

Marathon Oil (MRO – Contrarian Buy) Shale Growth, Dollar Hedge

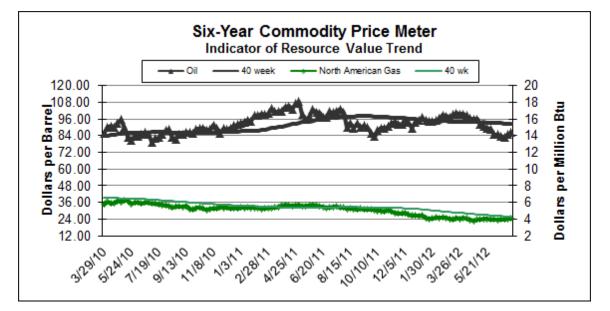
Symbol	MRO	Ebitda Next Twelve Months ending 6/30/13 (US\$mm)	6,300				
Rating	Contrarian Buy	North American Natural Gas/Ebitda (%)	6				
Price (US\$/sh)	24.55	Natural Gas and Oil Production/Ebitda (%)	100				
Pricing Date	7/9/12	Adjusted Reserves/Production NTM	10.3				
Shares (mm)	710	EV/Ebitda	4.1				
Market Capitalization (US\$mm) 17,400 PV/Ebitda 77							
Debt (US\$mm) 8,600 Undeveloped Reserves (%) 2							
Enterprise Value (EV) (US\$mm) 26,100 Natural Gas and Oil Ebitda (US\$/boe) 40.50							
Present Value (PV) (US\$mm) 47,000 Present Value Proven Reserves(US\$/boe) 26.10							
Net Present Value (US\$/share)	54	Present Value Proven Reserves(US\$/mcfe)	4.35				
Debt/Present Value	0.18	Earnings Next Twelve Months (US\$/sh)	2.79				
McDep Ratio - EV/PV	0.55	Price/Earnings Next Twelve Months	9				
Dividend Yield (%/year) 2.8 Indicated Annual Dividend (US\$/sh) 0.68							
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 infrequer							
Estimated present value presumes a long-term price for oil of US\$100 a barrel and natural gas, \$6 a million l							
For historical research on Marathon since 2001 see http://www.mcdep.com/3mro.htm							

Summary and Recommendation

Down 30% in price from the high of \$35 on February 28, the stock of Contrarian Buy Marathon **Oil** (MRO) offers new shale oil growth and a long-term hedge against the devaluation of the dollar at the lowest McDep Ratio of 0.55 among U.S. Independent Producers in our coverage. Paced by Eagle Ford and Bakken shale oil, onshore U.S. production is growing some 30% in 2012 toward reaching about 30% of global oil and gas production at year end. At 90%, MRO is most concentrated among peers on oil production, a real resource likely to retain its value as the supply of dollars expands artificially to handle mounting debt that could not otherwise be repaid. Currently, oil may be advancing again after a recent decline that in large part explains a concurrent decline in MRO stock (see charts Six-Year Commodity Price Meter on page 2 and Six-Year and One-Year Natural Gas and Oil Futures on page 9). To cushion against the possibility of lower oil price there is a wide difference between estimated Net Present Value of \$54 a share and current stock price of \$24 (see table Functional Cash Flow and Present Value on page 2). Similarly, lower than expected cash flow and earnings reported for the first quarter helped drive the stock down despite the temporary nature of timing factors that contributed to the accounting results. Quarterly trends appear strong relative to expectations reflected in stock price (see table Next Twelve Months Operating and Financial Estimates on page 3). In addition to low McDep Ratio, debt is manageable, unlevered cash flow multiple is lowest of all of our North American large caps and stock price is in a contrarian trend along with most peers (see Tables 1-4 on pages 4-7).

Kurt H. Wulff, CFA





Marathon Oil Corporation										
Functional Cash Flow and Present Value										
	NTM <u>Ebitda</u>	Adjusted <u>R/P</u>	PV/ <u>Ebitda</u>	Present <u>Value</u>						
North American Natural Gas	380	5.7	8.9	3,400	7%					
Rest of World Natural Gas	260	8.0	5.8	1,500	3%					
Oil	5,670	11.7	7.4	42,000	90%					
	6,310	10.3	7.4	46,900	100%					
Debt					8,600					
Net Present Value (\$mm)										
Shares				710						
Net Present Value - Standard Estimate (US\$/sh)										
NPV Approximation by Cash Flow Multiple D	Depending on	Reserve Life	(US\$/sh)		66					



	Next T	welve Mo	arathon Oi nths Opera	-		Estimates			
(exclu						ion, after 3/	31/11)		Next
		r			F				Twelve
	<i>Q</i> 4	Year	Q1	Q2E	Q3E	<i>04E</i>	Year	Q1E	Months
	12/31/11	2011	3/31/12	6/30/12	~	12/31/12	2012E	3/31/13	6/30/13
Volume					,,,,,,,				
Natural Gas (mmcfd)									
U.S. (or North America)	325	326	344	344	344	344	344	344	344
Overseas (or Int'l)	567	541	522	522	522	522	522	522	522
Total	892	867	866	866	866	866	866	866	866
Days	92	365	91	91	92	92	366	90	365
Oil (mmb)	24	96	26	26	26	26	104	25	103
Oil (mbd)	263	262	283	283	283	283	283	283	283
Total gas & oil (mbd))	412	406	427	427	427	427	427	427	427
Price	712	400	727	727	727	427		727	727
Natural gas (\$/mcf)									
	255	4.04	2.73	2.21	2.84	3.14	2.73	2.50	3.25
Henry Hub (\$/mmbtu)	3.55							3.52	
U.S. (or North America)	4.68	4.95	4.13	3.35	4.30	4.75	4.13	5.33	4.92
Overseas (or Int'l)	2.03	1.97	2.19	2.19	2.19	2.19	2.19	2.19	2.19
Total	3.00	3.09	2.96	2.65	3.03	3.21	2.96	3.44	3.27
Oil (\$/bbl)									
WTI Cushing	94.06	95.12	102.93	93.32	85.97	87.03	92.31	88.28	87.52
Worldwide	97.68	98.10	103.70	94.02	86.61	87.68	92.97	88.94	88.16
Total gas & oil (\$/mcf)	11.48	11.63	12.45	11.27	10.58	10.76	11.26	10.98	10.84
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	140	588	129	105	136	150	521	165	617
Overseas (or Int'l)	106	389	104	104	105	105	418	103	417
Total	246	977	233	209	241	255	939	268	1,035
Oil	2,364	9,370	2,671	2,421	2,255	2,283	9,630	2,265	9,107
Other	1,200	22,197	1,136				1,136		
Total	3,809	32,544	4,040	2,630	2,496	2,538	11,705	2,533	10,141
Expense	2,226	24,507	2,542	992	941	957	5,432	955	3,824
Ebitda (\$mm)									
Exploration and Production	1,583	7,014	1,498	1,638	1,555	1,581	6,273	1,578	6,317
Other	-	1,023	-				-		-
Total Ebitda	1,583	8,037	1,498	1,638	1,555	1,581	6,273	1,578	6,317
Exploration	140	644	142	142	142	142	568	125	534
Deprec., Deplet., & Amort.	550	2,483	574	574	635	635	2,418	635	2,540
Ebit	893	4,910	782	922	778	804	3,287	818	3,243
Interest	45	188	50	50	50	50	200	50	200
Ebt	848	4,722	732	872	728	754	3,087	768	3,043
Income Tax	297	1,653	256	305	255	264	1,080	269	1,065
Net Income (\$mm)	551	3,069	476	567	473	490	2,006	499	1,000
Shares (millions)	707	714	710	710	710	710	710	710	710
Per share (\$)	0.78	4.30	0.67	0.80	0.67	0.69	2.83	0.70	2.79
Ebitda Margin (E&P)	61%	4.30 68%	52%	62%	62%	62%	2.83 59%	62%	62%
Tax Rate	35%	35%	32%	35%	35%	35%	35%	35%	35%



			-	-	Energy S	Stocks					
	Geogra	ph	ic Dom	icile an							
			Geographic Domicile and Business Segments								
						Prese	ıt Value by	Seomen	t (%)		
			Price			North	Rest	Segmen	1 (70)		
			(US\$/sh)	EV/	Enterprise	Amer.					
S	ymbol/Rat	ing	9-Jul	Market	Value	Natural	Natural	Oil	Down-	McDep	
B = Buy, C			2012	Cap	(\$ <i>mm</i>)	Gas	Gas	Prod'n	stream	Ratio	
U.S. and Europe Integrated											
BG Group	BRGYY		20.35	1.26	87,800		23	41	36	0.98	
Exxon Mobil Corporation	XOM	В	83.65	1.19	471,000	8	19	57	16	0.79	
Royal Dutch Shell plc	RDS-A	CB	67.34	1.29	272,000	3	22	56	18	0.72	
Chevron Corporation	CVX		104.46	1.14	236,000	3	11	76	10	0.64	
Statoil ASA (33%)	STO	CB	23.27	1.52	37,100		35	65	-	0.63	
BP plc	BP		39.67	1.66	212,000	4	9	62	25	0.60	
Total S.A.	TOT	CB	44.49	1.39	140,000		23	62	14	0.53	
Total or Median					1,456,000			62		0.64	
Brazil/Russia/Australia/Chin											
CNOOC Limited (36%)	CEO		196.25	1.02	32,200		9	91	-	0.79	
Woodside Petroleum Ltd.	WOPEY		31.50	1.30	33,000		60	40	-	0.75	
PetroChina Company Ltd (14%			122.81	1.39	43,600		15	70	14	0.66	
Petrobras	PBR		19.09	1.61	199,000		6	81	14	0.54	
Gazprom (50%)	OGZPY			1.34	72,000		11	13	76	0.40	
Lukoil Oil Company	LUKOY	CB	55.35	1.01	44,400			71	29	0.37	
Total or Median					424,000			71		0.60	
U.S. Independent	CUIV		10.00	0.00	25.000			26		0.07	
Chesapeake Energy Corp.	CHK		19.98	2.39	35,900	64		36	-	0.87	
Anadarko Petroleum Corp.	APC		66.33	1.53	50,800	33		64	3	0.84	
Southwestern Energy Company		OD	31.98	1.15	12,900	100		6	-	0.82	
EOG Resources, Inc.	EOG			1.24	30,600	29	4	67	-	0.75	
Occidental Petroleum Corp.	OXY			1.11	76,900	9	12	80	10	0.73	
ConocoPhillips	COP			1.49	103,000	13	13		-	0.66	
Devon Energy Corporation Marathon Oil Corporation	DVN		56.74	1.35 1.50	31,100	49	3	51 90	-	0.63	
Total or Median	MRO	СВ	24.55	1.50	26,100	/	3	90 67	-	0.55	
Canada					367,000			07		0.74	
Penn West Exploration	PWE		13.06	1.72	10,700	18		82	-	0.77	
Cenovus Energy Inc.	CVE			1.72	31,600	18		75	- 13	0.77	
Imperial Oil Limited (30%)	IMO			1.29	12,600	2		84	13	0.73	
EnCana Corporation	ECA		20.21	1.18	23,900	90		10	- 14	0.71	
Suncor Energy		D CB		1.30	58,200	90		83	15	0.00	
Canadian Oil Sands Limited	COSWF			1.30	11,100			100	- 15	0.31	
Total or Median	COSWI		10.75	1.21	148,000			83		0.41	
Composite					2,395,000	8	14	63	16	0.65	



B = Buy, CB (see below) 2012 (mm) (US\$mm) (US\$mm) (US\$mm) Value US. and Europe Integrated BG Group ple BRGYY 20.35 3,416 69,500 21.00 0.20 Exxon Mobil Corporation XOM B 83.65 4,716 395,000 110.00 0.13 Royal Dutch Shell ple RDS-A CB 67.34 3,120 210,000 102.00 0.06 Chevron Corporation CVX B 104.46 1.979 207,000 170.00 0.02 By ple BP 39.67 3,207 127,000 84.00 0.24 Total S.A TOT CB 44.49 2,265 101,000 100.00 0.15 Total or Median Intation Intat					2	Table 2			
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Petrobras PBR CB 19.09 6,489 123,900 45.00 0.20 Gazprom (50%) OGZPY CB 9.35 5,750 53,800 28.00 0.10 Lukoil Oil Company LUKOY CB 55.35 794 44,000 150.00 0.00 Total or Median Image: CHK 19.98 753 15,000 27.00 0.51 Anadarko Petroleum Corp. APC 66.33 501 33,200 86.00 0.29 Southwestern Energy Company SWN 31.98 350 11,200 40.00 0.11 EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.42 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConcoPhillips COP CB 54.33 1,270 69,000 96.00 0.22 Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16<	0.66			,			CB		
Gazprom (50%) OGZPY CB 9.35 5,750 53,800 28.00 0.10 Lukoil Oil Company LUKOY CB 55.35 794 44,000 150.00 0.00 Total or Median CB 55.35 794 44,000 150.00 0.00 U.S. Independent CHK 19.98 753 15,000 27.00 0.51 Anadarko Petroleum Corp. APC 66.33 501 33,200 86.00 0.29 Southwestern Energy Company SWN 31.98 350 11,200 40.00 0.11 EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.14 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConcoPhillips COP CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18	0.54								
Lukoil Oil Company LUKOY CB 55.35 794 44,000 150.00 0.00 Total or Median Image: Company LUKOY CB 55.35 794 44,000 150.00 0.00 U.S. Independent Image: Company CHK 19.98 753 15,000 27.00 0.51 Anadarko Petroleum Corp. APC 66.33 501 33,200 86.00 0.29 Southwestern Energy Company SWN 31.98 350 11,200 40.00 0.11 EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.14 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConcoPhillips COP CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 Penn West Exploration PWE 13.06 473 6,200	0.40								
Total or Median Image: Mark and the second sec	0.37			,					1
U.S. Independent Image: Constraint of the system of the syst	0.60		100100			00100	02	201101	1 2
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Southwestern Energy Company SWN 31.98 350 11,200 40.00 0.11 EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.14 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConocoPhillips COP CB 54.33 1,270 69,000 96.00 0.22 Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 Total or Median 262,600 0.17 0.17 Canada 262,600 0.32 0.16 Penn West Exploration PWE 13.06 473 6,200 20.00 0.32 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB <td>0.87</td> <td>0.51</td> <td>27.00</td> <td>15,000</td> <td>753</td> <td>19.98</td> <td></td> <td>CHK</td> <td>Chesapeake Energy Corp.</td>	0.87	0.51	27.00	15,000	753	19.98		CHK	Chesapeake Energy Corp.
EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.14 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConocoPhillips COP CB 54.33 1,270 69,000 96.00 0.22 Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 <i>Total or Median</i>	0.84	0.29	86.00	33,200	501	66.33		APC	
EOG Resources, Inc. EOG CB 91.49 270 24,700 130.00 0.14 Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConocoPhillips COP CB 54.33 1,270 69,000 96.00 0.22 Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 <i>Total or Median</i>	0.82	0.11	40.00		350	31.98		SWN	
Occidental Petroleum Corp. OXY CB 85.19 811 69,100 120.00 0.07 ConocoPhillips COP CB 54.33 1,270 69,000 96,00 0.22 Devon Energy Corporation DVN CB 56,74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 <i>Total or Median</i> C C 262,600 0.17 0.17 Penn West Exploration PWE 13.06 473 6,200 20.00 0.32 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12 </td <td>0.75</td> <td>0.14</td> <td>130.00</td> <td>24,700</td> <td>270</td> <td>91.49</td> <td>CB</td> <td>EOG</td> <td></td>	0.75	0.14	130.00	24,700	270	91.49	CB	EOG	
Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 Total or Median CB 24.55 710 17,430 54.00 0.18 Canada C C CB 24.55 710 17,430 54.00 0.18 Penn West Exploration PWE III.06 473 6,200 20.00 0.32 0.16 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.73	0.07	120.00		811	85.19	CB	OXY	Occidental Petroleum Corp.
Devon Energy Corporation DVN CB 56.74 405 23,000 102.00 0.16 Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 Total or Median CB 24.55 710 17,430 54.00 0.18 Canada Penn West Exploration PWE 13.06 473 6,200 20.00 0.32 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.66	0.22	96.00	69,000	1,270	54.33	CB	COP	ConocoPhillips
Marathon Oil Corporation MRO CB 24.55 710 17,430 54.00 0.18 Total or Median CB 24.55 710 17,430 54.00 0.17 Canada Penn West Exploration PWE 13.06 473 6,200 20.00 0.32 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.63	0.16	102.00	23,000	405	56.74	CB	DVN	Devon Energy Corporation
Total or Median 262,600 0.17 Canada 2000 0.17 0000 Penn West Exploration PWE 13.06 473 6,200 20.00 0.32 Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.55	0.18	54.00	17,430	710	24.55	CB	MRO	
Penn West ExplorationPWE13.064736,20020.000.32Cenovus Energy Inc.CVECB32.3076024,60048.000.16Imperial Oil Limited (30%)IMOCB41.9025610,70062.000.11EnCana CorporationECAB20.2173614,90037.000.25Suncor EnergySUCB28.591,56744,80064.000.12	0.74	0.17		262,600					•
Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12									Canada
Cenovus Energy Inc. CVE CB 32.30 760 24,600 48.00 0.16 Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.77	0.32	20.00	6,200	473	13.06		PWE	Penn West Exploration
Imperial Oil Limited (30%) IMO CB 41.90 256 10,700 62.00 0.11 EnCana Corporation ECA B 20.21 736 14,900 37.00 0.25 Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.73	0.16	48.00	24,600	760	32.30	CB	CVE	
EnCana CorporationECAB20.2173614,90037.000.25Suncor EnergySUCB28.591,56744,80064.000.12	0.71	0.11	62.00	10,700	256	41.90	CB	IMO	
Suncor Energy SU CB 28.59 1,567 44,800 64.00 0.12	0.66	0.25	37.00	14,900	736	20.21	В	ECA	
	0.51	0.12	64.00		1,567	28.59	CB	SU	
Canadian On Sanus Linnieu $(0.5 \text{ WF} 0.6 \text{ 16.93} 463 9,200 32.00 0.07 10.93 $	0.41	0.07	52.00	9,200	485	18.95	CB	COSWF	Canadian Oil Sands Limited
<i>Total or Median</i> 110,000 0.14	0.69			,					
				.,					
CB=Contrarian Buy, Stock Price may in downtrend compared to 200-day average.				verage.	200-dav av	ompared to	rend c	y in downt	CB=Contrarian Buy. Stock Price ma
McDep Ratio = Market cap and De bt 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, \$6 a million btu.



			Table 3					
Μ	cDep L	arg	e Cap I	Energy S	tocks			
Val	ue Mu	ltip	les and]	Dividend	l Yield			
				4.11 . 1				
			Price	Adjustd	D1//	EV/		D'
0	1 1/D		(US\$/sh)	Resrvs/	PV/	EV/	D/E	Dividend
•	ymbol/Rat	0	9-Jul	Prod	Ebitda	Ebitda	P/E	NTM
B = Buy, C	B (see bel	.0W)	2012	NTM	NTM	NTM	NTM	(%)
U.S. and Europe Integrated								
BG Group plc	BRGYY		20.35	8.6	7.9	7.7	13	1.2
Exxon Mobil Corporation	XOM	В	83.65	13.0	8.3	6.5	11	2.7
Royal Dutch Shell plc	RDS-A	CB	67.34	10.0	7.2	5.2	9	5.1
Chevron Corporation	CVX	В	104.46	9.2	7.8	5.0	10	3.4
BP plc	BP		39.67	11.0	8.2	4.9	7	4.2
Statoil ASA (33%)	STO	CB	23.27	6.2	6.6	4.1	8	4.4
Total S.A.	TOT	CB	44.49	10.1	7.7	4.1	7	6.3
Median				10.0	7.8	5.0	9	4.2
Brazil/Russia/Australia/China								
Woodside Petroleum Ltd.	WOPEY		31.50	13.2	8.7	6.5	10	3.5
PetroChina Company Ltd (14%)	PTR	CB	122.81	13.0	7.4	4.9	10	4.2
CNOOC Limited (36%)	CEO		196.25	6.9	6.1	4.8	9	3.5
Petrobras	PBR	CB	19.09	12.6	8.4	4.6	5	5.4
Gazprom (50%)	OGZPY	CB	9.35	31.2	5.9	2.4	3	5.8
Lukoil Oil Company	LUKOY	_	55.35	16.3	5.9	2.2	4	4.1
Median	Lonor	0.5	00100	13.1	6.7	4.7	. 7	4.1
U.S. Independent				1011	017	,	,	,,,,
Southwestern Energy Company	SWN		31.98	7.9	14.6	12.0	22	_
Chesapeake Energy Corp.	CHK		19.98	9.8	11.0	9.5	18	1.8
Anadarko Petroleum Corp.	APC		66.33	8.4	7.9	6.6	23	0.5
Occidental Petroleum Corp.	OXY	CB	85.19	10.1	7.7	5.6	12	2.5
EOG Resources, Inc.	EOG	CB	91.49	9.0	7.5	5.6	12	0.7
Devon Energy Corporation	DVN	CB	56.74	9.9	8.5	5.4	10	1.4
ConocoPhillips	COP	CB	54.33	12.2	8.1	5.4	10	4.9
Marathon Oil Corporation	MRO	CB	24.55	10.3	7.4	4.1	9	2.8
Median	MIKO	СБ	24.55	9.8	8.0	5.6	15	1.6
Canada				7.0	0.0	5.0	15	1.0
EnCana Corporation	ECA	В	20.21	8.4	14.2	9.4		4.0
Imperial Oil Limited (30%)	IMO	CB	41.90	36.9	11.7	8.3	11	1.1
Penn West Exploration	PWE	CD	13.06	7.3	9.6	7.4	20	8.1
Cenovus Energy Inc.	CVE	CB	32.30	12.5	9.0	6.9	14	2.7
Suncor Energy	SU	CB	28.59	12.5	10.4	5.3	9	1.5
Canadian Oil Sands Limited	COSWF		18.95	19.3	12.9	5.3	8	7.2
Median	COSWF	СВ	10.95	19.5	12.9	7.1	11	3.3
meutun				11.0	11.0	/ . 1		5.5
CB=Contrarian Buy, Stock Price may be	in downtre	end c	ompared to	200-day av	erage.			
EV = Enterprise Value = Market Cap and						eciation		
and amortization; NTM = Next Twelve M			-		-			
Fornings: DV - Present Value of oil and			,					

Earnings; PV = Present Value of oil and gas and other businesses



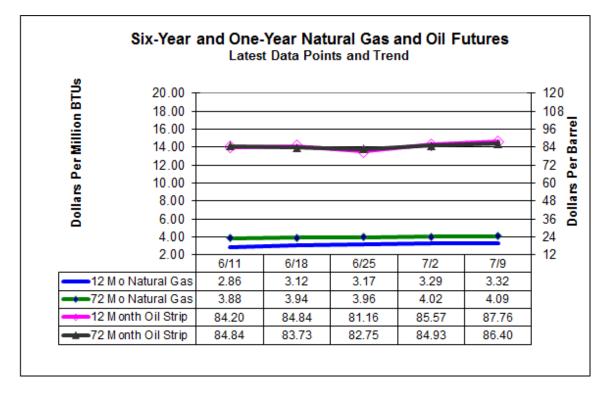
			Table 4					
	McDe	ep La	rge Cap	Energy S	Stocks			
Ran			ise Value			age		
Kum	K OJ EN	ter pr	ist value		<i>Juy</i> 11(C)	uge		
			Price					
			(\$/sh)		Enterprise	Value/		
	Symbol		9-Jul	52Wk	52Wk	50 Day	200 Day	McDep
	-	Rating	2012	High	Low	Avg.	Avg.	Ratio
U.S. and Europe Integrated		0		0		0	0	
Exxon Mobil Corporation	XOM	В	83.65	0.96	1.20	1.01	1.01	0.79
Chevron Corporation	CVX	В	104.46	0.94	1.18	1.02	1.01	0.64
Royal Dutch Shell plc	RDS-A	CB	67.34	0.91	1.12	1.02	0.98	0.72
BP plc	BP		39.67	0.88	1.10	1.01	0.96	0.60
BG Group plc	BRGYY		20.35	0.86	1.12	1.00	0.95	0.98
Statoil ASA (33%)	STO	CB	23.27	0.86	1.10	0.98	0.95	0.63
Total S.A.	TOT	CB	44.49	0.83	1.08	1.00	0.93	0.53
Median				0.88	1.12	1.01	0.96	0.64
Brazil/Russia/Australia/China								
CNOOC Limited (36%)	CEO		196.25	0.84	1.38	1.02	1.01	0.79
Lukoil Oil Company	LUKOY	CB	55.35	0.81	1.20	1.02	0.98	0.37
PetroChina Company Ltd (14%)	PTR	CB	122.81	0.85	1.07	0.94	0.93	0.66
Woodside Petroleum Ltd.	WOPEY		31.50	0.77	1.06	0.97	0.93	0.75
Gazprom (50%)	OGZPY	CB	9.35	0.70	1.07	0.98	0.88	0.40
Petrobras	PBR	CB	19.09	0.66	1.06	0.97	0.84	0.54
Median				0.79	1.07	0.97	0.93	0.60
U.S. Independent								
Southwestern Energy Company	SWN		31.98	0.68	1.21	1.08	0.97	0.82
Chesapeake Energy Corp.	CHK		19.98	0.75	1.16	1.06	0.95	0.87
Occidental Petroleum Corp.	OXY	CB	85.19	0.80	1.25	1.02	0.94	0.73
EOG Resources, Inc.	EOG	CB	91.49	0.80	1.28	0.95	0.93	0.75
Anadarko Petroleum Corp.	APC		66.33	0.82	1.11	1.01	0.92	0.84
Devon Energy Corporation	DVN	CB	56.74	0.73	1.09	0.95	0.91	0.63
Marathon Oil Corporation	MRO	CB	24.55	0.77	1.17	0.98	0.91	0.55
ConocoPhillips	COP	CB	54.33					0.66
Median				0.77	1.17	1.01	0.93	0.74
Canada								
EnCana Corporation	ECA	В	20.21	0.73	1.11	0.99	1.02	0.66
Imperial Oil Limited (30%)	IMO	CB	41.90	0.87	1.25	1.00	0.98	0.71
Cenovus Energy Inc.	CVE	CB	32.30	0.83	1.14	1.01	0.96	0.73
Suncor Energy	SU	CB	28.59	0.74	1.19	1.00	0.95	0.51
Canadian Oil Sands Limited	COSWF	CB	18.97	0.67	1.09	0.96	0.90	0.41
Penn West Exploration	PWE		13.06	0.69	1.04	0.96	0.83	0.77
Median				0.73	1.13	0.99	0.96	0.69

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



		Index of Rec	cent Research
G4 1 1			
Stock]			
<u>Date</u>	<u>Symbol</u>	<u>Subject</u>	<u>Theme</u>
3-Jul	OGZPY	Gazprom	Dividend Double Approved (Meter Reader)
	STO	Statoil	Financially Strong Norse Explorers (Meter Reader)
	CLR, HK	Continental, Halcon Resources	Great Energy Entrepreneurs - Hamm (CLR), Wilson (HK) - (ISC
	CVE	Cenovus	Deep Oil Sands Growth at Lower Price (Meter Reader)
	PBR	Petrobras	Deep Water Oil Growth, Lower NPVto \$45 (Meter Reader)
	BRGYY	BG Group	Lower NPVto \$21 (6/12/12 Meter Reader, page 2)
	ERF	Enerplus Corporation	Dividend Reduced by Half
8-Jun	SJT	San Juan Basin Royalty Trust	Price Decline Action in SJT and Royalty Trusts (ISCW)
5-Jun	WOPEY	Woodside Petroleum Ltd.	Pluto LNG Delivering (Meter Reader)
25-May		Hugoton RoyaltyTrust	HGT Bargain (Income and Small Cap Weekly)
18-May		Birchcliff Energy	Contrarian Buy at Lower NPV (Income and Small Cap Weekly)
15-May		EOG Resources	Raise NPV to \$130 a Share on Oil Volume (Meter Reader)
11-May		Dorchester Minerals, L.P.	Rising Oil Production (Income and Small Cap Wkly)
	ECA	Encana	Long-Term Natural Gas Appeal (Meter Reader)
4-May	WLL	Whiting Petroleum	Oil Price Discount Narrows (Income and Small Cap Weekly)
1-May	COSWF	Canadian Oil Sands Limited	Dividend Raised 17%
1-May	RDS	Royal Dutch Shell	LNG and GTL Profit Gains (Meter Reader)
27-Apr	RRC	Range Resources	Shale Strength (Income and Small Cap Weekly)
17-Apr		ConocoPhillips	Largest North American Independent Producer Debut (MR)
10-Apr	DVN	Devon Energy	Shale Oil Excitement at a Favorite Value Stock (Meter Reader)
3-Apr	PTR	PetroChina	Global Growth in Oil and Gas (Meter Reader)
20-Mar	CVX	Chevron	Investing in Australian LNG for Growth (Meter Reader)
13-Mar	XOM	Exxon Mobil	Renewable Energy Cash Flow (Meter Reader)
6-Mar	IMO	Imperial Oil	Kearl Startup Late This Year (Meter Reader)
20-Feb	OGZPY	Gazprom	Dividend Double Expected (Meter Reader)
17-Feb	XEC	Cimarex Energy	Permian Payoff (ISCW)
13-Feb	TOT	Total	Sharpening Competitive Edge (Meter Reader)
3-Feb	CRT	Cross Timbers Royalty Trust	Firm Oil Balances Soft Natural Gas (ISCW)
31-Jan	OXY	Occidental Petroleum	Delivering U.S. Oil Results (Meter Reader)
27-Jan	PETD	PDC Energy	Raise NPV to \$40 from \$36 on Reserves and Production (ISCW)
24-Jan	SU	Suncor Energy	Oil as a Political Weapon against Canada (Meter Reader)
17-Jan	MRO	Marathon Oil	Oil Resources and Shale Growth (Meter Reader)
	For historical re	esearch by stock, go to <u>mcdep.com</u> , cl	ick on Stock Ideas, click on stock by name.
Meter	Reader		
3-Jul	OGZPY	Gazprom	Dividend Double Approved
26-Jun	STO	Statoil	Financially Strong Norse Explorers
19-Jun	CVE	Cenovus	Deep Oil Sands Growth at Lower Price
12-Jun	PBR	Petrobras	Deep Water Oil Growth at Deeply Depressed Stock
5-Jun	WOPEY	Woodside Petroleum Ltd.	Pluto LNG Delivering
	For earlier editi	ons, go to mcdep.com, click on Mete	
Incom	e and Small Cap	o Weekly	
6-Jul			Lowballing LIBOR
29-Jun			Natural Gas Rising from the Price Gloom
22-Jun	CLR, HK	Continental, Halcon Resources	Two Great Energy Entrepreneurs - Hamm (CLR), Wilson (HK)
15-Jun	ERF, HGT	Enerplus, Hugoton Royalty Trust	Energy Price Action and Income Hysteria
8-Jun	SJT	San Juan Basin Royalty Trust	Price Decline Action in SJT and Royalty Trusts
		ons, go to mcdep.com, click on Energ	





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.

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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 are expected to deliver a total return less than inflation.