



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

July 26, 2011

Encana (ECA) High Margin at Low Natural Gas Price

<i>Symbol</i>	ECA	<i>Ebitda Next Twelve Months ending 6/30/12 (US\$mm)</i>	3,800
<i>Rating</i>	Contrarian Buy	<i>North American Natural Gas/Ebitda (%)</i>	89
<i>Price (US\$/sh)</i>	30.41	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	7/25/11	<i>Adjusted Reserves/Production NTM</i>	12.3
<i>Shares (mm)</i>	739	<i>EV/Ebitda</i>	8.9
<i>Market Capitalization (US\$mm)</i>	22,500	<i>PV/Ebitda</i>	12.9
<i>Debt (US\$mm)</i>	11,000	<i>Probable Reserves (%)</i>	38
<i>Enterprise Value (EV) (US\$mm)</i>	33,500	<i>Natural Gas and Oil Ebitda (US\$/mcf)</i>	2.74
<i>Present Value (PV) (US\$mm)</i>	48,700	<i>Present Value Proven and Probable Reserves(US\$/boe)</i>	12.71
<i>Net Present Value (US\$/share)</i>	51	<i>Present Value Proven and Probable Reserves(US\$/mcf)</i>	2.12
<i>Debt/Present Value</i>	0.23	<i>Earnings Next Twelve Months (US\$/sh)</i>	0.82
<i>McDep Ratio - EV/PV</i>	0.69	<i>Price/Earnings Next Twelve Months</i>	37
<i>Dividend Yield (%/year)</i>	2.6	<i>Indicated Annual Dividend (US\$/sh)</i>	0.80
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 and natural gas, \$8 a million btu.			
For historical analysis of ECA since 2001 see www.mcdep.com/3eca.htm			

Summary and Recommendation

Low-cost volume growth and efficient operations generate high cash flow margin for Contrarian Buy-recommended **Encana Corporation (ECA)** while natural gas price is stable ahead of an expected advance. In second quarter results released on July 21, unlevered cash flow rebounded to 59% of revenue before hedging, ahead of 54% we project for the next twelve months (see table [Next Twelve Months Operating and Financial Estimates](#) on page 2). Pointing to revenue growth, futures prices for the next six years of \$5.38 a million btu average 17% higher than for the next one year (chart [Six-Year and One-Year Natural Gas and Oil Futures](#) on page 11). We believe the trend will be up for six-year price although the current quote has not yet stayed consistently above a rising 40-week average (see chart [Six-Year Commodity Price Meter](#) on page 3). Pointing to volume growth, Encana estimates 37 trillion cubic feet equivalent of expected recoverable resources or more than 28 times 2011 production. We calculate an adjusted reserve life of 12.3 years counting all of proven and three-tenths of probable reserves. We use that to justify a 12.9 present value multiple of cash flow consistent with the estimates we make for 12 companies that report probable in addition to proven reserves (see table [Functional Cash Flow and Present Value](#) on page 3). Like six-year natural gas, Encana stock price trades just below its 200-day average in what we call contrarian territory. Believing that investor patience will be justified, we recommend a 5% weighting for Encana stock in a 26-stock portfolio of McDep buy recommendations (see table [Weightings by McDep Ratio and Sector](#) on page 4). More noticeably, ECA is 20% of the North American natural gas representation in the portfolio (see table [Enterprise Value by Segment](#) on page 5). Canadian oil buys have longer reserve life while ECA's natural gas may have more price potential (see Tables 1-4 on pages 6-9).

Kurt H. Wulff, CFA



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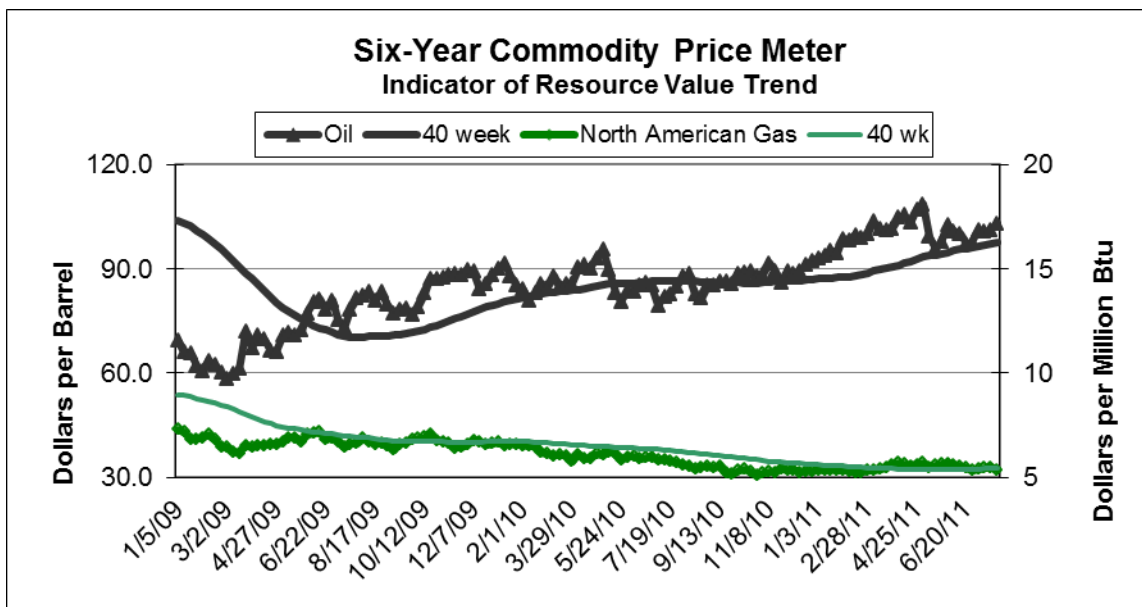
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Encana Corporation									
Next Twelve Months Operating and Financial Estimates									
									<i>Next</i>
	<i>Q2</i>	<i>Q1</i>	<i>Q2</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Months</i>
	<i>6/30/10</i>	<i>3/31/11</i>	<i>6/30/11</i>	<i>9/30/11</i>	<i>12/31/11</i>	<i>2011E</i>	<i>3/31/12</i>	<i>6/30/12</i>	<i>6/30/12</i>
Volume									
Natural Gas (bcf)	291	288	301	315	326	1,230	334	346	1,321
Natural Gas (mmcf)	3,202	3,196	3,309	3,425	3,545	3,370	3,669	3,797	3,608
Days	91	90	91	92	92	365	91	91	366
Oil (mmb)	2.2	2.1	2.2	2.3	2.4	8.9	2.4	2.5	9.6
Oil (mbd)	24	23	24	25	26	24	27	28	26
Total (bcf)	304	300	314	329	340	1,283	348	361	1,378
Total (mmcf)	3,346	3,334	3,453	3,574	3,699	3,516	3,828	3,962	3,765
Price									
Henry Hub (US\$/mmbtu)	4.09	4.11	4.32	4.36	4.49	4.32	4.73	4.64	4.55
Differential	(0.14)	(0.15)	(0.10)	(0.10)	(0.11)	(0.12)	(0.13)	(0.13)	(0.12)
EnCana (\$/mcf)	4.23	4.26	4.42	4.46	4.60	4.44	4.86	4.77	4.68
WTI Cushing (US\$/bbl)	77.85	94.10	102.55	65.63	99.96	90.56	101.19	102.16	92.23
Differential	11.12	13.40	9.89	6.33	9.64	9.86	9.76	9.85	8.51
EnCana (\$/bbl)	66.73	80.70	92.66	59.30	90.32	80.70	91.44	92.31	83.72
Total (\$/bbl)	27.16	27.84	29.28	28.14	30.21	28.90	31.76	31.29	30.39
Revenue (\$mm)									
Natural Gas	1,233	1,225	1,331	1,407	1,500	5,462	1,623	1,649	6,178
Oil	146	167	202	136	214	719	221	231	802
Other						-			
Total	1,378	1,392	1,533	1,542	1,713	6,181	1,844	1,881	6,980
Expense									
	604	706	629	709	788	2,833	848	865	3,211
Ebitda (\$mm)									
	774	686	904	833	925	3,348	996	1,016	3,769
Deprec., Deplet., & Amor	814	827	868	868	868	3,431	663	663	3,062
Hedging and other	(287)	(281)	(228)	(250)	(204)	(962)	(142)	(129)	(724)
Interest	131	119	124	124	124	491	124	124	496
Ebt									
	116	21	140	91	137	388	351	357	935
Income tax	35	6	49	32	48	135	123	125	327
Net Income (\$mm)									
	81	15	91	59	89	254	228	232	608
Per share (\$)	0.11	0.02	0.22	0.08	0.12	0.44	0.31	0.31	0.82
Shares (millions)									
	738	738	739	739	739	576	739	739	739
Ebitda margin	56%	49%	59%	54%	54%	54%	54%	54%	54%
Tax rate	30%	30%	35%	35%	35%	35%	35%	35%	35%



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Encana Corporation					
Functional Cash Flow and Present Value					
	<i>NTM</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<u><i>Ebitda</i></u>	<u><i>R/P</i></u>	<u><i>Ebitda</i></u>	<u><i>Value</i></u>	
North American Natural Gas	3,340	12.3	13.2	44,000	90%
Oil	430	11.1	10.9	4,700	10%
	3,770	12.3	12.9	48,700	100%
Debt				11,000	
Net Present Value (\$mm)				37,700	
Shares				739	
Net Present Value - Standard Estimate (US\$/sh)				51	
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)				49	



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McDep Energy Portfolio of Buy Recommendations									
Weightings by McDep Ratio and Sector									
			<i>Price</i>						
	<i>Symbol/Rating</i>		<i>(US\$/sh)</i>		<i>Market</i>		<i>Enterprise</i>		<i>McDep</i>
			<i>25-Jul</i>	<i>Shares</i>	<i>Value</i>	<i>Debt</i>	<i>Value</i>	<i>Weight</i>	<i>Ratio</i>
			<i>2011</i>		<i>(\$)</i>	<i>(US\$/sh)</i>	<i>(\$)</i>		
U.S. Integrated									
Exxon Mobil Corporation	XOM	B	84.57	49	4,100	13.42	4,800	4%	0.78
Chevron Corporation	CVX	B	108.10	39	4,300	13.60	4,800	4%	0.73
ConocoPhillips	COP	B	74.55	46	3,400	29.77	4,800	4%	0.70
	<i>Total</i>				<i>11,800</i>		<i>14,400</i>	<i>12%</i>	<i>0.73</i>
Europe									
Royal Dutch Shell plc	RDS-A	B	74.64	38	2,800	21.12	3,600	3%	0.82
Statoil ASA (33%)	STO	B	25.02	163	4,100	11.87	6,000	5%	0.66
Total S.A.	TOT	B	56.43	82	4,600	16.42	6,000	5%	0.57
	<i>Total</i>				<i>11,500</i>		<i>15,600</i>	<i>13%</i>	<i>0.65</i>
Growth Countries									
PetroChina Company Ltd (14%)	PTR	B	146.34	26	3,800	36.24	4,800	4%	0.74
Petrobras	PBR	CB	34.21	111	3,800	8.96	4,800	4%	0.61
Gazprom (50%)	OGZPY	B	14.38	268	3,900	3.51	4,800	4%	0.57
Lukoil Oil Company	LUKOY	B	67.52	65	4,400	6.64	4,800	4%	0.47
	<i>Total</i>				<i>15,900</i>		<i>19,200</i>	<i>16%</i>	<i>0.58</i>
U.S. Independent									
Occidental Petroleum Corp.	OXY	B	107.37	31	3,300	9.72	3,600	3%	0.88
EOG Resources, Inc.	EOG	B	106.21	28	3,000	20.32	3,600	3%	0.84
Devon Energy Corporation	DVN	B	83.76	52	4,300	9.30	4,800	4%	0.77
Marathon Oil Corporation	MRO	B	32.48	152	5,000	6.87	6,000	5%	0.65
	<i>Total</i>				<i>15,600</i>		<i>18,000</i>	<i>15%</i>	<i>0.75</i>
Canada									
Cenovus Energy Inc.	CVE	B	40.21	71	2,900	10.58	3,600	3%	0.85
Imperial Oil Limited (30%)	IMO	B	47.03	90	4,200	6.30	4,800	4%	0.78
EnCana Corporation	ECA	CB	30.41	132	4,000	14.91	6,000	5%	0.69
Suncor Energy	SU	B	41.67	118	4,900	9.09	6,000	5%	0.69
Canadian Oil Sands Limited	COSWF	B	29.89	179	5,400	3.55	6,000	5%	0.60
	<i>Total</i>				<i>21,400</i>		<i>26,400</i>	<i>22%</i>	<i>0.70</i>
Small Cap									
Range Resources	RRC	B	64.43	48	3,100	11.14	3,600	3%	1.06
Birchcliff Energy Ltd.	BIREF	B	14.45	205	3,000	3.11	3,600	3%	0.92
Cimarex Energy Company	XEC	CB	92.76	47	4,400	8.33	4,800	4%	0.79
Whiting Petroleum Corporation	WLL	B	62.26	63	3,900	13.48	4,800	4%	0.73
Income									
Hugoton RoyaltyTrust	HGT	B	23.68	152	3,600	-	3,600	3%	1.08
Dorchester Minerals, L.P.	DMLP	B	27.42	131	3,600	-	3,600	3%	0.91
Enerplus Corporation	ERF	B	31.83	89	2,800	8.84	3,600	3%	0.89
	<i>Total Income and Small Cap</i>				<i>24,400</i>		<i>27,600</i>	<i>23%</i>	<i>0.88</i>
Composite					<i>100,000</i>		<i>120,000</i>	<i>100%</i>	<i>0.71</i>

Note: B = Buy, CB = Contrarian Buy



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McDep Energy Portfolio of Buy Recommendations					
Enterprise Value by Segment					
	<i>North Amer.</i>	<i>Rest of World</i>			
	<i>Natural Gas</i>	<i>Natural Gas</i>	<i>Oil Prod'n</i>	<i>Down-stream</i>	<i>Total (\$)</i>
U.S. Integrated					
Exxon Mobil Corporation	431	892	2,708	769	4,800
Chevron Corporation	143	457	3,714	486	4,800
ConocoPhillips	666	505	2,848	781	4,800
<i>Total</i>					<i>14,400</i>
Europe					
Royal Dutch Shell plc	119	796	1,939	746	3,600
Statoil ASA (33%)	-	2,192	3,808	-	6,000
Total S.A.	-	1,108	4,056	836	6,000
<i>Total</i>					<i>15,600</i>
Growth Countries					
PetroChina Company Ltd (14%)	-	640	3,307	853	4,800
Petrobras	-	115	3,966	719	4,800
Gazprom (50%)	-	3,845	955	-	4,800
Lukoil Oil Company	-	-	3,229	1,571	4,800
<i>Total</i>					<i>19,200</i>
U.S. Independent					
Occidental Petroleum Corp.	300	33	3,066	200	3,600
EOG Resources, Inc.	1,628	163	1,810	-	3,600
Devon Energy Corporation	2,593	-	2,207	-	4,800
Marathon Oil Corporation	524	221	5,255	-	6,000
<i>Total</i>					<i>18,000</i>
Canada					
Cenovus Energy Inc.	690	-	2,590	321	3,600
Imperial Oil Limited (30%)	148	-	4,117	535	4,800
EnCana Corporation	5,421	-	579	-	6,000
Suncor Energy	187	-	5,035	779	6,000
Canadian Oil Sands Limited	-	-	6,000	-	6,000
<i>Total</i>					<i>26,400</i>
Small Cap					
Range Resources	2,722	-	878	-	3,600
Birchcliff Energy Ltd.	2,003	-	1,597	-	3,600
Cimarex Energy Company	2,134	-	2,666	-	4,800
Whiting Petroleum Corporation	511	-	4,289	-	4,800
Income					
Hugoton Royalty Trust	3,150	-	450	-	3,600
Dorchester Minerals, L.P.	2,191	-	1,409	-	3,600
Enerplus Corporation	1,187	-	2,413	-	3,600
<i>Total Income and Small Cap</i>					<i>27,600</i>
Composite	26,749	10,968	74,888	8,596	121,200
	<i>22%</i>	<i>9%</i>	<i>62%</i>	<i>7%</i>	<i>100%</i>



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Table 1										
McDep Large Cap Energy Stocks										
Geographic Domicile and Business Segments										
			Price (US\$/sh)	EV/ Market Cap	Enterprise Value (\$mm)	Present Value by Segment (%)				
						North Amer. Natural Gas	Rest of World Natural Gas	Oil Prod'n	Down- stream	McDep Ratio
Symbol/Rating			25-Jul 2011							
B = Buy, CB (see below)										
U.S. Integrated										
Exxon Mobil Corporation	XOM	B	84.57	1.16	487,000	9	19	56	16	0.78
Chevron Corporation	CVX	B	108.10	1.13	245,000	3	10	77	10	0.73
ConocoPhillips	COP	B	74.55	1.40	147,000	14	11	59	16	0.70
<i>Total or Median</i>					<i>879,000</i>			<i>59</i>		<i>0.73</i>
Europe										
BG Group	BRGXF		23.14	1.17	92,600		34	44	21	0.94
Royal Dutch Shell plc	RDS-A	B	74.64	1.28	296,000	3	22	54	21	0.82
Statoil ASA (33%)	STO	B	25.02	1.47	38,700		37	63	-	0.66
BP plc	BP		46.77	1.59	236,000	5	9	67	20	0.62
Total S.A.	TOT	B	56.43	1.29	164,000		18	68	14	0.57
<i>Total or Median</i>					<i>827,000</i>			<i>63</i>		<i>0.66</i>
Brazil/Russia/Australia/China										
Woodside Petroleum Ltd.	WOPEY		42.50	1.19	39,000		63	37	-	0.95
CNOOC Limited (36%)	CEO		220.80	1.05	37,200		9	91	-	0.89
PetroChina Company Ltd (14%)	PTR	B	146.34	1.25	46,800		13	69	18	0.74
Petrobras	PBR	CB	34.21	1.26	282,000		2	83	15	0.61
Gazprom (50%)	OGZPY	B	14.38	1.24	103,000		80	20	-	0.57
Lukoil Oil Company	LUKOY	B	67.52	1.10	58,300			67	33	0.47
<i>Total or Median</i>					<i>566,000</i>			<i>69</i>		<i>0.67</i>
U.S. Independent										
Southwestern Energy Company	SWN		48.65	1.09	18,600	100			-	1.14
Anadarko Petroleum Corp.	APC		82.58	1.51	62,200	37		60	3	1.04
Chesapeake Energy Corp.	CHK		33.87	1.54	40,400	82		18	-	1.02
Occidental Petroleum Corp.	OXY	B	107.37	1.09	95,200	8	1	85	6	0.88
EOG Resources, Inc.	EOG	B	106.21	1.19	31,600	45	5	50	-	0.84
Devon Energy Corporation	DVN	B	83.76	1.11	40,000	54		46	-	0.77
Marathon Oil Corporation	MRO	B	32.48	1.21	28,100	9	4	88	-	0.65
<i>Total or Median</i>					<i>316,000</i>			<i>50</i>		<i>0.88</i>
Canada										
Cenovus Energy Inc.	CVE	B	40.21	1.26	38,200	19		72	9	0.85
Penn West Exploration	PWE		22.57	1.44	14,200	17		83	-	0.79
Imperial Oil Limited (30%)	IMO	B	47.03	1.13	13,700	3		86	11	0.78
Canadian Natural Resources Lin	CNQ		43.76	1.28	62,000	16		84	-	0.71
Suncor Energy	SU	B	41.67	1.22	80,300	3		84	13	0.69
EnCana Corporation	ECA	CB	30.41	1.49	33,500	90		10	-	0.69
Canadian Oil Sands Limited	COSWF	B	29.89	1.12	16,200			100	-	0.60
<i>Total or Median</i>					<i>258,000</i>			<i>84</i>		<i>0.71</i>
Composite					2,846,000	9	15	63	13	0.71

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



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	Symbol/Rating		25-Jul 2011	(mm)				
B = Buy, CB (see below)								
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	84.57	4,971	420,000	112.00	0.11	0.78
Chevron Corporation	CVX	B	108.10	2,009	217,000	154.00	0.08	0.73
ConocoPhillips	COP	B	74.55	1,405	105,000	119.00	0.20	0.70
<i>Total or Median</i>					742,000		0.11	0.73
Europe								
BG Group plc	BRGXF		23.14	3,410	78,900	25.00	0.14	0.94
Royal Dutch Shell plc	RDS-A	B	74.64	3,087	230,000	96.00	0.18	0.82
Statoil ASA (33%)	STO	B	25.02	1,050	26,300	44.00	0.21	0.66
BP plc	BP		46.77	3,173	148,000	93.00	0.23	0.62
Total S.A.	TOT	B	56.43	2,251	127,000	111.00	0.13	0.57
<i>Total or Median</i>					610,000		0.18	0.66
Brazil/Russia/Australia/China								
Woodside Petroleum Ltd.	WOPEY		42.50	774	32,900	45.00	0.15	0.95
CNOOC Limited (36%)	CEO		220.80	161	35,500	250.00	0.04	0.89
PetroChina Company Ltd (14%)	PTR	B	146.34	256	37,500	210.00	0.15	0.74
Petrobras	PBR	CB	34.21	6,539	223,700	62.00	0.13	0.61
Gazprom (50%)	OGZPY	B	14.38	5,750	82,700	28.00	0.11	0.57
Lukoil Oil Company	LUKOY	B	67.52	786	53,100	150.00	0.04	0.47
<i>Total or Median</i>					465,000		0.12	0.67
U.S. Independent								
Southwestern Energy Company	SWN		48.65	350	17,000	42.00	0.09	1.14
Anadarko Petroleum Corp.	APC		82.58	499	41,200	78.00	0.35	1.04
Chesapeake Energy Corp.	CHK		33.87	774	26,200	33.00	0.36	1.02
Occidental Petroleum Corp.	OXY	B	107.37	813	87,300	123.00	0.07	0.88
EOG Resources, Inc.	EOG	B	106.21	250	26,600	130.00	0.14	0.84
Devon Energy Corporation	DVN	B	83.76	430	36,000	112.00	0.08	0.77
Marathon Oil Corporation	MRO	B	32.48	715	23,220	54.00	0.11	0.65
<i>Total or Median</i>					257,500		0.11	0.88
Canada								
Cenovus Energy Inc.	CVE	B	40.21	753	30,300	49.00	0.18	0.85
Penn West Exploration	PWE		22.57	440	9,900	31.00	0.24	0.79
Imperial Oil Limited (30%)	IMO	B	47.03	256	12,100	62.00	0.09	0.78
Canadian Natural Resources Limited	CNQ		43.76	1,106	48,400	67.00	0.16	0.71
Suncor Energy	SU	B	41.67	1,581	65,900	64.00	0.12	0.69
EnCana Corporation	ECA	CB	30.41	739	22,500	51.00	0.23	0.69
Canadian Oil Sands Limited	COSWF	B	29.89	485	14,500	52.00	0.06	0.60
<i>Total or Median</i>					204,000		0.16	0.71
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, \$8 a million btu.								



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A Weekly Analysis of Large Cap Oil and Gas Stocks

July 26, 2011

			<i>Price</i> <i>(US\$/sh)</i>	<i>Adjustd</i> <i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Divd or</i> <i>Distrib</i>
	<i>Symbol/Rating</i>		<i>25-Jul</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	<i>B = Buy, CB (see below)</i>		<i>2011</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
U.S. Integrated								
Exxon Mobil Corporation	XOM	B	84.57	13.8	7.5	5.8	10	2.1
ConocoPhillips	COP	B	74.55	11.9	7.9	5.5	10	3.5
Chevron Corporation	CVX	B	108.10	8.4	6.4	4.7	9	2.7
	<i>Total or Median</i>			<i>11.9</i>	<i>7.5</i>	<i>5.5</i>	<i>10</i>	<i>2.7</i>
Europe								
BG Group plc	BRGXF		23.14	20.3	9.3	8.7	16	0.9
Royal Dutch Shell plc	RDS-A	B	74.64	8.9	6.8	5.5	10	4.5
BP plc	BP		46.77	10.5	7.3	4.5	6	3.6
Total S.A.	TOT	B	56.43	9.6	7.1	4.1	7	5.8
Statoil ASA (33%)	STO	B	25.02	6.6	6.0	4.0	8	4.6
	<i>Total or Median</i>			<i>9.6</i>	<i>7.1</i>	<i>4.5</i>	<i>8</i>	<i>4.5</i>
Brazil/Russia/Australia/China								
Woodside Petroleum Ltd.	WOPEY		42.50	22.5	12.8	12.2	21	2.5
Petrobras	PBR	CB	34.21	13.3	11.3	6.9	11	3.4
PetroChina Company Ltd (14%)	PTR	B	146.34	13.4	7.6	5.6	11	3.6
CNOOC Limited (36%)	CEO		220.80	6.5	5.6	5.0	9	2.7
Gazprom (50%)	OGZPY	B	14.38	30.2	6.9	3.9	7	2.4
Lukoil Oil Company	LUKOY	B	67.52	16.1	6.3	3.0	5	2.8
	<i>Total or Median</i>			<i>14.8</i>	<i>7.2</i>	<i>5.3</i>	<i>10</i>	<i>2.7</i>
U.S. Independent								
Southwestern Energy Company	SWN		48.65	7.9	10.9	12.5	27	-
Chesapeake Energy Corp.	CHK		33.87	11.6	11.0	11.2	21	1.0
Anadarko Petroleum Corp.	APC		82.58	7.0	7.6	7.8		0.4
Occidental Petroleum Corp.	OXY	B	107.37	11.3	8.6	7.6	16	1.7
Devon Energy Corporation	DVN	B	83.76	10.3	9.4	7.2	14	0.8
EOG Resources, Inc.	EOG	B	106.21	9.0	8.0	6.7	24	0.6
Marathon Oil Corporation	MRO	B	32.48	10.1	8.0	5.1	18	1.8
	<i>Total or Median</i>			<i>10.1</i>	<i>8.6</i>	<i>7.6</i>	<i>19</i>	<i>0.8</i>
Canada								
Cenovus Energy Inc.	CVE	B	40.21	21.0	12.1	10.3	33	2.1
Imperial Oil Limited (30%)	IMO	B	47.03	42.7	13.1	10.3	16	1.0
EnCana Corporation	ECA	CB	30.41	12.3	12.9	8.9	37	2.6
Penn West Exploration	PWE		22.57	8.8	11.2	8.8	20	5.0
Canadian Natural Resources Limited	CNQ		43.76	20.4	11.6	8.2	21	0.9
Suncor Energy	SU	B	41.67	25.6	10.4	7.2	15	1.0
Canadian Oil Sands Limited	COSWF	B	29.89	26.4	11.7	7.0	11	4.2
	<i>Total or Median</i>			<i>21.0</i>	<i>11.7</i>	<i>8.8</i>	<i>20</i>	<i>2.1</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, 2012; P/E = Stock Price to Earnings; PV = Present Value of oil and gas and other businesses								



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Table 4									
McDep Large Cap Energy Stocks									
Rank by Enterprise Value to 200 Day Average									
			Price						
	Symbol		(\$/sh)	Enterprise Value/					
			25-Jul	52Wk	52Wk	50 Day	200 Day	McDep	
		Ratin,	2011	High	Low	Avg.	Avg.	Ratio	
U.S. Integrated									
	Chevron Corporation	CVX	B	108.10	0.99	1.41	1.05	1.10	0.73
	Exxon Mobil Corporation	XOM	B	84.57	0.96	1.37	1.04	1.07	0.78
	ConocoPhillips	COP	B	74.55	0.93	1.28	1.01	1.04	0.70
	<i>Median</i>			<i>0.96</i>	<i>1.37</i>	<i>1.04</i>	<i>1.07</i>	<i>0.73</i>	
Europe									
	Royal Dutch Shell plc	RDS-A	B	74.64	0.97	1.31	1.05	1.06	0.82
	BG Group plc	BRGXF		115.69	0.91	1.39	1.03	1.04	0.94
	BP plc	BP		46.77	0.96	1.20	1.04	1.03	0.62
	Statoil ASA (33%)	STO	B	25.02	0.89	1.22	1.00	1.01	0.66
	Total S.A.	TOT	B	56.43	0.90	1.16	1.01	1.00	0.57
	<i>Median</i>			<i>0.93</i>	<i>1.26</i>	<i>1.03</i>	<i>1.04</i>	<i>0.69</i>	
Brazil/Russia/Australia/China									
	Lukoil Oil Company	LUKOY	B	67.52	0.90	1.25	1.06	1.06	0.47
	PetroChina Company Ltd (14%)	PTR	B	146.34	0.94	1.28	1.03	1.06	0.74
	Gazprom (50%)	OGZPY	B	14.38	0.85	1.33	1.00	1.03	0.57
	Petrobras	PBR	CB	34.21	0.84	1.07	1.02	0.97	0.61
	Woodside Petroleum Ltd.	WOPEY		42.50	0.84	1.15	0.95	0.96	0.95
	CNOOC Limited (36%)	CEO		220.80	0.82	1.34	0.95	0.95	0.89
	<i>Median</i>			<i>0.85</i>	<i>1.26</i>	<i>1.01</i>	<i>1.00</i>	<i>0.67</i>	
U.S. Independent									
	Southwestern Energy Company	SWN		45.38	0.99	1.52	1.12	1.21	1.14
	Chesapeake Energy Corp.	CHK		33.87	0.96	1.37	1.08	1.11	1.02
	Occidental Petroleum Corp.	OXY	B	107.37	0.92	1.43	1.04	1.09	0.88
	Anadarko Petroleum Corp.	APC		82.58	0.98	1.43	1.06	1.08	1.04
	Devon Energy Corporation	DVN	B	83.76	0.90	1.36	1.04	1.03	0.77
	EOG Resources, Inc.	EOG	B	106.21	0.89	1.20	1.01	1.03	0.84
	Marathon Oil Corporation	MRO	B	32.48					0.65
	<i>Median</i>			<i>0.94</i>	<i>1.40</i>	<i>1.05</i>	<i>1.08</i>	<i>0.88</i>	
Canada									
	Cenovus Energy Inc.	CVE	B	40.21	0.99	1.44	1.09	1.13	0.85
	Suncor Energy	SU	B	41.67	0.88	1.33	1.04	1.04	0.69
	Imperial Oil Limited (30%)	IMO	B	47.03	0.86	1.27	1.01	1.04	0.78
	Canadian Oil Sands Limited	COSWF	B	29.87	0.86	1.28	1.02	1.03	0.60
	Canadian Natural Resources	CNQ		43.76	0.87	1.33	1.05	1.02	0.71
	EnCana Corporation	ECA	CB	30.41	0.90	1.11	0.98	0.99	0.69
	Penn West Exploration	PWE		22.57	0.83	1.17	0.96	0.94	0.79
	<i>Median</i>			<i>0.87</i>	<i>1.28</i>	<i>1.02</i>	<i>1.03</i>	<i>0.71</i>	
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average.									



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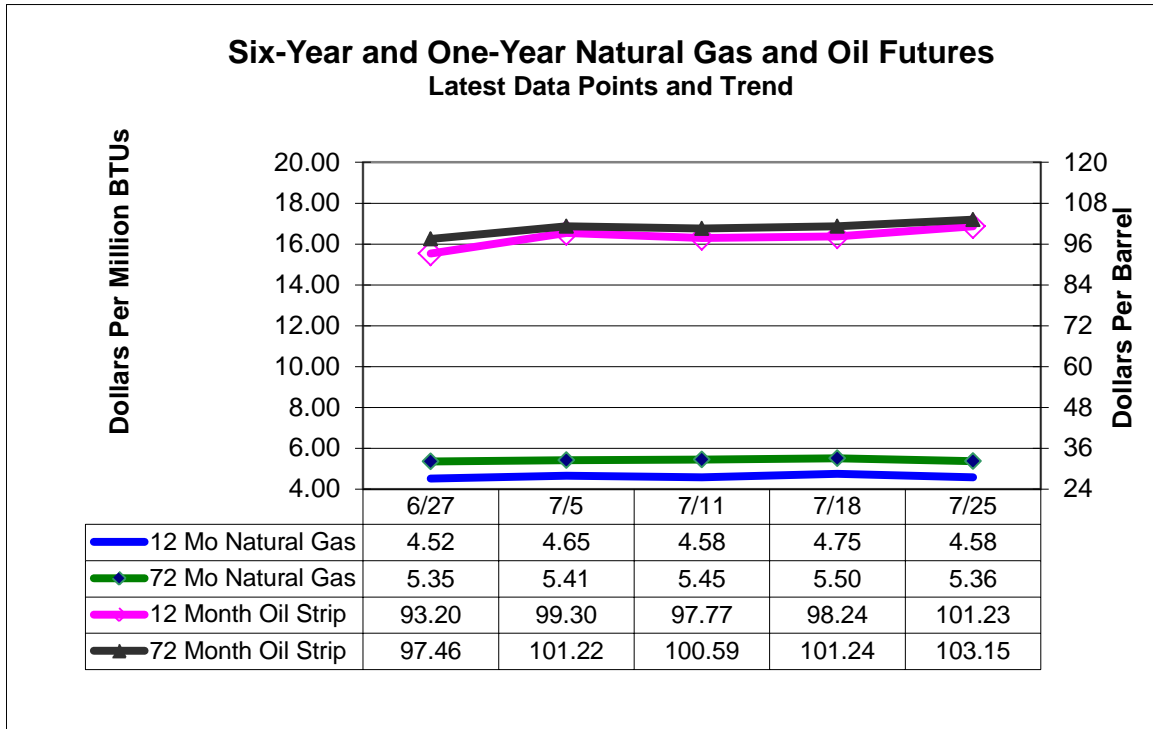
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Index of Recent Research			
Stock Ideas			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
19-Jul	COP	ConocoPhillips	Downstream Spinoff Promises to Unlock Value (Meter Reader)
15-Jul	HK	Petrohawk	BHP Pays 1.10 McDep Ratio to Acquire HK
5-Jul	DVN	Devon Energy	Thermal Oil Growth in Canada (Meter Reader)
28-Jun	MRO	Marathon Oil	Buy New U.S. Independent Producer (Meter Reader)
24-Jun	HGT, SJT, MTR	Hugoton, San Juan, Mesa RTrust	Income Enhancers (ISC Weekly)
21-Jun	WOPEY	Woodside Petroleum	Remove Buy on Costs and Delay (Meter Reader)
17-Jun	PEYUF	Peyto Exploration	Update Growth (Income and Small Cap)
14-Jun	CVE	Cenovus Energy	Accelerating Deep Oil Sands (Meter Reader)
10-Jun	WLL	Whiting Petroleum	Bakken Backlog (Income and Small Cap Weekly)
7-Jun	IMO	Imperial Oil	Double Oil Production by 2020 (Meter Reader)
31-May	OXY	Occidental Petroleum	Triple California Oil Production by 2020 (Meter Reader)
27-May	XEC	Cimarex Energy	Timely Buy on Stock Price Underperformance (ISCW)
24-May	STO	Statoil	Nordic Oil and Gas Stalwart (Meter Reader)
20-May	SBR	Sabine Royalty Trust	Raise NPV to \$70 from \$59 on Rising Volume (ISCW)
17-May	PBR	Petrobras	Out-of-Favor Oil Growth (Meter Reader)
13-May	DMLP	Dorchester Minerals, L.P.	Fayetteville and Bakken Growth (Income and Small Cap Weekly)
10-May	EOG	EOG Resources	High-Profit Light Sweet North American Oil (Meter Reader)
3-May	TOT	Total	Profiting Outside U.S. (Meter Reader)
29-Apr	BIREF	Birchcliff Energy	Independent Engineer Confirms Natural Gas Upside (ISCW)
29-Apr	COSWF	Canadian Oil Sands Limited	Dividend Increased 50%
22-Apr	ERF	Enerplus Corporation	New Buy - Bakken and Marcellus with 7% Income (ISCW)
21-Apr	ECA	Encana	North America's Natural Gas Pure Play
8-Apr	RRC	Range Resources	Raise NPV to \$60 from \$50 a Share (Income and Small Cap)
5-Apr	CVX	Chevron	Raise NPV to \$154 a Share from \$146 (Meter Reader)
29-Mar	XOM	Exxon Mobil	Natural Gas Enhanced by Nuclear (Meter Reader)
22-Mar	PTR	PetroChina	Overlooked Oil in PTR Stock (Meter Reader)
15-Mar	LUKOY	Lukoil	Lukoil and Russia Ride the Rise of Oil (Meter Reader)
8-Mar	CNQ	Canadian Natural Resources	End Buy (Meter Reader)
22-Feb	OGZPY	Gazprom	Nearer Accord on Natural Gas to China (Meter Reader)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
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19-Jul	COP	ConocoPhillips	Downstream Spinoff Promises to Unlock Value
12-Jul	EOG, DVN, OXY, ECA, MRO		Shale Strategy III
5-Jul	DVN	Devon Energy	Thermal Oil Growth in Canada
28-Jun	MRO	Marathon Oil	Buy New U.S. Independent Producer
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
22-Jul			Income and Small Cap 23% of McDep Buy Portfolio
15-Jul			In Oil and Gas We Trust
8-Jul			Shale Strategy II
1-Jul			Shale Strategy
For earlier editions, go to mcdep.com , click on Energy Income .			



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