\$mm)										
Exploration and Production	4,552	20,422	4,275	1,880	15,466					
Other	1,022	2,925	1,116	1,229	3,648					
Unallocated	(844)	(2,135)	(442)	(641)	(1,637)					
Total	4,730	21,212	4,949	2,468	17,477	1,517	1,674	1,881	1,976	7,047
Shares (millions)										
Per share (\$)	2.46	10.97	2.61	1.31	9.20	0.81	0.89	1.00	1.05	3.74
Ebitda Margin (E&P)	53%	58%	57%	51%	58%	48%	48%	48%	48%	48%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%	35%



Meter Reader

A Monthly Analysis of Oil and Gas Stocks

February 10, 2015

		Price (US\$/sh)	EV/ Market Cap	Enterprise Value (\$mm)	Present Value by Segment (%)						Dist. Yield NTM (%)	McDep Ratio
					North Amer.	Rest of World			Oil Prod'n	Down- stream		
							Natural Gas	Natural Gas				
Global Integrated												
Exxon Mobil Corporation	XOM	91.56	1.19	462,000	7	16	60	17	3.0	0.91		
Chevron Corporation	CVX	110.43	1.23	256,000	3	10	72	16	3.9	0.77		
Royal Dutch Shell plc	RDS-A	66.77	1.41	296,000	4	22	56	18	5.6	0.77		
Total S.A.	TOT	53.95	1.47	181,000		22	60	18	5.2	0.75		
Lukoil Oil Company	LUKOY	45.94	1.23	43,700			76	24	3.9	0.39		
<i>Total or Median</i>			<i>1.23</i>	<i>1,239,000</i>			<i>60</i>	<i>18</i>	<i>3.9</i>	<i>0.77</i>		
U.S. Independent												
EOG Resources, Inc.	EOG	95.94	1.12	59,000	16	4	80		0.7	0.88		
Occidental Petroleum Corp.	OXY	81.25	1.08	68,000	5	1	83	11	3.5	0.82		
Devon Energy Corporation	DVN	64.73	1.65	44,000	27		65	8	1.5	0.75		
ConocoPhillips	COP	67.85	1.39	117,000	13	15	72		4.3	0.75		
Marathon Oil Corporation	MRO	28.30	1.52	29,200	9	3	89		3.0	0.67		
<i>Total or Median</i>			<i>1.39</i>	<i>317,000</i>	<i>13</i>		<i>80</i>		<i>3.0</i>	<i>0.75</i>		
Canada												
Imperial Oil Limited (30%)	IMO	40.33	1.24	12,700	2		78	19	1.0	0.81		
EnCana Corporation	ECA	13.91	2.13	21,700	52		48		2.0	0.65		
Canadian Oil Sands Limited	COSWF	9.31	1.61	7,300			100		1.7	0.58		
Cenovus Energy Inc.	CVE	20.45	1.38	21,400	10		80	11	4.2	0.57		
<i>Total or Median</i>			<i>1.50</i>	<i>63,000</i>			<i>79</i>		<i>1.9</i>	<i>0.61</i>		
Small Cap Independent Producers												
Cimarex Energy Company	XEC	107.95	1.16	11,000	41		59		0.6	0.80		
Continental Resources (32%)	CLR	45.77	1.36	7,400	21		79		-	0.61		
Range Resources	RRC	50.81	1.42	12,000	64		36		0.3	0.60		
Whiting Petroleum Corporation	WLL	37.66	1.89	12,100	7		93		-	0.58		
Birchcliff Energy Ltd.	BIREF	6.14	1.50	1,400	74		26		-	0.48		
California Resources	CRC	6.58	3.47	8,900	13		87		0.6	0.41		
<i>Total or Median</i>			<i>1.46</i>	<i>53,000</i>	<i>31</i>		<i>69</i>		<i>0.2</i>	<i>0.59</i>		
RTF Cash Payers												
Dorchester Minerals, L.P.	DMLP	26.08	1.00	800	37		63		4.7	0.81		
San Juan Basin Royalty Trust	SJT	14.35	1.00	670	100		-		4.7	0.68		
Hugoton Royalty Trust	HGT	8.05	1.00	320	85		15		5.5	0.67		
Permian Basin RT	PBT	10.34	1.00	480	23		77		4.9	0.65		
Sabine Royalty Trust	SBR	42.94	1.00	630	44		56		6.3	0.63		
Enduro Royalty Trust	NDRO	5.07	1.00	170	31		69		6.9	0.46		
Cross Timbers Royalty Trust	CRT	19.24	1.00	120	64		36		6.6	0.46		
<i>Total or Median</i>			<i>1.00</i>	<i>3,200</i>	<i>44</i>		<i>56</i>		<i>5.5</i>	<i>0.65</i>		

Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses



Meter Reader

A Monthly Analysis of Oil and Gas Stocks

February 10, 2015

McDep Energy Stocks							
Net Present Value and McDep Ratio							
		<i>Price</i>			<i>Net</i>		
		<i>(US\$/sh)</i>	<i>Shares</i>	<i>Market</i>	<i>Present</i>	<i>Debt/</i>	
		<i>9-Feb</i>	<i>(mm)</i>	<i>Cap</i>	<i>Value</i>	<i>Present</i>	<i>McDep</i>
		<i>2015</i>		<i>(US\$mm)</i>	<i>(US\$/sh)</i>	<i>Value</i>	<i>Ratio</i>
Global Integrated							
Exxon Mobil Corporation	XOM	91.56	4,235	388,000	102.00	0.15	0.91
Chevron Corporation	CVX	110.43	1,884	208,000	150.00	0.14	0.77
Royal Dutch Shell plc	RDS-A	66.77	3,151	210,000	95.00	0.22	0.77
Total S.A.	TOT	53.95	2,285	123,000	80.00	0.24	0.75
Lukoil Oil Company	LUKOY	45.94	776	35,700	135.00	0.07	0.39
	<i>Total or Median</i>			<i>965,000</i>		<i>0.15</i>	<i>0.77</i>
U.S. Independent							
EOG Resources, Inc.	EOG	95.94	550	52,800	110.00	0.09	0.88
Occidental Petroleum Corp.	OXY	81.25	773	62,800	100.00	0.06	0.82
Devon Energy Corporation	DVN	64.73	411	26,600	100.00	0.30	0.75
ConocoPhillips	COP	67.85	1,240	84,000	100.00	0.21	0.75
Marathon Oil Corporation	MRO	28.30	678	19,190	50.00	0.23	0.67
	<i>Total or Median</i>			<i>245,400</i>		<i>0.21</i>	<i>0.75</i>
Canada							
Imperial Oil Limited (30%)	IMO	40.33	255	10,300	52.00	0.16	0.81
EnCana Corporation	ECA	13.91	736	10,200	30.00	0.34	0.65
Canadian Oil Sands Limited	COSWF	9.31	485	4,500	20.00	0.22	0.58
Cenovus Energy Inc.	CVE	20.45	759	15,500	42.00	0.16	0.57
	<i>Total or Median</i>			<i>41,000</i>		<i>0.19</i>	<i>0.61</i>
Small Cap Independent Producers							
Cimarex Energy Company	XEC	107.95	87	9,400	140.00	0.11	0.80
Continental Resources (32%)	CLR	45.77	119	5,400	85.00	0.16	0.61
Range Resources	RRC	50.81	166	8,400	100.00	0.18	0.60
Whiting Petroleum Corporation	WLL	37.66	170	6,400	90.00	0.27	0.58
Birchcliff Energy Ltd.	BIREF	6.14	155	1,000	16.00	0.16	0.48
California Resources	CRC	6.58	387	2,600	40.00	0.29	0.41
	<i>Total or Median</i>			<i>33,000</i>		<i>0.17</i>	<i>0.59</i>
RTF Cash Payers							
Dorchester Minerals, L.P.	DMLP	26.08	31	800	32.00	-	0.81
San Juan Basin Royalty Trust	SJT	14.35	47	670	21.00	-	0.68
Hugoton Royalty Trust	HGT	8.05	40	320	12.00	-	0.67
Permian Basin RT	PBT	10.34	47	480	16.00	-	0.65
Sabine Royalty Trust	SBR	42.94	15	630	68.00	-	0.63
Enduro Royalty Trust	NDRO	5.07	33	170	11.00	-	0.46
Cross Timbers Royalty Trust	CRT	19.24	6	120	42.00	-	0.46
	<i>Total or Median</i>			<i>3,200</i>		<i>-</i>	<i>0.65</i>
Estimated present value presumes a long-term price for oil of US\$90 a barrel and natural gas, \$6 a million btu.							
McDep Ratio = Market cap and Debt to present value of oil and gas and other businesses							



Meter Reader

A Monthly Analysis of Oil and Gas Stocks

February 10, 2015

Table 3							
McDep Energy Stocks							
Value Multiples and Dividend							
Ranked by EV/Ebitda							
		<i>Price</i>	<i>Adjustd</i>				<i>Dividend</i>
		<i>(US\$/sh)</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		
		<i>9-Feb</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
		<i>2015</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(\$/sh)</i>
Global Integrated							
Exxon Mobil Corporation	XOM	91.56	14.1	11.3	10.3	24	2.76
Chevron Corporation	CVX	110.43	9.1	11.1	8.6	30	4.28
Total S.A.	TOT	53.95	10.7	10.8	8.1	25	2.79
Royal Dutch Shell plc	RDS-A	66.77	10.2	9.5	7.3	22	3.76
Lukoil Oil Company	LUKOY	45.94	14.4	7.9	3.0	23	1.81
	<i>Median</i>		<i>10.7</i>	<i>10.8</i>	<i>8.1</i>	<i>24</i>	
U.S. Independent							
Occidental Petroleum Corp.	OXY	81.25	10.1	14.7	12.1	66	2.88
EOG Resources, Inc.	EOG	95.94	7.1	13.3	11.8	29	0.67
Devon Energy Corporation	DVN	64.73	9.4	14.0	10.5	21	0.96
ConocoPhillips	COP	67.85	11.1	13.2	9.9		2.92
Marathon Oil Corporation	MRO	28.30	10.7	11.8	7.9		0.84
	<i>Median</i>		<i>10.1</i>	<i>13.3</i>	<i>10.5</i>	<i>29</i>	
Canada							
Imperial Oil Limited (30%)	IMO	40.33	25.7	17.1	13.9	21	0.42
Cenovus Energy Inc.	CVE	20.45	14.6	19.4	11.0		0.85
EnCana Corporation	ECA	13.91	7.8	16.8	10.8	14	0.28
Canadian Oil Sands Limited	COSWF	9.31	19.4	17.6	10.3		0.16
	<i>Median</i>		<i>17.0</i>	<i>17.3</i>	<i>10.9</i>	<i>18</i>	
Small Cap Independent Producers							
Range Resources	RRC	50.81	14.0	21.7	12.9		0.16
Cimarex Energy Company	XEC	107.95	6.0	15.2	12.1		0.64
Continental Resources (32%)	CLR	45.77	11.4	18.8	11.5	26	-
Whiting Petroleum Corporation	WLL	37.66	7.3	14.4	8.3		-
Birchcliff Energy Ltd.	BIREF	6.14	12.7	14.7	7.1	42	-
California Resources	CRC	6.58	10.1	15.8	6.4		0.04
	<i>Median</i>		<i>10.7</i>	<i>15.5</i>	<i>9.9</i>	<i>34</i>	
RTF Cash Payers							
San Juan Basin Royalty Trust	SJT	14.35	11.0	27.0	18.5	21	0.67
Dorchester Minerals, L.P.	DMLP	26.08	7.7	22.3	18.2	34	1.24
Sabine Royalty Trust	SBR	42.94	8.9	25.2	15.9	16	2.70
Hugoton Royalty Trust	HGT	8.05	13.7	21.8	14.6	18	0.44
Permian Basin RT	PBT	10.34	9.8	20.6	13.3	21	0.50
Cross Timbers Royalty Trust	CRT	19.24	12.2	24.3	11.1	15	1.27
Enduro Royalty Trust	NDRO	5.07	8.6	15.8	7.3	15	0.35
	<i>Median</i>		<i>9.8</i>	<i>22.3</i>	<i>14.6</i>	<i>18</i>	
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation and amortization; NTM = Next Twelve Months Ended December 31, 2015; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses							



Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

Table 4									
McDep Energy Stocks									
Total Return Year-to-Date 2015									
Ranked by Unlevered Total Return									
		Price	Price			Equity	Unlevered		
		(\$/sh)	(\$/sh)	Price	Cash	Total	Debt	Total	
	Symbol	9-Feb	29-Dec	Change	Distrib.	Return	(\$/sh)	(%)	McDep
		2015	2014	(%)	(%)	(%)			Ratio
Global Integrated									
	LUKOY	45.94	38.75	19	-	19	10	15	0.39
	TOT	53.95	52.74	2	-	2	25	2	0.75
	XOM	91.56	93.07	(2)	-	(2)	17	(1)	0.91
	RDS-A	66.77	68.31	(2)	-	(2)	27	(2)	0.77
	CVX	110.43	113.32	(3)	-	(3)	25	(2)	0.77
	<i>Median</i>			(2)		(2)		(1)	0.77
U.S. Independent									
	DVN	64.73	61.15	6	-	6	42	3	0.75
	EOG	95.94	94.33	2	0	2	11	2	0.88
	OXY	81.25	81.71	(1)	-	(1)	7	(1)	0.82
	MRO	28.30	28.58	(1)	-	(1)	15	(1)	0.67
	COP	67.85	70.11	(3)	-	(3)	27	(2)	0.75
	<i>Median</i>			(1)		(1)		(1)	0.75
Canada									
	COSWF	9.31	9.20	1	-	1	6	1	0.58
	ECA	13.91	13.94	(0)	-	(0)	16	(0)	0.65
	CVE	20.45	20.95	(2)	-	(2)	8	(2)	0.57
	IMO	40.33	43.49	(7)	-	(7)	10	(6)	0.81
	<i>Median</i>			(1)		(1)		(1)	0.61
Small Cap Independent Producers									
	CLR	45.77	38.26	20	-	20	17	14	0.61
	WLL	37.66	34.09	10	-	10	34	5	0.58
	CRC	6.58	5.77	14	-	14	16	4	0.41
	XEC	107.95	110.27	(2)	-	(2)	18	(2)	0.80
	BIREF	6.14	6.75	(9)	-	(9)	3	(6)	0.48
	RRC	50.81	56.00	(9)	-	(9)	22	(7)	0.60
	<i>Median</i>			4		4		1	0.59
RTF Cash Payers									
	SBR	42.94	36.68	17	1	18	-	18	0.63
	PBT	10.34	9.12	13	0	14	-	14	0.65
	NDRO	5.07	4.58	11	0	11	-	11	0.46
	CRT	19.24	18.07	6	1	7	-	7	0.46
	HGT	8.05	7.63	6	1	6	-	6	0.67
	DMLP	26.08	25.16	4	2	6	-	6	0.81
	SJT	14.35	13.97	3	0	3	-	3	0.68
	<i>Median</i>			6		7		7	0.65
	<i>Grand Median</i>			2		2		2	0.67
	Natural Gas (\$/mmbtu)	2.62	3.19	(18)					
	Oil -West Texas Intermediate (\$/bbl)	52.82	53.69	(2)					

Source: McDep LLC, Yahoo, CME Group, Bloomberg



Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

Index of Recent Research			
Stock Ideas			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
30-Jan	COSWF	Canadian Oil Sands Ltd.	Syncrude Lowers Breakeven to \$US32 a Barrel
23-Dec	RRC	Range Resources	Record Appalachian Well (Meter Reader)
9-Dec	WLL	Whiting Petroleum	Kodiak Acquisition Completed (Meter Reader)
25-Nov	COP	ConocoPhillips	Strong 4% Dividend Independent Producer
13-Nov	BIREF	Birchcliff Energy	Raise NPV to US\$16 on Alberta Natural Gas
4-Nov	CRC	California Resources Corporation	Pure Play Largest California Producer (Meter Reader)
28-Oct	CVE	Cenovus Energy	Same Stock Price, Twice the Production (Meter Reader)
21-Oct	TOT	Total	Chief Executive Dies
21-Oct	XEC	Cimarex Energy	Strong Independent Producer (Meter Reader)
14-Oct	DVN	Devon Energy	Rebalance Candidate (Meter Reader)
7-Oct	ECA	Encana Corporation	Suttles' Stamp (Meter Reader)
23-Sep	CLR	Continental Resources	Raise NPV to \$85 on 29% Growth (Meter Reader)
16-Sep	RDSA	Royal Dutch Shell plc	Ben's Growth Strategy (Meter Reader)
9-Sep	EOG	EOG Resources	Mr. Shale (Meter Reader)
2-Sep	LUKOY	Lukoil	Oil under Uncertainty (Meter Reader)
26-Aug	SJT	San Juan Basin Royalty Trust	Income and Shale (Meter Reader)
8-Aug	DMLP	Dorchester Minerals, L.P.	Robust Bakken and Permian Oil Growth
5-Aug	XOM	Exxon Mobil	Shale Oil Minerals (Meter Reader)
22-Jul	MRO	Marathon Oil	Frac Shale Oil, Sell Norway (Meter Reader)
10-Jun	OXY	Occidental Petroleum	Raise NPV to \$120, Spinoff Filed (Meter Reader)
27-May	CVX	Chevron	Oil Price Turns Up (Meter Reader)
23-Apr	HGT	Hugoton Royalty Trust	Positive Arbitration Ruling
18-Mar	PBT	Permian Basin Royalty Trust	Rising Oil Production, Understated Income (Meter Reader)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
13-Jan		SBR, XEC, COSWF, DVN, XOM	Oil and Gas Stocks on Sale
30-Dec		Book Review	The Moral Case for Fossil Fuels by Alex Epstein
23-Dec	RRC	Range Resources	Record Appalachian Well
16-Dec			Oil and Gas Stocks for 2015 - For Contrarians and Rebalancers
9-Dec	WLL	Whiting Petroleum	Kodiak Acquisition Completed (Meter Reader)
2-Dec			Rebuild Oil and Gas Positions
25-Nov	COP	ConocoPhillips	Strong 4% Dividend Independent Producer
18-Nov	DMLP, SJT	RTF (Royalty Trust Fund)	DMLP, SJT and the RTF - High Income without Debt
11-Nov	COSWF	Canadian Oil Sands Ltd.	Record Monthly Production
4-Nov	CRC	California Resources Corporation	Pure Play Largest California Producer
28-Oct	CVE	Cenovus Energy	Same Stock Price, Twice the Production
21-Oct	XEC	Cimarex Energy	Strong Independent Producer
14-Oct	DVN	Devon Energy	Rebalance Candidate
7-Oct	ECA	Encana Corporation	Suttles' Stamp
30-Sep		RTF (Royalty Trust Fund)	Current Income and Future Fracking
23-Sep	CLR	Continental Resources	Raise NPV to \$85 on 29% Growth
16-Sep	RDSA	Royal Dutch Shell plc	Ben's Growth Strategy
9-Sep	EOG	EOG Resources	Mr. Shale
For earlier editions, go to mcdep.com , click on Meter Reader .			
Industry Ideas			
30-Dec		Book Review	The Moral Case for Fossil Fuels by Alex Epstein (Meter Reader)
18-Nov	DMLP, SJT	RTF (Royalty Trust Fund)	DMLP, SJT and the RTF - High Income without Debt (Meter Reader)
30-Sep		RTF (Royalty Trust Fund)	Current Income and Future Fracking



McDEP
LLC

Meter Reader

A Monthly Analysis of Oil and Gas Stocks
February 10, 2015

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.