



Meter Reader

A Weekly Analysis of Large Cap Oil and Gas Stocks

April 2, 2013

Occidental Petroleum (OXY) Six-Year Oil Price Returns to Uptrend

<i>Symbol</i>	OXY	<i>Ebitda Next Twelve Months ending 3/31/14 (US\$mm)</i>	15,000
<i>Rating</i>	Hold	<i>North American Natural Gas/Ebitda (%)</i>	5
<i>Price (US\$/sh)</i>	78.95	<i>Natural Gas and Oil Production/Ebitda (%)</i>	89
<i>Pricing Date</i>	4/1/13	<i>Adjusted Reserves/Production NTM</i>	10.0
<i>Shares (mm)</i>	808	<i>EV/Ebitda</i>	4.9
<i>Market Capitalization (US\$mm)</i>	63,800	<i>PV/Ebitda</i>	7.1
<i>Debt (US\$mm)</i>	10,100	<i>Undeveloped Reserves (%)</i>	27
<i>Enterprise Value (EV) (US\$mm)</i>	73,900	<i>Natural Gas and Oil Ebitda (US\$/boe)</i>	47.20
<i>Present Value (PV) (US\$mm)</i>	107,100	<i>Present Value Proven Reserves(US\$/boe)</i>	29.00
<i>Net Present Value (US\$/share)</i>	120	<i>Present Value Proven Reserves(US\$/mcf)</i>	4.83
<i>Debt/Present Value</i>	0.09	<i>Earnings Next Twelve Months (US\$/sh)</i>	7.88
<i>McDep Ratio - EV/PV</i>	0.69	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	3.2	<i>Indicated Annual Dividend (US\$/sh)</i>	2.56
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, \$6 a million btu.			
For historical analysis of OXY since 2000 see www.mcdep.com/3oxy.htm			

Summary and Recommendation

Oil price may be setting up for a year or more of rising quotes in a trend that may benefit oil producers including **Occidental Petroleum (OXY)**. Oil for delivery in the North American interior (WTI) over the next six years at \$88.80 a barrel is trading above its 40-week average of \$88.50 and the 40-week average has been increasing for each of the past four weeks in the most positive pattern in 18 months (see chart Six-Year Commodity Price Meter on page 2). OXY's oil concentration at 82% and estimated Net Present Value (NPV) of \$120 a share are confirmed by latest reserves and cash flow disclosures interpreted in the McDep framework (see table Present Value on page 2). Among the factors that could help oil price are a positive trend in global economic growth and a gradual elimination of the transportation bottlenecks keeping the North American oil price \$9 a barrel below the global price (Brent) for the next six years. OXY's worldwide price of oil, including natural gas liquids, matches WTI (see table Operating and Financial Estimates on page 3). Among factors contributing to recent stock price underperformance for OXY include lowered guidance for the first quarter of 2013 because of overseas timing factors and apparent differences among the board of directors between those aligned with the 78-year old chairman, Dr. Irani, and those supporting the 66-year old Chief Executive, Mr. Chazen, the long-serving Chief Financial Officer until being named CEO in 2011. Nor has growth in California oil production occurred as rapidly as Mr. Chazen seemed to believe when he became CEO, although it is still promising. Meanwhile, resource value in the stock measured by a McDep Ratio at 0.69 is strong and financial risk measured by a ratio of debt to present value of 0.09 is low (see Tables 1-4 on pages 4-7).

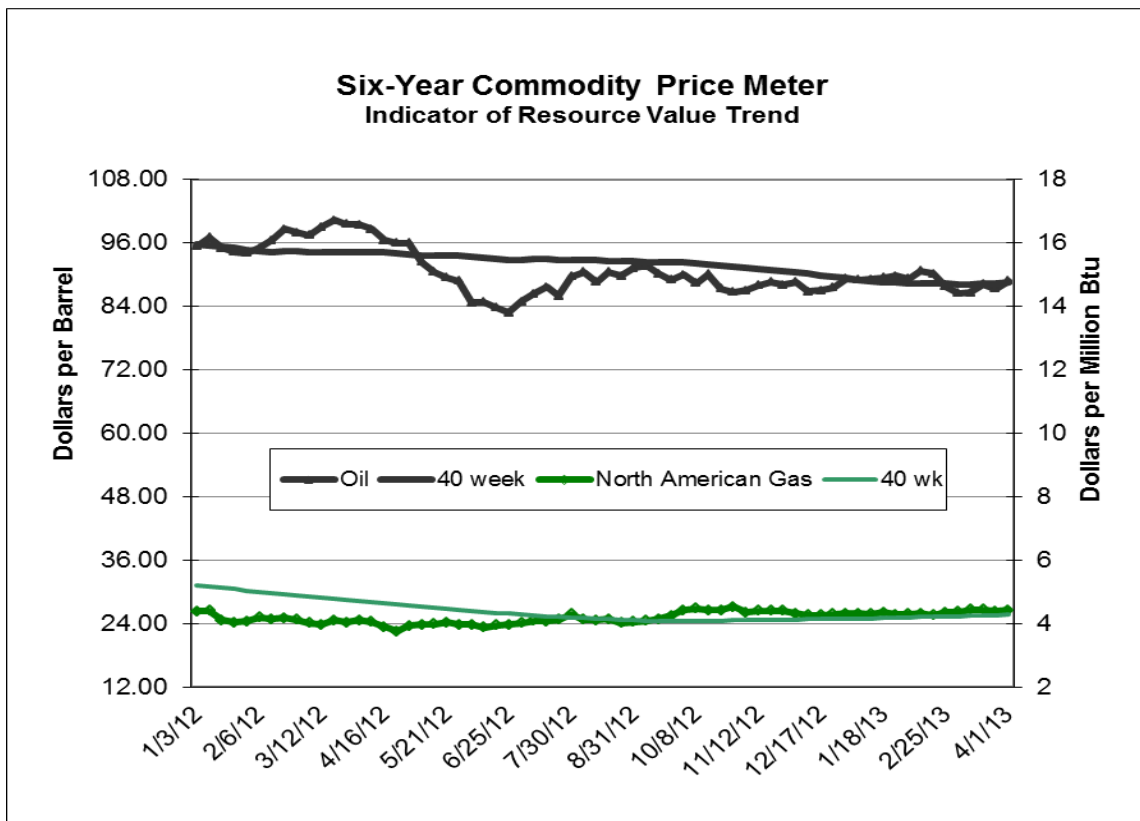
Kurt H. Wulff, CFA



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Occidental Petroleum Corporation					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
U.S. Natural Gas	694	8.6	11.5	8,000	7%
Rest of World Natural Gas	105	13.9	6.7	700	1%
Oil	12,635	9.9	6.9	87,400	82%
Downstream	1,610		6.8	11,000	10%
	15,044	10.0	7.1	107,100	100%
Debt (US\$mm)					10,100
Net Present Value (US\$mm)					97,000
Shares (mm)					808
Net Present Value - Standard Estimate (US\$/sh)					120
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					135



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Occidental Petroleum									
Next Twelve Months Operating and Financial Estimates									
									Next
	Q1	Q4	Year	Q1E	Q2E	Q3E	Q4E	Year	Twelve
	3/31/12	12/31/12	2012	3/31/13	6/30/13	9/30/13	12/31/13	2013E	Months
									3/31/14
Volume									
Natural Gas (mmcf)									
U.S. (or North America)	834	800	824	800	800	800	800	800	800
Overseas (or Int'l)	463	448	466	448	448	448	448	448	448
Total	1,297	1,248	1,290	1,248	1,248	1,248	1,248	1,248	1,248
Days	91	92	366	90	91	92	92	365	365
Oil (mmb)	49	53	202	51	52	53	53	208	208
Oil (mbd)	539	571	554	571	571	571	571	571	571
Total gas & oil (mmb)	69	72	281	70	71	72	72	284	284
Total gas & oil (mbd)	755	779	767	779	779	779	779	779	779
Price									
Natural gas (\$/mcf)									
Henry Hub (\$/mmbtu)	2.73	3.40	2.79	3.34	4.03	4.13	4.24	3.93	4.20
U.S. (or North America)	2.84	3.09	2.62	3.03	3.66	3.75	3.85	3.57	3.81
Overseas (or Int'l)	1.12	1.03	1.08	1.03	1.03	1.03	1.03	1.03	1.03
Total	2.22	2.35	2.06	2.31	2.71	2.77	2.84	2.66	2.81
Oil (\$/bbl)									
WTI Cushing	102.93	88.18	94.16	94.48	96.99	97.33	96.38	96.30	96.44
Worldwide	99.85	88.67	91.77	95.01	97.53	97.88	96.92	96.84	96.99
Total gas & oil (\$/bbl)	75.08	68.76	69.56	73.34	75.84	76.19	75.58	75.25	75.60
Revenue (\$mm)									
Natural Gas									
U.S. (or North America)	216	227	788	218	266	276	283	1,044	1,113
Overseas (or Int'l)	47	42	183	41	42	42	42	168	168
Total	263	270	971	260	308	319	326	1,212	1,281
Oil	4,896	4,658	18,544	4,882	5,068	5,142	5,091	20,184	20,214
Ebitda (\$mm)									
Exploration and Production	3,183	3,204	12,199	2,880	3,360	3,413	3,385	13,037	13,434
Other	424	374	1,610	424	380	433	374	1,610	1,610
Total Ebitda	3,607	3,578	13,809	3,303	3,740	3,845	3,760	14,648	15,044
Exploration	98	82	345	100	85	85	100	370	370
Deprec., Deplet., & Amort.	1,085	1,191	4,512	1,191	1,191	1,191	1,191	4,764	4,764
Ebit									
Ebit	2,424	2,305	8,952	2,012	2,464	2,569	2,469	9,514	9,910
Interest	28	30	117	30	30	30	30	120	120
Ebt									
Ebt	2,396	2,275	8,835	1,982	2,434	2,539	2,439	9,394	9,790
Income Tax	838	796	3,092	694	852	889	853	3,288	3,427
Net Income (\$mm)									
Exploration and Production	2,504	2,253							
Other	315	255							
Unallocated	(1,262)	(1,029)							
Total	1,557	1,479	5,743	1,288	1,582	1,651	1,585	6,106	6,364
Shares (millions)									
Shares (millions)	811	808	810	808	808	808	808	808	808
Per share (\$)	1.92	1.83	7.09	1.59	1.96	2.04	1.96	7.56	7.88
Ebitda Margin (E&P)	62%	65%	63%	56%	62%	62%	62%	61%	62%
Tax Rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



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Table 2								
McDep Large Cap Energy Stocks								
Net Present Value and McDep Ratio								
			Price (US\$/sh)	Shares	Market Cap (US\$mm)	Net Present Value (US\$/sh)	Debt/ Present Value	McDep Ratio
	Symbol/Rating		1-Apr 2013	(mm)				
	B = Buy, CB (see below)							
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.77	4,541	412,000	110.00	0.13	0.85
PetroChina Company Ltd (14%)	PTR	H	130.47	256	33,400	180.00	0.26	0.80
Chevron Corporation	CVX	H	119.61	1,953	234,000	170.00	0.08	0.73
Royal Dutch Shell plc	RDS-A	H	65.00	3,145	204,000	102.00	0.16	0.70
Petrobras	PBR	H	16.42	6,522	107,100	35.00	0.29	0.62
Total S.A.	TOT	H	48.08	2,270	109,000	90.00	0.16	0.61
Gazprom (50%)	OGZPY	H	8.50	5,735	48,700	23.00	0.14	0.45
Lukoil Oil Company	LUKOY	B	63.81	775	49,500	150.00	0.02	0.44
	<i>Total or Median</i>				<i>1,198,000</i>		<i>0.15</i>	<i>0.66</i>
U.S. Independent								
EOG Resources, Inc.	EOG	H	128.51	269	34,600	160.00	0.13	0.83
Occidental Petroleum Corp.	OXY	H	78.95	808	63,800	120.00	0.09	0.69
ConocoPhillips	COP	H	60.48	1,216	74,000	105.00	0.22	0.67
Marathon Oil Corporation	MRO	B	33.60	711	23,890	60.00	0.19	0.65
Devon Energy Corporation	DVN	CB	55.52	405	22,500	102.00	0.19	0.63
	<i>Total or Median</i>				<i>218,800</i>		<i>0.19</i>	<i>0.67</i>
Canada/Norway/Australia								
Woodside Petroleum Ltd.	WOPEY	H	37.26	820	30,600	45.00	0.13	0.85
EnCana Corporation	ECA	H	19.23	736	14,200	30.00	0.28	0.74
Cenovus Energy Inc.	CVE	H	31.22	758	23,700	48.00	0.17	0.71
Imperial Oil Limited (30%)	IMO	CB	40.75	255	10,400	62.00	0.12	0.70
Statoil ASA (33%)	STO	H	24.58	1,049	25,800	44.00	0.22	0.65
Suncor Energy	SU	CB	30.32	1,529	46,400	64.00	0.13	0.54
Canadian Oil Sands Limited	COSWF	H	20.63	485	10,000	45.00	0.10	0.51
	<i>Total or Median</i>				<i>161,000</i>		<i>0.13</i>	<i>0.70</i>
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
Estimated present value presumes a long-term price for oil of US\$100 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								



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Table 3								
McDep Large Cap Energy Stocks								
Value Multiples and Dividend Yield								
			<i>Price</i>	<i>Adjustd</i>				
			<i>(US\$/sh)</i>	<i>Resrvs/</i>	<i>PV/</i>	<i>EV/</i>		<i>Dividend</i>
	<i>Symbol/Rating</i>		<i>1-Apr</i>	<i>Prod</i>	<i>Ebitda</i>	<i>Ebitda</i>	<i>P/E</i>	<i>NTM</i>
	B = Buy, CB (see below)		<i>2013</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>NTM</i>	<i>(%)</i>
Global Integrated								
Exxon Mobil Corporation	XOM	B	90.77	13.2	7.7	6.5	11	2.5
PetroChina Company Ltd (14%)	PTR	H	130.47	12.6	7.6	6.0	12	3.5
Chevron Corporation	CVX	H	119.61	9.0	6.8	5.0	10	3.0
Petrobras	PBR	H	16.42	12.9	7.9	4.9	6	2.9
Royal Dutch Shell plc	RDS-A	H	65.00	9.9	6.4	4.5	8	5.3
Total S.A.	TOT	H	48.08	10.4	7.2	4.4	8	6.3
Lukoil Oil Company	LUKOY	B	63.81	15.9	6.0	2.6	5	3.8
Gazprom (50%)	OGZPY	H	8.50	31.2	4.6	2.1	3	6.8
	<i>Median</i>			<i>12.8</i>	<i>7.0</i>	<i>4.7</i>	<i>8</i>	<i>3.6</i>
U.S. Independent								
Devon Energy Corporation	DVN	CB	55.52	10.4	9.5	6.0	14	1.4
EOG Resources, Inc.	EOG	H	128.51	7.8	6.6	5.5	17	0.6
ConocoPhillips	COP	H	60.48	12.7	8.1	5.4	10	4.4
Occidental Petroleum Corp.	OXY	H	78.95	10.0	7.1	4.9	10	3.2
Marathon Oil Corporation	MRO	B	33.60	8.9	7.0	4.5	9	2.0
	<i>Median</i>			<i>10.0</i>	<i>7.1</i>	<i>5.4</i>	<i>10</i>	<i>2.0</i>
Canada/Norway/Australia								
EnCana Corporation	ECA	H	19.23	8.4	10.4	7.7		4.2
Imperial Oil Limited (30%)	IMO	CB	40.75	19.0	11.0	7.6	10	1.2
Woodside Petroleum Ltd.	WOPEY	H	37.26	9.5	8.8	7.5	15	3.5
Cenovus Energy Inc.	CVE	H	31.22	13.7	9.6	6.8	7	3.0
Canadian Oil Sands Limited	COSWF	H	20.63	19.2	12.0	6.1	10	6.7
Suncor Energy	SU	CB	30.32	15.8	9.2	5.0	9	1.7
Statoil ASA (33%)	STO	H	24.58	6.3	5.8	3.8	7	4.7
	<i>Median</i>			<i>13.7</i>	<i>9.6</i>	<i>6.8</i>	<i>9</i>	<i>3.5</i>
CB=Contrarian Buy, Stock Price may be in downtrend compared to 200-day average. H = Hold								
EV = Enterprise Value = Market Cap and Debt; Ebitda = Earnings before interest, tax, depreciation								
and amortization; NTM = Next Twelve Months Ended March 31, 2014; 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										
Total Return and Enterprise Value Momentum										
				Equity						
			Price	Total						
			(\$/sh)	Return	Enterprise Value/					
	Symbol		1-Apr	YTD	52Wk	52Wk	50 Day	200 Day	McDep	
	Rating		2013	(%)	High	Low	Avg.	Avg.	Ratio	
Global Integrated										
	Chevron Corporation	CVX	H	119.61	11	0.99	1.22	1.02	1.07	0.73
	Lukoil Oil Company	LUKOY	B	63.81	(5)	0.94	1.25	0.98	1.03	0.44
	Exxon Mobil Corporation	XOM	B	90.77	6	0.97	1.15	1.01	1.02	0.85
	PetroChina Company Ltd (14%)	PTR	H	130.47	(9)	0.90	1.08	0.96	0.99	0.80
	Total S.A.	TOT	H	48.08	(6)	0.90	1.11	0.95	0.98	0.61
	Royal Dutch Shell plc	RDS-A	H	65.00	(5)	0.90	1.05	0.97	0.96	0.70
	Gazprom (50%)	OGZPY	H	8.50	(13)	0.74	1.00	0.95	0.93	0.45
	Petrobras	PBR	H	16.42	(16)	0.75	1.07	0.98	0.90	0.62
	<i>Median</i>				(6)	0.90	1.09	0.97	0.98	0.66
U.S. Independent										
	EOG Resources, Inc.	EOG	H	128.51	7	0.94	1.43	1.01	1.10	0.83
	Marathon Oil Corporation	MRO	B	33.60	10	0.96	1.28	0.99	1.08	0.65
	ConocoPhillips	COP	H	60.48	5	0.98	1.12	1.02	1.04	0.67
	Devon Energy Corporation	DVN	CB	55.52	7	0.82	1.06	0.99	0.98	0.63
	Occidental Petroleum Corp.	OXY	H	78.95	4	0.83	1.08	0.95	0.96	0.69
	<i>Median</i>				7	0.94	1.12	0.99	1.04	0.67
Canada/Norway/Australia										
	Woodside Petroleum Ltd.	WOPEY	H	37.26	6	0.93	1.21	0.99	1.04	0.85
	Canadian Oil Sands Limited	COSWF	H	20.64	3	0.90	1.13	0.99	1.00	0.51
	Statoil ASA (33%)	STO	H	24.58	(2)	0.92	1.08	0.98	0.99	0.65
	Suncor Energy	SU	CB	30.32	(8)	0.88	1.12	0.96	0.96	0.54
	Cenovus Energy Inc.	CVE	H	31.22	(6)	0.87	1.06	0.97	0.96	0.71
	EnCana Corporation	ECA	H	19.23	(2)	0.86	1.06	1.01	0.95	0.74
	Imperial Oil Limited (30%)	IMO	CB	40.75	(5)	0.84	1.06	0.96	0.94	0.70
	<i>Median</i>				(2)	0.88	1.08	0.98	0.96	0.70

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



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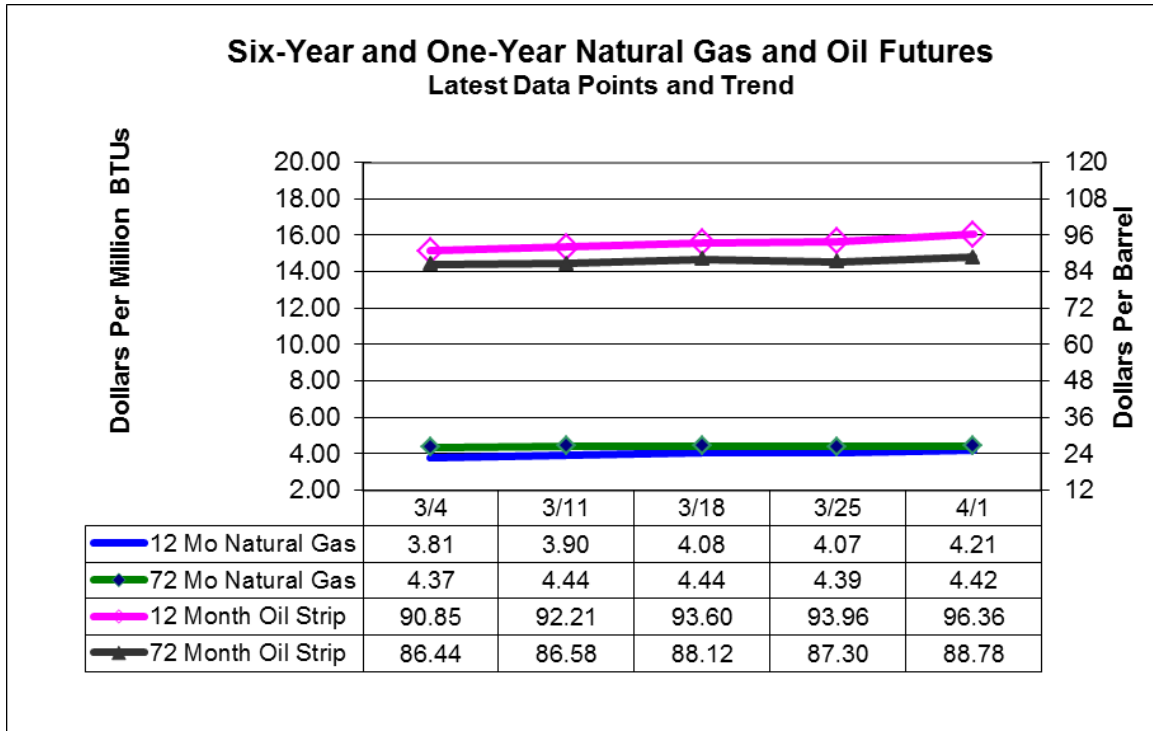
Index of Recent Research			
Stock Ideas			
<i>Date</i>	<i>Symbol</i>	<i>Subject</i>	<i>Theme</i>
28-Mar	PEYUF	Peyto Exploration and Development	Raise NPV to \$32 for Fracking Winner (Income and Small Cap Weekly)
22-Mar	SJT	San Juan Basin Royalty Trust	Drill and It Shale Set You Free (ISCW)
19-Mar	LUKOY	Lukoil	Emerging Oil Capitalists (Meter Reader)
15-Mar	CRT	Cross Timbers Royalty Trust	San Juan Basin Gem (Income and Small Cap Weekly)
12-Mar	XOM	Exxon Mobil	Energy Anchor (Meter Reader)
8-Mar	RRC	Range Resources	Raise NPV to \$90 from \$70 on Big Wells (Income and Small Cap Weekly)
5-Mar	EOG	EOG Resources	Raise NPV to \$160 from \$145 on Shale Oil (Meter Reader)
1-Mar	ERF	Enerplus Corporation	Back on Track, Discontinue Buy (Income and Small Cap Weekly)
26-Feb	SU	Suncor Energy	Keystone Decision Beneficiary (Meter Reader)
22-Feb	XEC	Cimarex Energy	Wolfcamp New Legacy Asset (Income and Small Cap Weekly)
21-Feb	BRY	Berry Petroleum	Linn Energy to Acquire Berry for McDep Ratio of 0.77
19-Feb	ECA	Encana Corporation	Survived the Downside, Ready for the Upside (Meter Reader)
15-Feb	BIREF	Birchcliff Energy	Production Up 26% in 2012 (Income and Small Cap Weekly)
12-Feb	IMO	Imperial Oil	New Volume Imminent (Meter Reader)
8-Feb	WLL	Whiting Petroleum	Low McDep Ratio Shale Oil (Inc and Small Cap Weekly)
5-Feb	COP	ConocoPhillips	Raise NPV to \$105 from \$96 on Performance (Meter Reader)
25-Jan	CLR	Continental Resources	Bakken Reserves Exceed a Half-Billion Barrels (ISCW)
22-Jan	WOPEY	Woodside Petroleum, Ltd.	Politically-Secure, Clean Fuel Supplier (Meter Reader)
18-Jan	DMLP	Dorchester Minerals, L.P.	Distribution Swings Up (Income and Small Cap Weekly)
17-Jan	SJT	San Juan Basin Royalty Trust	7.7% Holder Disclosed
11-Jan	PDCE	PDC Energy	Mancos (Niobrara) Winner (Income and Small Cap Weekly)
8-Jan	DVN	Devon Energy	Quality North American Oil and Gas Supplier (Meter Reader)
28-Dec	FRHLF	Freehold Royalties Ltd.	Advantaged Ride on North American Oil Growth (ISCW)
18-Dec	STO	Statoil	Profitable Reinvestment (Meter Reader)
11-Dec	CVE	Cenovus	Canada Approves CNOOC and Petronas Deals (Meter Reader)
7-Dec	PBT	Permian Basin Royalty Trust	New Volume from Horizontal Fracking (ISCW)
20-Nov	MRO	Marathon Oil	Raise NPV to \$60 from \$54 on Volume (Meter Reader)
9-Nov	HK	Halcón Resources	Growing at Hawk Speed (Income and Small Cap Weekly)
6-Nov	HGT	Hugoton Royalty Trust	Interim Legal Ruling in Favor of Trust
30-Oct	COSWF	Canadian Oil Sands Limited	Discounted Pure Play on North American Oil with Income (MR)
23-Oct	PBR	Petrobras	Stock Price Recovering (Meter Reader)
16-Oct	RDS	Royal Dutch Shell	Clean Energy for Global Growth (Meter Reader)
2-Oct	CVX	Chevron	Top Performer Shows Further Promise (Meter Reader)
21-Aug	TOT	Total	Buy \$100 NPV for \$50 Stock Price (Meter Reader)
For historical research by stock, go to mcdep.com , click on Stock Ideas , click on stock by name.			
Meter Reader			
26-Mar	PTR	PetroChina	Reduce NPV to \$180 from \$210 on Price Controls
19-Mar	LUKOY	Lukoil	Emerging Oil Capitalists
12-Mar	XOM	Exxon Mobil	Energy Anchor
5-Mar	EOG	EOG Resources	Raise NPV to \$160 from \$145 on Shale Oil
For earlier editions, go to mcdep.com , click on Meter Reader .			
Income and Small Cap Weekly			
28-Mar	PEYUF	Peyto Exploration and Development	Raise NPV to \$32 for Fracking Winner
22-Mar	SJT	San Juan Basin Royalty Trust	Drill and It Shale Set You Free
15-Mar	CRT	Cross Timbers Royalty Trust	San Juan Basin Gem
8-Mar	RRC	Range Resources	Raise NPV to \$90 from \$70 on Big Wells
For earlier editions, go to mcdep.com , click on Energy Income .			



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